



Faculty of Cognitive Sciences and Human Development

**THE RELATIONSHIP BETWEEN SELECTED TYPES OF  
LEADERSHIP STYLES AND ORGANIZATIONAL COMMITMENT**

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**THE RELATIONSHIP BETWEEN SELECTED TYPES OF  
LEADERSHIP STYLES AND ORGANIZATIONAL COMMITMENT**

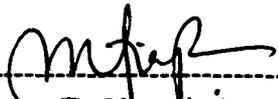
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## TABLE OF CONTENT

<b>ACKNOWLEDGEMENT</b> .....	III
<b>ABSTRACT</b> .....	IX
<b>ABSTRAK</b> .....	X
<b>CHAPTER 1</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Background of study.....	1
1.2 Problem Statement.....	4
1.3 Research Objective.....	6
1.3.1 General Objective.....	6
1.3.2 Specific Objective.....	6
1.4 Research Hypothesis.....	6
1.5 Conceptual Framework.....	7
1.6 Significance of the Study.....	7
1.6.1 Significance to literature.....	7
1.6.2 Organization (Hotel industry).....	8
1.6.3 Human Resource Practitioners.....	8
1.7 Definition of Terms.....	9
1.7.1 Organizational commitment.....	9
1.7.2 Leadership.....	9
<b>CHAPTER 2</b> .....	12
<b>LITERATURE REVIEW</b> .....	12
2.1 Theory Related to Study.....	12
2.2 Leadership.....	16
2.2.1 Transformational Leadership Style.....	17
2.2.2 Transactional Leadership Style.....	18

2.2.3 Laissez-faire Leadership Style.....	20
2.3 Organizational Commitment.....	21
2.4 Transformational Leadership Style and Organizational Commitment.....	23
2.5 Transactional Leadership Style and Organizational Commitment.....	28
2.6 Laissez-faire Leadership Style and Organizational Commitment.....	32
<b>CHAPTER 3.....</b>	<b>34</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>34</b>
3.1 Research Design.....	34
3.2 Population.....	35
3.3 Sample and Sampling Procedure.....	35
3.4 Research Instrument.....	36
3.5 Pilot Test.....	38
3.6 Reliability.....	39
3.7 Data Collection Procedure.....	40
3.8 Data Analysis Procedure.....	42
3.9 Ethics of Study.....	45
3.10 Chapter Summary.....	45
<b>CHAPTER 4.....</b>	<b>46</b>
<b>DATA ANALYSIS AND FINDINGS.....</b>	<b>46</b>
4.1 Normality test.....	46
4.2 Cronbach's Alpha Value for Actual Data.....	48
4.3 Demographic Findings.....	49
4.4 Results of Hypothesis Testing.....	51
4.4.1 Results of Hypothesis Ha1.....	51
4.4.2 Results of Hypothesis Ha2.....	52
4.4.3 Results of Hypothesis Ha3.....	53
4.4.4 Results of Hypothesis Ha4.....	54

4.5 Summary of Findings.....	57
4.6 Chapter Summary .....	58
<b>CHAPTER 5.....</b>	<b>59</b>
<b>SUMMARY, DISCUSSION, RECOMMENDATION AND CONCLUSION .....</b>	<b>59</b>
5.1 Summary of the Research .....	59
5.2 Discussion on Findings.....	61
5.2.1 Discussion of Results for Ha1 .....	61
5.2.2 Discussion of Results for Ha2.....	62
5.2.3 Discussion of Results for Ha3.....	63
5.2.4 Discussion of Results for Ha4.....	64
5.3 Contribution of the Study.....	65
5.3.1 Contribution to Literature .....	65
5.3.2 Organization (Hotel Industry).....	65
5.3.3 Human Resource Practitioners.....	66
5.4 Limitation of the Study .....	67
5.4.1 Topic and location.....	67
5.4.2 Methodology .....	67
5.4.3 Time constraint and reliability .....	67
5.5 Recommendations for Future Researcher.....	68
5.6 Conclusion .....	69
<b>REFERENCES.....</b>	<b>70</b>
<b>APPENDIX A CONSENT LETTER .....</b>	<b>83</b>
<b>APPENDIX B RESEARCH QUESTIONNAIRE.....</b>	<b>85</b>
<b>APPENDIX C SPSS RESULT .....</b>	<b>94</b>

