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# The impact of culture and leadership on the financial performance and productivity of Fast-Moving Consumer Goods (FMCG) firms in South Africa

**Harkison, Vikash**

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# The impact of culture and leadership on the financial performance and productivity of Fast-Moving Consumer Goods (FMCG) firms in South Africa.

**Vikash Harkison**

**436379**

**436379@students.wits.ac.za**

**A research project submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration**

**Johannesburg, 2024**

# DECLARATION

| Student details | |
|---|---|
| Student Number: 436379 | Student name: Vikash Harkison |
| Email address: 436379@students.wits.ac.za | |

| Assignment details | |
|---|---|
| Course Code: BUSA7417A | Course Name: Research Project |
| Assignment: The impact of culture and leadership on the financial performance and productivity of Fast-Moving Consumer Goods (FMCG) firms in South Africa. | |

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**ABSTRACT**

The Fast-Moving Consumer Goods (FMCG) industry produces non-durable products that are sold fast at inexpensive prices with low profit margins but constitute more than half of a consumer's expenditure (Chen, 2022). These goods have a brief shelf life and are quickly consumed. As of March 2019, the manufacturing sector was the fourth largest in South Africa, reflecting a 1.4% decline over the preceding ten years (Paltu & Brouwers, 2020).

The organizational culture, financial performance, leadership style, and key performance indicators of a South African FMCG conglomerate were the main subjects of this study. The purpose of this research study was to address the following two research questions: *How does toxic leadership affect the productivity of the South African FMCG industry?* and *How does organizational culture affect the industry's financial performance?* The research questions were employed to correlate the impact of organisational culture on the financial performance of the chosen company and the impact of leadership on the productivity of the FMCG industry. The inquiry into organizational culture made considerable use of the Competing Values Framework; the financial analysis of the study was conducted using the Activity Based Costing model; and the Toxic Triangle was utilized to determine the nature of the leadership within the company.

Data was collected via a questionnaire, productivity assessments and financial records from three different manufacturing units of one parent FMCG company for a period of four financial years. The questionnaire sample size consisted of 232 participants with 86, 86 and 60 responses received from Factories 1, 2 and 3 respectively. The findings indicate that Market Culture predominates in FMCG enterprises; yet, due to the adverse correlation of ROI and inverse ROA, it was determined that organizational factors have no bearing on the financial success of the FMCG industry in South Africa. It was established that toxic leaders had an effect on an FMCG conglomerate's workplace culture, employee loyalty, job satisfaction, and staff retention. Although, toxic leaders had less of an influence on the productivity within an establishment as compared to the type of working environment. A lack of empirical evidence deemed the effect of leadership on revenue and capital generation inconclusive. It is recommended that such an investigation be conducted on more than one FMCG enterprise. FMCG establishments are encouraged to evaluate parameters such as employee turnover, productivity metrics such as Mean Time Before Failure (MTBF) / Mean Time To Repair (MTTR) and conduct

customer satisfaction surveys to allow the establishment to create a productive, safe and healthy workplace.

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# 1 INTRODUCTION

## 1.1 Background of the Study

Researcher, Hillary Odiakaose, defined organisational culture as the way a company conducts itself in relation to its values, presumptions, and beliefs (Odiakaose, 2015). Ron Kaufman, an author, columnist, and management consultant, compares an organisation's culture and leadership to a river. A smooth, reliable, and powerful organisation can act as a lubricant to point the firm's employees in the appropriate directions. As a result, a river can also be poisonous and stale, slowly murdering those who drink from it and live along its banks (Kaufman, n.d.). Researchers believe that all personnel and organisational outcomes are thought to be impacted by the organisational culture and leadership. Such notions have an effect on education, growth, behaviour, knowledge management, creativity, and innovation (Yesil & Kaya, 2013). Although there are many publications that focus on certain facets of culture, there are only a small number of articles that advance performance and culture study (Lim, 1995). Firm performance, according to Marcoulides and Hect (1993), is the expression of goal attainme3nt in a business's workforce, capital, marketing, and fiscal matters. Maltz, Shenhar and Reilly (2003) stated that although there have been several study articles on the subject of organisational performance over the past thirty years, many authors and researchers still find it difficult to theorize about and handle this phenomenon. Presently, researchers encounter the same challenge (Paltu & Brouwers, 2020).

## 1.2 Context of the Study

The Fast-moving consumer goods (FMCG) industry is recognized as the largest category of the consumer goods market. The FMCG sector is described as non-durable products that are sold fast at inexpensive prices with low profit margins but constitute more than half of a consumer's expenditure (Chen, 2022). Examples of FMCG products include self-care items such as cosmetics and toiletries, tobacco and other household items that are usually found in grocery stores and supermarkets (Patra, Dash, & Patnaik, 2017). These goods have a brief shelf life and are quickly consumed. Owing to the rapid rate of consumption, an FMCG company's sales volume is exceptionally high, which ensures severe market competition with competing enterprises (Prakash & Pathak, 2014). According to estimates from the Industrial Development Corporation for 2019, the manufacturing industry contributes 13.2% to South Africa's Gross Domestic Product (GDP) (IDC, 2023). Currently, the manufacturing sector accounts for about

12% of South Africa's GDP. (Manufacturing, value added (% of GDP), 2023). The manufacturing sector accounts for 17% of the global GDP. This implies that South Africa's manufacturing sector contributes at a rate that is below the global average. As of March 2019, the manufacturing sector was the fourth largest in South Africa, reflecting a 1.4% decline over the preceding ten years (Paltu & Brouwers, 2020). There are presently more than 300 domestic and foreign FMCG conglomerates operating in South Africa, according to Businesswire. Some well-known multinational companies operating in South Africa include Unilever, British American Tobacco, Watson & Johnson, Henkel, Nestle, Tiger Brands and Colgate-Palmolive (Wood, 2021). Mehta and Maheshwari (2013) contend that as leadership behaviours in the labour-intensive manufacturing sector have a significant impact on both business operations and employee performance therefore, it is critical to identify the behaviour of a leader. Investigating the existence and prevalence of any type of toxic leadership in the Fast-Moving Consumer Goods (FMCG) sector is therefore crucial. Researchers went on to explain that while some poor leadership traits may have a negative effect on the workforce and may foster a hostile work environment, positive leadership traits are directly linked to operational success (Akca, 2017). It was discovered that studies frequently conceived toxic leadership with scant empirical evidence (Webster, Brough, Daly, & Myors, 2011).

Financial profitability and growth are the most widely used metrics of organisational performance, while there are other performance indicators that can be used to gauge an organisation's performance (Abu-Jarad, Yusof, & Nikbin, 2010). Theoretical arguments support the notion that organisational culture is connected to the performance and long-term effectiveness of the company, even though Zhang et al (2010) affirmed that it is one of the key organisational assets that will need to be thoroughly analysed in connection with the organisation's effectiveness. (Zheng, Yang, & McLean, 2010). The Competing Values Framework, according to Tianyuan Yu, has been extensively employed in organisational culture investigations (Yu, 2009). Clan, adhocracy, hierarchical, and market cultures are the four types of organisational cultures that this paradigm is linked to. The fundamental organisational value of support and individual growth that prioritizes collaboration, employee involvement, and communication is referred to as Clan Culture (Hartnell, Kinicki, Choi, & Karam, 2019). Adhocracy Culture is linked to development, creativity, and adaptability. According to Hartnell et al. (2011), this form of organisational culture is linked to innovation, flexibility, and taking risks. Beus et al. (2020) define the market culture as being outwardly focused with a control-oriented mindset that emphasizes productivity, competition, and

achievement whereas the hierarchal culture is defined as organisational ideals that are strongly based in internal stability and control. The Competing Values Framework study provided a generalization that organisational cultures that are strategically ingrained with organisational values deliver a favourable trend to the performance of the organisation (Beus, Solomon, Taylor, & Esken, 2020). Ogbonna and Harris (2000) argue that the organisational culture contributes to the organisation's competitive advantages despite the looming uncertainties regarding the link between organisational performance and culture.

The behaviour of employees within a company, especially those in leadership positions, can reveal the culture of that organisation. Leadership is a combination of character and substance (Singh, Sengupta, & Dev, 2018). A theoretical model of toxic leadership was established by Milosevic, Maric, and Loncar (2019) in relation to the various dark leadership styles, including abusive, ineffectual, and destructive leadership. Padilla, Hogan, and Kaiser (2007) believed that destructive leadership could be identified by the undesirable results. Nonetheless, it is conceivable for good leaders to achieve undesirable results and for terrible leaders to achieve successful results (Padilla, Hogan, & Kaiser, 2007). According to Gupta et al. (2010), effective leadership contributes to an organisation's ability to operate effectively, which results in high performance. Based on Tekleab, Quigley, and Tesluk's (2009) research, cohesion and conflict are two factors that affect a team's effectiveness. Cohesion is seen to have a positive effect on a team's results, whereas conflict is thought to have a negative effect since it may affect the team's productivity and management. Team performance and leader behaviour were shown to have a favourable association in the empirical research investigated by Gupta et al. (2010). It was discovered that performance influences the style of leadership within an organisation, with performance preceding the leadership climate more often than leadership preceding performance. According to Singh et al. (2108), organisations and cultures frequently have toxic leadership ingrained in them from their inception. It is crucial for an organisation to do leadership diagnostics since these factors may influence productivity, which in turn may affect the operation's lifespan and success.

Paltu and Brouwer (2020) investigated how organisational culture mediated the relationship between toxic leadership and a firm's main performance measures. The intention to leave the company, job happiness, organisational commitment, and culture were all examined. Apart from Paltu and Brouwer, there has been little to non-South African research examining the mediating impact of toxic leadership on the organisational culture, making such a study

essential. Lok and Crawford (2003) argued that there is a significant connection between organisational culture, leadership, and its effects on employee loyalty and work satisfaction. The quantitative research technique will be used in this research study's method of inquiry. This study examines the ethical and economical effects of organisational culture and leadership on the South African Fast-Moving Consumer Goods (FMCG) industry. In order to gain insight into the relationship between leadership, productivity and performance, a questionnaire will be developed and a financial analysis using the costing model will be deployed with the intention of investigating the theory of toxic culture and the competing values framework in this industrial sector. It will be distributed to a diverse range of employees of a preselected FMCG company. The financial repercussions will also be examined by employing data from the previous fiscal years for a manufacturing unit within the selected FMCG company.

### 1.3 Problem Statement

The Fast-Moving Consumer Goods (FMCG) sector is labour- and pressure-intensive. The consequences of toxic cultures and ineffective leadership are not frequently studied or given attention, but they are one of those hidden factors that can have a negative impact on an organisation's productivity, employee retention, and absenteeism. Such an occurrence frequently has negative effects on an organisation's reputation and ability to meet supply and demand as the loss of knowledgeable employees and the recruitment of novice individuals can slow down the production process. Events as such frequently result from a negative organisational culture and poor leadership. According to Veldsman (2013), demographical research has shown that nearly three out of ten corporate leaders exhibit a toxic leadership style. Since there is a low number of studies that promote the study of organisational culture, toxic leadership, and the effects they have on organisational performance, Lim (1995) highlighted that many publications concentrate on particular aspects of culture. Similar to this, Meiyani and Putra (2019) carried out a study to analyse the relationship between Islamic leadership style and employee engagement in Indonesia's FMCG sector by utilizing empirical testing and anthropological economics. However, Paltu and Brouwer (2020) are the first researchers to look into and quantify findings for such an issue. They found that there have been miniscule attempts of research on the mediating influence of toxic leadership and the organisational culture in South Africa which is one of the motivators to conduct such a research study in the FMCG cooperation.

This study aims to use the competing values framework, toxic theory of leadership and costing model to examine the productivity and financial effects of several leadership philosophies in the FMCG industry of South Africa. The financial ramifications of these elements were still lacking, despite the empirical conclusions which Paltu and Brouwer (2020) offered that explored the relationship between job happiness, turnover intention, and commitment to toxic leadership. Research on the financial effects that bad leadership and a toxic workplace environment can have, has been scant to non-existent. The economic effects of toxic leadership and the type of organisational culture on the performance of the FMCG sector of South Africa will be clarified by this study. This type of research can assist the South African FMCG sector build future plans that are in line with improving working conditions and developing leaders who are more qualified to maintain productivity and assure the organisation's sustainability and continuity.

This analysis will include research on the FMCG sector in South Africa that will be undertaken through questionnaires, manufacturing units financials and turn over, the absenteeism, recruiting and productivity. Purposive sampling will be used to conduct the questionnaire with a variety of employees at the preselected FMCG company. The financial and productivity consequences will be examined by utilizing information from the fiscal years of manufacturing units within a South African listed FMCG company.

## 1.4 Research Questions

The following research questions will be investigated during this study:

**Research question 1:**

How does organisational culture impact the financial performance of the South African FMCG industry?

**Research question 2:**

How does toxic leadership impact the productivity of the South African FMCG industry?

## 1.5 Research Objectives

1.5.1 **Research Question 1:** How does organisational culture impact the financial performance of the South African FMCG industry?

The research objective of this question is to comprehend the productivity and financial ramifications of different leadership techniques on South Africa's fast-moving consumer goods sector. With the use of the Competing Values Framework, the type of organisational culture will also be examined. It is predicted that an FMCG conglomerate will have a market culture due to the products and services provided and the degree of competition in this industry. It is hypothesized that the FMCG firm will struggle to meet supply and demand for goods due to low levels of productivity caused by poor and ineffective leadership. As a result, revenue and capital will be lost due to the low turnover rates, which will affect the organisation's reputation and financial structure.

1.5.2 **Research Question 2:** How does toxic leadership impact the productivity of the South African FMCG industry?

The goal of this of research project is to examine the impact of various leadership types on the employee retention rates, job satisfaction, and company loyalty in order to fully understand the effects of leadership on the aforementioned variables. It has been hypothesized that the chosen FMCG firm's weak leadership will result in low employee retention and job satisfaction ratings, as well as little to no loyalty to the organisation. It is perceived that the job satisfaction rate will be lower in an organisation or department that exhibits toxic leadership with high absenteeism and low production rates in terms of meeting targets as per the Production Information Management (PIM), Overall Equipment Effectiveness (OEE) and Mean Time Between Failures (MTBF).

The aim is to further determine whether organisational outcomes like employee satisfaction, loyalty, and turnover rate are mediated by corporate culture in connection to weak leadership.

## 1.6 Justification/Rationale of the Study

In the fast-moving consumer products sector of South Africa, there is currently minimal knowledge or information accessible that addresses the relationship between organisational culture and ineffective leadership to commercial outcomes. Many companies have not yet examined the financial and productivity repercussions that result from poor and toxic leadership. As a result, this research project offers researchers and the South African FMCG industry insight into the productivity and financial impact that organisational culture and toxic leadership has on the country's manufacturing sector.

This type of research could be used to inform and update an organisation's code of conduct policies, allowing all employees, regardless of status, to act ethically and contribute to healthy workplace environments and practices. By requiring various leadership programs that will educate emotional intelligence and leading by example, the findings of this study can be leveraged to cognitively elevate leaders in an organisation. By presenting a quantitative analysis of the financial impact of this phenomenon, identified by the authors as scope for improvement, it will also supplement and contribute to publications by Mehta and Maheshwari (2013) on the effects of toxic leadership on employee satisfaction and organisational commitment, and Paltu and Brouwers' (2020) on toxic leadership in the FMCG industry of South Africa with the aid of Padilla's et al (2007) triangular toxicity model. The definitions of the most dangerous forms of toxic leadership offered by Singh et al. (2018) will be clarified by the results of this inquiry.

## 1.7 Delimitations of the Study

The Fast-Moving Consumable Goods Industry of South Africa, which makes up a large portion of the country's manufacturing sector, is the exclusive focus of this study. The study population and sample process are constrained by the scope option and specific to one chosen FMCG organisation with factories in different locations of South Africa, which may affect how generalizable the data and outcomes are. In order to achieve the goal of this research study, a limited number of company employees from different manufacturing units will be questioned, and one FMCG firm will be used for the analysis.

## 1.8 Operational Definitions

### FMCG – Fast Moving Consumable Goods

Fast-moving consumer goods (FMCG) are recognized to be the largest category of the consumer goods market, are described as non-durable products that are sold fast at inexpensive prices with poor profit margins but constitute more than half of a consumer's expenditure (Chen, 2022). Examples of FMCG products include self-care items such as cosmetics and toiletries, tobacco and other household items that are usually found in grocery stores and supermarkets (Patra, Dash, & Patnaik, 2017).

**CVF – Competing Values Framework**

The Competing Values Framework was created in 1983 by Quinn and Rohrbaugh, it describes the four distinct cultural types namely Clan, Adhocracy, Hierarchy and Market Culture (Reino, Roigas, & Muursepp, 2020).

**GDP – Gross Domestic Product**

One of the key metrics used to assess the health of an economy is the gross domestic product (GDP) of a nation (Africa, 2013)

**PIM - Product Information Management**

The product information management (PIM) system is used in the manufacturing environment to oversee the manufacture of desired items. It is a solution that is master data fuelled and a process driven application for collaboration of product content. It is used to plan and track the production pace. To gather, manage, and deliver product information to the appropriate channels, a single, centralised interface is employed (Informatica, 2023).

**OEE – Overall Equipment Effectiveness**

The percentage of production time that is productive is known as the overall equipment effectiveness (OEE), which is used to measure production efficiency (OEE, 2023).

**MTBF – Mean Time Between Failures**

The average amount of time between each failure is shown by the statistic known as the mean time between failures (MTBF). It serves as a productivity indicator in the workplace (Sigma Material, 2022).

## 1.9 Structure and Objectives of the Chapters within the Research Paper

The Scientific Research Process will be used for the presentation of this study. The report will be structured in the following manner:

- Chapter 1: Introduction- the introduction will clarify the research study's goal and aim.
- Chapter 2: Literature Review – the evaluation of the literature will offer an objective analysis of the field of leadership and its effects on organisational performance. Disparities that will be filled by this research project will be determined based on the literature review.

- Chapter 3: Conceptual Framework – the goal of the conceptual framework is to establish hypotheses that will serve as the foundation for this research paper by identifying how the concepts and frameworks mentioned in Chapter 2 will be used in the study.
- Chapter 4: Research Methodology- this section will explore the procedures employed for the research study's data gathering and data analysis.
- Chapter 5: Results – this chapter will be employed to collection and analysis of data such that the information gathered using the methodology will be examined to identify significant trends.
- Chapter 6: Discussion- the findings, importance and materiality of the results obtained will be discussed. Evaluating the results will allow an overall conclusion to be drawn which will be linked to the initial hypothesis.
- Chapter 7: Limitations – this section will identify the limiting factors that was identified through the data collection and analysis. Identification of the restricting variables will assist future researchers who choose to explore such a research study.
- Chapter 8: Conclusion and Recommendations - the research study's arguments will be utilized to emphasize the study's limits and potential research areas as well as draw conclusions.
- Chapter 9: References – the references provide a list of the materials utilized in this research article.
- Chapter 10: Appendices – this section contains supplementary material that was essential to the study.

# 2 LITERATURE REVIEW

A survey of the literature on organisational culture and various leadership philosophies can be found in the section that follows. The Competing Values Framework will be used to study the idea of organisational culture, and the Theory of Toxic leadership will be used to analyse various leadership styles with the aid of the Toxic Triangle. The assumptions and findings drawn by earlier researchers on the aforementioned topics will be discussed in this literature review to support the validity of this study. A systematic review is performed to theoretically answer the following research question: '***How does leadership styles and organisational culture impact the financials and productivity performance of a South African FMCG industry?****'* According to the presumption made in the introduction, organisational culture and leadership are essential elements of a successful conglomerate. The purpose of this systematic literature review is to demonstrate the motivation and reliability of such a study.

## 2.1 Research Question 1

To theoretically hypothesize the impact of organisational culture on the financial performance of the South African FMCG industry the following ideologies will be adapted.

