



Faculty of Cognitive Sciences and Human Development

**LEADERSHIP STYLE AND THE EMPLOYEE STRESS
LEVEL AT WORKPLACE**

Choi Mui Fong

**Bachelor of Science with Honours
(Human Resource Development)
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**LEADERSHIP STYLE AND THE EMPLOYEE STRESS LEVEL AT
WOKPLACE**

CHOI MUI FONG

**This project is submitted in partial fulfilment of the requirements for a
Bachelor of Science with Honours
Human Resource Development**

**Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
(2015)**

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Final Year Project Report

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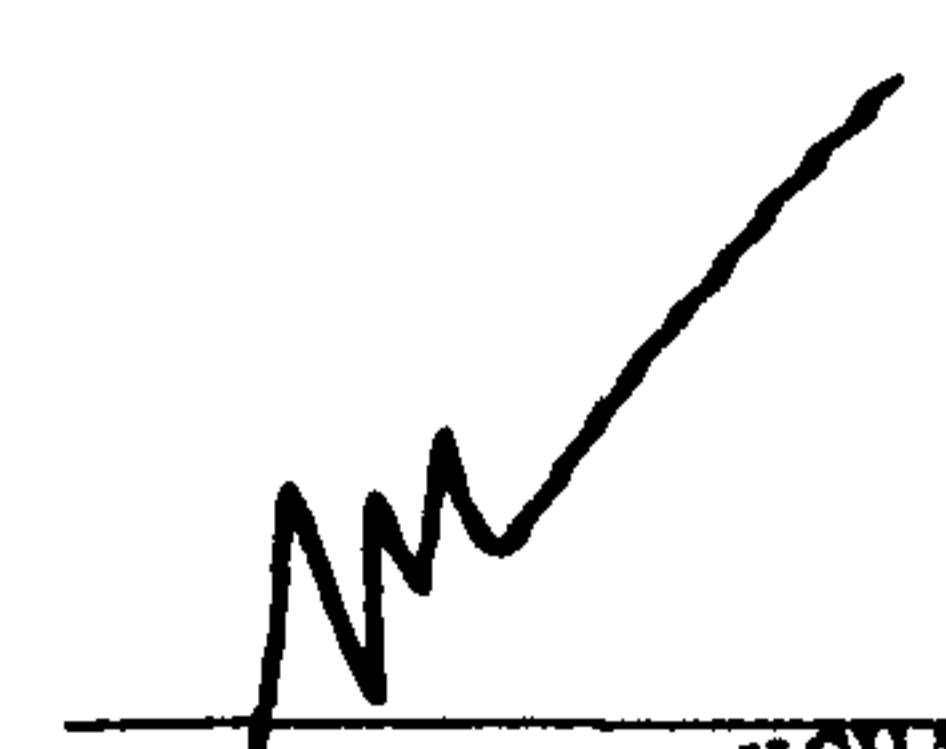
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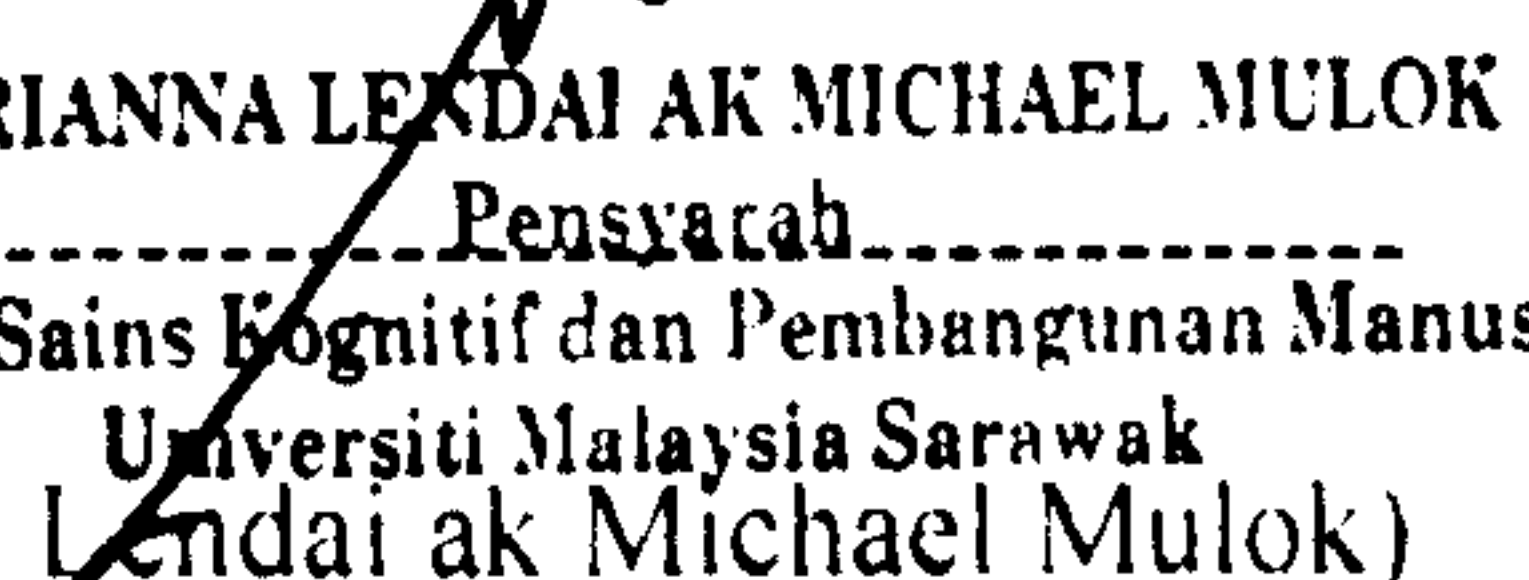
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ABSTRACT