## **LIST OF TABLES**

Table 1: Krejcie & Morgan Table.....	36
Table 2: Likert Rating Scale .....	37
Table 3: Source of Questionnaire .....	37
Table 4: Reliability Results of Research Instrument .....	39
Table 5: Tips for interpreting correlation size .....	43
Table 6: Summary of Statistical Test for the Study.....	44
Table 7: Summary of Results of Normality Test.....	46
Table 8: Cronbach's Alpha Value for Actual Data.....	48
Table 9: Demographic Findings.....	49
Table 10: Results of Hypothesis Ha1 .....	51
Table 11: Results of Hypothesis Ha2.....	52
Table 12: Results of Hypothesis Ha3.....	53
Table 13: Model Summary of Multiple Linear Regression Analysis .....	54
Table 14: ANOVA of Multiple Linear Regression Analysis.....	54
Table 15: Coefficients of Multiple Linear Regression Analysis .....	55

## **LIST OF FIGURES**

<b>Figure 1: Relationship between selected types of leadership styles and organizational commitment .....</b>	<b>7</b>
<b>Figure 2: Summary of data collection procedure and data analysis procedure .....</b>	<b>41</b>

## ABSTRACT

Despite existing research on leadership styles and organizational commitment, empirical examination on leadership styles and organizational commitment in hotel industry, particularly in the Malaysian context, is still lacking. The main objective of this research is to identify the relationship between selected types of leadership styles and organizational commitment. This research also identified the dominant leadership style among factor of leadership styles. Selected types of leadership styles are transactional, transformational and laissez-faire leadership style.

The research was conducted by using quantitative research design and questionnaires were distributed to 128 respondents from a private hotel in Sibu. Convenient sampling method was used to collect data. Statistical Package Social Sciences (SPSS) version 24.0 was used to run the reliability test which are Pearson Product Moment Correlation Coefficients and Multiple Linear Regression Analysis. From the findings, it showed that transformational leadership style and laissez-faire leadership style have weak and positive significant relationship towards organizational commitment. Moreover, there was a moderate and positive significant correlation between transactional leadership and organizational commitment. Lastly, findings showed that transactional leadership style was dominant leadership style among the three selected leadership styles.

**Keywords:** Transformational leadership style, transactional leadership style, laissez-faire leadership style, and organizational commitment.

## ABSTRAK

Walaupun terdapat penyelidikan tentang gaya kepimpinan dan komitmen terhadap organisasi, kajian empirik terhadap gaya kepimpinan dan komitmen organisasi dalam industri hotel, terutamanya dalam konteks Malaysia adalah masih kurang. Objektif utama kajian ini adalah untuk mengenalpasti hubungan antara gaya kepimpinan yang terpilih dan komitmen terhadap organisasi. Kajian ini juga mengenalpasti gaya kepimpinan yang dominan antara semua gaya kepimpinan. Gaya kepimpinan yang terpilih ialah gaya kepimpinan transformasional, gaya kepimpinan transaksional dan gaya kepimpinan laissez-faire.

Kajian ini dijalankan dengan menggunakan pendekatan kuantitatif dan soal selidik telah diedarkan kepada 128 respondent daripada satu hotel sektor swasta di Sibu. Kaedah persampelan mudah digunakan untuk mengumpulkan data. Statistical Package Social Sciences (SPSS) versi 24.0 telah digunakan untuk melaksanakan ujian kebolehpercayaan iaitu Pearson Product Moment Correlation Coefficients dan Multiple Linear Regression Analysis. Keputusan kajian ini menunjukkan bahawa gaya kepimpinan transformasional dan laissez-faire gaya kepimpinan mempunyai hubungan yang lemah, positif dan signifikan dengan komitmen terhadap organisasi. Selain itu, terdapat korelasi yang sederhana, positif dan signifikan antara gaya kepimpinan transaksional dan komitmen terhadap organisasi. Akhirnya, keputusan menunjukkan bahawa gaya kepimpinan transaksional ialah gaya kepimpinan yang dominan antara tiga gaya kepimpinan yang terpilih.

**Kata Kunci:** Gaya kepimpinan transformational, gaya kepimpinan transaksional, gaya kepimpinan laissez-faire, and komitmen terhadap organisasi.