### 2.1.1 Organisational Culture

An organisation is a group of people who collaborate in a structured way with a common objective towards a business (Cambridge Dictionary, n.d.). Organisational culture, also known as corporate culture, was defined by Cerovic et al. (2011) as the standards, expectations, collective beliefs, and values that the resources of a certain organisation share. However, Abu-Jarad, Yusof, and Nikbin (2010) describe organisational culture as a comprehensive idea that was historically decided by founders in relation to specific rituals and symbols that are socially formed by employees of a corporation and are frequently challenging to modify. The researchers added that different resources and organisational results can be negatively or positively impacted by organisational culture (Abu-Jarad, Yusof, & Nikbin, 2010). Yesil and Kaya (2013) agreed with the aforementioned theory as they stated that corporate culture has the power to affect an employee's behaviour, zeal, innovation, learning, and development, as well as knowledge transfer and management. Additionally, organisational culture has the capacity to choose a course of action and foretell a cooperation's future condition (Kim & Chang, 2019). Several researchers have undertaken substantial studies on the influence of organisational culture on performance outcomes, including Tseng (2010), Opranma (2010), and Zain et al. (2009), although most of the findings appear to be inconclusive due to structural, design, and definitional discrepancies.

In their article on organisational culture, Gifford and Wietrak cited Edgar Schein, a well-known psychologist, who established three levels of organisational culture (Gifford & Wietrak, 2022):

- Artefacts that reflect symbols and language
- Values and norms about appropriate behaviour and attitude
- Conscious or unconscious assumptions and beliefs

This model is shown as an iceberg or hierarchical pyramid. The larger portions that are below the surface are referred to as the values and normal, while the artefacts refer to the observable aspects above the water level. Employees actively spread corporate culture within an organisation as the appropriate way to perceive and feel, according to Schein, who went on to say that while the phrase "organisational culture" lacks a clear definition, the idea of "organisational climate" is more widely accepted (Gifford & Wietrak, 2022). Organisational climate, as described by Schneider, Erhart, and Macey (2013), is the shared understanding of the policies, practices, and procedures of an organisation that employees are expected to follow (Schneider, Ehrhart, & Macey, 2013). The climate, according to Gifford and Wietrak (2022), is defined as the traditional behaviour within an organisation. The formal infrastructure is represented by the firm's policies, while the practices represent the actual behaviour. The procedures are written statements that specify the desirable behaviours within the firm, making the climate specification more deliberate than that of Schein's model of culture (Gifford & Wietrak, 2022). The organisational atmosphere is influenced by common beliefs and experiences, not by rules or regulations, but rather by how these elements manifestly work together. The fundamental distinctions between organisational culture and climate are outlined in Table 1.

Table 1: The differences between organisational culture and organisational climate (Gifford & Wietrak, 2022)

| | Organisational culture | Organisational climate |
|---|---|---|
| **Areas covered** | Holistic, describing all aspects of organisational life. | It depends – specific to different aspects of organisational life. |
| **Components** | Depends on definition, but is often seen as assumptions and beliefs, behavioural norms and values, and artefacts that reflect these. | The shared understanding of policies and procedures as they are lived out. |
| **Measures** | *Traits*, or *types* based on combinations of traits (for example, aggressive and defensive). Measures are not scientifically validated. | Observed behaviour and environment. Some measures are scientifically validated. |
| **Usefulness** | Conceptually complex and extremely difficult to assess accurately and to change. | Conceptually simpler, can be accurately assessed and are realistic to try to change. |

#### 2.1.1.1 Characteristics of Organisational Culture

Himmer (2013) associated organisational culture with the following characteristics:

- Historic – An organisation's history and traditions are derived from cultural phenomena and cannot be significantly altered.
- Diffuse – Complex conditions are the cause of an organisation's diffuse components.
- Symbolic – According to Odiakaose (2015), a symbol is a generic strategy for persuasion or a particular cultural expression. The interpretation of symbols within an organisation is founded on understanding, according to Himmer (2013), and they cannot be seized.
- Emotional – It is said that organisational culture is rich in content and expressed in emotional ways. Members of a conglomerate hardly ever question a company's essential beliefs and behaviours.
- Dynamic –Organisational culture is rooted in its history, but it is still a living idea as culture is always evolving.
- Collective – A company's culture is developed through a team effort, not just by one person. Believing in the mission of the company and managing problems and occurrences in a way that will advance those values are key components of organisational culture.

Yesil and Kaya (2013) assert that there may be a link between organisational culture and a company's financial performance. According to Oparanma (2010), organisational culture serves as the cornerstone for a number of other initiatives that boost business success.

Evidence from empirical studies shows that an organisation's culture affects its performance outcomes. A few studies also revealed a correlation between an organisation's performance and the strength of its cultural values (Yesil & Kaya, 2013). The findings of Duke (II) and Edet (2012)'s study showed a beneficial relationship between organisational performance and culture. Zheng et al. (2010) were able to show how organisational culture has a favourable impact on a company's effectiveness, however they were also able to draw the conclusion that this impact was minimal when a mediator such as knowledge management was present. According to researchers Ogbonna and Harris (2000), the relationship between a competitive and innovative culture and organisational success is directly proportional. Nevertheless, they were unable to link organisational performance to community and bureaucratic cultures (Ogbonna & Harris, 2000).

There are four sorts of organisational cultures that might impact an organisation's performance namely market, adhocracy, clan, and hierarchy cultures (Yesil & Kaya, 2013). One could argue that hierarchy negatively impacts performance deliverables, such as financial results (Fekete & Boeskei, 2011). Fekete and Boeskei (2011) provided more confirmation of the beneficial effects of market, clan, and adhocracy cultures on a variety of performance outcomes. According to studies by Tseng (2010), adhocracy cultures surpass clan and hierarchy cultures. However, Eccles et al. (2012) gathered data demonstrating that high sustainability partnerships significantly outperform their rivals over a protracted period of time in terms of accounting performance and the stock market. The Competing Values paradigm, illustrated by Figure 1 was created in 1983 by Quinn and Rohrbaugh, describes the four distinct cultural types. Three dimensions are used to determine the cultural categories (Reino, Roigas, & Muursepp, 2020):

1. External-Internal Orientation – The external-internal perspective, according to Sackmann (2011), is crucial for identifying the connection between organisational culture and financial success.
2. Stability-flexibility – This quality provides stability in turbulence situations.
3. Mean-ends – This dimension explains the systems that help organisations achieve their desired states. According to Hartnell et al. (2011), this element is utilized to draw attention to the social normative standards that are employed to distinguish the behavioural patterns of an organisation's members.

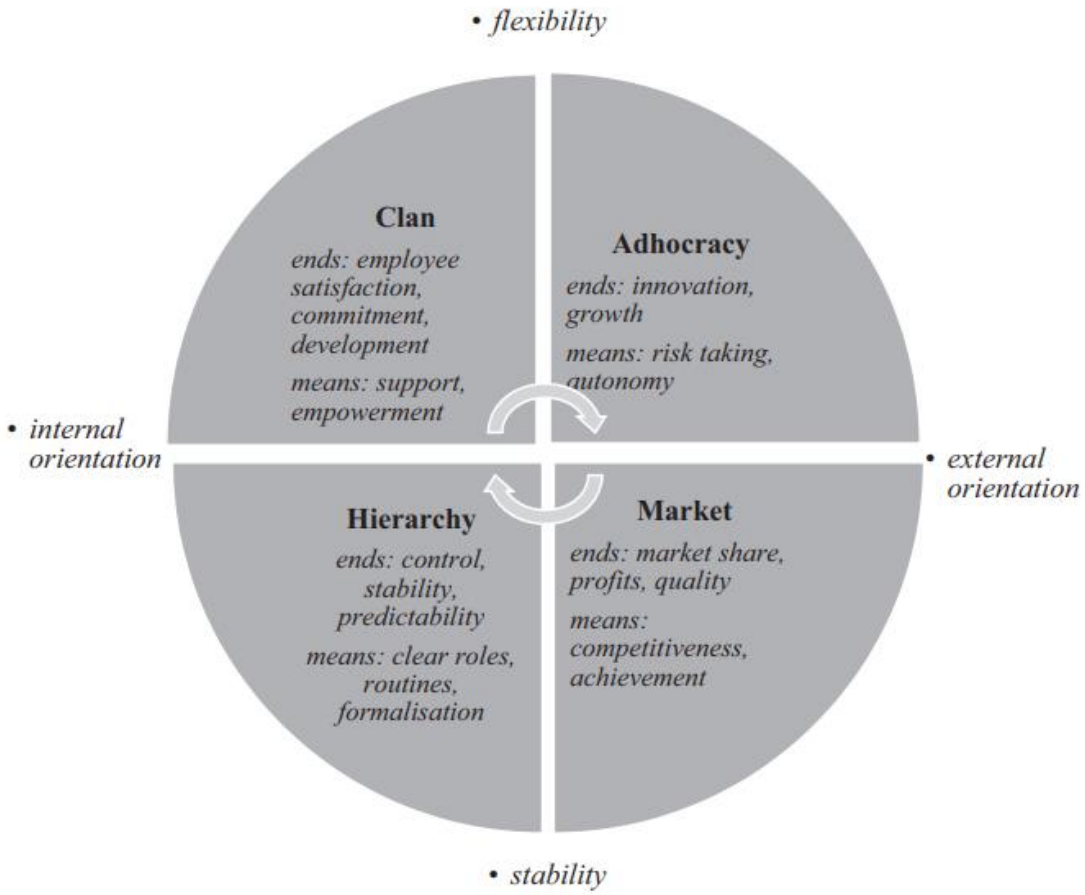



Figure 1: Competing Values Framework (Reino, Roigas, & Muursepp, 2020)

#### 2.1.1.2 Market Culture

According to Cameron and Quinn (2006), market culture is characterized by a workforce that is results-driven and places a premium on outperforming the competition, winning, market leadership, and increasing share prices. The main values of this culture, according to Reino et al. (2020), are task-focused, meticulous planning, and centralized decision-making. An organisation's financial success is dependent on the relationship with their customers, which produces timely mark information, significant brand loyalty, and shared product development. Good cooperative performance requires a market-oriented organisational culture, which is also frequently employed to support business innovation. As per Fekete and Boreskei (2011), a market culture places a strong emphasis on effectiveness, efficiency, and competition. The market culture, according to Yesil and Ahment (2013), can be favourably correlated with financial performance since it is externally focused and enables a conglomerate to culminate to the external workforce.

#### 2.1.1.3 Adhocracy Culture

Adhocracy culture was defined as an inventive, creative, and entrepreneurial work environment by both Tseng (2010) and Cameron & Quinn (2006). Hartnell et al (2011) describes this culture as the prioritization of flexibility, the development of novel goods and services, experimentation, productivity, and expansion. External features are reflected in this culture, which is typically well-developed in knowledge conversion and has effective business performance. The performance of the organisation is frequently favourably correlated with such a creative and competitive culture (Ogbonna & Harris, 2000). Yesil and Kaya (2013) concluded that the adhocracy culture has significant potential to positively influence organisational performance.

#### 2.1.1.4 Clan Culture

Clan culture can be characterized as a welcoming and secure workplace with involvement from extended relatives (Yesil & Kaya, 2013). This style of organisational culture was described by Tseng (2010) as being devoted, morale-boosting, collaborative, traditional, and person-developmental. Tseng (2010) continued by arguing that while clan culture places an emphasis on the creation of human resources with strong morale and cohesion, it is also conservative and cautious, demonstrating that the culture's influence on organisational performance is frequently modest. Clan culture, according to Fekete and Boreskei (2011), has a favourable effect on an organisation's performance as they believed that high levels of fidelity, tradition, and devotion are correlated with a company's success. In the opinion of Reino et al. (2020), effective operations are supported by employee satisfaction and commitment, which are nurtured through managerial assistance, employee empowerment, collaboration, and mentoring. Yu (2009) asserted that a clan mechanism is used when labour expenses are high, or it is challenging to assess employee performance. Therefore, a high level of organisational commitment results from this kind of process (Yu, 2009).

#### 2.1.1.5 Hierarchy Culture

According to Cameron and Quinn (2006), a hierarchy-cultured organisation is one that has a codified structure, clear processes, and procedures that make sure the organisation can operate as efficiently as possible. This form of organisational culture is one that emphasizes structure and control mechanisms as governance, predictability, and stability are the building blocks of an efficient and effective organisation (Hartnell, Ou, & Kinicki, 2011). The effectiveness, continuity, and dependability of this form of culture are called into question by Cameron and Quinn (2006) and Tseng (2010). Tseng (2010) said that a structured organisation with

formalized procedures and regulations ought to function at a higher level due to its efficient management. Yet, the empirical results of Fekete and Boreskei (2011) showed that this kind of culture has a deleterious effect on organisational performance, such that a firm's financial and other performance indicators may suffer as a result of a hierarchy culture. Furthermore, Yesil and Kaya (2013) demonstrated that the organisational performance of this sort of culture is not superior to the performance of the aforementioned cultures.

### 2.1.2 Relationship between organisational culture and financial performance

According to Hartnell and colleagues' research, organisational culture is related to financial performance since it affects members' efforts (Hartnell, Kinicki, Choi, & Karam, 2019). With the exception of Clan culture, which deteriorated with time, Kim and Chang (2019) used the Competing Values Framework to show that the organisational culture and the financial performance of several organisations remained generally consistent throughout a four-year observation period. Boyce et al. conducted a study to determine if performance or culture arrived first, and they came to the conclusion that culture predicts outcomes (Boyce, Nieminen, Gillespie, Ryan, & Denison, 2015). As per Reino et al. (2020), many financial indicators have an impact on all sorts of organisational cultures. Clan, Market, and Adhocracy cultures were shown to have a favourable impact on financial performance, although Hierarchical culture had a negative impact, according to studies by Tseng (2010) and Naranjo-Valencia et al. (2016). The Competing Value Framework was examined by Reino and colleagues to generate four hypotheses. Three of which related to the positive effects of Clan, Adhocracy, and Market culture on financial performance, while the fourth claimed that Hierarchy culture had a negative impact on financial performance. The findings supported the theory that adhocracy and clan structures provide beneficial long-term sales trends. As per Reino et al's (2020) research, the findings showcased that the Market type had a positive correlation with both return on assets (ROA) and return on investment (ROI) (0.75 for both indicators). The data collected disproved their prediction that a hierarchical culture was negatively connected with performance as this type of culture was positively correlated with ROA (0.64), ROI (0.57), and sales (Reino, Roigas, & Muursepp, 2020).

Hence, an organisation's performance, including its capacity to retain skilled and committed workers and its ability to generate significant financial benefits, is greatly influenced by the type of organisational culture that a firm possesses (Reino, Roigas, & Muursepp, 2020). Retention of employees is frequently a result of organisational culture and leadership. The

relationship between organisational culture, worker fulfilment, and overall organisational effectiveness can be ascertained using the Competing Values Framework (Yu, 2009). Based on Yu's (2009) advice, this framework can be used qualitatively to determine the impact of organisational culture on leadership. It can also help define the financial evolution of a corporation, as shown by Reino et al. (2020).

### 2.1.3 Cost Accounting Models

To establish a more direct connection between the effect that organisational culture has on the financial performance of a firm, it is crucial to comprehend the various types costing models that are available. These models enable businesses to calculate the per-unit cost of producing a good or providing a service, helping them identify cost-saving opportunities and strengthening their competitiveness. (Willams, Carcello, & Bettner, 2021). The two primary costing models, Work Order Costing and Activity Based Costing, are illustrated in Figure 2.

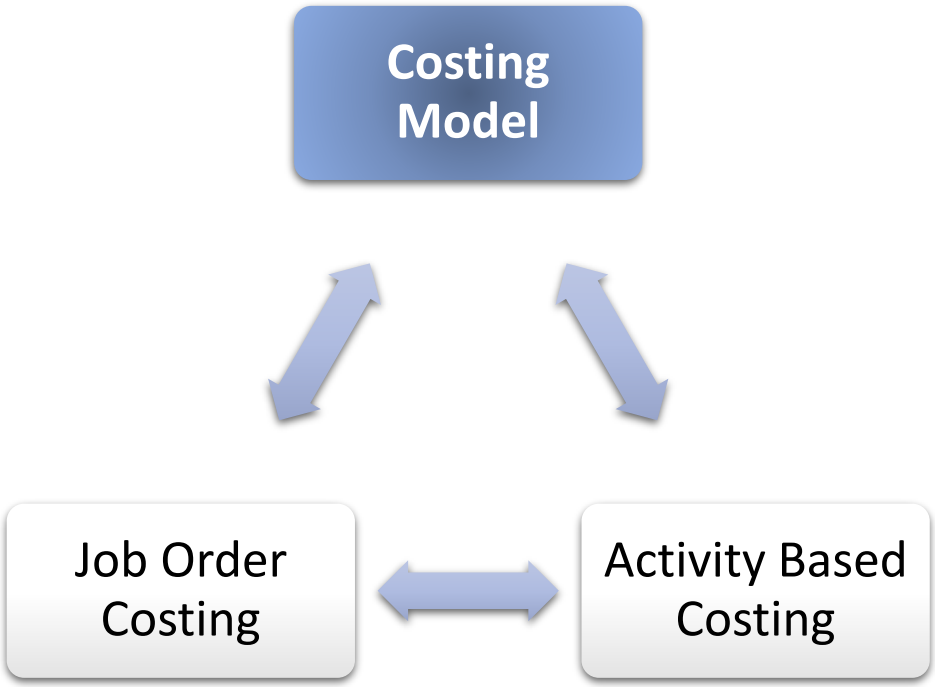



Figure 2: The two main costing models (Willams, Carcello, & Bettner, 2021)

#### 2.1.3.1 Job Order Costing

The job order costing model is used by an organisation to produce or provide a service for smaller, one-of-a-kind batch orders of items. Due to the reduced batch size, this method allows an organisation to assign its direct and indirect expenses to each task separately. The cost of a job order is made up of direct materials, direct labor, and manufacturing overhead.

#### 2.1.3.2 Activity Based Costing

Activity-based costing, often known as ABC costing, is the most popular type of costing model used in the Fast-Moving Consumer Goods (FMCG) industry. By allocating expenses to distinct headings, activities, or divisions in accordance with their actual use, this methodology aids in calculating the unit cost per produced good. This strategy informs companies about the cost of doing various overhead operations and can identify opportunities for optimisation (Willams, Carcello, & Bettner, 2021). The cost drivers are broken down by product line and can help businesses create new operating methods to cut down on overhead expenditures. The ABC Costing methodology incorporates costing components such as direct materials, direct labour, and manufacturing overhead, similar to Job Based Costing.

### 2.1.4 Costing Models and Organisational Culture

When we examine the cost elements for both costing models, it can be argued that organisational culture and leadership ideologies are directly related to the direct labour component of the costing. The effects of toxic leadership and organisational culture on expenses and, subsequently, the financial performance of a corporation can be studied further utilizing costing models.

The costing model combined with understanding the various performance criteria in the FMCG company will allow one to understand the performance and financial ramifications of the South African FMCG conglomerate's leadership in terms of performance, job satisfaction, and employee turnover.

## 2.2 Research Question 2

To theoretically hypothesize the impact of toxic leadership on the productivity of the South African FMCG industry the following ideologies will be adapted.

### 2.2.1 Leadership

It is the duty of a leader to inspire employees to cooperate in order to achieve a common objective. According to Eisenkopf (2020), a leader's job is to inspire their devoted employees to work together to realize a shared vision. He had the opinion that a leader frequently uses excellent communication to achieve operational goals. Leaders also encourage excellence and good morals through inspirational speeches with the aim motivate a team and enrich an organisation (Eisenkopf, 2020). Hermalin (1998) contends that setting a strong example for others to follow strengthens the credibility of one's own remarks. The Indeed Editorial Team, which defined leading by example as guiding others by one's behaviour and ensuring that others

follow suit, added support to Hermalin's thesis. Servant leadership is the term for this style of leadership (Team, Indeed Editorial, 2022). A leader can motivate their team to work toward common goals by leading by example. According to Fabian and Judith Hattke's theory of transformative leadership, leaders who defend morale ideals will have greater success than those who are untruthful (Hattke & Hattke, 2019). Wegner argued that an essential element of good leadership is knowing the implicit and explicit rules that govern a process and its participants (Wegner, 1998) . It is crucial for a leader to act as an example of the norms, values, and conduct of a certain profession for his or her subordinates.