LEADERSHIP STYLE AND EMPLOYEE STRESS LEVEL AT WORKPLACE

Choi Mui Fong

This study aims to determine the relationship between leadership style and employee stress level at workplace. In this study, questionnaires were used to obtain the information and data from the respondent. This study was conducted at three branches of bank which is located at Kuching, Sarawak. A total of 56 workers from three branches of bank were randomly chosen as the sample for this study. The data collected was analysed by using SPSS Version 20. Pearson Correlation was used to analyse the relationship between leadership style and employee stress level at workplace. The finding shows that there is a relationship between autocratic leadership style and employee stress level at workplace. The strength of the relationship is weak due to $r = 0.461$, $p = 0.002$. Meanwhile, the findings show that democratic leadership and transformational leadership has no relationship with the employee stress level at workplace. This study proved that autocratic leadership has influence on the employee stress level at workplace.

ABSTRAK

GAYA KEPIMPINAN DAN TAHAP TEKANAN PEKERJA DI TEMPAT KERJA

Choi Mui Fong

Kajian ini bertujuan untuk mengenalpasti hubungan antara gaya kepimpinan pengurus dengan tahap tekanan pekerja di tempat kerja. Kajian ini menggunakan borang soal selidik untuk mendapatkan maklumat dan data daripada pihak responden. Kajian ini dijalankan di tiga cawangan bank yang terletak di Kuching, Sarawak. Jumlah keseluruhan pekerja adalah 56 yang terdiri daripada tiga cawangan bank dan dipilih secara rawak sebagai sampel untuk kajian ini. Data yang telah dikumpulkan telah dianalisis dengan menggunakan SPSS versi 20. Pearson Korelasi telah digunakan untuk menganalisis hubungan antara gaya kepimpinan pengurus dan tahap tekanan pekerja di tempat kerja. Hasil dapatan kajian menunjukkan bahawa gaya kepimpinan autokratik mempunyai hubungan dengan tahap tekanan pekerja di tempat kerja. Kekuatan hubungan antara gaya kepimpinan autokratik dengan tahap tekanan pekerja adalah lemah dengan nilai $r = 0.461$, $p = 0.002$. Manakala, dapatan kajian menunjukkan gaya kepimpinan demokratik dan transformasi tidak mempunyai hubungan dengan tahap tekanan pekerja di tempat kerja. Kajian ini membuktikan bahawa gaya kepimpinan autokratik dapat mempengaruhi tahap tekanan pekerja di tempat kerja.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter is consisting of nine sections. The first section shows the research background. The second section states the problem statement. The third section discusses about research objectives and the fourth section mentions about research hypotheses. Conceptual framework is explained in the fifth section while the sixth section defined the definition of terms. The seventh section explained about significance of research and the eighth section discusses about the limitation of study. The last section is the conclusion of this chapter.