# **CHAPTER 1**

## **INTRODUCTION**

This chapter presents the background of study, problem statement, research objective, research hypothesis, conceptual framework, significance of the study, limitation of the study, and definition of terms. The chapter ends with a brief summary.

### **1.1 Background of study**

It is important to know that employee is an essential asset in an organization because employee commitment determines the organization success. Organization's goals may not be achieved easily without commitment from employees. Therefore, the organization should find out factors which may increase employee commitment so that employees are satisfied and willing to devote more energy and time in helping the organization to meet its expectation.

Hotel industry in Malaysia is having potential prospect in service industry development (Abdullah et al., 2009). Number of hotels in Malaysia is increasing over the past ten years until 2017. According to the National Property Information Centre (Naptic), there is 8.58% growth and an addition of 247 hotels from 2,879 hotels become 3,126 hotels at end of 2017 (Ng, 2018). Intense competition occurs in the hotel industry which makes the hotels offer better services to attract customers. Nowadays, the rate of absenteeism and turnover are getting increased in some organizations. Most of the reasons are due to employees dissatisfied and discomfort with their works. When employees are not satisfied, they will not perform well and causing the organization to be less productive. If employees leave the organization will lead to process of recruiting, selecting and training to get new employees. This employee replacement is costly

and time-consuming which may affect the organization's performance and productivity. In fact, the organizations will lose their competitiveness if they are unable to decrease the rate of employee turnover. In addition, job stress may also lead to turnover intention indirectly (Chen & Kao, 2011).

The purpose of this research is to determine the relationship between type of leaderships and organizational commitment. Organizational commitment can be considered as a reliable predictor of work's productivity, performance, job satisfaction of the employees and others. However, those who are less committed tend to have high probability with turnover and absenteeism (Bennett & Durkin, 2000). Committed employees help to gain competitive advantage and implement business strategies. Thus, it is vital for leaders to emphasize the significance of employees' commitment.

Leadership is an important factor and management function which helps in maximizing effectiveness and efficiency to achieve desired organizational goals. Different leaderships operated in different environment. Leaders or executives should have a thorough understanding of different leadership styles so that they are able to adopt suitable characteristics for their employees. There are nine common leadership styles which are transformational leadership, transactional leadership, autocratic leadership, servant leadership, laissez-faire leadership, democratic leadership, bureaucratic leadership, charismatic leadership, Laissez-faire leadership.

Employees in hotel industry mostly facing high stress because most of them need to deal with many customers from day to day. Frontline work in hotel is more likely emphasis on face-to-face interaction and service delivery with customers which means the workers are exposed to pressure required to respond it promptly. Those who are stressed during work have poor job performance and less commitment towards the organization. It will also lead to lower customer satisfaction and affects the organizational profit. In order to retain the customers, the

employees have to maintain their effectiveness and efficiency especially frontline employees in hotel industry.

Furthermore, work relationship is one of the potential stressors among the employees. Lack of support and understanding from employers or managers will bring negative effect on employees' works (Executive, Health and Safety, 2000). Poor relationship with employers or colleagues can be considered as bullying in the workplace which will also cause stress among employees. Additionally, high stress occurred due to misfit between abilities of employees and tasks given by employers or managers. Adequate training and resource are not given for them to perform their tasks and causing experience of stress which led them to leave their jobs. Hence, the objective of this research is to identify the relationship between selected leadership styles (transactional, transformational and laissez-faire leadership style) and organizational commitment. Furthermore, this research will determine the dominant leadership style among the selected leadership styles which is significant to employees' commitment to organization

## 1.2 Problem Statement

Poor management from employers who often refuse to take opinions from employees into consideration will dissatisfy employees. This is because the employees do not feel appreciated or feel they are taken advantage of which cause them unwilling to stay in that particular company (Brandenberg, n.d.). Therefore, leadership may be an important factor in employment management to retain and sustain employees to improve employee commitment and overcome employee turnover.

