Faculty of Cognitive Sciences and Human Development

Relationships between Transformational and Transactional Leadership Styles and High Performance Culture Dimensions: Talent Management Practices as Moderating Variable

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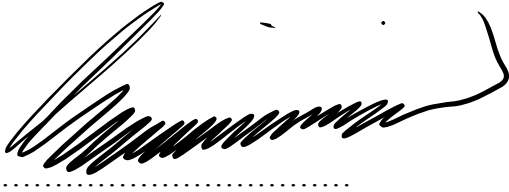Boon Shook Mian

A thesis submitted

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DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Malaysia Sarawak. Except where due acknowledgements have been made, the work is that of the author alone. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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ABSTRACT

This purpose of this study was to empirically investigate the relationships between transformational and transactional leadership styles and high performance culture dimensions and the moderating role of talent management practices. Concurrent mixed method was employed, whereby survey questionnaires were collected from 350 employees from sports organizations in Sarawak. Semi structured interviews, on the other hand were administered with 11 top leaders concurrently. The results from quantitative employees' self-reporting and qualitative leaders' interviews suggest that, firstly, transformational and transactional leadership styles are positively related with high performance culture, talent management moderates the relationship between leadership styles and high performance culture; secondly, transformational leadership style was predominant and prevailing in shaping high performance culture; thirdly, these results provide guidelines for the organizations and top leaders to pay attention on the importance of talent management practices which can nurture leadership dimensions (Idealized influence (attributes), Idealized influence (behavior), Individualized consideration, Inspirational motivation, Intellectual simulation and Contingent reward) being the predictors to shaping high performance culture (Direction, Delivery system and Stakeholder satisfaction) in order to achieve encouraging employee behavior and organizational outcomes.

Keywords: High performance culture, transformational leadership style, transactional leadership style, talent management

Perhubungan Di antara Gaya Kepimpinan Transformasional dan Transaksional dan Dimensi Budaya Prestasi Tinggi: Peranan Pengurusan Bakat Sebagai Penyederhana

ABSTRAK

Kajian ini bertujuan untuk memperhalusi secara empirikal perhubungan di antara gaya kepimpinan transformasional dan transaksional dan dimensi budaya prestasi tinggi, serta peranan amalan pengurusan bakat sebagai penyederhana. Kaedah gabungan telah digunakan iaitu soal selidik daripada kaedah tinjauan dikutip daripada 350 pekerja serentak bersama temuduga separa struktur dengan 11 orang pemimpin tertinggi badan sukan negeri Sarawak. Hasil dapatan secara kuantitatif dan kualitatif daripada para pekerja dan pemimpin menunjukkan bahawa, pertamanya, gaya kepimpinan transformasional dan transaksional berkait secara positif dengan dimensi budaya prestasi tinggi, pengurusan bakat menyederhanakan hubungan antara gaya kepimpinan dan dimensi budaya prestasi tinggi; Keduanya, gaya kepimpinan transformasional merupakan gaya yang lebih berkesan dalam membentuk budaya prestasi tinggi; Ketiganya, hasil penyelidikan ini diharap menjadi panduan kepada organisasi dan pemimpin tertinggi memberi perhatian kepada kepentingan amalan pengurusan bakat yang dapat memupuk dimensi kepimpinan (pengaruh terunggul (atribut), pengaruh terunggul (tingkah laku), pertimbangan individu, motivasi inspirasi, stimulasi intelektual , dan ganjaran luar jangka) sebagai peramal untuk membentuk budaya prestasi tinggi (halatuju, sistem penyampaian dan kepuasan pihak berkepentingan) dalam memastikan agar mencapai tingkahlaku pekerja yang memberangsangkan dan keberhasilan organisasi.

Kata kunci: Budaya prestasi tinggi, kepimpinan transformasional, kepimpinan transaksional, pengurusan bakat

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CHAPTER 1

INTRODUCTION

1.1   Introduction

This study aimed to examine and analyse the moderating role of talent management between transformational and transactional leadership styles and high performance culture. This chapter briefs about the study background, problem statement, research objectives, research hypotheses, research questions, scope of study, significance of the study and definitions of the terms used in this study.

1.2   Background of Study

High performance culture has gained its attention in sport psychology literature which has largely discussed how it can be created and sustained in sports performance from intra-individual and team perspective (Cruickshank & Collins, 2013). In regards to that, Henriksen (2015) has discussed the role of organizational factors associated with talent development and performance in sport. Researchers such as Jones, Gittins and Hardy (2009), Arnold, Fletcher and Anderson (2015) and Henriksen and Stambulova (2017) viewed high performance culture from Holistic Ecological Approach in which the focus is directed to the high performance environment and environment success factors models were discussed. Terminology of high performance environment or high performance culture has been commonly used and seems to emphasize several concepts, all of which are theoretically linked but lack solid quantitative empirical evidence in sport.

