



Faculty of Cognitive Sciences and Human Development

**PERCEPTION ON THE INFLUENCES OF LEADERSHIP STYLE ON
EMPLOYEE PERFORMANCE**

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The project entitled Perception on the Influences of Leadership Style on Employee Performance was prepared by Dyg Aina Qistina Binti Awang Ali and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (*Human Resource Development*)

Received for examination by:



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Final Year Project Report

Masters

PhD

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ABTRACT

This study aims to explore the perceptions of leadership style that influence employee performance in a selected government organization in Kuching Sarawak. To achieve the aims of the study, there are four (4) objectives such as to investigate the effect of leadership style on employee performance, to explore on the affect of leadership style that can enhance employee performance, to study the empowerment of leader to influences the employee performance and To study the involvement of leader to develop commitment towards employee performance. The qualitative approach has been used in this study.

Three (3) informants are being interviewed who were currently work as the top-level management in the government organization at Sibul, Sarawak. The population of this study is targeting the government employees who are top management in their organization. The data from the interview were analyzed using thematic analysis. Interview guide has been used to guide the interview session.

From the findings, all of the informants are agreed that leadership is important in the organization to enhance employee performance. At the end of this study, there are several recommendations to the organization, human resource practitioners and future researcher to researching the future.

ABSTRAK

Kajian ini bertujuan untuk meneroka persepsi gaya kepemimpinan yang mempengaruhi prestasi pekerja dalam organisasi kerajaan terpilih di Kuching Sarawak. Untuk mencapai tujuan kajian, terdapat empat (4) objektif seperti untuk menyelidiki pengaruh gaya kepemimpinan terhadap prestasi pekerja, untuk meneroka pengaruh gaya kepemimpinan yang dapat meningkatkan prestasi pekerja, untuk mengkaji pemberdayaan pemimpin terhadap pengaruh prestasi pekerja dan Untuk mengkaji penglibatan pemimpin untuk mengembangkan komitmen terhadap prestasi pekerja. Pendekatan kualitatif telah digunakan dalam kajian ini.

Tiga (3) informan sedang ditemu ramah yang kini bekerja sebagai pengurusan peringkat atasan dalam organisasi pemerintah di Sibul, Sarawak. Populasi kajian ini mensasarkan pegawai kerajaan yang merupakan pengurusan atasan dalam organisasi mereka. Data dari temu bual dianalisis menggunakan analisis tematik. Panduan temu ramah telah digunakan untuk membimbing sesi temu ramah.

Dari hasil kajian, semua informan bersetuju bahawa kepemimpinan penting dalam organisasi untuk meningkatkan prestasi pekerja. Pada akhir kajian ini, terdapat beberapa cadangan kepada organisasi, pengamal sumber manusia dan penyelidik masa depan untuk meneliti masa depan.

CHAPTER 1

OVERVIEW OF STUDY

1.0 Introduction

This study aims to study the perceptions that influenced the leadership style, which affects employee performance. The objective of this study is to explore the leadership style practices that will influence the performance of the employees in the Tabung Baitulmal Sarawak, Kuching. The first chapter explains the background of the study and further describes the leadership style practices among the top-level management that influence employee performance.

1.1 Background of study

The relationship between leadership and employee performance is continuously debated, whereby good leadership will emphasize the control of organizations and increase productivity by maximizing work effectiveness. Ahmad (2001) defined that leadership is the ability of an individual to influence and inspire others to do something that needs to be done. Apart from that, he also stated that being a competent and resourceful leader must share a common value so that the employees will be inspired and empowered to commit to the visions and missions of the organization.

Leadership in Malaysia always has been characterized where the leader has the ultimate autonomy to power and authority that will create the laws and regulations and controlling the reinforcement of the leadership (Hofstede, 2001). According to Ansari, Ahmad & Aafaqi (2014), they stated that leadership in Malaysia had been linked with inheritance hierarchy and relationship status. There are three main dimensions – democratic, autocratic, transformational and transactional of the leadership style that will be identified in this study.

Moreover, the democratic leader will have the characteristic such as the ability to influence, helpful with the employees, knowledgeable, a good listener, guide and respects towards the

employees (Ray & Ray, 2012). Apart from that, an autocratic leadership style where the leader has absolute control and makes a selection based on their own judgment and rarely includes the other's advice (Zareen, Razzaq & Mujtaba, 2015). As stated by Muthuveloo, Kathamuthu & Ping (2014), transformational leaders will help an individual and team spirit to show an interest and optimism coaching, encouraging and supporting. Furthermore, the transactional leader will be involved in the decision-making process and discussed with the team to identify the goals and strategies for the improvement in the organization (Iqbal, Anwar & Haider, 2015). In this study, the leadership style (democratic, autocratic, transformational and transactional) will be identified on how it will affect their employee's performance.