1.1 Research Background

In Malaysia, every organisation consists of a number of employees and requires leadership. In 1970s, there is a change in focus and interest to the topic of leadership and employee relationship (Subramaniam et al., 2010). According to Selvarajah and Meyer (2008), Malaysian leaders maintain characteristic behaviour based on ethnic lines and the identity of Malaysian leadership is still in its premature stage. On the other hand, the Deputy Prime Minister Datuk Seri Mohd Najib Tun Razak has indicated that the important characteristic of leadership in the 21st century is the need to transform and perform (Jayasingam & Cheng, 2009). Furthermore, Naile and Selesho (2014) also stated that leadership allows managers to influence the performance of employee in an organization.

There are many types of leadership styles, namely situational, autocratic, visionary, charismatic, laissez-faire, democratic, transactional and transformational. Therefore, this research looked into the leadership styles that actively affect the employee stress level at workplace. According to the Dimoff et al. (2014), over the past 60 years, employers and organizational researchers have started to identify the huge costs caused by poor employee health and well-being. Additionally, Casey (2013) determined that almost half of Australian working women (48%) rated issues in their workplace as a cause of stress and more than 80% of working women (83%) stated that their current stress were showing an impact on their physical health.

At the working place, stress is an unpleasant state that can leads to a long term influence, whereby it can produce a negative impact over health, performances and productivity (Panzaru & Stefanescu, nd). When the employee stress level is high, it can bring negative impact to the organization such as absenteeism and job burnout. Therefore, stress free employee is resulted from successful leadership. This paper is a study that focused on the relationship of the leadership styles of autocratic, democratic, and transformational and employee stress level at workplace.

1.2 Problem Statement

The government implemented the 30% policy of women's representation at decision making levels in the public sector in August 2004 (Jayasingam & Cheng, 2009). In the other hand, The American Institute of Stress (2010) highlighted that stress has become universally a serious issue with an estimated costs of stress in United States is more than \$300 billion (as cited in Connelly & Arnold, 2011). This showed that there is a need to study autocratic leadership that affects the employee stress level.

Previously, researchers primarily focused on the affects of stress on employees' performance, whereas the employee stress level and leadership style were often ignored. Furthermore, Skakon et al. (2010) stated that there has been only limited research focused on the assumption of leader stress and affective well-being. Choi (2007) defined that democratic leadership is dynamic and claimed that there is no consistency in the leadership literature. Yet, information is still lacking on the

influence of democratic leadership style and employee stress level in Malaysia (Che Ngah et al., 2013). Hence, it is crucial to study this issue to overcome the employee stress at the workplace.

Based on Connelly & Arnold (2011), little research has focused on how transformational leadership influence the employee stress levels. Transformational leadership can gives negative impacts on work stress and employee behaviour. According to Abdin (2008), employee stress is a significant issue in many industrialized countries. Therefore, the needed of study this issue is required to overcome the issue in the early stage.

1.3 Research Objectives

Main objective:

To study the relationship between leadership styles and the employee stress level at workplace.

Specific Objectives:

- To determine the relationship between autocratic leadership and the employee stress level at workplace.
- To determine the relationship between democratic leadership and the employee stress level at workplace.
- To determine the relationship between transformational leadership and the employee stress level at workplace.

1.4 Research Hypotheses

H1 There is no relationship between autocratic leadership and the employee stress level at workplace.

H2 There is no relationship between democratic leadership and the employee stress level at workplace.

H3 There is no relationship between transformational leadership and the employee stress level at workplace.