Eventually, most of past studies were taking exploratory approach and conducted in the context of athletics domains (Fletcher, 2003; Arnold et al., 2015; Fletcher & Streeter, 2016). In addition, Arnold et al. (2015) revealed that sports organizations need to pay careful attention to the environment within which their performers are operating. It is essential to have specific guidance for transforming an underperforming culture within sports organizations; however, no research had holistically examined development of high performance culture (Arnold et al., 2015). Thus, the knowledge in creating and maintaining high-performance cultures is a key function of the stakeholders. It is necessary to advance the models currently put forth by Arnold et al. (2015) and expand beyond the models from organizational literature. According to them, interventions from organization aspect will not only help sports organizations in creating high performance culture, in turn, enhance the sporting environment as a whole to which the sports practitioners, sport administrators, coaches and athletes provide services and perform.

High performance culture, various models and variables have been reviewed, from both sports and organizational perspectives (De Waal, 2007; Van Herdeen & Roodt, 2007; Henriksen & Stambulova, 2017). Various variables such as organizational design, strategy, process management and technology are included in the models, however, interventions from organization aspect such as organizational culture and leadership styles are found to be two of the scientific factors which have always been discussed with pertains to research on performance in various industries (Henriksen, 2015; Tahir, 2015; Tumiran, 2015; Dajani & Mohamad, 2016; Fletcher & Streeter, 2016; Kosim, Ahmad, & Tan, 2016; Abiodun & Olu-abiodun, 2017; Taherimashhadi & Ribas, 2018).

Leadership styles and organization culture on the other hand, were identified to impact organizational performance through influencing employee behaviors in separate studies (Megat Tajuddin, Iberahim, & Ismail, 2015; Tumiran, 2015; Ukawa, Tanaka, Morishima & Imanaka; 2015; Dajani & Mohamad, 2016; Favour, 2016; Tabatabaee, Koohi, Ghandali, & Tajik, 2016; Tobing & Syaiful, 2016; Abiodun & Olu-abiodun, 2017; Bakotic, 2017; Salehipour & Ah, 2018). However, there are studies proving that there is a relationship between leadership styles and organization culture, leading to the belief that how leaders behave create high performance culture (Jati, Hassan, Harman, Jabar & Majid, 2015; Esmi, Piran & Hayat, 2017; Al-Malki & Wang, 2018; Lee & Cho, 2018; Wren, 2018).

Due to that, high performance organization models of De Waal (2007) and Van Herdeen and Roodt (2007) have been merged in order to illustrate the relationships among leadership styles, high performance culture and organizational performance in a holistic way. This study applied Lewin's Change Theory to craft implementation of high performance culture as a change process based on past studies which adopted the same theory to explain relationships among leadership style (transformational and transactional), employee involvement and the planned change process and to showcase how organization interventions interact with implementation of best practices and organizational environment to the system, even in public sector (Wang & Ellingerw, 2009; Manchester et al., 2014; Wang, 2015; Hussain et al., 2018). The theory was used in this study to investigate the scenario of each dimension of high performance culture such as Direction, Delivery system and Stakeholder satisfaction and how it should take place in the three stages of change process (unfreeze, implementation, refreeze) with the intervention of leadership style.

When it comes to leadership styles, full range of leadership theory has been applied to intercept as suggested by Lewin's change theory in order to examine how transformational and transactional leadership styles interact with each high performance culture dimension. This leadership theory has been used in the past studies in the east and west for the studies on relationships among leadership styles, organization culture, employee behaviors and organizational performance (Ali, Jangga, Ismail, Mat Kamal, & Ali, 2015; Megat Tajuddin et al., 2015; Dajani & Muhamad, 2016; Jager, 2016; Esmi et al., 2017; Dias & Borges, 2018).

Apart from leadership styles and organization culture, talent management has been considered as enabling tool contributing to organizational success in which its moderating effects on leadership style and organizational performance have been identified (Alsakarneh & Shen, 2015; Chaudhry, Khan & Hassan, 2015; Onyango, 2015; Rabbi, Ahad, Kousar & Ali, 2015; Acar & Yener, 2016; Rastgoo, 2016; Kireru, Karanja & Namusonge, 2017; Supraptiningsih, Payangan, Brasit & Mardiana, 2018). Besides, talent management has been highlighted in System theory adopted in the field of human resource management as fundamental to creating high performance organizations (Chaudhry et al., 2015; OECD, 2017). Therefore, talent management is proposed in this study as moderating variable affecting the relationships between transformational and transactional leadership styles and high performance culture.

1.3   Problem Statement

Plenty of resources have been spent by the government on building sports complexes and upgrading the sports facilities in order to have world class sport facilities (Barghchi & Omar, 2014). In view of the key focus area "Sarawak as a sports powerhouse", Sarawak Government has been trying to achieve excellence in sports development and management,

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to be seen consistently among the top sporting state in Malaysia (Australian Business Center [ABC], 2011).