The Harvard University researcher and lecturer Barbara Kellerman was adamant that it was prudent to be able to distinguish between poisonous and supportive leadership. James MacGregor's study on successful managers and "power wielders" was mentioned in Kellerman's publication, How Bad Leadership Happens. As opposed to an effective leader who leads with gratitude and aspiration, "Power Wielders" are individuals who see subordinates as commodities (Kellerman, 2005). The author asserted that an employee's desire to obey a superior is a natural instinct and an act of self-preservation. Following a leader, whether they are poisonous or helpful, gives an employee a misguided sense of the safety, stability, and simplicity that is found in a robust, pressure– and labour-intensive work environment. The professor was also able to categorize poor leadership into six groups, as shown in Figure 2.

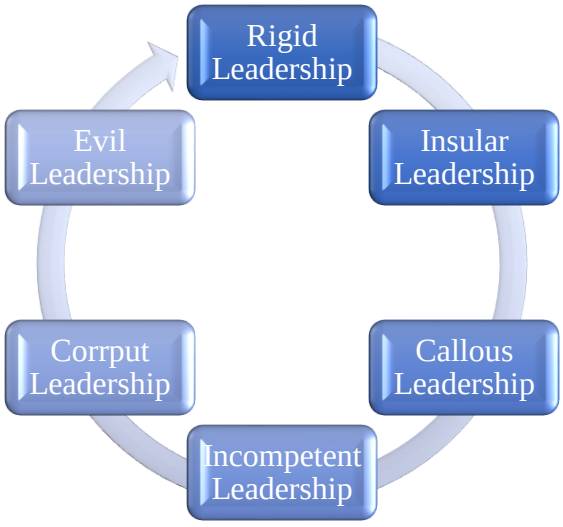



Figure 3: The six groups of Poor/Toxic Leadership (Kellerman, 2005).

The six characteristics of bad leadership include (Kellerman, 2005):

1. Rigid Leadership – describes a leader who is inflexible to change and is unwilling to adopt new technologies. Robert Mugabe, the president of Zimbabwe, is the epitome of

a rigorous leader. Some people regarded Mugabe as a revolutionary hero, while others saw him as an oppressor who ruined Zimbabwe's economy owing to his dictatorial ways of thinking and acting (Norman, 2015).

2. Insular Leadership – describes a type of leader who has no regard for wellness of those outside of their team or organisation. The National Party of South Africa during the Apartheid era served as a strong illustration of an insulated style of leadership (Mandela, 1994).
3. Callous Leadership - the insensitive and heartless leader. The callous leader is unconcerned with the demands and needs of his or her followers. Benito Mussolini, the leader of the Italian Fascist Party, guaranteed that his supporters upheld his ideas and encouraged them to use violence during his 21-year reign (Holodeny & Macias, 2015).
4. Incompetent Leadership - defined by a manager who is unable to maintain productive operations. Warren G. Harding, the 29th President of the United States and the guardian of the Warren Harding Effect, can be described as an ineffective leader. Harding had charisma and many other qualities of a strong leader, but his poor performance in the senate showcased that charisma cannot be equated to skill (Admin, 2017).
5. Corrupt Leadership - regarded as a thieving, lying, and cheating leader. Such a leader places their personal interests above those of the group. There are many different types of corrupt politicians in the world, which includes President Alberto Fujimori of Peru, Prime Minister Pavlo Lazarenko of Ukraine, and President Arnold Aleman of Nicaragua.
6. Evil Leadership - defined by committing acts of slaughter as leaders and followers. All those inside their sphere of influence suffer agony as a result of their rule. One of these leaders was Saddam Hussein, the fifth president of Iraq. Throughout his rule over Iraq, he set an example by encouraging brutality, assault, and homicide (Dinklage, 2021).

According to Bhandarker and Rai (2019), toxic leaders are frequently responsible for the negativity within an organisation, which includes declining employee loyalty to the company, conflict, noncompliance, sense of injustice, and poor work-related attitudes among co-workers. There are a number of theories relating to leadership, however, the theory of Toxic Leadership will be the focus of this research project.

### 2.2.2 Toxic Leadership

According to Indeed's Editorial Team (2022), toxic/counterproductive leadership is a style of management that has a detrimental effect on team members and the organisation. They went on to further define toxic leadership as the display of negative managerial traits such abuse of power and delegation. This type of leadership frequently has a negative impact on workers' efficiency, attitude, and productivity (Templer, 2018). The editorial staff firmly believes that a toxic leader's major driving force is personal ambition; they use their positional authority, dishonesty, and power to control the working environment (Indeed Editorial Team, 2022). Toxic leadership has a harmful impact on employee commitment, job happiness, and productivity at work (Templer, 2018). The first person to propose a theory of toxic leadership was Dr. Marcia Lynn Whicker, who also identified three distinct types of leaders in the workforce (Singh, Sengupta, & Dev, 2018):

1. Green light – The trustworthy leader
2. Orange light – The transitional leader
3. Red light – The toxic leader

According to Veldsman (2012), statistical research has shown that nearly three out of ten corporate leaders exhibit a toxic leadership style. He went on to say that ineffective leadership can endanger the wellbeing and productivity of the company's staff (Veldsman T. , 2012). Mehta and Maheshwari (2013) expressed worry about the exponential rise in toxic leadership styles over time. As per the "Life Meets Work" report published by a workforce consulting organisation, roughly 56% of employees work for toxic leaders whose actions create a hostile work environment (Lazarczyk, 2017). The following traits have been linked to toxic leadership, according to Paltu and Brouwers (2020): a propensity to micromanage, harshness, abuse, unpredictability, narcissistic tendencies, and a lack of integrity. The self-destructive nature of these leaders is attributed to their frequent lack of emotional intelligence and interpersonal abilities (Singh, Sengupta, & Dev, 2018). Toxic leadership comprise of five elements as illustrated by Figure 4.

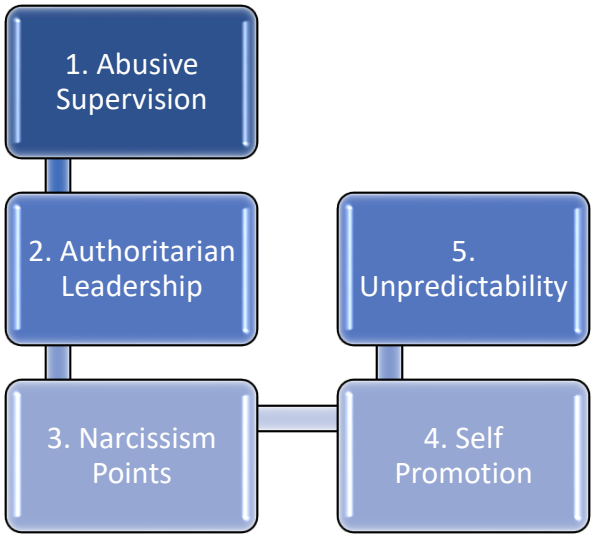



Figure 4: The five elements of Toxic Leadership (Paltu & Brouwers, 2020)

1. Abusive Supervision – A supervisor who is viewed as purposely unfriendly to subordinates is said to be exercising abusive supervision (Dobbs, 2014).
2. Authoritarian Leadership – A manager with overwhelming power and influence over their staff allows them to make decisions about the task at hand (Schmidt, 2014).
3. Narcissism Points – A person who does not follow corporate regulations and procedures while expecting the team to do so. This aspect of leadership is motivated by self-absorption and pride with the goal of bettering oneself (Dobbs, 2014).
4. Self-Promotion – A leader who uses others' work and results to boost their own credibility. This person avoids taking responsibility for errors (Schmidt, 2014).
5. Unpredictability – the actions of a leader that make followers nervous and on guard. These people display a shift in behaviour while in the company of superiors, and because of this level of unpredictability, their subordinates lose confidence around them (Schmidt, 2014).

Poor and domineering leadership has caused many people to suffer, and toxic leaders are even worse than an overpowering boss. Toxic leaders are people who cause substantial and long-lasting harmful impacts due to their destructive behaviours and dysfunctional character qualities (Lipman-Blumen, 2005). According to Lipman-Blumen, leaders may accidentally be toxic as they lack self-awareness and frequently harm their organisations as a result of their incompetence and negligence. Therefore, toxic leaders have the potential to permanently harm an organisation. Numerous publications address the idea of toxic leadership by discussing topics like qualities and human characteristics; however, the crucial components of culture,

atmosphere, and consequences are often overlooked. According to several studies, a pivotal factor in determining toxicity is the detrimental effect toxic governance has on the atmosphere and culture of an organisation (Aubrey, 2012). Executive leaders infuse organisational culture with personal qualities through creating norms, goals, and values that draw others with similar personalities, according to Schneider's Attraction-Selection-Attrition (ASA) hypothesis (Schneider, Goldstein, & Smith, 1995). Therefore, toxic leaders alter the culture's content to produce toxic work environments. According to Leet (2011) there is minimal research available on the influence of toxic leadership in industrial companies and the effect it has on the employees of the organisation. The judgments taken by ambitious people in positions of leadership have led to the horrifying frauds that have marred the business and governmental worlds in the twenty-first century. The intentions and motives of both leaders and victims are frequently questioned; are failures deliberate or are they the result of egotistical, careless leaders who put their own interests ahead of that of the organisation and their subordinates (Singh, Sengupta, & Dev, 2018). According to Schmidt (2014), a toxic leader may exhibit one or more of these characteristics. This leader frequently behaves differently when an authority figure is present and encourages unpredictable actions, which demotivate employees and make them feel incapable of defending themselves and their jobs (Schmidt, 2014).

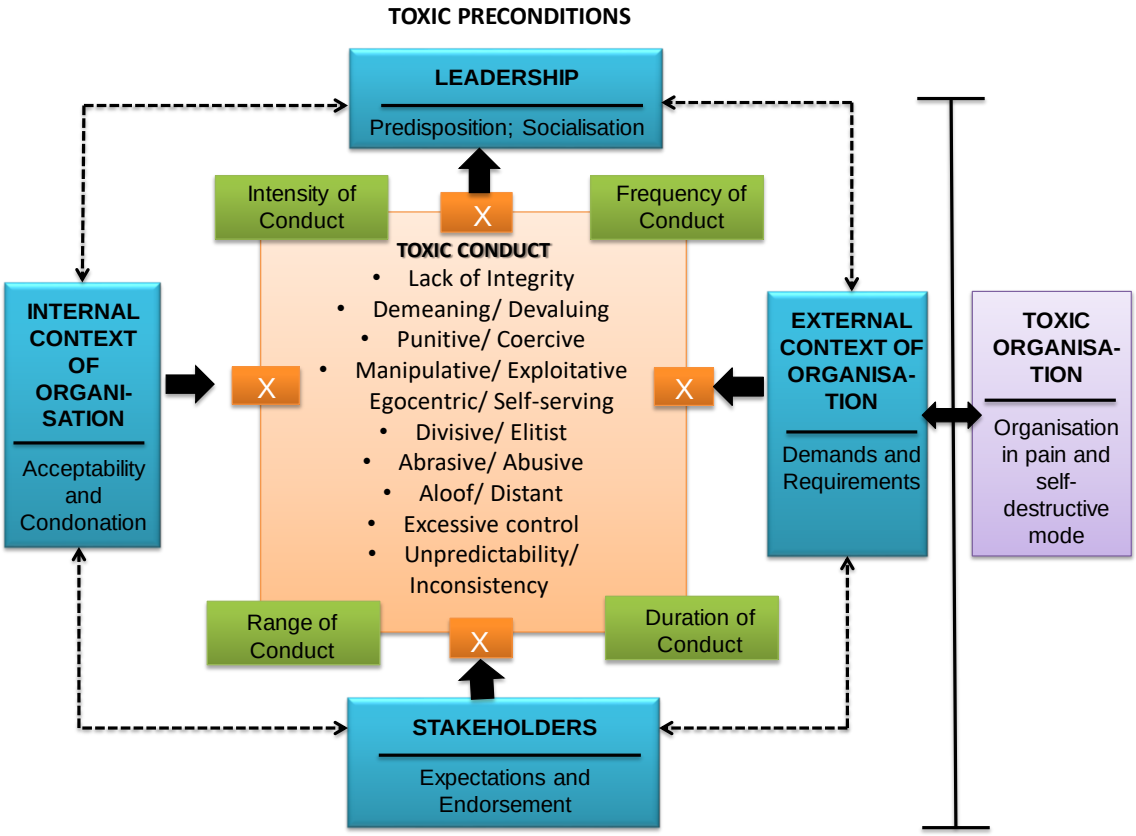



Figure 5: A comprehensive systematic and dynamic picture of the terrain of toxic leadership and organisations (Veldsman T. , 2016)

There are five different sorts of toxic leaders, according to Theo Veldsman's article, *How toxic leaders ruin individuals and organisations* (Veldsman T. , 2016):

1. Monarch – a monarch is a boss who uses corporate resources for personal gain and leads an organisation as if it were their own kingdom.
2. The Snake – the organisation should serve the leader in order to fulfil their own demands, such as those for reputation, ambition, and wealth.
3. Puppet Master – this type of leader makes sure they have control over the entire organisation and the workforce in all circumstances.
4. Glory Seeker – leader who promotes public visibility and self-gratification notwithstanding their lack of commitment to a goal.
5. The Cold Fish – a leader who upholds the principle that ends justify means. They cite goals in order to defend their choices and behaviours.

### 2.2.3 The Toxic Triangle

Singh et al (2018) believed that the term "toxic leadership" is a catch-all for all other "dark leadership models". Malign leadership behaviour has the potential to inexorably lower the productivity and morale of subordinates (Singh, Sengupta, & Dev, 2018). According to Padilla (2007), followers and an influential environment can contribute to unfavourable organisational results; dysfunctional leadership is not sole contributing factor. The aforementioned ideology gave rise to the "toxic triangle". The three components that make up the toxic triangle are used to assess the degree of toxicity in a partnership as well as how they interact with one another. The toxic triangle is blamed by Uhl-Bien et al. (2014) for the toxicity's propagation within an organisation. Figure 6 illustrates the workings of a toxic triangle.

The contribution of subordinates to the toxic triangle is twofold (Singh, Sengupta, & Dev, 2018):

1. The "colluder," or the employee who shares the toxic leader's ideologies and lofty goals.
2. The "conformer" is someone who follows the toxic boss in order to avoid disagreement and job insecurity.

Titin Atmadja proposes that the triangular toxicity model comprises of harmful work surroundings, toxic subordinates, and toxic leaders. The triangular toxicity model often takes into account the complexity that is brought on by destructive leadership. The model's development also shows how a toxic workforce is interconnected and can help professionals recognize, measure, and address workplace toxicity (Atmadja, 2019). Destructive leadership is a construct that can result in both adverse and beneficial outcomes inside an organisation, although the adverse consequences predominate, according to Milosevic, Maric, and Loncar (2019). Author, Fraher (2014), describes a destructive leader as an someone who actively causes harm to their colleagues through the use of coercive, abusive, and bullying behaviours. Yet, a different type of destructive leadership, called organisational Munchausen syndrome, refers to a dynamic organisation made up of well-intentioned executives who exhibit toxic leadership traits such erratic behaviour, unnecessary risk taking, and the pursuit of private objectives. As a result, the Organisational Munchausen model draws negative leaders and subordinates into an organisation where dysfunctional dynamics continue to worsen over time. (Fraher, 2014).

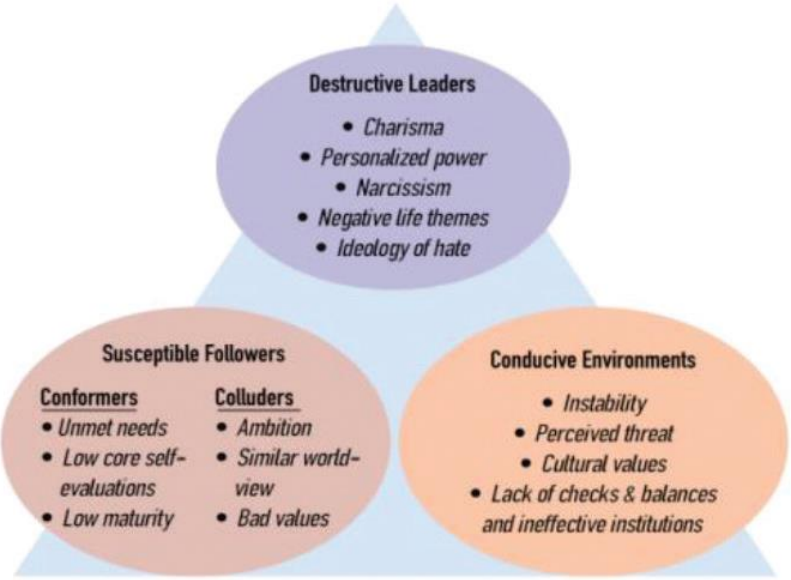



Figure 6: A Toxic Triangle (Padilla, Hogan, & Kaiser, 2007)

According to Paltu and Brouwers' (2020) theory, toxic leadership affects organisational commitment, turnover intention, and work satisfaction. A person's knowledge and perception of their job are what is meant by the term "job satisfaction," and this information and perception are frequently influenced by the person's needs, values, and career aspirations. Correlational statistical research by Mehta and Maheshwari (2013) showed an inversely proportionate association between toxic leadership and work satisfaction. This analysis backed up Schmidt's (2013) research, which revealed that toxic leadership had a detrimental influence on both an individual's and an organisation's job satisfaction. According to authors Shaju and Subhashini (2017), understanding an individual's drive for efficiency, effectiveness, motivation, performance, and retention requires a thorough grasp of their job satisfaction. Paltu and Brouwer's (2020) study of job satisfaction was segmented into intrinsic and extrinsic components, their findings corroborated those reached by Mehta and Maheshwari (2013) and Schmidt (2014) about the link between job satisfaction and poor leadership. Yet, there was a positive association between the two categories of extrinsic job satisfaction, meaning that the more toxic the leader, the higher the employee's level of job satisfaction. This relationship held true for authoritarian leadership, abusive supervision, and extrinsic job variables (Paltu & Brouwers, 2020).

The psychological connection between a company and its employees is referred to as organisational commitment. This type of connection ensures the likelihood of an employee leaving an organisation is little to none. The possibility of an employee quitting an organisation

is minimal with this type of connection. Three distinct types of organisational commitments exist (Meyer & Allen, 1991):

1. Affective commitment – the sentimental connection workers have towards their employers.
2. Continuance commitment - the choice of the employee to remain within an organisation.
3. Normative commitment –the alleged link or sense of responsibility that a worker feels toward a company.

An individual's intentional and purposeful decision to leave a company is referred to as turnover intention. According to Schmidt's (2014) research, toxic leadership significantly affects an employee's desire to stay with a company. Tepper's (2007) assertion that turnover is predicted by abusive supervision was corroborated by Schmidt's (2014) study. These results supported the findings of a 2009 study by Zangaro, Yager, and Proulx that showed higher absence and turnover rates when a toxic leader had an influence on the working environment (Zangaro, Yager, & Proulx, 2009). The productivity implications for such a phenomenon have yet to be investigated.

### 2.2.4 The Relationship Between Productivity and Leadership

The efficacy of the entire production system, including the efficiency of the workers, equipment, management, and raw material inputs, is measured by productivity. Additionally, productivity is a measurement of the integrated working system, which includes elements like labour, capital, machinery, materials and time. However, productivity is not the same as efficiency as in the manufacturing sector, efficiency is defined as the degree of performance of a single unit while productivity takes into consideration the complete workflow i.e., it is the effectiveness of the production system (Sreekumar, Chhabra, & Yadav, 2018). The productivity metric, also known as the Overall Equipment Effectiveness (OEE), is a gauge for assessing the effectiveness of the machinery (Castro, Figueiredo, Pereira-Guizzo, & Passos, 2019). The OEE analyses efficiency across three dimensions: availability, quality, and performance, and it assesses how well a manufacturing line works relative to the planned capacity within the timeframe that it is scheduled to operate as indicated by Figure 7 (Hansen, 2005). An industry best practice for the manufacturing sector is the analysis and measurement of OEE since it helps with benchmarking and increasing equipment productivity by assisting to identify the biggest losses (OEE, 2023). The average amount of time between each failure

is shown by the statistic known as the mean time between failures (MTBF). It serves as a productivity indicator in the workplace (Sigma Material, 2022). OEE and MTBF are two crucial measures for achieving profitable production, which helps a facility and adds to the success and continuity in the business, as stated by Symestic (2021).

