AN EFFECTIVE LEADERSHIP PRACTICES IN MOTIVATING MALAYSIAN EMPLOYEES: FROM MALAYSIAN EMPLOYER PERSPECTIVE

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ABSTRACT
This research paper was carried out with the intention to identify the relationship between leadership style and motivation. As the turnover rate in Malaysia had been seen increased since 2010, it was then seen as a worrying issue and gave the big impacts to the society especially to youth or fresh graduated category. Since Malaysian industries were getting more established on international and global markets therefore many studies was conducted and been done to highlights the issues and suggested with effective outcomes. However, this study was done to highlights the leadership aspects and motivation factors to suggest the overcome of the problem, as the leader was the one who responsible in keeping their employees happy and loyal with organization and thus will reduce turnover rate in Malaysia. Besides that, this study is expected to suggest a proposal to the relevant organization on the humanity and social impacts on the related groups so that the organization especially the leaders could develop and strengthen their strategies in order to reduce the high turnover rate in Malaysia. Due to cost and time constrains, only one hundred and twenty employers from several of Government-Linked Companies (GLC) located in Klang Valley, were chosen to be the respondent in answering the survey questionnaire but only 90 usable responses were received. The questionnaire will be then analyzed through Statistical Package for the Social Science (SPSS) with Predictive Analytic Software (PASW) version 18, 2009. This study further contributes by providing general overview on employer assumptions, perceptions and acceptance of motivation factors in shaping and developing the organization, particularly Malaysia countries that were previously under researched. Besides that, it is expected that leadership style have positive relationship with motivation toward employees’ job satisfaction. Keywords: Leadership style, transactional leadership, transformational leadership, motivation.

1. Introduction

An organization's success is measured by its performance and achievements. Therefore, an organization should have an efficient leader to take them toward that success. In this sense, leadership style is one of the main factors determining the effectiveness of any leader.
Leadership style reflects a manager or leader's personality and how he or she manages work, which affects the performance of organizations as well as employees (Lwasif, 1995). Since a leading function of management involves influencing others to work toward organizational goals, motivation is an important aspect of that function. It is Managers responsibility to create a proper climate in which employees can develop to their fullest potential. Failure to provide such a climate would theoretically increase employee frustration and could result in poorer performance, lower job satisfaction, and increased withdrawal from the organization.