In terms of empirical gap, contradicting results found in the studies on relationship between leadership styles (Silva & Mendis, 2007; Lo et al, 2009; Lo, Ramayah, Min and Songan, 2010; Fasola, Adeyemi & Olowe, 2013). Silva and Mendis (2007) had conducted a study on the relationship between transformational, transactional and laissez-faire leadership styles and organizational commitment in an insurance industry in Sri Lanka. The result showed that the most suitable leadership is transformational leadership compared to other two leaderships in that industry. This transformational leadership style helps to solve the problem of high labour turnover. However, another study conducted to identify the relationship between leadership styles and organization commitment in banking industry located in Nigeria found that the most effective leadership style was transactional compared with other leadership styles (Fasola, Adeyemi & Olowe, 2013)

Meanwhile, Lo et al. (2010) indicates that no relationship was found between transactional leadership and organizational commitment. Since the outcome of previous studies are not consistent, there is a need to understand the significant relationship of these leadership styles with organizational commitment in the local context. Since leadership style is a contextual factor, it will be interesting to find and compare results between different context. Laissez-faire leadership is also of interest in this study. Laissez-faire leadership is important because it gives freedom to employee to work creatively with little guidance and value the

independence (Cherry, 2018). However, there are limited studies related to the relationship between laissez-faire leadership and organizational commitment. Thus, there is a need in exploring the relationship between laissez-faire leadership style and organizational commitment in this study.

In fact, most of the studies on relationship between types of leadership styles and organizational commitment were conducted in Western countries (Alyn, 2010). Generalization of these past findings which mostly conducted in Western countries may not be applicable within the Malaysian setting. This is due to the fact, Malaysia is a country consists of people with different background, histories, traditions which can conclude that Malaysian workforce is different from Western workforce (Selvarajah & Meyer, 2008). Lo, Ramayah, Min and Songan (2010) mentioned that it is lack of empirical evident related to relationship between leadership styles and organizational commitment in Malaysian context. Therefore, it is important to conduct this study in order to enrich the literature on leadership style and organizational commitment in Malaysian setting.

In terms of sample gap, previous studies were carried out mostly done in other industries such as bank, retail and manufacturing industry in Malaysia (Lo et al., 2009; Chew et al., 2015; Wong et al., 2014)). However, there is lack of empirical examination on leadership styles and employee commitment in hotel industry, particularly in the Malaysian context. This study was carried out to find out leadership styles that can increase employee commitment so that turnover rate can be lower down. This research helps to identify which leaderships such as transactional, transformational and laissez-faire leadership style have relationship significantly on organizational commitment.

### **1.3 Research Objective**

#### **1.3.1 General Objective**

To identify the relationship between leadership styles and organizational commitment.

#### **1.3.2 Specific Objective**

- To identify the relationship between transformational leadership style and organizational commitment.
- To identify the relationship between transactional leadership and organizational commitment.
- To identify the relationship between laissez-faire leadership style and organizational commitment.
- To identify the dominant leadership style among factor of leadership styles.

### **1.4 Research Hypothesis**

**Ha1:** There is a significant relationship between transformational leadership style and organizational commitment.

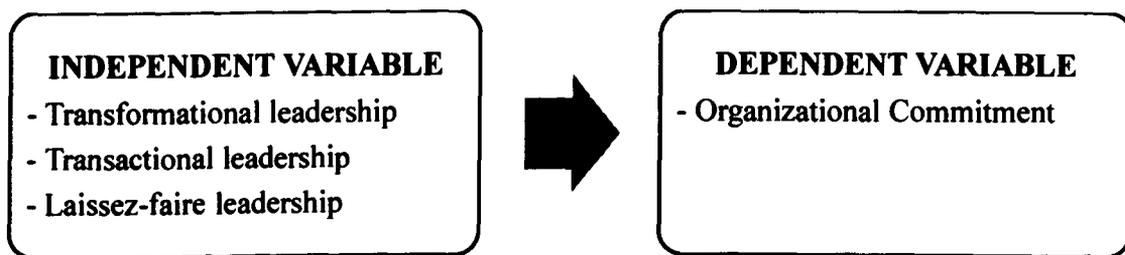
**Ha2:** There is a significant relationship between transactional leadership and organizational commitment.