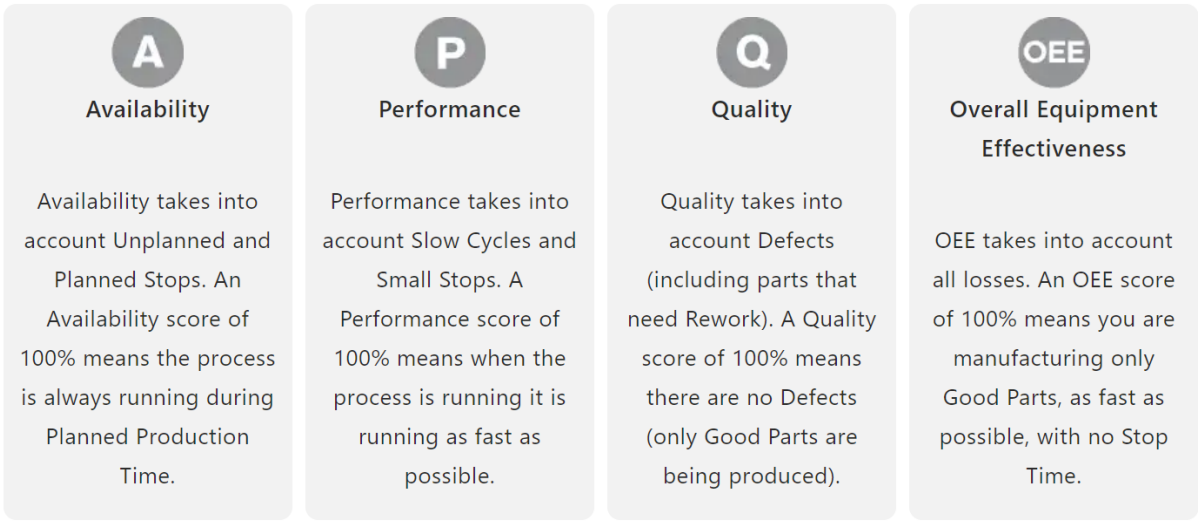



Figure 7: The three dimensions of OEE analysis (OEE, 2023)

In a web post published by Qualee (2021), the six elements that skew performance indicators and impair productivity are as follows:

1. Work environment – A toxic workplace fosters a negative atmosphere that has an impact on personnel and an organization's productivity (Qualee, 2021). As stated by Qualee (2021), providing employees with a cooperative and competitive work atmosphere improves employee performance, lowers absenteeism, and increases productivity. An organization's working environment is more likely to be disciplined when its employees are happy, which leads to higher employee performance and productivity, fewer absenteeism rates, and a greater likelihood that the business will meet its objectives (Putri, Ekowati, & Supriyanto, 2019).
2. Training and Career Development Opportunities – When employees believe their employer cares about their professional development and offers them ample opportunities, facilities, and resources to realize their career goals, job satisfaction increases in an organization (Qualee, 2021). How successfully employees may advance their careers and how satisfied they are with their work are key factors in a conglomerate's success (Razak, Sarpan , & Ramlan , 2018). According to Razak et al. (2018), factors that affect job satisfaction include pay, opportunities for professional

growth, job placements and promotions, the calibre of supervision, and the organizational structure of the business.

3. Processes – Processes such as recruitment, onboarding, performance management, work delegation, and remuneration that are well established allow for the employees to have pleasant experiences and enhance their degree of dedication to the company's purpose (Qualee, 2021).
4. Pay structure – Employers frequently utilize this element as a motivating tool to make sure that organizational goals are met and to maintain business continuity (Qualee, 2021).
5. Employee Wellness – This refers to the mental and physical health of employees. In order to ensure that productivity is not affected and that their employees are fit to carry out their jobs safely, businesses have recently begun to equip employees with tools and resources that aid them with such issues (Qualee, 2021). Based on a study conducted by Lerner et al. (2013), not participating in corporate wellness programs may be a factor in disengagement that is linked to high employee turnover rates. According to research by Jenkins and Sherman from 2018, the cost of employee turnover was estimated to be $600 billion over the course of four years. The main cause of this was the lack of participation in employee wellness programs, as employees who leave their jobs due to emotional distress do not seek assistance from their employers.
6. Diversity – In order to boost employee productivity, promote diversity in thought and idea exchange, and benefit a company's performance, organizations make sure that the workplace is multicultural (Qualee, 2021).

According to Sreekumar et al. (2018), a lack of managerial or supervisory assistance is one of the main factors that affect productivity, and that low productivity leads to decreased profitability. Numerous machine operators have complained about leadership's lack of support for their ability to solve problems effectively in their study. The responsibility of a leader extends beyond just overseeing staff members; they are also primarily accountable for the productivity levels of their organization and subordinates. As a result, they must possess behavioural traits like technical expertise, strategic thinking and planning abilities, people management expertise, and a results-driven attitude (Sreekumar, Chhabra, & Yadav, 2018). As per Castro et al. (2019), in order to increase productivity inside an organization, people management should go beyond enforcing rules and regulations. Instead, it entails leaders making a commitment to mentoring, inspiring, and investing in systems that foster creativity

(Castro, Figueiredo, Pereira-Guizzo, & Passos, 2019). Tabassi and Bakar suggested that an organisation's productivity is highly correlated with its people and strategies (Tabassi & Bakar, 2009).

Doctors, Bagchi and Khamrui (2012) investigated an FMCG industry in India that has had an exponential rise in revenue due to large-scale, low-cost production, branding, sophisticated retailing techniques by management, and the upkeep of staff. Zahoor et al. (2022) asserts that strong governance increases trust and boosts financial performance. This was demonstrated by historical research, which determined that a particular Pakistani cement manufacturing company had an operational capacity of 470 000 tons of cement in 1947. With the support of the leadership and motivated employees, this capacity was gradually increased to 49 million tons, with a goal of 76 million tons to be obtained in the near future (Zahoor, Yang, Ren, & Haider, 2022). Although researchers have generalized about the relationship between leadership and productivity, this notion is hardly supported by empirical evidence.

## 2.3 Limitations and Research Gaps

Several publications frequently emphasized the concepts of toxic leadership and organisational culture. They were successful in recognizing and classifying a workforce into several cultures and leadership philosophies, but they did not carry out quantitative analyses of productivity, hiring and retaining talent, or spend. The notion of toxic leadership was introduced and defined in Veldsman's (2012) South African research study; however, he did not go into detail about any potential consequences. Comparable studies on the South African workforce were conducted by scholars like Dladla (2011), Heine (2013), and DuToit (2015), however they focused only on themes such as mistrust and unethical behaviour. Thus, most studies showcased a qualitative analysis on the topic of toxic leadership and organisational culture. Data was often collected in the form of surveys as compared to actual productivity and financial implications. Yesil and Kaya (2013) was able to use data analytics to form a regression that correlates to sale growth and return on assets (ROA). However, the financial impact in terms of productivity was not investigated. In terms of the financial effects of organisational culture and weak leadership, there is undoubtedly a research deficit. The FMCG industry is under constant pressure to meet productivity goals and deadlines. The South African FMCG workforce and economy would benefit from a thorough analysis of this industry, the typical working environment, financial constraints, and measures to improve. The financial and

productivity ramifications of organisational culture and toxic leadership in the FMCG business will therefore be examined in this research project.

## 2.4 Summary

This literature review included numerous definitions, conceptualizations, and ideas on organisational culture and leadership that were developed by various writers. According to Yesil and Kaya (2013), an organisation's performance, which includes its turnover rate, job satisfaction, and financial success, is significantly influenced by the sort of organisational culture and the calibre of leadership present in the company. As per Schmidt (2014), toxic leadership significantly affects the rate of staff turnover within a business. When a toxic leader has an impact on the workplace, there is a direct correlation between absence and turnover rates. Paltu and Brouwer (2020) examined the role organisational culture played in mediating the link between toxic leadership and the key performance indicators of a corporation. The following factors were looked at: organisational commitment, work satisfaction, intention to leave the company, and culture. There has been minimal South African research, besides Paltu and Brouwer, that have looked at the mediating effect of toxic leadership on the organisational performance. The relationship between leadership and an organization's production rates has been mentioned by authors like Tabassi and Bakar (2009) and Castro et al (2019), yet there have been a minimal amount of studies conducted to further investigate this relationship. Therefore, a study as such is necessary in the FMCG sector as the financial impact in terms of productivity will need more clarity. Thus, Paltu and Brouwers' (2020) contribution to the Theory of Toxic Leadership will form the basis of which this research with the aid of Padilla's (2007) Toxic Triangle model, to discover the relationship between leadership and the supporting factors in the FMCG sector of South Africa. Organisational culture with the aid of the Competing Values Framework, will be investigated as this phenomenon is correlated to the type of leadership present in an organisation. There is clearly a study gap regarding the financial impacts of corporate culture and ineffective leadership. Therefore, the Costing Accounting Models will be used in the design of the empirical methodology upon which the basis of this study will be developed in order to define, conceptualize, and measure the financial impact on the FMCG industry of South Africa due to poor culture and bad governance. The FMCG sector is constantly under pressure to achieve productivity targets and deadlines. Therefore the impact of leadership will be further explored through the productivity indicators such as OEE, MTBF and Production Man Hours and their relationship with employee satisfaction, absenteeism and turnover. An in-depth examination of this sector, the normal working environment, financial

restrictions, and improvement strategies will be beneficial to the FMCG workforce and economy in South Africa. The impact of organisational culture and leadership on the financial and productivity parameters of Fast-Moving Consumer Goods (FMCG) organisations in South Africa will therefore be examined in this research study.

# 3 CONCEPTUAL FRAMEWORK

The conceptual frameworks established by the Literature Review for Organizational Culture and Leadership will be identified in this chapter. These types of frameworks will produce hypotheses, which will function as the foundation for this research article.

## 3.1 Conceptual Framework for Organisational Culture and Leadership

This study will examine the organisational culture and leadership styles that exist within the Fast-Moving Consumer Goods industry. The management theory known as the Competing Values Framework will be used to construct the organisational culture. Four unique cultural categories make up the Competing Values Framework, which will be used to describe organisational culture within an enterprise (Reino, Roigas, & Muursepp, 2020). Schmidt (2014) asserted that toxic leadership has the potential to affect the staff turnover, job satisfaction and financial stature of an organisation. Paltu and Brouwer (2020) examined the role organisational culture played in mediating the link between toxic leadership and the key performance indicators of a corporation (OEE, MTBF & Production Man Hours). The following factors will be looked at: organisational loyalty, job satisfaction, employee turnover rates, and culture. Therefore, Paltu and Brouwers' (2020) contribution to the management theory of Toxic Leadership will form the basis of this research with the aid of Padilla's (2007) Toxic Triangle model, to discover the importance of organisational culture and leadership in the FMCG sector of South Africa. The Cost Accounting Models will be used in the construction of the empirical methodology that will serve as the foundation for the financial study to evaluate the impact of culture and governance within the FMCG sector of South Africa in order to close the financial gap that was identified throughout the review.

The three models that will be looked at to ascertain the effect of organisational culture and leadership on the performance of a South African FMCG organisation are depicted in Figure 8. The variables that will be further examined in order to reach a conclusion at the completion of this research project are shown in Figure 9.

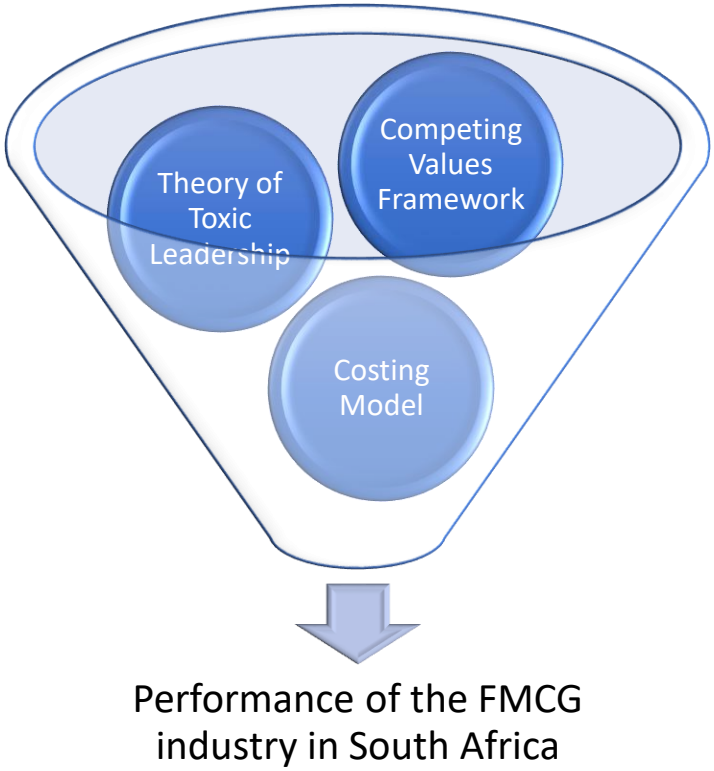



Figure 8: The Conceptual Framework used to determine the impact of Organisational Culture and Leadership on the performance of a FMCG organisation (Harkison, 2023).

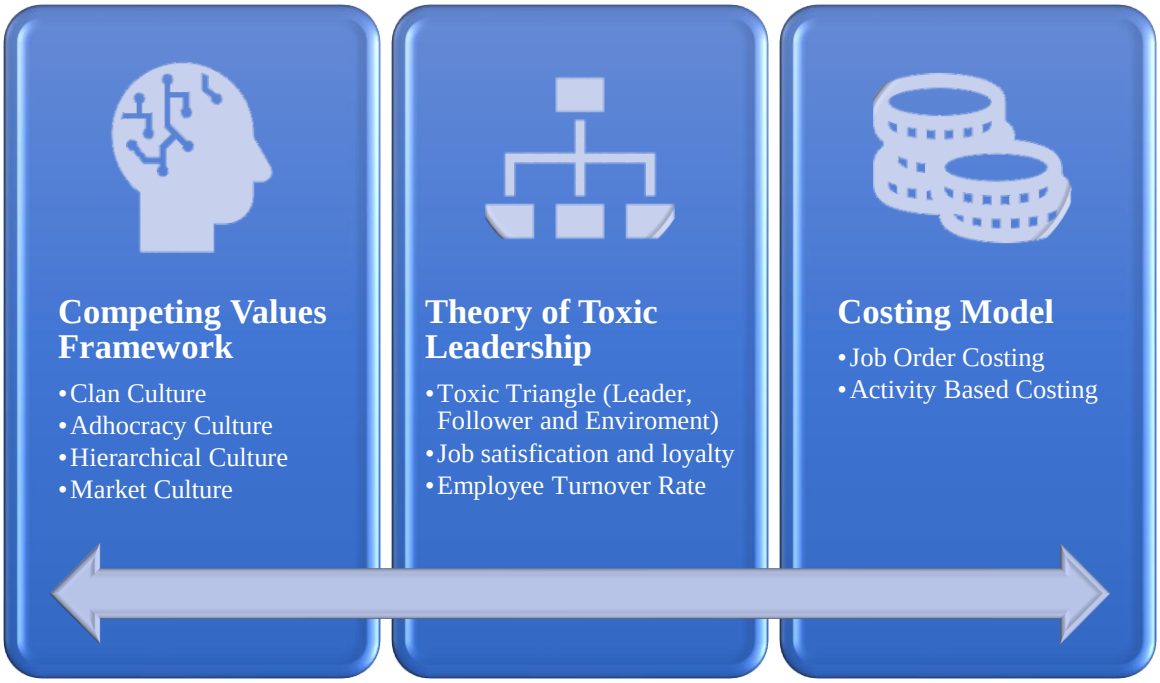



Figure 9: Performance indicators contributing to the conceptual framework (Harkison, 2023)

The proposed conceptual framework for this study is to investigate how organisational and leadership factors affect the performance of the chosen South African FMCG company. The

four unique cultures indicated by the CVF will be used to classify the type of organisational culture. The followers, the environment, and the style of leadership used in the organisation will be used to gauge the type of leadership. Investigational factors will also include the staff turnover rate, loyalty, and job satisfaction. The costing model will be used to complete the financial analysis. Based on past performance statistics as well as the information obtained during this inquiry, the performance of this conglomerate will be aided.

## 3.2 Hypothesis relating to Organisational Culture and Leadership in a FMCG Industry

The following hypotheses were generated from the literature review:

### 3.2.1 Organisational Culture

*H1: The FMCG Industry with a Hierarchical culture has high organisational performance rates and will have a positive effect on the financial performance of the organisation.*

*H2: The FMCG Industry with a Market culture has high organisational performance rates and will have a positive effect on the financial performance of the organisation.*

*H3: The FMCG Industry with a Clan culture has low organisational performance rates and will generate a loss in revenue.*

*H4: The FMCG Industry with an Adhocracy culture has low organisational performance rates will have a negative effect on the financial performance of the organisation.*

### 3.2.2 Leadership

*H5: A toxic leader will result in low employee retention, job satisfaction, and loyalty rates in the FMCG sector in South Africa.*

*H6: A toxic leader creates a hostile work environment within their organisation in the FMCG sector in South Africa.*

*H7: Lower productivity levels are achieved by toxic leaders in the FMCG sector, as shown by performance indicators like production rates, MTBF, and OEE.*

*H8: Loss of revenue and capital will result from toxic leadership in the FMCG sector.*

## 3.3 Summary

The conceptual framework utilises the management theory known as the Competing Values Framework. The CVF approach is utilized by Reino et al. (2020) to create four unique cultural categories that represent organizational culture within a conglomerate. Key performance

indicators and toxic cultures are mediated by organizational culture (Paltu & Brouwers, 2020). In order to ascertain the significance of organizational culture and leadership in the FMCG sector of South Africa, this research will utilize Padilla's (2007) Toxic Triangle model in conjunction with Paltu and Brouwers' (2020) contribution to the management theory of toxic leadership as its foundation. The Cost Accounting Model will build the empirical technique as the basis for the financial analysis that will be utilized to assess the influence of culture and governance in South Africa's FMCG industry. CVF was used to develop Hypotheses 1 to 4 (H1-H4) such that the researcher is able to establish the types of organisational culture that is present within an FMCG establishment and the effect it has on the financial performance of the organisation. The theory of toxic leadership and the Toxic Triangle model, which utilizes the impact toxic leadership has on an FMCG company's productivity, are the sources of hypotheses 5 through 8 (H5 – H8).

# 4 RESEARCH METHODOLOGY

A research methodology is a design for conducting research that is built by methodical, coherent, and systematic research decisions. The research methodology should be able to endure criticism and scrutiny while producing dependable and valid results (Symeou & Lamprianou, 2014). The goal of this research study's quantitative narrative is to create a stronger symbolism of organisational culture and leadership in the workplace that is unique to the South African economy. In order to establish the effect of organisational culture and leadership on the productivity and financial performance of a Fast-Moving Consumer Goods (FMCG) firm in South Africa, the methodology used to gather data will be defined in this section.

## 4.1 Research Paradigm

Understanding the inputs, the processes that will be used, and the anticipated outcomes from this research are crucial components of the research paradigm. The financial success of the company serves as the dependent variable in this study paradigm, while leadership inside the business serves as the independent variable. Employee satisfaction, corporate culture, and productivity elements are moderating variables, as illustrated by Figure 10.