In Malaysia, only in government service is lifetime employment virtually guaranteed. Companies like Tenaga Nasional Berhad (TNB) or Telekom, who were previously government-owned, in reality practice lifetime employment even though these companies claim to focus on the profit motive. A recent compilation of 10 of the best companies to work for in Malaysia, ranked by factors such as company size (turnover), reputation in industry, compensation and benefits, environment and culture (employee survey), Best Employers Award Winners and Fortune Ranking, has resulted in these companies, including Shell Oil and Gas, Intel, DHL, PETRONAS, McKinsey & Co., Maxis, IBM, Motorola, ExxonMobil, and Hewlett Packard. One common trait of these companies is that their employee turnover rates are lower than their industry averages. Top management of these companies has created a corporate culture that engenders employee loyalty that is stronger than in other organizations generally. These corporate cultures contain enriching principles like respect of employee rights, employee promotion by merit, corporate accountability to all stakeholders, and high expectations of employee responsibility and ethical behavior. Of course, the employer-employee relationship is a two-way street. Employees that work in a nurturing environment will naturally feel appreciated, motivated and loyal. Usually it will take an exceptional offer from an outside organization to lure these employees away. Motivation is not measure based on the money terms only. The researchers hopes that with this research Malaysia could prepare the new generation to be an effective leader or manager. The background of the research Leadership has attracted much interest among scholars and practitioners for a long time. However, scientific research on leadership did not begin until the twentieth century and the focus of most research has been on the determinants of effective leadership (Bass, 1990). The twenty-first century has brought about new challenges and issues in this area of research. Among the key trends of the new century are increasing globalizations, new technologies, changing composition, and needs of the workforce and also employee motivation. Some of the substantive leadership issues are leadership styles, criteria
of effective leadership, multinationals, and workforce diversity (Bass, 1990) For the past few decades, there were many studies had been done to focus more on leadership style and their effectiveness towards the organizational performance. Instead of that, decision making style was also one of the famous topics among the researchers. But there are few studies that relate leadership style with motivation. Leadership is one big toll or weapon of the organization to accomplish its goals. But motivation is a weapon of the workers to accomplish its goal. So indirectly, leadership and motivation could be relate to one another, as the leader is the motivator for the workers to achieve its goals thus will accomplish the organization goals as well. In this study, the researcher would like to study in depth the relationship between leadership styles with motivation. There are two objectives on this research. The objectives are to investigate the relationship between transactional leadership styles and employees motivation; and to investigate the relationship between transformational leadership styles and employees motivation. The research questions also falls into two: Is there a significant relationship between transactional leadership styles with employee’s motivation?; Is there a significant relationship between transformational leadership styles with employee’s motivation? The Malaysian labor market is characterized by continues growth. Favorable economic conditions contributed to an increase in domestic and foreign investments. In this situation the competition for hiring and retaining talented workers has increased among Malaysian industries. In 2009 the voluntary employee turnover rate in Malaysia was 10.1%, an increase to the rate of 9.3% analyzed in 2008 (Hewitt Asia Pacific, 2009). The average voluntary turnover rate for the Asian-pacific countries is 10% (2009). Japan reported the lowest with 5% and India the highest with 13.8% (Hewitt Asia Pacific 2009). The costs for companies caused by employee turnover are high, considering advertising, recruitment, selection, hiring and training. Besides the costs there is also a loss of productivity and valuable knowledge. With higher turnover rate, it could be seen that an employees does not happy with the current works. As a leader or a manager, it is their responsibilities to keep employees motivation boost up so that organizational goals could be achieved. If a person or an employees happy with their work, they will stay longer in the organizational and will together strive for a success. Leadership style and motivation have direct relationship as how the leader or the manager chooses to lead the organizational will then give impact towards employees’ motivation when doing their job.
Leadership is the main weapon of the organization. Through better leadership, managers can achieve their organizational goals and can increase their productivity of the organization. Positive leadership gives a big impact on the employees and the turnover of the organization, meanwhile motivation will lead the productivity of the organization. By conducting this study, it will help in recommending which leadership style will be more effective to raise up employees motivation and thus increase organizational performance.

2.0 Literature Review

2.1 Leadership

Leadership can be defined in many ways. For more than a century scholars have tried to define leadership. There have been many discussions on the definition of leadership, but they do not come to an agreement. Leadership can be interpret as the ability to increase a group toward the vision or set of goals. The good leaders know their people well, share successes, encourage the heart, and are not afraid to be good teachers of both behavior and business. It has been said that good leaders are strategic, trustworthy, enduring, visionary, and effective. Results count, and how they’re achieved count at least as much (Graham, 2004). It is one of the managerial qualities of the company or the organization which interaction with the workers of the organization and has a large impact on the turnover rate of the organization.

2.1.1 Transformational Leadership

Avolio, et al, (1991) mentioned that transformational leaders do more with followers and colleagues than transactional leaders do. Instead of a simple exchange and agreement, Bass, et al, (1990) concluded transformational leaders provide a vision and a sense of mission, inspire pride, and gain respect and trust through charisma. There are four dimensions of transformational leaders by Avolio, Bass and Jung, (1997):

1) Idealized influence, which refers to attribute or behavior: The leader is trusted and respected. He or she maintains high moral standards and the followers seek to emulate him or her. Idealized influence can be attributed (coming from followers) and/or the result of the leader’s behavior.