1.5 Conceptual Framework

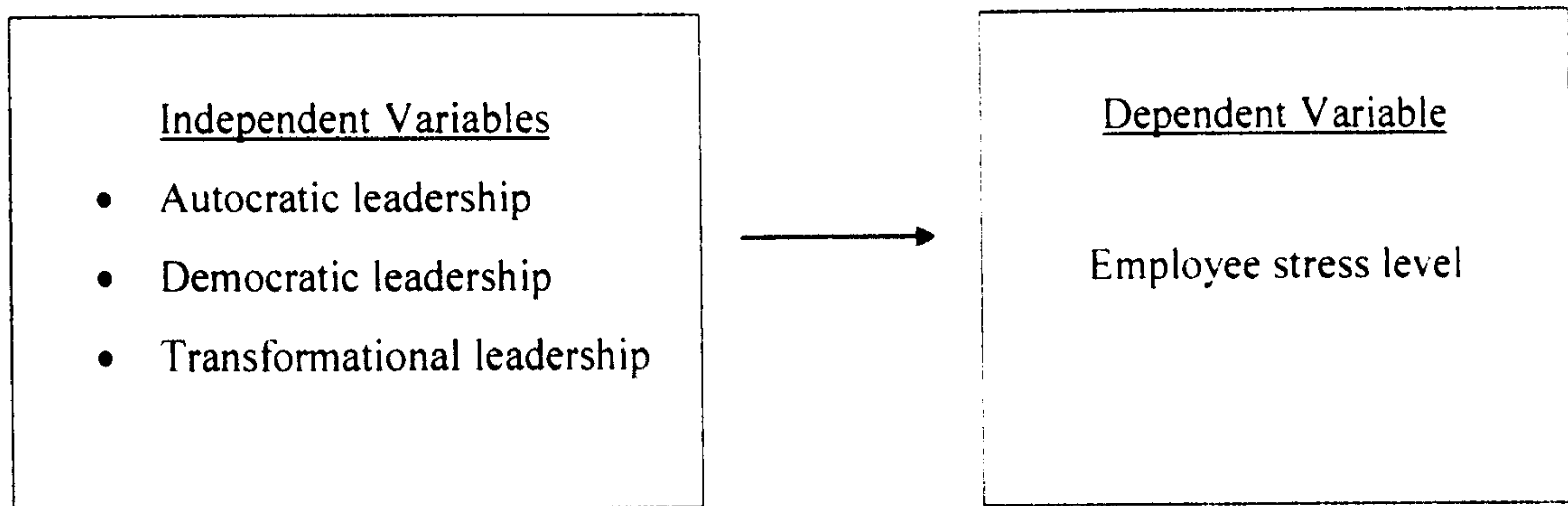


Figure 1.1: Shows The Relationship Between Independent Variables And The Dependent Variable.

1.6 Definition of Terms

Leadership

Conceptual: According to Raelin (2012), "leadership has been defined as occurring through the traits or behaviours of particular individuals".

Operational: Leadership have the ability to use skills such as technical, interpersonal and decision making skills to perform a task in order to achieve the goal.

Autocratic leadership

Conceptual: According to Naile & Selesho (2014), autocratic leaders' use their power and authority to make all the decisions and give very small responsibility to their employees.

Operational: Autocratic leader made their own decisions without considering other employees opinion and needs.

Democratic leadership

Conceptual: Democratic leader is a leader that guiding the organization itself and recognize that the organization is for all those who are working in the organization (Johansson, 2004).

Operational: Based on this study, the leader treat all the employees equally and has the same chance in giving their opinion.

Transformational leadership

Conceptual: Transformational leadership includes a organisational vision and inspiring employees to work together in order to achieve this vision and the organisational goals through taking into consideration employees' needs and inspires employees to shows their potential (Fitzgerald & Schutte, 2010).

Operational: An effective leader can understand the employees' needs and help them to overcome their stress at the workplace.

Employee stress

Conceptual: Stress is a mental and physical condition, which can bring negative impact over health, effectiveness, performances and productivity (Savery & Luks, 2001).

Operational: Employee stress can lead to absenteeism, job burnout and work-related stress and cause poor job performance at the workplace.

1.7 Significance of Research

This research is expected to contribute to the existing knowledge of mental health issues regarding the employee stress level at workplace. This study will provide a better understanding of leadership style and employee stress level at workplace based on the theories regarding this field. Research findings helped researcher to verify whether the findings are consistent with the pervious study or not and the findings may be used as comparisons with previous studies. The findings

from this research will be used as a guidance and reference for employer in managing their employee's well-being. These research findings also can help the manager to identify ways to enhance the employees' performance and as guidance on how the employees want to be led.

1.8 Limitation of Research

There are several limitations of the research that has been conducted. Firstly, this study only used questionnaire in collecting the data. Using multiple ways such as interviews may help the researcher collect and obtain more valid data (Kula, 2011). This is also claimed by Runeson-Broberg and Norback (2014) that there is a possible threat for response bias when using the same questionnaire for both dependent and independent variables. Therefore, it is recommended that future research should attempt to replicate the findings of this study for future research.

Secondly, the findings of this study are only applicable to bank workers only. Moreover, since the data for this study were only collected from three difference branches of bank in Kuching, Sarawak. Other bank may produce different findings as they may be influenced by other factors. Lastly, this study only explored one of the mental health issues which are employee stress and limited to the three types of the leadership style of democratic, transformational and autocratic which influence the employee stress level at workplace. Hence, there might be other leadership styles which are affects the employee stress level.