To boost the commitment to improving employee's performance, organizations must play a role in what aspect they need to act. The leadership styles will encourage the employee's commitment and improve performance to implement the business strategies, achieve target goals, gain competitive advantages and optimize the human capital in an organization (Swanepoel, Erasmus, Van Wyk & Scheck, 2000) Consequently, the great attention on providing the right instruction and guidance will help to improve the employee's performance. By increasing the employee's performance, it will enhance the effectiveness of leadership in the organization.

1.2 Problem of Statement

Issues of leadership style and performance of employees are still being discussed in these days. Three main gaps focus in this study, such as knowledge gap, empirical gap and practical gap.

Firstly, the knowledge gap in the study helps to explain the view and issues that are lacking in the selected organization in Malaysia. A survey by Basit, Sebastian & Hassan (2017), they stated that Malaysian leaders should encourage innovation, teamwork and creativity that leads to job satisfaction, increasing productivity and performance. Research by Chan (2010), he stated that the leader must have the potential for knowing-how and knowing-who to have an optimal result in the employee's performance. Leadership with advanced knowledge will help the organization to grow.

Most of the research studies are done in a quantitative approach which is to measure the effectiveness of the leaders through their employees. Also, most of the studies only focusing on the efficiency of the leadership style. Lastly, doing this research is a qualitative approach that will help the research to gain a new perspective of a leadership style in perception from a leader.

Apart from that, the practical gap in this study explores the contribution of leadership in the organization. According to Ansari et al. (2014), stated that most of the Malaysian employees are obliged to obey, implement without disagreed with their leaders. This show the leader is only giving a direction and not able to share the information with their employees. Therefore, the perceptions of a leader about knowing how and who will provide an effect on employees' performance are necessary to be investigated.

1.3 Research Objectives

The objectives of this study are to determine the perceptions on the influence of leadership style on employee performance. This will explore the type of leadership style practised in this organization. This study also aim that the leadership style practised in the organization influences the overall performance of employees. The objectives of this study specifically to explore:

- i. To investigate the effect of leadership style on employee performance
- ii. To explore on the affect of leadership style that can enhance employee performance
- iii. To study the empowerment of leader to influences the employee performance
- iv. To study the involvement of leader to develop commitment towards employee performance

1.4 Research Questions

The research questions that can support the leadership style will be influenced on the employee performance, such as:

- i. What are the leadership styles practices used by a leader?
- ii. How does leadership styles affect the employee's performance?
- iii. What aspect that measures employee performance?
- iv. How does the leader implement the knowledge contributions in the organizations?
- v. Can the empowerment of leadership style influence the overall employee's performance? And why?
- vi. How does the leadership style enhance the employee's commitment towards employee's performance?

1.5 Research Framework

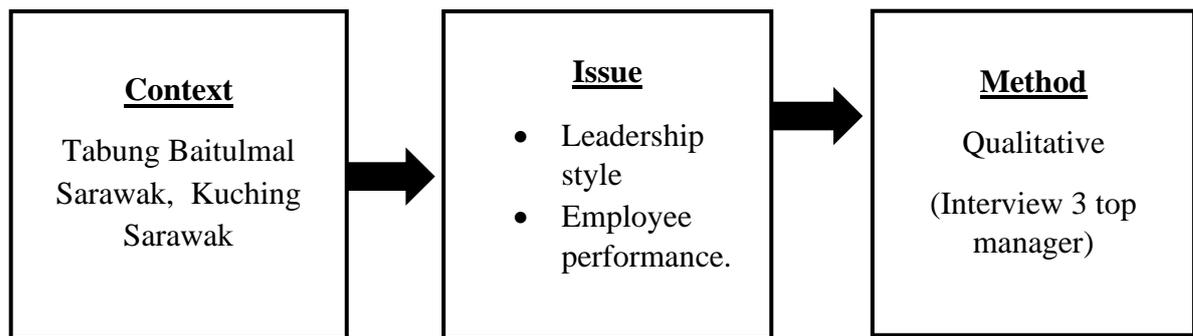


Figure 1: Research Framework

1.6 Definition of term

This study contains several key concepts and terms that are important for identifying in the research title. The keywords such as leadership, type of leadership and employee performance are always mentioned in this research.