2) Inspirational motivation: The leader expressly and characteristically emphasizes to subordinates the need to perform well and helps to accomplish the organizational goals. Bass and Avolio, (1994) pointed out that leaders adopting this behavior have an ability to strengthen their followers’ responses and explain important ideas in simple ways.
3) Intellectual stimulation: The leaders are the problems and an identification of their own beliefs and standards.
4) Individualized consideration: The leader treats followers as individuals but all are treated equitably. Individual’s needs are recognized and assignments are delegated to followers to provide learning opportunities. Besides, Tichy and Devanna, (1996) stated that transformational leaders are change agents and visionaries encouraging individuals and having the ability to deal with complexity, ambiguity and uncertainty. Chang, (2003) found that transformational leadership modes tend to be more acceptable to employees and affect employee job satisfaction level and innovativeness.

2.1.2 Transactional Leadership

Avolio, et al, (1991) found that transactional leaders communicate with their subordinates to explain how a task must be done and let them know that there will be rewards for a job done well. There are different types of behavior inherent to transactional leadership, including:

1) Contingent Reward: Subordinates receive rewards for good performance.
2) Management by Exception (Active): Subordinates are monitored and then corrected if necessary in order for them to perform effectively.

Transactional leadership helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done. The level of integration and interdependencies that are needed for the new work environment as well as global competition require leadership that goes beyond the more basic transactional styles, which involve contingent reinforcement and management-by-exception, to styles that are more intellectually stimulating, inspirational, and charismatic (Avolio, Bass, & Jung, 1999; Bass, 1997; Bass & Avolio, 1993). Further, transformational leaders create a strategic vision, communicate that vision through framing and use of metaphor, model the vision by walking the talk and acting consistently, and build commitment towards the vision (Avolio, 1999; McShane & Von Glinow, 2000).
2.2 Motivation

The term motivation is derived from the Latin word “movere” which means to move. Motivation is what moves us from boredom to interest. It is like the steering wheel of a vehicle that directs our activities. Motivation represents those psychological processes that cause the arousal, direction, and persistence of voluntary activities that are goal oriented (Mitchell, 1982). Bartol and Martin (1998) define motivation as a force that energizes behavior, gives direction to behavior, and underlies the tendency to persist. This definition recognizes that in order to achieve goals, individuals must be sufficiently stimulated and energetic, must have a clear focus on what is to be achieved, and must be willing to commit their energy for a long enough period of time to realize their aim. Since, a leading function of management involves influencing others to work toward organizational goals, motivation is an important aspect of that function. Stewart (1986) cites John Harvey-Jones, chief executive of ICI: “the real purpose of management is motivation of the group to use its energy to achieve objectives.”

Motivation also can be defined as “the extent to which persistent effort is directed toward a goal” (Campbell, et al, 1970).

**Effort:** The first aspect of motivation refers to the amount of effort being applied to the job. This effort must be defined in relation to its appropriateness to the objectives being pursued. One may, for example, apply tremendous effort to inappropriate tasks that do not contribute to the achievement of the stated goals.

**Persistence:** The second characteristic relates to the willingness of the individual to stay with a task until it is complete. For example, an important task that gets accomplished with effort but allows the person to rest on their laurels for an extended period does not display persistence.

**Direction:** Is the effort directed towards the organization’s goals or related to the individual’s self-interest? Direction is therefore measured in terms of how persistent effort is applied in relation to the goals being pursued.

**Goals:** There are two different kinds of goals being pursued simultaneously. They are individual goals and organizational goals, which may produce quite different results if they are not compatible.
2.2.1 Motivation towards Job Satisfaction and Performance

A strong and complete understanding of employees’ motivation are required to achieve organizations’ vision, mission, and objectives. Motivation is a process in which people are convinced to move forward for performing something special to fulfill their needs and get satisfaction. Only if satisfaction leads to commitment to the organization and to its goals and only if those goals are challenging and accompanied by a high self-efficacy will subsequent high performance result (Locke and Latham, 1990). To address, deliver, and accomplish the expectations of organization, employees have to be prepared and get ready to be involved in the workforce environment to practice their organizational commitment. This workforce environment relates to physical, mental, and emotion aspects which are the main effects to employees’ motivation towards job performance and job satisfaction. For example, Shaari and Judge, (2004) stated that better understanding between the person and the situation and the various internal and external factors that influence employee attitudes should be concerned.