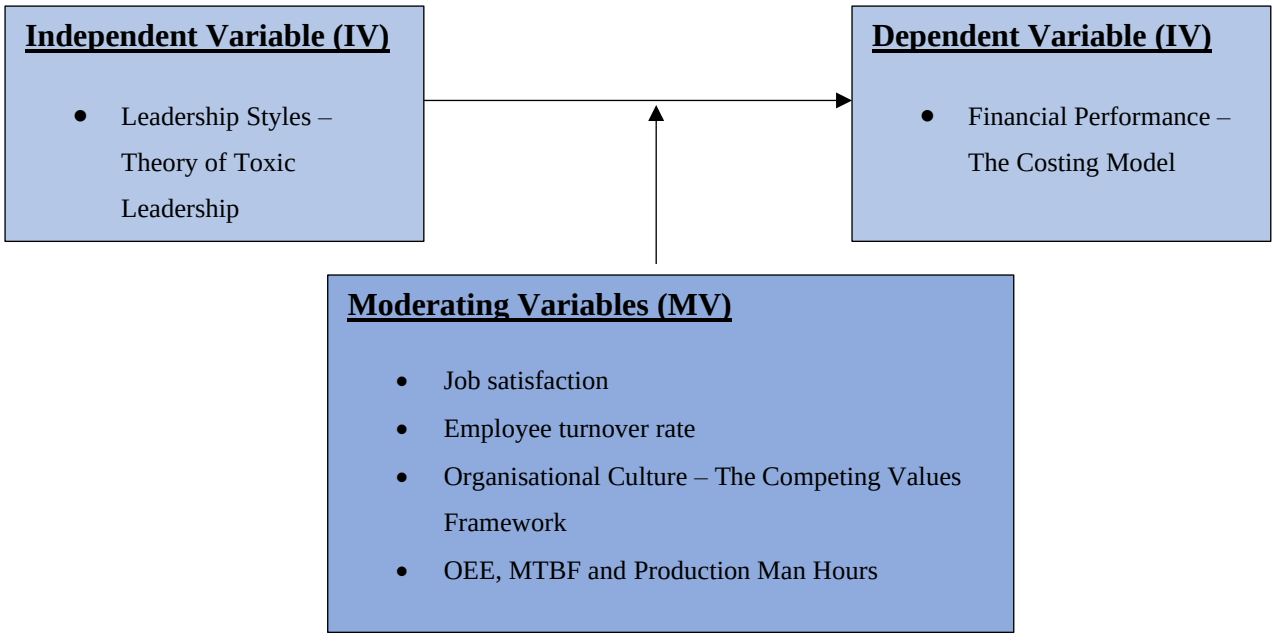



Figure 10: Research Paradigm

There are five different research paradigms, namely positivism, critical realism, interpretivism, postmodernism, and pragmatism, according to Saunders et al. (2019). The positivist paradigm,

according to Saunders, Lewis, and Thornhill (2019), features a researcher who maintains objectivity; this type of study is often deductive, highly structured, and uses quantitative methods of analysis. The scientific hypothetico-deductive model is connected to the positivism research paradigm. the hypothetico-deductive model is used to validate hypotheses and experiment by operationalizing parameters and metrics so that the findings of the hypothesis testing are used for phases of advancement (Park, Lars, & Anthony, 2020). The focus of positivism is on quantitative observations that can be statistically analysed using either descriptive statistics or inferential statistics. The quantification of qualitative data is frequently made possible by the use of other data gathering techniques in positivist research, such as applying hypothesis testing to information gathered through interviews or questionnaires (Saunders, Lewis, & Thornhill, 2019) . The research methodology that will be employed in this study is known as the quantitative method of analysis and is based on the positivism research paradigm (Park, Lars, & Anthony, 2020).

## 4.2 Research Approach

The approach to the theory development used in this study will be the inductive approach. The methodology of inductive inquiry entails the recognition of patterns derived from observations and the development of explanations. This strategy is known as the "bottom-up method," and it involves using observations to find patterns and characterize the phenomenon (Saunders, Lewis, & Thornhill, 2019). Dr Kamel Khaldi also defined the bottom-up research approach as a strategy that starts from a single observation and ends with a generalised conclusion (Khaldi, 2017). To better understand the effects of organisational culture and leadership in the FMCG business and the financial ramifications of this phenomena a quantitative study will be conducted.

The qualitative and quantitative research paradigm was established by Symeou and Lamprianou (2014) as two different sorts of research paradigms. The goal of the qualitative research paradigm is to examine how people feel about, engage with, and respond to contemporary situations while taking into account the subjectivity of human nature. When a researcher wants to comprehend the thoughts that people create in their minds based on their typical and unique experiences, they use qualitative methodologies. According to Merriam (2002), there are three main methods for gathering data for qualitative research: interviews, documentation, and observation. The quantitative research paradigm is centred on using data in the form of numbers, graphics, and statistical analysis to quantify and measure the

discoveries made on a particular issue (Symeou & Lamprianou, 2014). As defined by Bhandari (2020), quantitative research is the collection and analysis of numerical data that is used to look for trends, form hypotheses, examine linkages, and extrapolate findings to a larger audience. A quantitative approach will be used to undertake this investigation.

In order to ascertain the effect of leadership and organisational culture on employee satisfaction and employee retention which are moderating variables as illustrated in Figure 10, a questionnaire will be undertaken with employees across several factories within a Fast-Moving Consumer Goods firm. The questionnaire will be a component of this research study which aims to understand how employees view their working environment, leadership, level of happiness with their jobs, and loyalty to their employer. Thereafter, there will be an evaluation of historical data on the performance of the different factories in South Africa. Performance metrics of productivity such as OEE, MTBF, Man Production Hours in relation to absenteeism, employee satisfaction and turnover will be analysed to draw conclusions on how toxic leadership affect an organisation.

### 4.3 Research Design

In order to study the effects that organisational culture and leadership has on employees' job satisfaction, commitment and turnover rate, a questionnaire targeting Fast-Moving Consumer Goods firms was developed. The examination of this investigation is best served by the questionnaire research design because it enables the researcher to gain perspective from respondents of various organisational levels on the topic of interest in a structured manner. Although there are numerous FMCG companies in South Africa, the questionnaire will only be available to factories that are a part of the chosen Fast Moving Consumer Goods company. The questionnaire designed is shown in section 0, Appendix B.

Advantages of conducting a questionnaire (Reddy, 2023):

- Efficient scientific analysis: This method of data gathering is frequently used by academics to gather more precise data for their theories.
- Easy management of information: Questionnaires are often conducted using online servers such as MS Forms, which allows for easy data collection and response management.
- Calculate the variance from other theories: A discrepancy in opinions can be found and identified using this type of data collection.

Disadvantages of conducting a questionnaire (Reddy, 2023):

- False information: Giving false information when answering a questionnaire is a typical practice. False information could jeopardize the validity of the current study.
- Ensure accurate results: People are frequently perplexed by questionnaires, and many are hesitant of how to respond when options are given because they do not wish to implicate or expose themselves or their superiors. As a result, it might be difficult to get honest responses.

The use of a questionnaire has numerous benefits and drawbacks, but this approach was deemed appropriate to start the study because it is accessible and able to easily be distributed to the target audience, takes little time, and can produce data for the investigation. As a result, the questionnaire method has been used since it is affordable and enables effective results analysis.

Secondary data will be gathered quantitatively from the selected Fast-Moving Consumer Goods company's plants. Three factories will be taken into consideration for this study and will participate in the questionnaire in order to ensure that the data gathered is impartial. To relate organizational culture and leadership to the productivity and financial success of the organization, questionnaire results and performance data from all factories will be utilized. Applying the cost model hypothesis, employee productivity will be associated with corporate performance, which will have an immediate impact on employee satisfaction. Quantitative analysis is advantageous since it provides more depth and details on how organizational culture and leadership influence an FMCG corporation's performance in South Africa (Symeou & Lamprianou, 2014) (Mander, 2022).

### 4.4 Data Collection

Data gathering is the procedure of compiling and measuring information in a predetermined manner that allows one to respond to research questions, test hypotheses, and assess the results (Kabir, 2018). In this research study, a combination of primary and secondary data will be employed. Kabir (2018) described primary data as information gathered directly from sources, whereas secondary data as information that has already been made available, such as through records or data archives.

The questionnaire approach will be the primary data gathering technique employed for the investigation's objectives. This technique of data gathering offers a way to gauge the observed

behaviours, traits, attitudes, and requirements of the community (Kabir, 2018). Questionnaires are used to gather information about people's opinions, beliefs, and emotions. This study seeks to clarify the connection between leadership and productivity in the FMCG sector. A series of pre-set, closed-ended questions will be asked to the sample as part of the questionnaire. Microsoft Forms will be the tool utilized to create the questionnaire. The online analytical tool, Microsoft Forms, is set up to gather replies and provide statistical information based on those responses. The questionnaire seeks input from a range of employees at various levels of seniority within the selected company. The target audience include individuals that have direct involvement in the manufacturing processes of the FMCG company.

Secondary data is frequently easily accessible and is frequently retrieved from a company's database. The chosen company's database will provide the secondary data for this study in the form of performance and financial reports for manufacturing business units within the FMCG.

## 4.5 Sample, Sampling Technique and Sampling Frame

### 4.5.1 Sample

The following individuals were the targeted respondents of this study:

Operator: An individual whose main duty is to monitor and manage the performance of machinery and equipment.

Craftsmen (Artisan): The craftsmen are frequently referred to as artisans in the FMCG sector. An artisan is an individual that practices a trade and is specialised in repairing defective machinery.

Operators, craftsmen, and managerial team members who have a direct impact on the production of items in the fast-moving consumer goods sector was constituted as the primary sample.

### 4.5.2 Sampling Technique

According to Symeou and Lamprianou (2014), many researchers are content with thoroughly researching a small number of niche topics rather than extrapolating their findings to a larger population. Non-probability samples are frequently used by qualitative researchers as the foundation for their studies (Symeou & Lamprianou, 2014). Non-probability sampling, outlined by Acharya, Prakash, and Nigam (2013), comprises of samples in which the subject's probability is unknown and will cause the study's sample selection to be skewed. The three

types of non-probability sampling are quota sampling, snowball sampling, and convenience/purposeful sampling. Purposive sampling was employed as the sample method chosen for this study. The convenience sampling technique has the advantages of being widely used, affordable, and does not require a list of most of population components (Acharya, Prakash, & Nigam, 2013). This sample technique will be employed since the population pool chosen must be pertinent to the fast-moving consumer goods sector. Therefore, as the researcher, I relied on my own judgement. This sampling strategy was used for the study (Purposive Sampling, 2023).

### 4.5.3 Sampling Frame

The population from which the sample was drawn for this study was restricted to those that work within the chosen FMCG firm, the sample size was limited to the given firm. Operators, craftsmen, and management groups who had a direct impact on the manufacturing of goods in the fast-moving consumer goods sector were questioned. The company that was being evaluated for this research project consisted of approximately 3000 employees that were directly involved in the production process therefore to achieve a 95% confidence level of the questionnaire and a margin of error of 5%, the total sample size of the questionnaire consisted of a total of 250 respondents. Questionnaires were conducted to workers from various shifts in three different factories to guarantee that the data gathered was not biased. Workers with diverse levels of organisational seniority, a variety of ages, and various levels of experience made up the population. The main sample group were operators, artisans, and managerial team members. Based on the necessary sample size and the number of factories targeted, the following number of questionnaires per category were collected to create the 250-person sample size:

- Operators: 220 operators
- Craftsman: 15 individuals
- Management: 15 individuals

To assess the influence of leadership and organisational culture on an organisation's productivity and financial performance from a quantitative standpoint, manufacturing data such as OEE, MTBF, Production Per Man Hour (productivity) and business unit financial data was obtained from the three factories being considered for this study. To develop a theory on how leadership and organisational culture affect the success of Fast-Moving Consumer Goods

organisations, the questionnaires were be broken down by factory and their results compared to performance and financial data per factory.

### 4.6 Research Instruments and Data Collection Procedures

One of the most popular techniques for gathering data is the use of questionnaires or surveys. It is an effective and trustworthy method of gathering data that is used to get individual perspectives on a certain subject (Symeou & Lamprianou, 2014). The questionnaire has been formulated by the use of the ideologies obtained from the Theory of Toxic Leadership paradigm and the Competing Values Framework. The study will be able to make significant connections between leadership styles by using first-hand information from workers within the FMCG industry.

For the purpose of gathering data for this study, MS Forms was used as an electronic questionnaire. A link hereto as well as a sample of the questionnaire is found in section 0, Appendix B. The questionnaire was created to collect responses in an effective and efficient manner. The questionnaire's design took into account the following factors:

- The questionnaire, for eye comfort and clear understanding, should be logically and easily constructed.
- Questions ought to be closed-ended, with appropriate response options.
- The questionnaire's length should be reasonable, and the questions should be categorized.

The questionnaire was sectioned as follows:

- Section 1: Demographic Information comprises questions about the respondent's past employment history and position within the company; the respondent's name is omitted.
- Section 2: This section included questions that assisted the researcher to characterize the organisational culture within the selected FMCG corporation using the Competing Values Framework.
- Section 3: Toxic Triangle, in which the researchers inquire about the traits of the leader, the follower, and the working environment. This part seeked to ascertain whether the leader exhibits poisonous features, whether the follower exhibits traits of a colluder or a confirmer, and whether the workplace atmosphere is conducive.
- Section 4: Job satisfaction and commitment, the researcher examined respondents to gauge their commitment to their current employers and level of job satisfaction. This

feedback assisted the researcher to better understand how the employees feel and connect these ideas to the company's productivity rates. The research was able to determine whether the employees were satisfied with and committed to their current employer or if they were looking for opportunities outside of the company.

In order to establish a connection between leadership and its financial influence on the fast-moving consumer goods industry, factory performance and financial data from various factories within the Fast-Moving Consumer Goods organisation was used in conjunction with previous employee surveys. By focusing on factors that affect staff productivity, the Costing Models addressed in subsection 2.1.3 was utilized to assess the financial impact that leadership may have on the company. The employee churn and absenteeism rates were used to gauge the theory of toxic leadership. Additionally, it was evaluated using employee feedback on work satisfaction and historical data on the organisation's performance and production.

## 4.7 Data Analysis

Quantitative data analysis refers to the process of analysing data that is based on numbers or that can be transformed into numbers without losing any meaning (Jasen & Warren, 2020). Since the researcher is identifying the type of organizational culture present as well as if a toxic leadership style exists within an FMCG establishment, the data related to this study is categorical in nature. Descriptive statistics was employed to analyse the quantitative data, which was nominal by definition and allowed the researcher to ascertain the mode value of the various categories based on the questionnaire.

Inferential statistics of data is a popular method for non-probability sampling. Inferential statistics uses an inductive approach and technique, which enables the researcher to generalize based on their results about a certain segment of the overall population size (Ali, 2021). According to Ali (2021), this kind of statistical analysis enables the evaluation of how similar or distinct the researcher’s observations are. Three selected FMCG factories that are participating in this study provided manufacturing data such as OEE, MTBF, Production Per Man Hour (productivity), and business unit financial data from which trends was drawn in relation to the findings from the questionnaires in order to quantitatively assess the influence of leadership and organizational culture on an organization's productivity and financial performance. The results of the questionnaire were analysed using frequency distributions and discussed along with the trends in manufacturing and financial data regarding the impact of

leadership and organizational culture on the success of Fast-Moving Consumer Goods organizations.

## 4.8 Ethical Considerations

The organisation from which questionnaires were performed and information was used provided consent prior to the research can be carried out. Before compiling any data, it was also necessary to obtain an ethical clearance certificate from the University of the Witwatersrand. After receiving these clearances, informed consent was required from the questionnaire respondent.

### 4.8.1 Permission to Conduct the Study

Permission from the necessary parties, including the Ethics Committee and the collaborating South African FMCG company, was secured before the study began. The researcher was responsible for making sure that the questionnaire and analysis were done in compliance with the guidelines established by all stakeholders. As a result, the study continued to be conducted in good faith with the participants, organisation, and FMCG industry. All feedback and data was verified by the researcher in order for the findings to be trustworthy and helpful to South Africa's FMCG industry.

### 4.8.2 Informed Consent

Prior to a participant starting the questionnaire, participation consent required. As a result, the participant was not under any duress to take part in the study, and the data was gathered in an ethical manner. The questionnaire was set up so that it begun with a disclaimer alerting the participant that all replies were treated with the utmost confidentially and were received anonymously. The participant was then given a brief explanation of the purpose of the study and asked for agreement before the survey moved forward. Please refer to section 0, Appendix B for the consent agreement from the participant at the beginning of the questionnaire.

### 4.8.3 Voluntary Participation

This study was done voluntarily. Individuals who were invited to participate in this research project had the right to decline. Before taking part in the questionnaire, participants were required to provide authorization in the form of a consent form.

### 4.8.4 Confidentiality and Anonymity

All participants' privacy was safeguarded by confidentiality and anonymity. The researcher was in charge of making sure that all data amassed from respondents was kept private. To

ensure online safety, the data was stored in a protected folder with only the researcher having access to it. It is to be noted that no personal data was collected.

In addition to preserving participant privacy and anonymity, the Fast-Moving Consumer Goods company through which questionnaires were conducted and data gathered was not named due to possible competitor interests. In order to prevent the performance and financial data from being linked to the Fast-Moving Consumer Goods company utilized in this study, a factor was be applied to all data.

### 4.8.5 Data Management

Credibility of data is largely dependent on data management. The researcher ensured that the data collected was only utilized for this research study's purposes and that data protection laws were always followed.

## 4.9 Summary

For this study, the positivist paradigm will be used as the research paradigm. Such a paradigm implies that a researcher upholds objectivity; studies of this nature are frequently deductive, highly structured, and employ quantitative analytic techniques (Saunders, Lewis, & Thornhill, 2019). Consequently, the research methodology used for this article is known as the quantitative method of analysis. The inductive research approach will be employed to the theory development which entails the recognition of patterns derived from observations and the development of explanations. To evaluate the effect of organizational culture and leadership on employee retention and satisfaction in the selected FMCG company, a questionnaire was created. The FMCG company's productivity and financial performance were assessed using key performance parameters and historical data, respectively. The questionnaire was created using Microsoft Forms, an online analytical tool. Such a tool is easily accessible and will reach the target audience effortlessly. The target audience include individuals that have direct involvement in the manufacturing processes of the FMCG company such as operators, craftsmen and managerial team members. The chosen company's database provided the secondary data for this study in the form of performance and financial reports for manufacturing business units within the FMCG. The University of Witwatersrand’s Ethical Committee and the partnering South African FMCG company had to provide its approval before the questionnaire could be started. Similarly, participation consent was required. It was the researcher's duty to ensure that the participants' confidentiality and anonymity were maintained and that the proper permits were obtained.

# 5 RESULTS

According to Bahadoran et al. (2019), the results section of a scientific publication serves to present results that are connected to measurements and outcomes in accordance with the research methodology. Figures, tables, and trends that depict the specific data and facts are included in this chapter.

## 5.1 Demographic Information

As per Acharya, Prakash and Nigam (2013) the purposive sampling method was employed for this research study. The deployment of questionnaires targeted a 95% confidence level of the questionnaire which implied that 250 questionnaires were to be conducted with a further breakdown of respondents being 220 operators, 15 craftsmen (artisans) and 15 managers however due to the variability of the composition of staff in the chosen factories i.e., Factory 1, 2 and 3, the questionnaire responses comprised of 59% of individuals at an operator level (137 responses), 18% at craftsmen (artisan) level (42 responses) and 23% at management level (53 responses) thus having a completion rate of 93% with 232 responses achieved.

Table 2 contains the detailed composition of the sample size utilised for each factory. It is evident that while respondents from Factory 2 and Factory 3 were approximately 70% male and 30% female, Factory 1 had an equal distribution of male and female employees. This suggests that the selected FMCG company employs a higher proportion of males to females. According to the questionnaire results, most respondents from Factory 1 were between the ages of 36 and 50 and have been employed by the chosen FMCG establishment between 7 to 10 years. The respondents from Factory 2 were equally distributed between the ages of 36 and 60 and served between 4 to 10 years of employment, while Factory 3 showcased majority of the respondents between the ages of 36 and 50 and resided within 1 to 3 years and 16 to 20 years of employment.