1.9 Conclusion

Generally, this chapter discusses about the introduction, research background, problem statement, research objectives, research hypotheses, and conceptual framework, definition of terms, significance and limitation of research. The next chapter will defined about related literature of previous research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter discovered the literature of previous research in determined the concept of leadership style, autocratic leadership, democratic leadership, transformational leadership, employee stress, type of stress, and effect of stress.

2.1 Mental Health

Mental health issues bring negative impact to the organizational health and the individual health which can influence the employee performance. According to ENWHP (2009), 25% of European members may experience mental health issue such as stress and it estimates more than 10% have long-term problems and emotional disorders (as cited in Hassard et al., 2011). The World Health Organisation (2005) stated that mental health must be conceptualised as a state of well-being' in which an employee realizes his or her own ability and skill are able to manage with their common stresses, could work efficiently, and capable to generate an input to their society.

Employee who faced mental health issues at their workplace will be affected by their work environment and caused to a reduction of productivity, experience job burnout, and perform low performance (Hassard et al., 2011). Eventually, workplace

has been determined as a significant social context in which to deal with mental health issue (Hassard et al, 2011). Furthermore, the nature of the workplace and of working surroundings is speedily shifting and the issues about employee stress are flatterer more and more important (Dollard et al., 2007).

According to Hassard et al. (2011), the enlarged of the risk of anxiety, absenteeism and job burnout are the reasons of the psychosocial risk factors at the workplace. Robertson et al. (2014) showed that when the employees' have the ability to deal with the pressures, work goals and vision are clear, it can reduce the employee stress. Employees who can control their emotion are more likely contribute to a peaceful and harmonious organization environment, which may improve organizational performance (Yao et al., 2014). Employee health is a crucial issue, therefore every leader need to consider this issue and manage it wisely (Gurt et al., 2011).

2.2 Leadership Style

Leadership style can be defined in various aspects across the world such as ethnic, culture, and approach (Che Ngah et al., 2013). Accordingly, Choi (2007) highlighted that from earliest to current history, leadership has important role in developing groups, ethnicity, and countries. Maqsood et al. (2013) stated that leadership style is one of the causes that contribute in achieving organizational goal.

Humphreys (2005) stated that the understanding of the relationship between leader's behaviour and various follower outcomes need to be discovered with current perspectives. As a matter of fact, being a good and successful leader does not have to be intelligent and well-educated, as long as they need to understand people on how they feel, their thought and their concerns (Darling & Heller, 2011). Leader also needs to be aware that there is many ways to lead people, so they must adapt their leadership style to the current situation they are facing (Casse & Claudel, 2011). Naile & Selesho (2014) stated that a leader has the power to affect others and would not essentially be a manager; it can be another person who can have leadership ability and also can be a manager.

Leadership may be viewed as a key resource for building and maintaining teams of employees in the organization through developing employee skills (Johansson, 2004). Moreover, according to Mendez et al. (2013), a leader can be determined by a person who has a group of people and those people on whom he or she applies their power are identified as subordinate in order to achieve the desired objectives. Furthermore, Bhatti et al. (2012) stated that a leader is a mentor, coach, communicator, co-ordinator, and listener. In addition, leadership can be represented as a person that influences the employees and enhances employee performance (Che Ngah et al., 2013). The leader's behaviour and personality has a significant effect on the way they think, feel and respond to people in their surroundings (Alkahtani et al., 2011).

Romanowska et al. (2013) has shown that leadership has an important role in the organization because it is carried with a duty to assume responsibility, while bad leadership may bring distress for every member who is affected by it. Besides, the leader is a person who is willing to face his or her own weakness on behalf of positive change to create a psychologically safe environment for other employees in the organization (Raelin, 2012). In order to ensure the organization runs smoothly and successfully, it requires the right leader and the right leadership style to face the unique challenges which lead to the organization's success (Rao, 2014).

Leadership is a dynamic procedure of affecting people with the main purpose of achieving the objective and goal of the organization (Gonos & Gallo, 2013). Leadership style should be adapted to the particular demands of the situation and the particular challenges faced by the organization (Malos, n.d). Johansson (2004) summarised that leaders are expected to carry a task, to take greater responsibility and to make decisions for all organization matters. According to Chen and Silverthorne (2005), effective leaders have the ability to match the readiness and willingness of followers and resulted to a higher level of follower's satisfaction and performance.