1.6.1 Leadership

Conceptual: Leadership defined as a process of an individual influences other person in order to achieve an objective and lead a way with a clear and consistent instructions (Sharma & Jain,2013).

Operational: In this study, leadership is a capable of an individual as a leader and motivate the employees to achieve the goals and visions of the organization.

1.6.2 Type of leadership style

There are several types of leadership style that will mentioned in this study, such as:

i. Democratic leadership

Conceptual: According to Gastil (1994), he claimed that democratic leaders are more centralised the people in a group and having a majority rule in decision-making.

Operational: Democratic leader will have an opinion of a group member and treat fairly in the organizations.

ii. Autocratic leadership

Conceptual: Autocratic leaders will control all the activities and decisions at the same time will restricted the innovativeness and creativity of the employees (Jayasingam & Cheng, 2009)

Operational: Under control from an autocratic leader will limit the ideas of an employees to be creative and innovative, this is because the autocratic leader will have an absolute control of decision-making without considering the employee's opinion.

iii. Transformational leadership

Conceptual: As mentioned by House, Hanges, Javidan, Dorfman & Gupta (2004), a transformational leader will help to improve the self-concept of the followers and boost the follower's personality and effectiveness to achieve goals and objectives of the organizations.

Operational: Transformational leaders will create an individual with an ambition and have a strong personality that will help the organizations to achieve the target goals.

iv. Transactional Leadership

Conceptual: According Cherry (2020), transactional leadership focus on the supervision role, organization and group performance. Leader with this leadership style will focus on the specific tasks and use a reward and punishment to motivate the employee.

Operational: In this context, transactional leader are preferring motivate the employee with the reward system and focus on specific task that has been assigned.

1.6.3 Employee Performance

Conceptual: Research by Liu & Batt (2010), employee performance refers the managers must take a serious attention to improve the employee performance by providing the individual instructions and guidance.

Operational: The effective guidance by provide the clear instructions from the managers will enhances the overall employee's performance.

1.7 Significant of study

The contribution of this study to the body of knowledge on leadership style will enhance the employee performance in the government organization. It also acknowledges the importance of leadership skills are an essential role in improving the employee's productivity, motivations and performance outcome. Apart from that, the contribution to the human resources practitioner by utilizing leadership skill in the workplace. Human resources practitioner plays a vital role in managing their employee's development. Lastly, the contribution to the organization. The finding of this study will help the organizations to enhance their employee's leadership skills to achieve their target for improving employee performance.

1.8 Summary

This first chapter elaborates more on the introductions, background of the study, problem statement, research objectives, research framework, definitions of terms, significant and limitation that will occur in this study. This chapter discussed the background of the review that can relate the perceptions that influence leadership style on employee performance in selected government organization at Kuching, Sarawak. This chapter has able the reader to understand the aims and scope of this research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter will address the issues that related to the study and discussion on the related topic of leadership, leadership style, concept of the theory of employee performance, and past similar findings from the previous study.

2.1 Concept of Leadership

Leadership is one of the components that every leader should have to motivate their employees towards success in the organization. A leader should have the characteristic to empower their employee performance that leads to success. The good leader is inspiring the employees on the bigger picture towards a new direction and future of the organization. As mentioned by Ivancevich, Konopaske & Matteson (2008), a great leader will be having a good process of influence others to facilitate the direction of the relevant goals. To achieve the purposes of the organization, the leader is responsible for the effectiveness and encourages the employees to participate in developing the vision of an organization.

Based on Ahmad (2001), he states that leaders motivate employees by encouraging them with idea contribution resulted in fulfilling and enriching the work environment. Creating a pleasant and welcoming atmosphere will reduce absenteeism and showing the positive perspective of an organization. According to Leigh (2009), placing the high premium on improving the employee performance levels are the valuable assets of an organization and the leaders. Investing in employee's performance will ensure the growth of the organization. Besides, the influences of a leader with shared values and committed with their lead will improve the relationship with the employee.

According to Pollard (2002), it suggested that the leader must offer an environment for the growth and expression of the risk-taking spirit. The leader must empower. The empowerment of a leader will help the employees stay motivated and build the opportunity to help them expanding their skills, knowledge, and abilities of their job tasks. The effectiveness of a leadership style promoted excellence in the development of an employee's performance in the organization (Hurduzue,2015). This can help the organization to gain a positive employee, enhance the organizational effectiveness and improve the quality of work and long-term success. Referring to Jayasingem & Cheng, (2019), they stated that Malaysia is the known where leaders have the most authority and power, laws and regulations are set by the leaders. Conversely, the employees are obliged to obey and implemented the instructions that they are given by their leaders. Most of the leader in Malaysia have this ability to ensure the employee's performance is aligned with the organization's productivity.