Table 2: Demographic information gathered from questionnaire responses.

| Description | Factory 1 | Factory 2 | Factory 3 |
|---|---|---|---|
| **Years of Service (# of employees)** | | | |
| Less than 1 year | 5 | 0 | 6 |
| 1 to 3 years | 13 | 15 | 11 |
| 4 to 6 years | 12 | 26 | 7 |
| 7 to 10 years | 29 | 26 | 7 |
| 11 to 15 years | 19 | 13 | 10 |
| 16 to 20 years | 4 | 3 | 11 |
| More than 20 years | 4 | 3 | 8 |

| Gender (# of employees) | | | |
|---|---|---|---|
| Male | 43 | 61 | 42 |
| Female | 43 | 25 | 16 |
| Prefer not to say | 0 | 0 | 1 |
| **Age Group (# of employees)** | | | |
| 21 to 35 years of age | 30 | 40 | 21 |
| 36 to 50 years of age | 50 | 40 | 34 |
| 51 to 63 years of age | 6 | 6 | 5 |
| 64 years+ of age | 0 | 0 | 0 |
| **Organizational Position (# of employees)** | | | |
| Operator Level | 62 | 55 | 20 |
| Artisan Level | 8 | 16 | 18 |
| Management Level | 16 | 15 | 22 |
| **Sample Size** | **86** | **86** | **60** |

## 5.2 Research Question 1

The following section presents the financial results within the selected FMCG establishment and provides the results to determine the type of culture that persists within the selected FMCG establishment in accordance with the research question, *How does organisational culture impact the financial performance of the South African FMCG industry?*

### 5.2.1 Financial Results of the chosen FMCG establishments in South Africa

Table 3 and Figure 11 illustrates the consolidated quantitative analysis performed for the aforementioned factories based on their financial performance in the past four financial years.

Table 3: Financial results of the FMCG factories

| Criteria | Description | Factory 1 | Factory 2 | Factory 3 |
|---|---|---|---|---|
| **Financial Data** | **Direct Material Cost (% of net sales)** | 48,00% | 51,90% | 49,40% |
| | **Conversion Cost (% of net sales)** | 4,70% | 5,20% | 16,40% |
| | **Gross Margin (%)** | 47,30% | 42,80% | 34,20% |

The expenses directly associated with the production process are known as direct material costs, and they include the costs of the supplies, spare parts, and raw materials used in the manufacturing process. Based on the data presented in Table 3, Factory 1 has the lowest direct material cost at 48%, whereas Factory 2 has the highest direct material cost at 51.90%. The mean direct material cost of the chosen manufacturers is found to be 49.77%, indicating that all three factories are within the range of the mean.

With the exception of direct material costs, conversion costs include all expenses related to the production process. Direct labour costs and production overhead are frequently included in conversion costs. Table 3 shows that the three factories' conversion costs range from 4.70% to 16.40%, with a mean of 8.77%. It is noted that Factory 3's conversion cost is the highest at 16.40% and has a 7.63% deviation from the mean. This can be attributed to Factory 3's specialty product and/or production process resulting in much higher direct labour and manufacturing overhead expenses.

The results depicted in Table 3 illustrate that the mean gross margin for the three factories is 41.43%. Factory 3 deviates from the mean the most, at 7.23%, which could be a result of the higher conversion cost of the establishment.

The FMCG companies' financial matrix of Return on Investment (ROI) and Return on Assets (ROA) is calculated in Appendix C, the results are displayed by Figure 11. Individual factory ROA and ROI was not available as input data into these matrices where available at a company/group level.

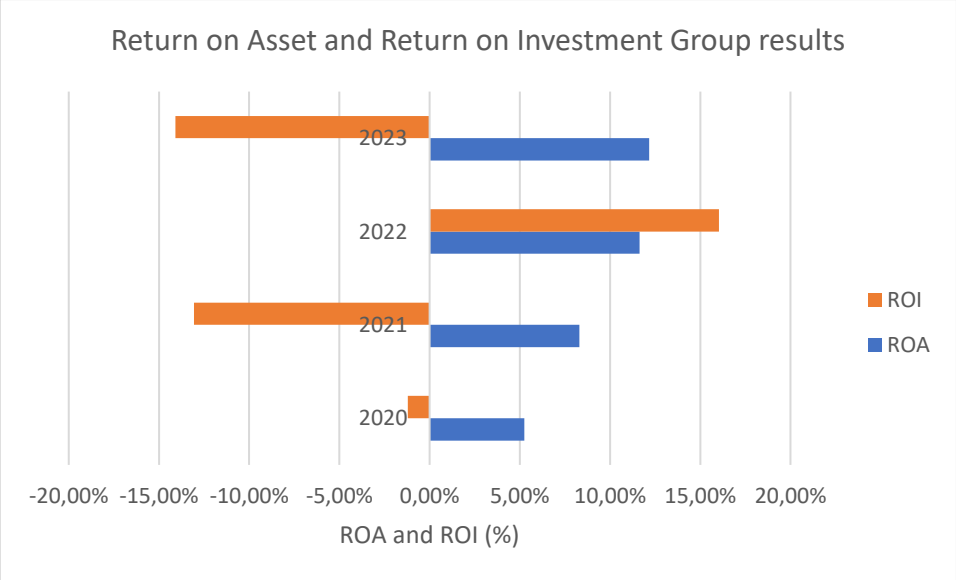


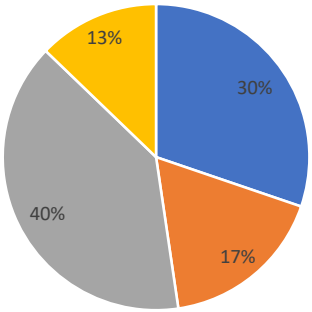
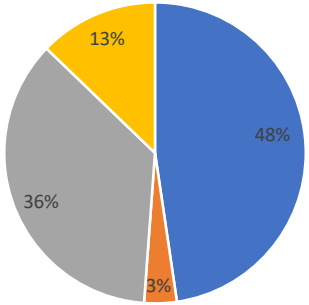
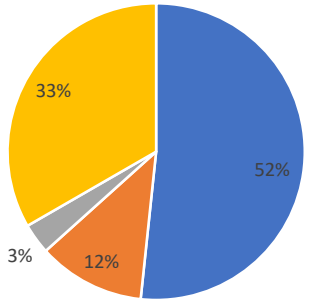

Figure 11: Return on Asset and Return on Investment – Group results.

### 5.2.2 Organisation Cultures present in the chosen FMCG establishments in South Africa

With the use of the Competing Values Framework, Section 2 of the questionnaire (questions 7 through 10) was designed to help the researcher characterize the organizational culture within the chosen FMCG company. Table 4 to Table 7 will be utilized to ascertain the underlying culture per factory by determining the relative frequencies per answer to each question.

Table 4 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 7 of the questionnaire's responses.

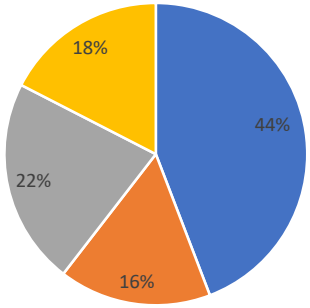
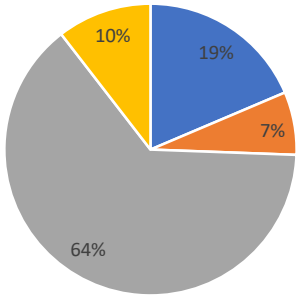
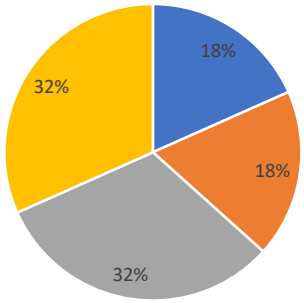
Table 4: Question 7 Results Summary

| How would you best describe the organisation that you work for? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  | An establishment that is results driven and endevours to be the top seller in the market : Market Culture<br>An innovative and creative organisation that produces novelty (one of a kind) goods and services : Adhocracy Culture<br>A traditional and collaborative establishment with strongs morals : Clan Culture<br>An efficiently managed company with structured processes and procedures that must be adhered to. : Hierarchical Culture |

According to Table 4, 40% of the respondents characterize Factory 1 as a traditional and collaborative establishment with strong morals. According to the management theory of the Competing Values Framework, Factory 1's Clan culture is highlighted in this organization's description. Regarding Factory 2 and Factory 3, the majority of respondents characterize the establishment as a results-oriented business that strives to be the market leader, exemplifying a Market culture grounded in the Completing Values Framework management theory. Factory 2 and 3 will therefore be associated with Market culture.

Table 5 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 8 of the questionnaire's responses.

Table 5: Question 8 Results Summary

| How would you best describe the decisions made by management or executives of your organisation? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  | Cautious and conservative : Clan Culture<br>Innovative and creative : Adhocracy Culture<br>Structured approach to decision making with reference to the standard processes and procedures : Hierarchical Culture<br>Decisions are made to ensure that the organisation is one of the leading market distributors : Market Culture |

As per Table 5, 44% of Factory 1 participants characterize organizational management or executive actions as cautious and conservative. Such a description is linked by the Competing Values Framework (CVF) to Clan culture, which is prevalent in Factory 1. Regarding Factory 2, majority of the respondents characterize organizational executives' or management's decisions as following a structured process that takes into account standard operating procedures. This approach is associated by the CVF management theory with Hierarchical culture. In terms of how management or executives make decisions, Factory 3 respondents exhibit a comparable outcome. 32% of respondents believe that management make decisions based on a structured approach with reference to the standard processes and procedures while 32% of respondents believe that management make decisions to ensure that the organisation is one of the leading market distributors. Consequently, Factory 3 exemplifies characteristics of both Market and Hierarchical culture.

Table 6 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 9 of the questionnaire's responses.

Table 6: Question 9 Results Summary

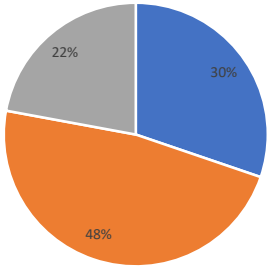
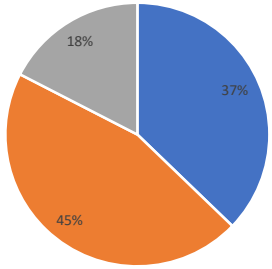
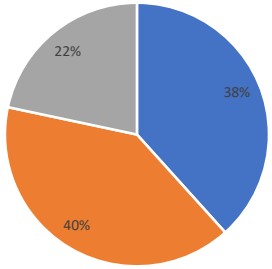
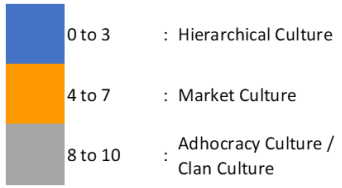
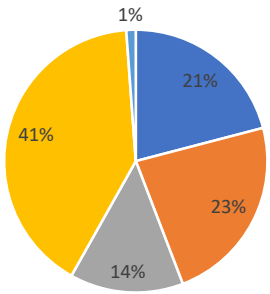
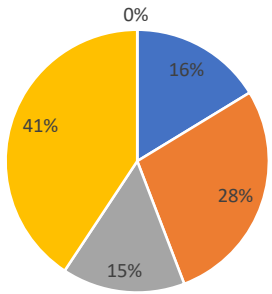
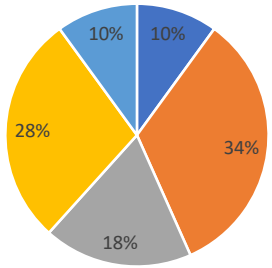
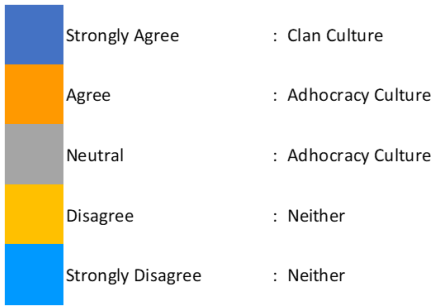
| On a scale of 0-10, how involved are you in the decision making process of your department? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  |  |

Table 6 shows that, across all three factories, employee participation in decision-making ranges from 4 to 7, which, in accordance with the management theory of CVF, indicates the existence of the Market culture.

Table 7 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 10 of the questionnaire's responses.

Table 7: Question 10 Results Summary

| My organisation supports me in my personal development journey, I have access to a mentoring program and am able to collaborate with other departments within my company. | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  |  |

As per Table 7, Factory 1 and Factory 2's employees feel as though they do not have access to a mentoring program and are not able to collaborate with other departments within their firm. According to Competing Values Framework there is no clear culture depicted by such a response. Factory 3's employees showcase the opposite response as most employees feel as though they have access to a mentoring program and are able to collaborate with other departments within the company. The CVF management theory characterises Factory 3 with Adhocracy culture.

A summary of the underlying culture within each factory is derived from Table 8. Based on the summary of results shown in Table 8, Clan culture exists within Factory 1 while Market culture exists within factory 2 and 3.

Table 8: Summary of Underlying Culture Per Factory

| | Factory | Market Culture | Adhocracy Culture | Clan Culture | Hierarchical Culture | Neither |
|---|---|---|---|---|---|---|
| **Question 7** | 1 | | | X | | |
| | 2 | X | | | | |
| | 3 | X | | | | |
| **Question 8** | 1 | | | X | | |
| | 2 | | | | X | |
| | 3 | X | | | X | |
| **Question 9** | 1 | X | | | | |
| | 2 | X | | | | |
| | 3 | X | | | | |
| **Question 10** | 1 | | | | | X |
| | 2 | | | | | X |
| | 3 | | X | | | |
| **Underlying Culture** | 1 | | | X | | |
| | 2 | X | | | | |
| | 3 | X | | | | |

### 5.2.3 Results summary for research question 1

A summary of the results pertaining to Research Question 1 is displayed by Table 9.

Table 9: Research Question 1 - Results Summary

| Description | Factory 1 | Factory 2 | Factory 3 |
|---|---|---|---|
| **Organisational Culture** | Clan Culture | Market Culture | Market Culture |
| **ROA** | ↑ 6.93% | | |
| **ROI** | ↓ 12.88% | | |
| **Direct Material Cost (% of net sales)** | 48,00% | 51,90% | 49,40% |
| **Conversion Cost (% of net sales)** | 4,70% | 5,20% | 16,40% |
| **Gross Margin (%)** | 47,30% | 42,80% | 34,20% |

## 5.3 Research Question 2

In line with the research question, *"How does toxic leadership impact the productivity of the South African FMCG industry?"* the section that follows provides the productivity results within the chosen FMCG establishment as well as the results to identify the type of leader that endures within the chosen FMCG establishment.

### 5.3.1 Productivity Results of the chosen FMCG establishments in South Africa

Table 10 and Figure 12 illustrates the consolidated quantitative results for the aforementioned factories based on their productivity performance in the past four financial years:

Table 10: Productivity analysis of the FMCG factories

| | Description | Factory 1 | Factory 2 | Factory 3 |
|---|---|---|---|---|
| **Overall Equipment Effectiveness (OEE)** | **2020** | 50.10% | 66.20% | 52.60% |
| | **2021** | 64.30% | 72.50% | 52.90% |
| | **2022** | 70.80% | 74.70% | 59.90% |
| | **2023** | 78.40% | 77.90% | 56.60% |

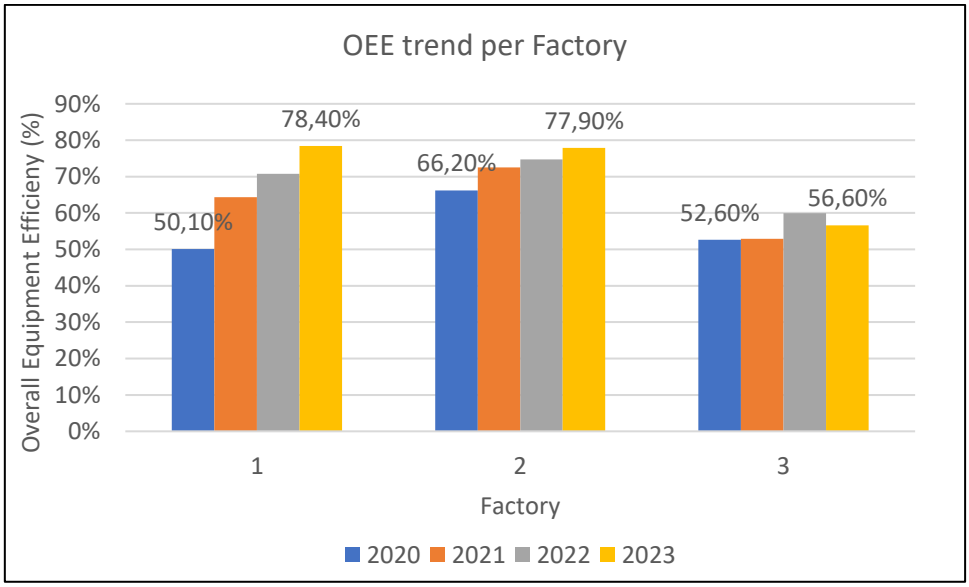



Figure 12: Overall Equipment Efficiency achievement per Factory

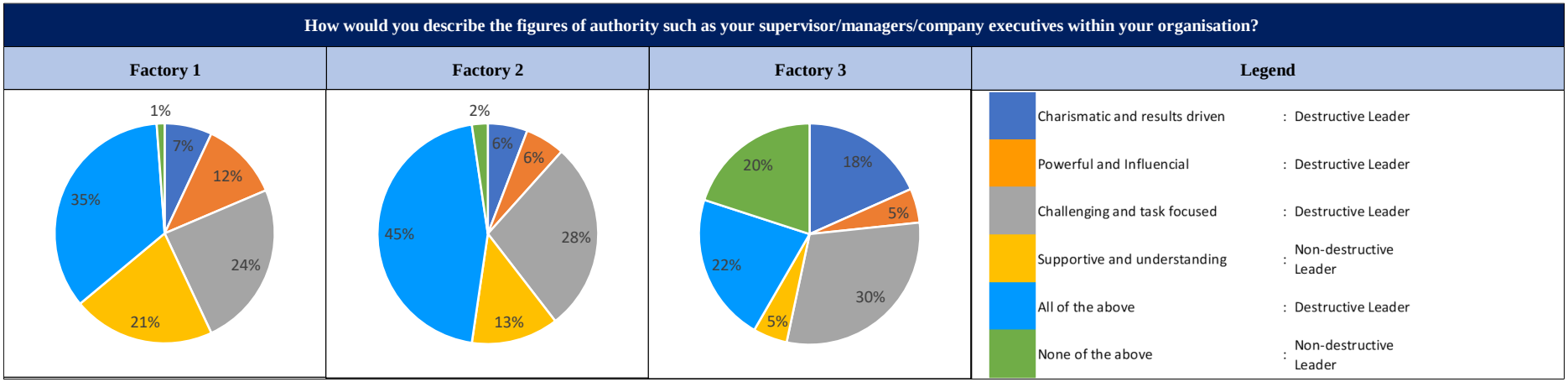
Overall Equipment Effectiveness (OEE) is a critical performance metric used in manufacturing to evaluate the efficiency and productivity of machinery or equipment in a facility. Table 10 and Figure 12 show that during the previous four fiscal years, OEE rose in each of the three plants. In 2023, the three factories' combined OEE mean is 70,97%. At 14,37%, Factory 3 has the largest deviation from the mean.

### 5.3.2 Type of Leadership present in the chosen FMCG establishments in South Africa

Section 3 of the questionnaire (questions 11 through 15) was created to assist the researcher in defining the leadership style of the selected FMCG conglomeration by the use of the theory of the Toxic Triangle. In order to assess respondents' commitment to their current employers and degree of job satisfaction, Section 4 of the questionnaire (questions 16–17) was created. The analysis of the relative frequencies for each response to each question will be performed using Table 11 to Table 15 to establish the type of leadership that is present within the respective establishments. Employee loyalty to the company and job satisfaction will be measured using Table 16 and Table 17.

Table 11 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 11 of the questionnaire's responses.