In particular, a better understanding of the role of emotion, as well as broader environmental impacts, is needed and has been largely overlooked in past research. In addition, ongoing research will provide more in-depth understanding of the effects of employee attitudes and job satisfaction on organizational measures. There are many research about job performance and job satisfaction but Judge, et al, (2001) has endorse continued research involving recent re-conceptualizations of both job satisfaction and job performance and they do not believe that research on the satisfaction-performance relationship should be abandoned. Employees can be motivated and also can be demotivated depends on how good the organization is managed, which refers to the head or leader action. According to Islam and Ismail, (2008) the six most effective motivating factors are high wages, good working conditions, promotion, job security, interesting work, and full appreciation of work done. Besides that, the gender and employee categories such as disabled and socially disadvantages must not be existed in the organization. The discrimination would effect to the organization commitment and employees motivation. Kundu, (2003) suggests that organization should ensure equitability access to develop opportunities for males and females across various categories of employees. The research conducted by Salleh, et al, (2011) found that affiliation motivation was significantly and related to job performance.
2.2.2 Herzberg’s Motivation-Hygiene Theory of Motivation

As pointed by Vroom (1964), motivation is derived from the Latin word “movere”, which means “to move”. It is an internal force, dependent on an individual’s needs which drive him/her to achieve. Schulze and Steyn (2003) affirmed that in order to understand people’s behavior at work. Herzberg’s motivation-hygiene theory, also known as the two-factor theory has received widespread attention of having a practical approach toward motivating employees. In 1959, Herzberg published his analysis of feelings of 200 engineers and accountants from over nine companies in the United States. These professionals were asked to describe job experiences where they felt either extremely bad or exceptionally good about their jobs and rated their feelings on these experiences. Responses about good feelings are generally related to job content (motivators), and responses about bad feelings are associated with job context (hygiene factor). Motivators came about with factors built into the job itself, such as achievement, recognition, responsibility and advancement. Hygiene factors were related to feelings of dissatisfaction within the employees and were extrinsic to the job, such as interpersonal relations, salary, supervision and company policy (Herzberg, 1966). Managers or supervisors must be aware of the concept of needs or motives, which will help ‘move’ their staffs to act. According to Robbins (2001), motivation is a needs-satisfying process which means that when an individual’s needs are satisfied or motivated by certain factors, the individual will exert superior effort toward attaining organizational goals.

2.3 Leadership Style and Motivation

In a study done by Mehta, Dubinsky and Anderson (1999), the findings of regression analysis show that in USA all three leadership style have positive and significant impact on motivation. This statement was supported by Issac, Zerbe and Pitt (2001) which summarize that, successful leaders develop realistic attitudes and assumption regarding their relationship with followers. High level of performance occurs when we establish motivational environments that inspire followers to achieve higher level of performance.

A research was conducted in banking sector of Pakistan to investigate the impact of transactional and laissez faire leadership style on motivation. At the end of the research, they found that transformational leadership has positive, strong and significant association on motivation. Meanwhile, laissez-faire do have positive relationship but very low an due to insignificance relation, it indicate that Laissez-Faire leadership style is not an important style.
that boost the motivation level of worker as compare to other leadership style. Lo, et al., (2009) stated that there was a positive direct relationship between two dimensions of transactional leadership style, namely contingent reward, passive management by exception and two dimensions of transformational leadership style known as inspirational motivation and individualize consideration with commitment to change then transformational leaders.