According to Yao et al. (2014), leaders should motivate employees and win employees' trust and respect by showing them the ability to become a good leader. Rao (2014) emphasized that leaders have to perform according to the situation to motivate their employees in order to achieve the organizational vision and objectives.

Therefore, leader need to make sure they improve their motivation, so that it can improve interpersonal relationships, able to treat each employee as an individual and instil their work with more meaning (Romanowska et al., 2013).

Additionally, the researcher found that the impact of employee health is dependent on a mixture of leadership behaviours and style (Gurt et al., 2011). Leadership style are determined through their personal background such as experiences and personality while organisational environment such as organizational values and type of work (Che Ngah et al., 2013). Thus, leadership behaviour affects the leadership roles (Rohmann & Rowold, 2009). Organizational goals and vision are provided by the leader and leader play an important task in developing employee interactions, behaviour and perceptions (Tuuli et al., 2012). Leader sat higher and lower levels of the organization have the potential to influence employees (Russell, 2014).

Allio (2013) showed that in order to influence the direction of the organization, leader should listen to the needs of employees and respond accordingly. In improving employee job satisfaction, the leader needs to have the ability to recognise the employee performance and achievement (Yaghouipoor et al., 2013). In order to lead such a team, the leader himself or herself must be a learner in order to lead such a group of employees (Johansson, 2004). In order to be successful, leader also must have multicultural understanding and perspective because both eastern and western administrative dimensions could exist in the view for brilliance leadership in Malaysia (Selvarajah & Meyer, 2008).

Leader helps employees to develop personal skills and support them to reach their work goals by giving guidance to achieve organizational goals (Gurt et al., 2011). In order to influence people, leader needs to assess the readiness and use the appropriate leadership style (Chen & Silverthorne, 2005). To be successful, leader must develop a vision, a focused plan and a determined implementation process to continuously monitoring the environment (Allio, 2013). Mendez et al. (2013) showed that leader have the capability to generate a vision and encourage its followers to achieve it. Additionally, Connelly and Arnold (2011) stated that a leader who is passionate, confident and inspirationally motivating talented to guide the vision and

mission of the organization. Therefore, according to Bhatti et al. (2012), an effective leadership is which a leader continually leading and influencing his or her followers to achieve the organization vision and mission.