Table 11: Question 11 Results Summary

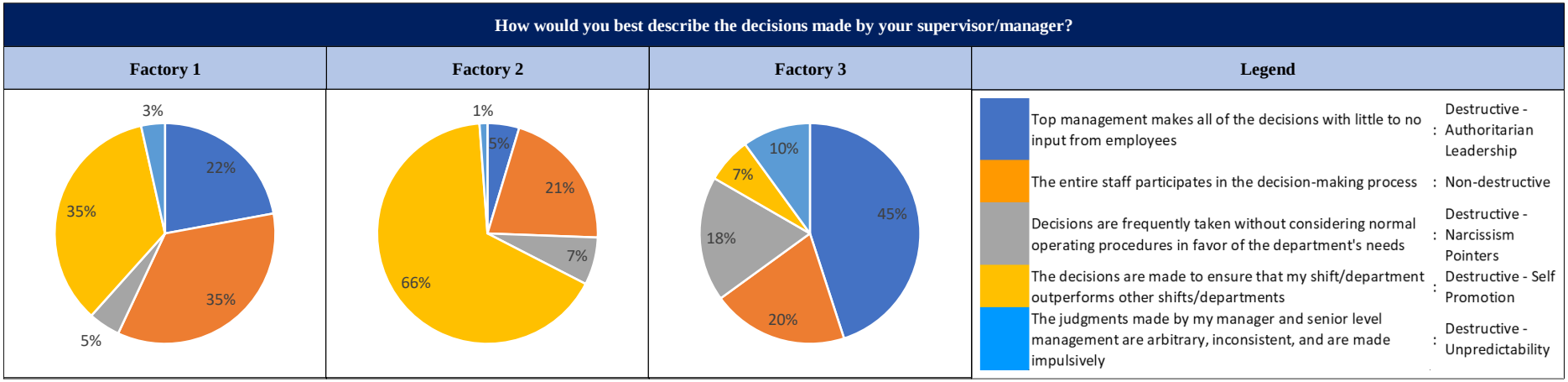



According to Table 11, 35% of respondents in Factory 1 and 45% of respondents in Factory 2 describe their figures of authority as being charismatic and results driven, powerful and influential as well as challenging and task focused. According to the theory of the Toxic Triangle such traits are

associated with a destructive leader. 30% of Factory 3 employees perceive their figures of authority to be predominately challenging and task focused which also depicts the destructive leadership style based on the Toxic Triangle. Therefore, all three factories are seen to have figures of authority who have a destructive leadership style.

Table 12 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 12 of the questionnaire's responses.

Table 12: Question 12 Results Summary




According to Table 12, 35% of respondents in Factory 1 stated that decisions are made to ensure that their shift or department performs better than other shifts, and 35% of respondents said that the entire workforce participates in the decision-making process. A non-destructive leadership style is portrayed when the entire workforce participates in the decision-making process, according to the Toxic Leadership Theory while destructive leadership occurs when choices are made with the intention of making a shift or department perform better than others. Consequently, Factory 1's leadership consists of a combination destructive and non-destructive leadership styles. According to 66% of respondents in Factory 2, decisions are made to make sure that their department or shift performs better than other departments or shifts and 45% of Factory 3's participants said that

senior management makes all of the decisions, with little to no employee input. This will lead to the prevailing leadership style in Factory 2 and 3 being destructive, in accordance with the Theory of Toxic Leadership.

Table 13 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 13 of the questionnaire's responses.

Table 13: Question 13 Results Summary

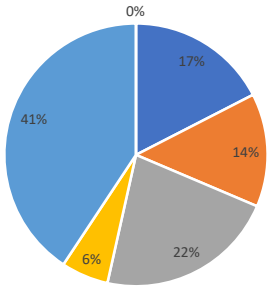
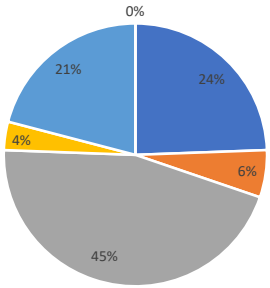
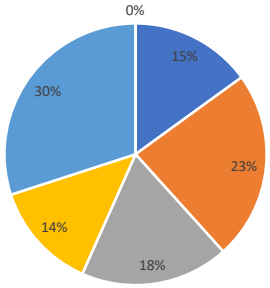
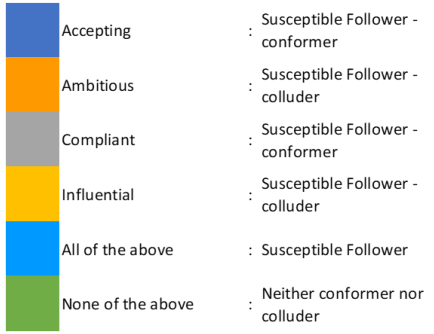
| How would you best describe yourself as an employee of your organisation? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  |  |



Table 13 shows that the majority of respondents in Factories 1 and 3 characterize themselves as being accepting, ambitious, compliant, and powerful. As implied by the Theory of Toxic such attributes renders majority of the employees as susceptible followers. Employees of Factory 2 appear to be susceptible followers of the conformer type, as indicated by the 45% of respondents who identified as being compliant.

Table 14 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 14 of the questionnaire's responses.

Table 14: Question 14 Results Summary

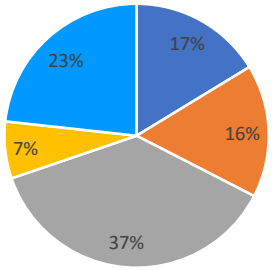
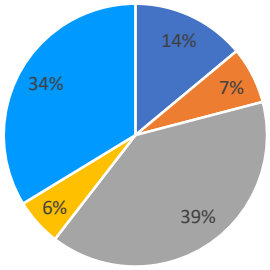
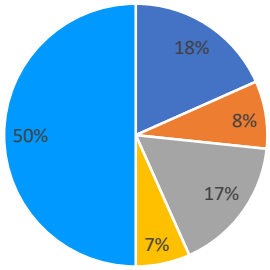
| As an employee, I: | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  | Avoid conflict : Susceptible Follower - conformer<br>Support all decisions made by management, with no questions asked : Susceptible Follower - colluder<br>Accept directives given to me to ensure job security : Susceptible Follower - conformer<br>Am easily influenced by my working environment : Susceptible Follower - colluder<br>Ensure business productivity regardless of circumstances : Neither conformer nor colluder |

Table 14 indicates that 37% and 39% of respondents in Factory 1 and 2, respectively, accept instructions intended to secure job security. This conduct is linked to susceptible followers of the conformer type according to the Theory of Toxic Leadership. 50% of employees in Factory 3 ensure business productivity under all conditions. The Theory of Toxic Leadership categorizes these kinds of workers as neither colluders nor conformers.

Table 15 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 15 of the questionnaire's responses.

Table 15: Question 15 Results Summary

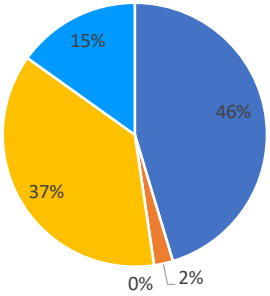
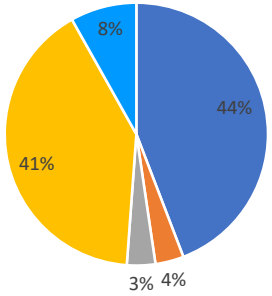
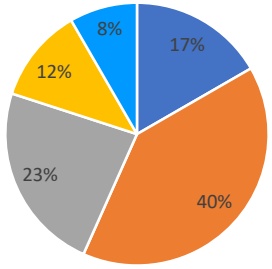
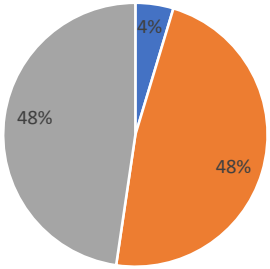
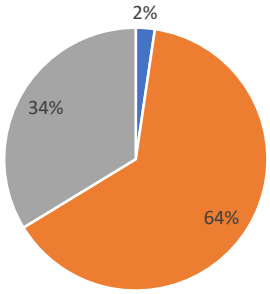
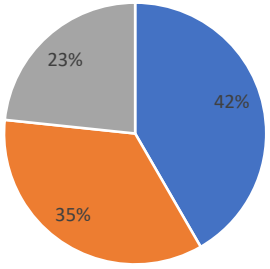
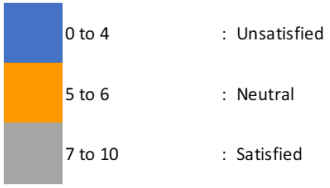
| How would you describe your current work environment? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  | An environment that is driven by the cultural values : Conducive<br>An everchangining environment which showcases a level of instability within the organisation : Conducive<br>VUCA - Volatile, Uncertain, Complex and Ambiguious : Conducive<br>A healthy and positive working environment : Non-conducive<br>A growth filled environment with endless growth opportunities : Non-conducive |

Table 15 shows that 46% and 44% of respondents in Factory 1 and 2, respectively, state that they work in a setting that is influenced by cultural values. According to the Theory of Toxic Leadership, this suggests that workers perceive the workplace environment of Factory 1 and 2 to be conducive. Although, 52% of participants at Factory 1 further describe their workplace environment as a healthy and positive environment that is growth filled with endless growth opportunities which is classified as non- conducive. In Factory 3, 40% of respondents indicated that the current work environment is everchanging which showcases a level of instability within the organization which is an attribute of a conducive working environment as per the Theory of Toxic Leadership.

Table 16 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 16 of the questionnaire's responses.

Table 16: Question 16 Results Summary

| On a scale of 0-10, how satisfied are you with your current job? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  |  |

As depicted by Table 16, 48% of Factory 1 respondents are neutral in terms of job satisfaction. Similarly, 48% indicate that they are satisfied in their current job. A similar result is obtained for Factory 2 where 64% of employees are neutral in terms of job satisfaction and 34% are satisfied in their current roles. Factory 3 shows a negative result where 42% of employees are unsatisfied in their current jobs.

Table 17 illustrates the quantitative frequency analysis performed for the aforementioned factories based on question 17 of the questionnaire's responses.

Table 17: Question 17 Results Summary

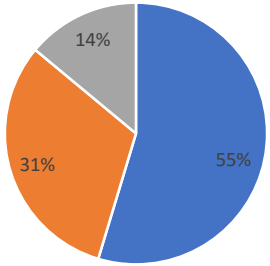
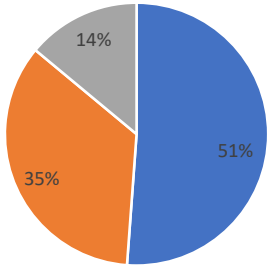
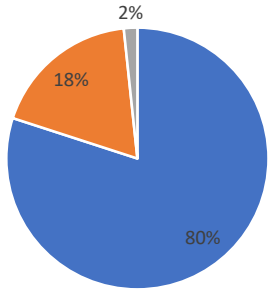
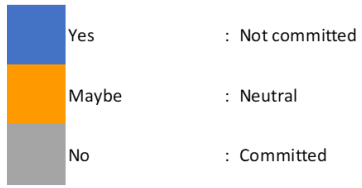
| Would you be open to persuing a career outside of your current place of employment? | | | |
|---|---|---|---|
| **Factory 1** | **Factory 2** | **Factory 3** | **Legend** |
|  |  |  |  |

Table 17 shows that the majority of employees in all three factories would think about pursuing a career outside of their present employer.

In accordance with Padilla et al. (2007) theory of the Toxic Triangle, Table 18 presents a comprehensive overview of the responses to the survey on this subject.

Table 18 is employed to measure the outcomes obtained from the questionnaire replies in accordance with Table 11 to Table 15. The type of leader, followers, and environment found in the three factories under analysis are shown in the following statistics.

Table 18: Responses received based on the Toxic Triangle (Padilla, Hogan, & Kaiser, 2007).

| **Question number & Topic** | **Categories** | **Number of Responses** | | |
|---|---|---|---|---|
| | | **Factory 1** | **Factory 2** | **Factory 3** |
| **Total Sample Size** | | **86** | **86** | **60** |
| **Q11: Destructive Leader** | Destructive Leader | 67 | 73 | 45 |
| | Non – destructive Leader | 18 | 11 | 3 |
| | Neither | 1 | 2 | 12 |
| | **Dominating Leadership Style** | **Destructive** | **Destructive** | **Destructive** |
| **Q12: Destructive Leader** | Destructive Leader | 67 | 73 | 45 |
| | Non – destructive Leader | 18 | 11 | 3 |
| | Neither | 1 | 2 | 12 |
| | **Dominating Leadership Style** | **Destructive** | **Destructive** | **Destructive** |
| **Q13: Susceptible Follower /Colluder/Conformer** | Susceptible Follower | 35 | 18 | 18 |
| | Colluder | 17 | 8 | 20 |
| | Conformer | 34 | 60 | 22 |
| | Neither | 0 | 0 | 0 |
| | **Dominating Follower Type** | **Susceptible Follower** | **Conformer** | **Conformer** |
| **Q14: Colluder/Conformer** | Colluder | 20 | 11 | 9 |
| | Conformer | 46 | 46 | 21 |
| | Neither | 20 | 29 | 30 |

| | | | | |
|---|---|---|---|---|
| | **Dominating Follower Type** | **Conformer** | **Conformer** | **Conformer** |
| **Q15: Environment** | Conducive | 41 | 44 | 48 |
| | Non-conducive | 45 | 42 | 12 |
| | **Dominating Environment Type** | **Non – conducive** | **Conducive** | **Conducive** |

### 5.4 Results summary for research question 2

A summary of the results pertaining to Research Question 2 is displayed by Table 19.

Table 19: Research Question 2- Results Summary

| Description | Factory 1 | Factory 2 | Factory 3 |
|---|---|---|---|
| **Organisational Culture** | Clan Culture | Market Culture | Market Culture |
| **ROA** | ↑ 6.93% | | |
| **ROI** | ↓ 12.88% | | |
| **Type of Leader** | Destructive | Destructive | Destructive |
| **Type of Follower** | Susceptible Follower | Susceptible Follower - Conformer | Susceptible Follower - Conformer |
| **Type of Environment** | Non-conducive | Conducive | Conducive |
| **Job satisfaction** | Satisfied | Neutral | Dissatisfied |
| **Overall Equipment Effectiveness** | ↑ 28.3% | ↑ 11.7% | ↓ 3.3% |

## 5.5 Hypothesis Results Summary

Table 20 depicts a summary of the hypothesis in comparison to the hypothesis from literature.

Table 20: Conclusion to hypothesis made based on results achieved

| #H | Hypothesis Description | Result |
|---|---|---|
| **H1** | The FMCG Industry with a Hierarchical culture has high organisational performance rates and will have a positive effect on the financial performance of the organisation. | Inconclusive |
| **H2** | The FMCG Industry with a Market culture has high organisational performance rates and will have a positive effect on the financial performance of the organisation. | Approved |
| **H3** | The FMCG Industry with a Clan culture has low organisational performance rates and will generate a loss in revenue. | Disapproved |
| **H4** | The FMCG Industry with an Adhocracy culture has low organisational performance rates will have a negative effect on the financial performance of the organisation. | Inconclusive |
| **H5** | A toxic leader will result in low employee retention, job satisfaction, and loyalty rates in the FMCG sector in South Africa. | Approved |
| **H6** | A toxic leader creates a hostile work environment within their organisation in the FMCG sector in South Africa. | Approved |
| **H7** | Lower productivity levels are achieved by toxic leaders in the FMCG sector, as shown by performance indicators like production rates, MTBF, and OEE | Inconclusive |
| **H8** | Loss of revenue and capital will result from toxic leadership in the FMCG sector. | Inconclusive |

# 6 DISCUSSION

The conclusions, significance, and materiality of the results presented in Chapter 5 are analysed in the ensuing chapter. This section consists of an evaluation of the results obtained by which an overall conclusion will be derived linked to the initial hypothesis made in Chapter 3.

## 6.1 Research Questions 1

**How does organisational culture impact the financial performance of the South African FMCG industry?**

The Competing Values Framework which defines four types of cultures namely Market, Adhocracy, Clan and Hierarchical culture was utilised in defining the type of organisational culture present in the selected factories.

The Activity Based Costing Model was the chosen approach to analyse the financial performance of the FMCG units chosen for this research project. To measure the financial performance of the selected manufacturing units as per the ABC model, costing components such as direct material, direct labour and manufacturing costs were utilised. The FMCG establishment used for this exercise utilised the conversion cost metric to evaluate the efficiency and cost-effectiveness of the production process. The conversion cost is determined by the direct labour and manufacturing overhead costs. An important financial metric that will be analysed for this organisation is known as the gross profit as the manufacturing units have significant impact on the cost of the goods sold to consumers which in turn makes this metric crucial to the operation. The net margin of this establishment will not be analysed as it consists of non-manufacturing related costs such marketing, distribution and logistics costs which is not the focus of this assessment as this research project focuses on the heart of the FMCG industry i.e., the manufacturing units.

### 6.1.1 Factory 1

As shown in Table 4, 40% of Factory 1 respondents described their workplace as a traditional, collaborative, and values-driven establishment—a significant characteristic of Clan culture as defined by Tseng (2010). 30% of respondents said their workplace is results-driven and strives to be the best seller in the market, which best describes the Market culture defined by Cameron and Quinn (2006). Clan culture is further asserted as 44% of respondents best describe the decisions made by senior leadership of the factory as cautious and conservative as per section 2.1.1.4. Table 6 illustrates that 48% of the population are partially involved in the making of

departmental decisions however 41% of responses indicate that the factory will need to increase their involvement in encouraging and aiding their employees on their personal development journey through interdepartmental collaboration and mentoring. Thus, it can be observed that Factory 1 promotes Clan culture based on the questionnaire's responses.

As compared to the financial results produced in Table 3, it can be observed that Factory 1 has the lowest direct materials to net sales ratio (48%) and conversion costs to net sales (4.7%). Furthermore, Factory 1 illustrates the largest Gross Profit margin percentage of 47.3%, such a result proves to be advantageous to the organisation.

Therefore, hypothesis H3 which states that Clan culture initiates low organisational performance and generates a loss in revenue will be disapproved based on the results generated which depicts positive financial trends.

### 6.1.2 Factory 2

According to Table 4, 48% of Factory 2 respondents define their company as a results-driven business that strives to be the best seller in the market, Cameron and Quinn (2006) describe such an organization with a Market culture. Tseng (2010) claimed that the characteristics that best describe an establishment with a Clan culture are traditional, collaborative, and value-driven, all of which are expressed by 36% of the sample size. Reino et al. (2020) suggested that meticulous scheduling and centralised decision making are two of the key values of Market culture, which is further supported by this factory, given that 45% of the population believes they are involved in the planning and decision-making process for their respective departments. While this Factory does exhibit characteristics of a Hierarchical culture, as described by Hartnell, Ou, and Kinicki (2011) and Cameron and Quinn (2006), 64% of respondents claim that executive and management decisions are made in a structured manner that is in line with the organization's standard operating procedures. Nonetheless, it is possible to argue that this Factory's general culture is one of Market culture based on the results received from the questionaries.

Table 3 demonstrates that Factory 2 has a favourable ratio of 5.2% for conversion costs to net sales and 51.9% for direct material costs to net sales. With a 42.8% gross margin, this factory has the second-highest percentage, which is beneficial for the organization.

Therefore, hypothesis H2 which states that Market culture initiates high organisational performance which is positively correlated to the financial performance will be approved based on the results generated in Table 3 to Table 8 and Figure 11.

### 6.1.3 Factory 3

Table 4 illustrates that 52% of respondents from Factory 3 perceive their place of employment as a reputable organization that strives to be the best seller in the market and is results-driven. According to the Competing Values Framework, this attribute is affiliated with Market culture (Cameron & Quinn, 2006). The responses received from this establishment favours Market culture such that 32% of respondents believe that the decisions made by their management is to ensure that their organisation is one of the leading distributors while 40% of the sample size advocate that they are involved in meticulous planning and centralised decision making which is enforced by literature as Market culture as mentioned in Section 2.1.1.2. Although this factory has established the Market Culture, it secondarily adheres to a Hierarchical culture, as evidenced by 33% of respondents as per Table 4, which shows that the factory is effectively managed with structured processes and procedures and that decisions are made in a top-down manner in accordance with Tseng (2010) and Cameron and Quinn's (2006) characterization of the culture.

According to Table 3, Factory 3 generates the greatest for costs to net sales ratio (16.4%). Direct material expenses to net sales have a ratio of 49.4%, which is higher than Factory 1 yet lower than Factory 2. However, Factory 3 generated the lowest Gross Profit margin percentage of 34.2% which is not favourable for the organisation.

Although Factory 3 establishes a Market Culture, it is illustrated by Table 3 that the financial performance indicates a negative correlation which disproves the hypothesis H2 as compared to the results generated by Factory 2.