3.0 Research Methodology

Research Design

Study design for this research is quantitative research design. The data will be collected using survey questionnaire. This research is using descriptive study design because the subject will only be measured once by survey questionnaire.

Research Framework

<table>
<thead>
<tr>
<th>IV</th>
<th>DV</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transactional leadership style</td>
<td>• Motivation</td>
</tr>
<tr>
<td>• Transformational leadership style</td>
<td></td>
</tr>
</tbody>
</table>

Nature and Source of Data

Nature and sources for my research data is using primary and secondary data. Primary data is the survey questionnaire that will be distributed among the sample selected. According to Sekaran (2003), primary data is information that first obtained by the researcher on the variables of interest for the specific purpose of study. To obtain information, a set of questionnaire will distribute to employees. Secondary data is the journal that being used in understanding more and getting idea in developing the research. It’s refer to the information gathered by someone than the researcher conducting the current study such as company
record, publication, industry analysis offered by the media, web publications and so on (Sekaran, 2003). It is less time consuming and cheap to obtain the secondary data as it is already prepared by other experts. The secondary data is to get more information that could support the primary data, strengthen the information and also assist the researcher to interpret the primary data correctly. At times, secondary data can also give an insight to the researcher on the subject matters from difference perspective. For this purpose of study, the information have been gathered by the databases, articles, journals, and reports which are relevant able to support the literature review. The secondary data are consisting by external sources only which include journal, article, and book.

**Population and Sample**

The population of this study is the managers or leader at Government Link Companies (GLC) in Klang Valley. In this study, the random sampling is use to distribute the questionnaire. Survey questionnaire was distributed to 120 respondents which are the managers in the company chosen. Off the 120 questionnaires distributed, a total of 100 questionnaires were returned. Ten of the completed questionnaires were unusable, leaving a total of 90 usable replies.

**Measurement of Variables**

The survey questionnaire consist of two section which are section A and Section B. Section A consist of 5 questions in term of gender, age, marital status, education and years of work. Sections B consist of 5 questions on Transactional Leadership, 5 questions on Transformational Leadership and 5 questions on motivation and are measured using Likert scale. The respondents indicate their opinion on a 5-point scale (1=strongly disagree, 2=disagree, 3=neutral, 4-agree, 5=strongly agree).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership</td>
<td>5</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>5</td>
</tr>
<tr>
<td>Motivation</td>
<td>5</td>
</tr>
</tbody>
</table>
Data Analysis

All statistical analyses are carried out using the Statistical Package for Social Science (SPSS). A code was developed for each variable prior to input into the program. In measuring the data several analyses were conducted. The analyses that are going to be examined in the study will include:

i. Normality tests are used to determine whether a data set is modeled for normal distribution. Many statistical functions require that a distribution be normal or nearly normal. There are both graphical and statistical methods of evaluating normality.

ii. Descriptive statistic is use to identify the value of standard deviation and variance for each variable.

iii. The reliability analysis is conducted to measure the internal consistency and stability of the multi-item scale. It indicates the extent in which the measurement across the item and instrument bias. Commonly use reliability test is the Cronbach’s Alpha which is based on average correlation of item within test.

iv. Correlation is the relationship between two or more variables or set of variables (Cohen, 1983). Bivariate Person product-moment correlation analysis is used to determine the magnitude of correlation whether positive or negative of the related pair variables. Besides it also measure the strength of linear relationship between two random variables X and Y. in order to determine whether there is significant relationship among the independent variables and dependent variables, Pearson Correlation Coefficient analysis is carried out.