2.2 Concept of Leadership Style

Every individual has a different style of leadership in a different organization. It is a behavioural pattern that leader is adapting to influence and motivate their employees. There are a numerous number of qualities that make a great leader. This quality is a leader able to influences and builds networking with others. According to Billig (2015), he stated that there are three different styles in Lewin's Leadership style, such as (a) democratic style: where the leader believes in team decision making. (b) Autocratic style: where the leader imposes with their own rules. (c) Transformational leadership style: where the leader has high involving with the followers and always focus on transforming and improving the organization's value. Apart from that, (d) Transactional leadership style where the leader focusing on the results, existing structure in the organization and measure the success through the system of rewards and penalty.

2.2.1 Democratic Leadership style

According to Iqbal, Anwar & Haider (2015), they defined that democratic leadership is depending on “I share” philosophy. This will involve team decision-making, whereby all the group member has an equal input of knowledge. Moreover, this type of leadership style will encourage all team members to participate in making a final decision and developing an overall process to reach the target goals (Trivisonno & Barling,2016).

The motivated employees will produce from the democratic leadership style ultimately leads to improving the performance (Basit, Sebastian & Hassan, 2017). Basit & et al. (2017) found that the leadership style has a significant positive impact relationship on the employee’s performance and “I share” philosophy of this leadership style, thus supporting the earlier research by Iqbal et al. (2015). It has been stated that the influences under democratic leadership style employees to some extent has flexible power to do assigned work which leads to better performance.

This style works effectively when the leader is having a high level of information. Having a high-level knowledge of the organization and a skilful employee is an asset for specific organizations. The benefits of this leadership style will allow the leaders and employees to socialize in a team and enhance the leader to make a better decision.

2.2.2 Autocratic Leadership Style

The autocratic leadership, also known as authoritarian leadership, an individual has control over all decision-making and having less input from the group member (Cherry, 2019). This type of leadership is making choices based on one's judgement and ideas and rarely listen to advice from others.

According to Iqbal et al. (2015), the autocratic leader depends on an "I tell" philosophy where the leader is always telling the employees the direct instructions. Most of the employees under this type of leadership style will ignore the inputs from the team members and under the value of their leads. Fubara (1985) defined that autocratic leaders have an absolute power to command and expect compliance with a positive attitude and have the ability to withhold or give rewards and punishment.

As stated by Basit et al. (2017), most leaders in Malaysia are preferred and most practice this leadership style in the organizations. They argued that this type of leadership style is not relevant to the employees. This is because the employees in this new era are become more knowledgeable, competence and independent. The autocratic leaders will dominate all the decisions and actions and restricted with the new ideas, innovative and creatives of the employees. Therefore, most of the studies stated that autocratic leadership might tend to limit the employee's performance.

2.2.3 Transformational Leadership Style

Transformational leadership defines when a leader has charisma and visions to transform the employees with highly motivated and build trust among the employees that will contribute the achievement towards organization goals (Muthuveloo, Kathamuthu & Ping,2014). Furthermore, transformational leadership is always concerned with the visions, values, ethics, and relationships in the organization. The process of leadership will give an advantage when giving full consideration, needs and motivate the employees (Parrott,2000).

this leadership style, encouraging the followers to be committed to the shared vision and goals of an organization. Apart from that, the transformational leadership style will develop their leadership capacities and improving their abilities by providing the challenges and support in the organizations. A study by Nemanich & Keller (2007), found that the leader with this type of leadership will adapt the inspirational motivations which can enhance the employee's performance and help the employees to achieve the target goals set by the management.

Transformational leadership style will directly affect the employee's performance (Sundi,2013). The leader which follow the sense of identity of the organization challenges the employees with the higher ownership of work and being a role model for their employees will help them to understand the strength and weaknesses of a leader. This will enable the inspire the employees to change the expectations, perceptions, and motivations to work towards the same goals through the strength of visions and personality of a transformational leadership style.

2.2.4 Transactional Leadership

According to Burns (1978), transactional leadership, where the leader required to motivate the employees to appeal to the self-interest of the employees. The leaders will motivate their employees to achieve the expected levels of performance by encouraging them to recognize the