Since the results obtained from the individual manufacturing units proved to be inconclusive such that both Factory 2 and Factory 3 established a Market culture however Factory 2 illustrated positive financial trends while to Factory 3 showed declining financial trends. In order to address research question 1, the methodology used by Reina et al. (2020) will be applied, including an analysis of the overall organizational culture and financial outcomes, such as ROA and ROI for the entire organization. Although only three factories were examined for the purpose of this study, it can be said that this organization promotes the Market culture in accordance with the Competing Values Framework since all three factories were part of a larger

FMCG enterprise. Factories 2 and 3 were controlled by Market culture, whereas Factory 1 was characterised as Clan culture with Market culture appearing as a secondary culture.

The ROA and ROI trends for the 2020–2023 fiscal years are shown in Figure 11. The market-oriented enterprise demonstrated a positive correlation with ROA across the years, however a negative correlation is displayed for ROI, with a significant fall from FY20 to FY21, a positive recovery in FY22, and a further decline in FY23. Therefore, it can be said that organisational culture does affect the financial performance of the FMCG sector in South Africa. However, this effect needs to be examined holistically rather than at the level of the individual manufacturing units, since the latter produce goods according to supply and demand, while the former concentrate on revenue generation, ROI, and ROA.

The hypotheses H1 and H4 remain inconclusive due to lack of data on the impact of Hierarchical and Adhocracy culture on the financial performance of the South African FMCG industry.

## 6.2 Research Questions 2

**How does toxic leadership impact the productivity of the South African FMCG industry?**

The description of the Toxic Triangle in the workplace by Padilla, Hogan, and Kaider (2007) served as the basis for the strategy employed to address research question 2. Respondents' answers to the questionnaire helped categorize the leaders, employees, and working environment within the company. The five elements of toxic leadership (Paltu & Brouwers, 2020) and the types of subordinates within the conglomerate (Singh, Sengupta, & Dev, 2018) will be used to further analyse the type of management and staff present throughout the selected establishment.

### Toxic Triangle – Destructive Leaders, Susceptible Followers and Conducive Environments

#### 6.2.1.1 Destructive Leaders

The questionnaire was developed using Figure 6 to ascertain the kind of leader, workforce, and atmosphere that exist in the three manufacturing facilities. Of the 86 responses, 67 (78%) from Factory 1 described their leaders as charismatic, powerful and influential, difficult, and task-focused—all characteristics that are considered detrimental to a leader. With 73 (85%) and 45 (75%) replies, respectively, Factories 2 and 3 saw a similar pattern of respondents classifying

their leaders as destructive. However, it is to be noted that 20% of Factory 3 recipients was unable to define their leaders based on the options provided.

Based on the elements of toxic leadership identified by Paltu and Brouwsers (2020), 66% of Factory 2 respondents categorized their leaders as those who ensure that their shift or department performs better than other shifts or departments, indicating that their leadership is classified as self-promoting. Meanwhile, 21% of respondents indicated non-destructive leadership traits, such as believing that the establishment guarantees that all staff members participate in the decision-making process. 46% of Factory 3 respondents classify their leaders as authoritarian as they are described as managers that make decisions with little to no inputs from employees while 18% affirmed that their leaders ensure that departmental needs met without following operational procedures which indicates the presence of narcissism points (Dobbs, 2014). Although, 20% of replies indicate that their employer involves them in the decision-making process it is to be noted that 37% of the respondents occupy managerial positions while Factories 1 and 2 had majority respondents at operator positions. 35% of respondents in Factory 1 agreed that their leaders make sure all employees participate in decision-making, while the other 35% believed their leaders exhibit the aforementioned self-promotional tendencies. It was challenging to classify Factory 1 as a result of this outcome; however, this can be attributed to organizational Munchausen syndrome, which is the term for a dynamic organization composed of well-meaning executives that display toxic leadership qualities (Fraher, 2014). Therefore, it can be concluded that majority of the leadership in the 3 factories exhibit destructive leadership traits.

#### 6.2.1.2 Susceptible Followers

Factory 1 results yield that 100% of the respondents showcased characteristics of being a susceptible follower such as being accepting, ambitious, compliant and influential. Such descriptions further categorised to the type of followers present in the manufacturing unit, 34 respondents fit the description of conformers. 17 of colluders and 35 being susceptible followers (Singh, Sengupta, & Dev, 2018). All respondents were categorized as susceptible followers in Factories 2 and 3, with 70% and 33% of respondents, respectively, being classified as conformers. These results are comparable to those of Factory 1. Conformers are described as individuals who avoid conflict and accept directives given to them to ensure job security while colluders were described as individuals who fully support all decisions made by managers and are easily influenced by their working environment, some individuals could not

be classified as a conformer or colluder as they are production focused regardless of the circumstances (Singh, Sengupta, & Dev, 2018). Such a result is indicated in Table 14. Consequently, it can be said that all respondents from each of the production units, irrespective of their position within the organization, can be categorized as susceptible followers.

#### 6.2.1.3 Workplace Environment

To complete the Toxic Triangle, one needs to analyse the type of environment present within the workplace i.e, is the environment conducive or non-conducive (Padilla, Hogan, & Kaiser, 2007). The results obtained from the questionnaire responses are displayed in Table 15 to Table 19. An environment that is characterized as conducive is one that is shaped by dynamic cultural values, reflects instability within the organization, and is VUCA (Volatile, Uncertain, Complex, and Ambiguous). A non-conducive environment was characterised as a healthy and positive space that cultivate a growth filled environment with endless growth opportunities. 48% of Factory 1, 51% of Factory 2 and 80% of Factory 3 responses indicate that the workplace environment of their respective establishments exhibits a conducive working environment while 52% of Factory 1, 49% of Factory 2 and 20% of Factory 3 assert that their working environment is non-conducive. Thus, it can be said that Factory 3 predominantly fosters a conducive environment as well as Factory 2. Based on the results Factory 1 possesses a non-conducive environment.

### 6.2.2 Job satisfaction and organisational commitment

According to Table 6, 48% of Factory 1 respondents are satisfied with their jobs and 4% are not satisfied while 48% chose to remain in a neutral stance on their level of job satisfaction. Similar trends are shown in Factory 2, where 34% of the sample size is satisfied, 2% is dissatisfied, and 64% is indifferent. Nonetheless, Factory 3 exhibits an inversely proportionate pattern, with 42% of the sample size expressing dissatisfaction with their work, 23% expressing satisfaction, and 35% remaining neutral. As a result, it is evident that employees at Factory 1 and Factory 2 are more satisfied with their jobs than those at Factory 3.

The majority of respondents for all three factories indicate a low level of organizational commitment as Table 17 displays that they will be open to pursuing careers outside of their current organization if given the opportunity.

### 6.2.3 Productivity

The organization uses Overall Equipment Effectiveness as a key performance metric to gauge productivity within the industrial units. The OEE attained by each unit during a four-year period is shown in Figure 12. Factories 1 and 2 showed an exponential rise in OEE from 2020 to 2023 of 28.3% and 11.7%, respectively. This demonstrates a high level of productivity as explained by Castro et al. (2019) and Hansen (2005). It is evident from Figure 12 that Factory 3 struggled to maintain a consistent OEE trend. While the plant's productivity was essentially the same in 2020 and 2021 (52.60% and 52.90%), the OEE increased by 7% in 2022 and further decreased by 3.3% in 2023, indicating instability and turbulence within the establishment across the previous four years.

### 6.2.4 Hypothesis conclusion

Since the aforementioned data support the hypothesis that a toxic leader will have low employee retention, job satisfaction, and loyalty rates in South Africa's FMCG industry, hypothesis H5 can be verified. Factories 2 and 3 shown destructive leadership traits. Factory 3 demonstrated a low degree of job satisfaction and dedication, while Factory 2 showed a low degree of commitment and an apathetic attitude toward job satisfaction. While Factory 1 demonstrated the destructive leadership tendencies, this unit demonstrates an instance of Munchausen syndrome; while most employees are happy in their current positions, they will pursue professions outside the company if the right opportunities arise.

Hypothesis H6 which states a toxic leader creates a hostile work environment within their organisation in the FMCG sector in South Africa can be confirmed as Factories 2 and 3 were characterised as establishments with destructive leadership and a conducive environment. Factory 1 may consist of a leadership style that is detrimental however they possess a non-conducive environment. H6 is validated based on the overall results received from the three factories.

The hypothesis H7's theory is neither endorsed nor refuted since Factory 2 exhibits strong OEE productivity yet is blamed for having destructive leadership. Nonetheless, Factory 3 can accept H7 since it exhibits an exceptionally low productivity level and a disruptive leadership style. Factory 1 is unable to confirm or refute this theory since it appears to be an exceptional instance of organizational Munchausen syndrome, which distorts the findings in this area. It is also noted that this establishment uses a single performance metric to measure productivity. As a

result, the statement made in H7 for the overall establishment can be considered as inconclusive.

A lack of empirical evidence renders hypothesis H8 unclear, as manufacturing units operate on the basis of supply and demand, however the organization as a whole determines income and capital. Therefore, one is unable to draw a broad conclusion about the connection between capital and revenue losses and toxic leadership.

Consequently, it can be said that there is a somewhat negative influence of toxic leadership on the productivity of the FMCG sector in South Africa. Destructive leaders were found in all three factories, but only two of the three were designated as toxic work environments. These findings suggest that toxic environments have a greater effect on an establishment's productivity than destructive leaders. This may be related to the lower productivity rates in comparison to the plant that produced an exponential production rate and had a better working environment and higher job satisfaction. Table 20 consists of a summarised findings based on the hypothesis conclusions.

# 7 LIMITATIONS

The theoretical or practical shortcomings of a study that are frequently outside the researcher's control are referred to as research limitations. (Viera, 2024). The aforementioned research study's abrupt limitations and unexplored boundaries are highlighted in this chapter.

The study population and sample process are constrained by the scope option and specific to one chosen FMCG organisation with factories in different locations of South Africa, which may affect how generalizable the data and outcomes are. The FMCG established utilised one form of productivity measure which limited the researcher in terms gathering data. Despite the research methodology specifying that a mixed approach was used in this study, the majority of the data needed for quantitative analysis was provided by the conglomerate, therefore the conclusions were primarily qualitative and required little quantitative effort.

# 8 CONCLUSION AND RECOMMENDATIONS

The conclusion and recommendations are critical aspects to any research process. A conclusion is generated from the interpretation of the research findings and the ensuing debate. In order to accept or reject the hypotheses presented in Chapter 3, the conclusion seeks to address Research Questions 1 and 2. The conclusion of a research study is followed by the recommendations which can be defined as a researcher's viewpoint based on the research findings. Recommendations are a primary source of information realized by the researcher and forwarded towards future researchers who wish to peruse this line of inquiry.

## 8.1 Conclusion

In summary, the purpose of this research project was to examine how leadership and organizational culture affect the financial and productivity metrics of South African Fast-Moving Consumer Goods (FMCG) companies. The findings indicate that while organizational culture has little effect on the financial performance of the FMCG sector in South Africa, the type of working environment has a greater impact on the productivity of manufacturing units than the type of leadership in those respective units.

According to the results received from the questionnaire and the financial analysis that was performed it is evident that the type of organizational culture that is dominating the FMCG industry is that of Market Culture. The results yield from the ROI and ROA indicate that the type of organizational culture present within the organization does not affect the financial performance of the FMCG conglomeration. This analysis could not be performed at a manufacturing level as such units produce goods based on demand and supply and the aforementioned parameters are calculated for the overall conglomeration which considers all manufacturing units as well as supply chains. Hypothesis made on Hierarchical and Adhocracy culture remain inconclusive as no data was generated for these types of organisational culture.

Participant responses indicate the destructive leadership is prevalent in the FMCG industry of South Africa and most employees prefer to be susceptible followers to ensure job continuity. It was discovered that the type of workplace environment has more effect on the productivity of a plant than the type of leadership present. Although, individuals may be satisfied with their employment they are open to perusing careers outside of their organization should the opportunity present itself. However, due to the lack of empirical evidence the effect of leadership on the revenue and capital generation could not be analysed.

In conclusion, such a study will need to be conducted on multiple FMCG conglomerations to be able to gather a definite opinion on the influence of organisational culture and leadership on the financial performance and productivity parameters of the Fast-Moving Consumable Goods (FMCG) industry of South Africa.

## 8.2 Recommendations

For future researchers who wish to investigate such a topic it is recommended that the researcher use more than one FMCG conglomerate to conduct such a study as the results yield hypothesis that was inconclusive due to the lack of empirical evidence. Financial analysis on indicators such as the net margin can be explored as well as responses for such a questionnaire can be received from all types of employees not limited to the manufacturing units. Key performance indicators for productivity such as MTBF, MTTR and production man hours should be analysed.

Based on the results received, I highly recommend that the FMCG industry record their turnover rate and ensure that they perform an exercise such as a CSAT (customer satisfaction score) that allows them to gauge the sentiments of their employees and work on creating a safe and healthy work environment.

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# 10 APPENDICES

## Appendix A: Journal Identification for Research Article

The following journals have been identified in which the research article may be published:

- Title: Journal of Leadership and Organisational Studies
    - ISSN: 15480518
    - E-ISSN: 19397089
    - Publisher: SAGE Publications
- Title: SA Journal of Human Resource Management
    - ISSN: 16837584
    - E-ISSN: 2071078X
    - Publisher: AOSIS (Pty) Ltd
- Title: Leadership and Organisation Development Journal
    - ISSN: 01437739
    - Publisher: Emerald Group Publishing Ltd.

## Appendix B: Organisational Culture and Leadership Questionnaire

MS Forms link to questionnaire: https://forms.office.com/r/Aa6tGkGzF0

# Organisational Culture and Leadership Questionnaire

Dear Respondent,

I am currently a student at the University of the Witwatersrand. I am completing my research project in partial fulfilment of a master's in business administration.

I am currently conducting research on the impact organizational culture and leadership on the financial and productivity parameters of Fast-Moving Consumer Goods (FMCG) organisations in South Africa. I would highly appreciate if you could assist me by participating in the following questionnaire which will take no more than 10 minutes of your time.

Kindly note the following:

1. Your participation is voluntary, and you can choose to withdraw at any given time.

2. Your participation is anonymous i.e., the identity and responses received will be kept confidential and used only for the purpose of this research project.

3. By completing the questionnaire, it will indicate that you have consented to participate in this research project.

Should you have any concerns, feel free to contact my supervisor or myself (the researcher). Contact details listed below:

Researcher name: Vikash Harkison

Email: 436379@students.wits.ac.za

Contact number: +27 73 035 9201

Research Supervisor: Zanele Ndaba

Email: zanele.ndaba@wits.ac.za

Contact number: +27 11 717 3591

5. Select your age group *

- ◯ 21 to 35 years of age
- ◯ 36 to 50 years of age
- ◯ 51 to 63 years of age
- ◯ 64 years+

6. Which position of best describes your level within the organisation? *

- ◯ Operator Level
- ◯ Artisan Level
- ◯ Management Level

7. How would you best describe the organisation that you work for? *

- ◯ An establishment that is results driven and endevours to be the top seller in the market
- ◯ An innovative and creative organisation that produces novelty (one of a kind) goods and services
- ◯ A traditional and collaborative establishment with strongs morals
- ◯ An efficiently managed company with structured processes and procedures that must be adhered to.

1. The research study was explained to me and I understand what this study is about *

- ◯ Agree
- ◯ Disagree

2. I hereby give my consent to take part in this study voluntarily *

- ◯ Agree
- ◯ Disagree

3. How long have you been an employee at you current place of employment? *

- ◯ Less than 1 year
- ◯ 1 to 3 Years
- ◯ 4 to 6 Years
- ◯ 7 to 10 years
- ◯ 11 to 15 years
- ◯ 16 to 20 years
- ◯ More than 20 years

4. Select your gender

- ◯ Male
- ◯ Female
- ◯ Prefer not to say

5. Select your age group *

- ◯ 21 to 35 years of age
- ◯ 36 to 50 years of age
- ◯ 51 to 63 years of age
- ◯ 64 years+

6. Which position of best describes your level within the organisation? *

- ◯ Operator Level
- ◯ Artisan Level
- ◯ Management Level

7. How would you best describe the organisation that you work for? *

- ◯ An establishment that is results driven and endevours to be the top seller in the market
- ◯ An innovative and creative organisation that produces novelty (one of a kind) goods and services
- ◯ A traditional and collaborative establishment with strongs morals
- ◯ An efficiently managed company with structured processes and procedures that must be adhered to.

8. How would you best describe the decisions made by management or executives of your organisation? *

- ◯ Cautious and conservative
- ◯ Innovative and creative
- ◯ Structured approach to decision making with reference to the standard processes and procedures
- ◯ Decisions are made to ensure that the organisation is one of the leading market distributors

9. On a scale of 0-10 (where 10 is extremely involved and 0 is not involved at all), how involved are you in the decision making process of your department? *

- ◯ 0 to 3
- ◯ 4 to 7
- ◯ 8 to 10

10. My organisation supports me in my personal development journey, I have access to a mentoring program and am able to collaborate with other departments within my company. *

- ◯ Strongly Agree
- ◯ Agree
- ◯ Neutral
- ◯ Disagree
- ◯ Strongly Disagree

11. How would you describe the figures of authority such as your supervisor/managers/company executives within your organisation? *

- ◯ Charismatic and results driven
- ◯ Powerful and Influencial
- ◯ Challenging and task focused
- ◯ Supportive and understanding
- ◯ All of the above
- ◯ None of the above

12. How would you best describe the decisions made by your supervisor/manager? *

- ◯ Top management makes all of the decisions with little to no input from employees
- ◯ The entire staff participates in the decision-making process
- ◯ Decisions are frequently taken without considering normal operating procedures in favor of the department's needs
- ◯ The decisions are made to ensure that my shift/department outperforms other shifts/departments
- ◯ The judgments made by my manager and senior level management are arbitrary, inconsistent, and are made impulsively

13. How would you best describe yourself as an employee of your organisation? *

- ◯ Accepting
- ◯ Ambitious
- ◯ Compliant
- ◯ Influential
- ◯ All of the above
- ◯ None of the above

14. As an employee, I: *

- ◯ Avoid conflict
- ◯ Support all decisions made by management, with no questions asked
- ◯ Accept directives given to me to ensure job security
- ◯ Am easily influenced by my working environment
- ◯ Ensure business productivity regardless of circumstances

15. How would you describe your current work environment? *

- ◯ An environment that is driven by the cultural values
- ◯ An everchangining environment which showcases a level of instability within the organisation
- ◯ VUCA - Volatile, Uncertain, Complex and Ambiguious
- ◯ A healthy and positive working environment
- ◯ A growth filled environment with endless growth opportunities

16. On a scale of 0-10 (where 10 is extremely satisfied and 0 is not satisfied at all), how satisfied are you with your current job? *

- ◯ 0 to 4
- ◯ 5 to 6
- ◯ 7 to 10

17. Would you be open to persuing a career outside of your current place of employment? *

- ◯ Yes
- ◯ Maybe
- ◯ No

## Appendix C: Raw results used to calculate ROA and ROI

$$\text{Return on Asset (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

$$\text{Return on Investment (ROI)} = \frac{\text{Net Return}}{\text{Cost of Investment}} = \frac{\text{Ending Share Price} - \text{Starting Share Price}}{\text{Starting Share Price}}$$

Table 21: Raw Data Utilized for ROA and ROI

| Criteria | Year | FMCG Company Results |
|---|---|---|
| **ROA** | **2020** | **5,25%** |
| | **2021** | **8,30%** |
| | **2022** | **11,64%** |
| | **2023** | **12,18%** |
| Total Assets (R'000) | 2020 | R21 917,20 |
| | 2021 | R22 809,30 |
| | 2022 | R24 077,20 |
| | 2023 | R25 836,60 |
| Net Income (R'000) | 2020 | R1 151,00 |
| | 2021 | R1 893,10 |
| | 2022 | R2 802,30 |
| | 2023 | R3 145,90 |
| **ROI** | **2020** | **-1,20%** |
| | **2021** | **-13,06%** |
| | **2022** | **16,03%** |
| | **2023** | **-14,08%** |
| Starting Share Price (R) | 2020 | R210,71 |
| | 2021 | R208,18 |
| | 2022 | R181,00 |
| | 2023 | R210,02 |
| Ending Share Price (R) | 2020 | R208,18 |
| | 2021 | R181,00 |
| | 2022 | R210,02 |
| | 2023 | R180,45 |