Data Screening

Normality is tested in this study by using skewness. The result is show in table below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational</td>
<td>0.676</td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>0.748</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.623</td>
</tr>
</tbody>
</table>
Reliability test is used in this study. The Cronbach’s Alpha measures the internal consistency or homogeneity among the multi-item scales. To measure the internal consistency of the items, a reliability analysis was conducted on all variables. The minimum Cronbach’s Alpha of 0.70 considered to be acceptable (Sekaran, 2003). Furthermore, Cuieford (1965) also mention that Cronbach’s alpha exceeding 0.7 indicates acceptable reliability. The result for reliability test in this study is show in the table below.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership</td>
<td>0.858</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.798</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.899</td>
</tr>
</tbody>
</table>

### 4.0 Research Findings

#### 4.1 Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership</td>
<td>90</td>
<td>3.4844</td>
<td>.84533</td>
<td>.715</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>90</td>
<td>3.2250</td>
<td>.97874</td>
<td>.958</td>
</tr>
<tr>
<td>Motivation</td>
<td>90</td>
<td>4.0133</td>
<td>.77767</td>
<td>.605</td>
</tr>
</tbody>
</table>

**Table 4.1: Result for Descriptive Statistics**

Table 4.1.1 above shows the result of descriptive statistics for transactional leadership, transformational leadership and motivation. Result for transactional leadership shows the standard deviation 0.84533 and variance of 0.715. Result for transformational leadership shows standard deviation is 0.97874 while for variance is 0.958. Meanwhile for motivation, the standard deviation is 0.77767 and variance of 0.605.
4.2 Correlation

The Bivariate Person product-moment correlation describes the linear relationship between two continuous variables. The extreme coefficient lie between -1 (perfectly negative correlated) and +1 (perfectly positive correlated). Correlations are relationship between two or more variables (Cohen and Cohen, 1983). Besides that it also measures the strength of linear relationship between two random variables X and Y. In order to determine there are significant relationships between independent variables and dependent variable, Pearson Correlation Coefficient analysis is carry out. Table 4.2 shows the correlation result between all variables. All variables are significant at 0.01 level (2-tailed). Symbol ** tell that the items correlation is significant at the level 0.01 (2 tailed).

<table>
<thead>
<tr>
<th></th>
<th>Transactional Leadership</th>
<th>Transformational Leadership</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.494**</td>
</tr>
<tr>
<td>Leadership</td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>90</td>
</tr>
<tr>
<td>Transformational</td>
<td>Pearson Correlation</td>
<td>0.591**</td>
<td></td>
</tr>
<tr>
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<td></td>
<td>N</td>
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<td>90</td>
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<tr>
<td>Motivation</td>
<td>Pearson Correlation</td>
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<tr>
<td></td>
<td>Sig. (2-tailed)</td>
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<td></td>
<td>N</td>
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** Correlation is significant at the 0.01 level (2-tailed)

| Table 4.2.1: Result for Correlation Analysis |

**Hypothesis 1: There is a relationship between transactional leadership and motivation.**

The correlation result between transactional leadership and motivation at 0.501** which is significant at 0.01 level (2-tailed). The relationship between these two variables is strong relationship. Thus, Hypothesis 1 is accepted.

**Hypothesis 2: There is a relationship between transformational leadership and motivation.**
The correlation result between transformational leadership and motivation is positive at 0.591** which is significant at 0.01 level (2-tailed). The relationship between these two variables is strong relationship. Thus, Hypothesis 2 is accepted.

5.0 Conclusion

The hypothesis 1 is develops in order to identify the relationship between transactional leadership and motivation. Result in the finding proves that there is positive and strong relationship with this two variables.

Hypothesis 2 is develops to identify the relationship between transformational leadership and motivation. Result in the finding proves that there is positive and strong relationship between transformational leadership and motivation.

An effective and competitive leadership practices is the key to the strength of organizations in facing the challenges of business today. The importance of having a competitive leadership is synonymous with the success of today’s organizations. Moreover, an efficient and effective leadership will produce quality, productive individuals that will influence organization performance. As supported by previous studies, it shows that leadership style do have positive relationship towards motivation.

However there are a few limitations in this study. The sample taken is only in Klang Valley area. Due to time constraint, only a few companies were chosen to be the respondence in answering the survey questionnaire.

References