**Ha3:** There is a significant relationship between laissez-faire leadership style and organizational commitment.

**Ha4:** There is a dominant leadership style among factor of leadership styles.

## 1.5 Conceptual Framework

Figure 1 shows the relationship between independent variable and dependent variable. Independent variable such as transactional, transformational and laissez-faire leadership has impact on dependent variable which is organizational commitment. This framework is based on the works of Suranga Silva and Mendis (2017)



*Figure 1: Relationship between selected types of leadership styles and organizational commitment*

## 1.6 Significance of the Study

### 1.6.1 Significance to literature

This study is able to enrich the robustness of literature on selected leadership styles (transactional, transformational and laissez-faire leadership style) and organizational commitment. In fact, most of the existing literatures are based on studies conducted in Western context which may not be able to be generalized to Malaysian context. Therefore, this study is able to enrich the literature in Malaysian context. Although this study only focused on the hotel industry, it is still relevant and applicable in other organizational commitment field. It can be act as future guidelines for other future researches on this subject of organizational commitment.

### 1.6.2 Organization (Hotel industry)

This study helps the organization to gain better understanding on the influence of different leadership styles on organizational commitment among the employees in hotel industry. Leaders should adjust their leadership style when dealing with their employees. When a suitable leadership style is practised among the employees which may increase their commitment and keep the organization become more competitive. This is because committed employees help to achieve the organization's objectives. Organization ought to encourage leaders to adjust their leadership styles by giving support in term of time, reward and motivation. Moreover, more emphases on employee's commitment may assist hotel industry to decrease its turnover rate and increase its performance.

### 1.6.3 Human Resource Practitioners

Through this study, human resource practitioners are able to know the factors influence employee's commitment which will increase their job satisfaction and job performance. They will understand the importance of leadership styles which has been neglected in the past. Since the human resource practitioners have acquired these relevant knowledges, they can provide and design training for managers and supervisors to instil the messages that leadership style is important that will increase employee commitment. After training program, managers and supervisors are encouraged to practise the knowledge about suitable leadership style to lead their employees so that time and money invested in training program are not wasted.

## 1.7 Definition of Terms

### 1.7.1 Organizational commitment

**Conceptual:** Organizational commitment is representing that work attitudes of an employee towards own company. The degree of commitment of employees may affect their performance and productivity in the workplace. Employee will have better work performance if they committed to their job (Rauf et al., 2013).

**Operational:** Organizational commitment refers to willingness of employees to stay in the company. Organizational commitment includes three dimensions which are affective commitment, continuance commitment and normative commitment. Affective commitment refers that employees are always loyal to their jobs. Continuance commitment means that employees will not leave the company because of personal benefits that company will provide. Normative commitment refers that employees feel the company hired them and think it's their duties to put maximum efforts for the company's betterment.

### 1.7.2 Leadership

**Conceptual:** Leadership refers to the process that leaders influence the subordinates to be enthusiastic and willing and contribute their abilities and efforts in order to achieve the organizational goals (Lussier, 2006).

**Operational:** A successful leader is having adequate knowledge and maintain positive interaction with subordinates and followers to attain desired organizational outcomes.

### 1.7.2.1 Transformational leadership

**Conceptual:** Transformational leaders help employees to attain their goals and perception of mutual interest is enhanced (García-Morales, Jiménez-Barrionuevo & Gutiérrez-Gutiérrez, 2012).

**Operational:** In this study, transformational leadership described as leaders will associate with their followers and make them feel proud. Besides, the leaders show his power and confidence to their followers. Leaders with transformational values have strong of purpose who always be moral and ethical when considering the consequences of decisions. Moreover, transformational leadership focuses on the leaders who seek in different perspectives and new ways when solving problems and completing new assignment. The leaders also express enthusiastically and confident in achieving the goal. Transformational leaders spend time in coaching and mentoring in order to develop their followers' strength.

### 1.7.2.2 Transactional leadership

**Conceptual:** Transactional leadership is explained as authoritative and rigid in rules that employees must follow and obey leaders' instruction and working hard in order to meet the desired goals (Ghalandari, 2013).

**Operational:** In this research, leaders who practise transactional leadership are always focusing on mistakes and failure of their followers. The leaders give clear expectation and direction as well as provide assistance to their followers in achieving goal. The leaders will be satisfied if the followers meet the expectations.

### 1.7.2.3 Laissez-faire leadership

**Conceptual:** Bass (1985) said that laissez-faire leaders are considered as an extreme passive leader and reluctant to influence their employees' considerable freedom.

**Operational:** In this leadership, leaders have minimum involvement to make decisions but employees are responsible in decision making. Leaders with laissez-faire leadership always absent and avoid themselves from important issues. Followers are given freedom to complete the tasks which should be done by the leaders.