Many organizations found to be involved in an unhealthy or low performing culture, due to the ignorance of senior leadership teams as they do not understand the role they play in building high performance culture, leading to issues such as low employee engagement, failing to meet KPIs, high employee turnover, employees and customers dissatisfaction, lack of team spirit and micro-management by leaders (Crowell & Davis, 2017). According to Price (2018), Chief Information Officer of Sports Academy Malaysia, a culture of achievement seems to be missing in Malaysian sport, it needs to be changed, same goes to leadership of Malaysian sport governing bodies. In order to success in whatever endeavors in sports, several aspects need to be looked into for sustainable long term performance, such as having clear policies, vision and objectives (Yusof & Mohd Shah, 2008), systematic and quality management (Mapjabil, Marzuki, Kumalah, Tangavello & Zainal Abidin, 2013), skilful workforce and human resource development (Bhuiyan, Siwar & Mohamad Ismail, 2013). This scenario raised a question whether relationships between leadership styles, high performance culture and talent management of sports organizations in Sarawak exist.

Despite high performance culture has been discussed from Holistic Ecological Approach and research was done with pertains to various high performance culture models from sports and organizational perspectives, there are theoretical, methodological, empirical and practical gaps yet to be filled in high performance culture research.

1.3.1 Theoretical Gap

The nature of sport psychology research that has discussed about high performance environment models mingling around organizational culture change theory has limited current knowledge base (Sullivan, 2017). Even though the application of the Holistic Ecological Approach target aspects of the sporting environment, particularly the organizational culture (Arnold et al., 2015; Henriksen, 2015; Henriksen & Stambulova, 2017), the application of the theoretical framework was not truly holistic because it did not involve the entirety of the athletes' environment, especially the sport organizations which consist of stakeholders who provide resources.

Sport psychology literature has discussed about leadership as core centre in high performance environment models (Jones et al., 2009) and argued that managing organizational change processes is an important task in elite sport and talent development (Jones et al., 2009; Arnold et al., 2015; Henriksen, 2015; Henriksen & Stambulova, 2017), however, the discussion often ends up in a twilight zone between the macro-level sport policy focus and the more individual level focus. Leadership and talent management theories have not been brought into the big picture in establishing high performance culture at the organizational levels.

Therefore, Lewin's change theory, Full Range of leadership theory and system theory have been reviewed that proposes on how organizations can implement culture change successfully through effective leadership styles and enhance leadership behaviors and employee competencies in order to achieve competitive advantage towards high performance (Makworo, 2014; Manchester et al., 2014; You, 2014; Cummings, Bridgman & Brown, 2016). However, these theories were borrowed in past studies focusing on

organizational change, leadership styles, organization culture and human resource separately (Chaudhry et al., 2015; Henriksen, 2015; Megat Tajuddin et al., 2015; Wang, 2015; Burg-Brown, 2016; Esmi et al., 2017; OECD, 2017; Dias & Borges, 2018; Hussain et al., 2018). None has borrowed and merged these theories to explain organizational performance from the perspective of implementation of high performance culture as change process through leadership styles as change agent and talent management as input of a system.

To that aim, this study proposes a coherent integration of Lewin's Change Theory, Full Range Leadership Theory and System Theory as potential contributions to understanding of implementation of high performance culture with significant implications for future research and managerial practice.

1.3.2   Methodological Gap

As stated by Sullivan (2017), not only high performance culture must be properly defined, its component parts must also be properly identified. It means that besides exploring the conceptual context of high performance culture, its relationships with other success factors must also be investigated. Therefore, the research should include mixed methodological research designs and translate to integrated approaches that include all relevant contributors in support of a sustainable high performance culture (Sullivan, 2017).

Sports psychology research tends to use qualitative method in identifying environmental success factors and source of organization stress pertaining to sport performance (Fletcher & Hanton, 2003; Arnold et al., 2015; Fletcher & Streeter, 2016). Whereas, organizational studies tend to employ more of quantitative approaches to

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investigate the perception of employees towards leadership styles and organization culture (Megat Tajuddin et al., 2015; Onyango, 2015; Zhang et al., 2015; Dajani & Mohamad, 2016; Kosim et al., 2016; Pongpearchan, 2016; Rahmisyari, 2016; Ritonga, 2016; Tobing & Syaiful, 2016; Vesso & Alas, 2016; Singh, & Sanjeev, 2017; Lee & Cho, 2018; Wong, Ngian & Ching, 2018).

In view of the needs of this study to understand better the conceptual context of high performance culture from top leaders who play important roles in providing support to the athletic environment as illustrated in holistic ecology approach and high performance environment model and also provide research based evidence in order to provide practical implications to establish high performance culture, mixed methods were employed in this study.

Some researchers (Yusuf, Muhammed & Kazeem, 2014; Ali et al., 2015; Asmawi & Chew, 2016) have adopted mixed methods in order to understand better the subject matters under the studies. As stated in the study of Wren (2018), studies using single method leaving a gap in which the researcher might not be able to obtain the lived experiences of the study participants and examine the relationship between the variables especially in leadership studies. In other words, using mixed methods will allow the researcher to comprehend whether a leader's behavior is directly modelled in the behaviors of their subordinates. This is to prevent too much relying on quantitative method or self-reported data which can easily attract method variance in the measurement, resulting in incomplete findings and inaccurate conclusions drawn.

Besides, when it comes to cultural measuring tools, different dimensions were used separately yielding various findings (Daud, Raman, Don, Modh Sofian & Hussin, 2015;