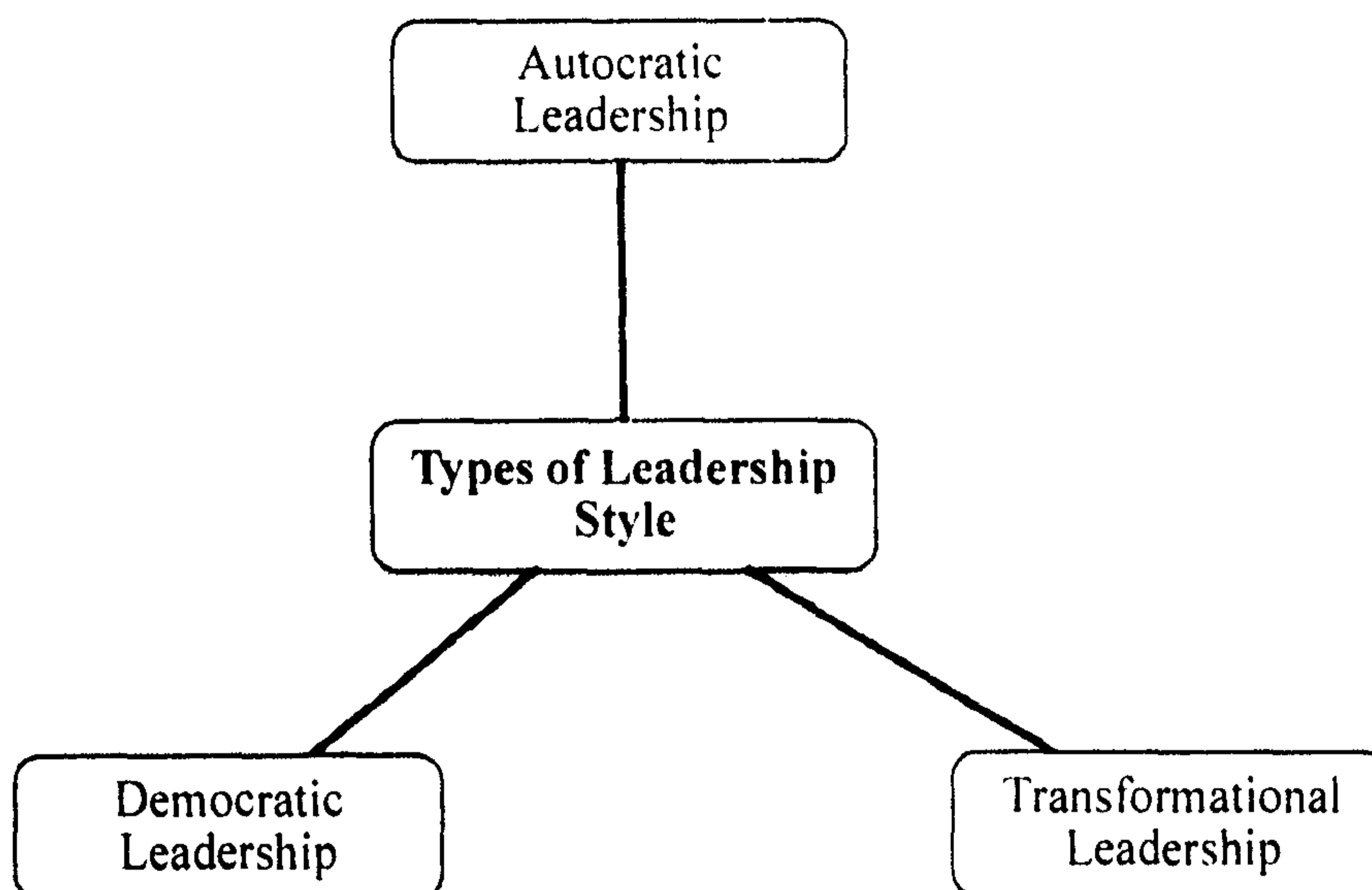


Figure 2.1: Illustrates Three Types of Leadership

2.2.1 Autocratic Leadership

Autocratic leadership have high level of control by the leaders and less participation of employees in group decisions (Choi, 2007). Leader usually uses their individual power and authority to influence employees (Jayasingam & Cheng, 2009). This type of leader is strict, keep close supervision, and take control over the decisions in order for anything to be done (Malos, n.d). Autocratic leader is in charge and in control of their followers to leads to the success of the organization and their followers are compliant employees (Alkahtani et al., 2011). Accordingly, this type of leader controls all the decisions by giving instruction to the employees on what to do in order to complete the task (Jayasingam & Cheng, 2009).

Autocratic leader decided all the rules, steps and read out the particular work duty of each employee (Choi, 2007). This type of leader informs his or her employees' what and how they should do to complete the task given (Alkahtani et

al., 2011). Autocratic leader has maximum concern for task but minimum concern for people and they desire employees to obey their decisions when accomplish their mission and task given (Trong, nd). Mendez et al. (2013) state that autocratic leader be likely to focus on the authority by making unilateral choice and limits the participation of employees. Autocratic leader is characterized by making all the decision without considering the employees opinion and using top-down communication (Gonos & Gallo, 2013). Ojukuku et al. (2012) emphasize that autocratic leadership did not have implement shared vision, commitment, and innovation with their followers.

Bhatti et al. (2012) stated that autocratic leadership is most resourceful in conditions of increased organization productivity. Autocratic leadership also can be beneficial, such as when there is limited time for decision-making, when decisions need to decide quickly and some projects require strong and knowledgeable leader in order to get things completely (Malos, n.d). This type of leadership provides understandable expectations for what, when, and how it should be done and a clear division between the leader and the employees (Malos, n.d). Moreover, autocratic leader require strict discipline and punishment are used to encourage employee motivation (Gonos & Gallo, 2013).

2.2.2 Democratic Leadership

Democratic leadership enhances discussion, knowledge sharing and encourage employees to feel exceptional about their participation in decision process (Malos, n.d). Meanwhile, Bhatti et al. (2012) stated that democratic leader encourage each of the team members to generate and contribute ideas in the decision making progression. Democratic leader is a type of leader that encourages their employees' contributor through participation groups and employee suggestion activity (Alkahtani et al., 2011).

The democratic leader use friendly approach to communicate with employees and they are categorized by the two-way communication between the leader and employees (Gonos & Gallo, 2013). The main point of the democratic leader is providing information and sharing knowledge towards each of the employee in his or