THE RELATIONSHIP BETWEEN PERCEIVED TRUSTED LEADER AND EMPLOYEES COMMITMENT

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ABSTRACT

THE RELATIONSHIP BETWEEN PERCEIVED TRUSTED LEADER AND EMPLOYEES COMMITMENT

Jenny Bong Siat Sze

This study was conducted to examine the relationship between perceived trusted leader and employees' commitment. A survey method was used to gather 72 usable questionnaires from employees who had worked in TM Point Kuching. The outcomes of hypotheses testing using Pearson Correlations had confirmed that there is a positive relationship between perceived trusted leader (integrity and competency) and employee commitment (affective commitment, continuance commitment and normative commitment). In addition, regression analysis had used to identify the best predictors of independent variables (integrity and competency) with dependent variables (affective commitment, continuance commitment and normative commitment) and the results shown that competency had been the best predictors to employees' commitment. Furthermore, the implications of this study, limitations of study and directions for future research were discussed.

ABSTRAK

PERHUBUNGAN DIANTARA KEBOLEH KEPERCAYAAN PEMIMPIN DAN KOMITMEN PEKERJA.

Jenny Bong Siat Sze

Kajian ini dijalankan untuk mengkaji perhubungan diantara keboleh kepercayaan pemimpin dan komitmen pekerja. Kajian ini menggunakan boring soal selidik sebagai kaedah pengumpulan data. Borang kaji selidik sebanyak 72 yang boleh digunakan telah diperolehi daripada pekerja di TM Point Kuching. Hasil dapatan pengajian hipotesis menggunakan Ujian Korelasi menunjukkan terdapat perhubungan yang positif diantara keboleh kepercayaan pemimpin (integrity dan kompetensi) dan komitmen pekerja (affective commitment, continuance commitment and normative commitment). Selain itu, analisa regresi telah digunakan untuk menentukan peramal terbaik bagi pembolehubah tidak bersandar (integrity dan kompetensi) dengan pembolehubah bersandar (affective commitment, continuance commitment and normative commitment) dan keputusan telah menunjukkan kompetensi merupakan peramal terbaik kepada komitment pekerja. Tambahan pula, implikasi kajian ini, kelemahan kajian dan kajian pada masa hadapan juga turut dibincangkan.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter discusses the overall research study. In this chapter, there are nine sections to be discussed. The first section is discussing about the background of study. Second section is about problem statement of study. The third section is about the objectives of study which consist of general objectives and specific objectives of the study. Next is discussing the research framework and followed by research hypotheses. The sixth section is discussing the definition of terms. The seventh section is justifying the significance of the study and the eighth section is about scope of study. The last section is discussing the conclusion of this study.

1.1 Background of Study

Leadership researches begun conducted during early of 1920s and 1930s which focused to leader traits which used to differentiate between leaders from non-leader (Robbins & Coulter, 2005). For example, early leadership theories which are trait theories of leadership emphasized on six trait theories; ambition and energy, the desire to lead, honesty and integrity, self-confidence, intelligence, emotional intelligence and job relevant knowledge. Professor of University of Michigan had developed behaviour theories which are the leadership based on employees-orientation and production-oriented (Robbins & Coulters, 2005).

Subsequently, contingency theories had been opposed which undertake situational factors rather than behaviour factor of the leader. This contingency theory had been developed by several researchers such as The Fiedler Model which focused on three situational factors which are; leader-member relations, task structure and position power. While Hersey and Blanchard's Situational Leadership Theory focused on the follower's readiness to accept the task given to them from their leader or organisation. Leader Participation Model is related to the leadership behaviour and participation to make decision and last researcher was opposed by Robert House in the contingency theories. He had developed path-goal model which explained that a leader should support his followers by assist them to provide direction and support to ensure they can achieve their goals together (Robbins & Coulter, 2005).

At the cutting-edge approach leadership, researcher emphasizes more on transformational-transactional leadership, charismatic-visionary leadership and team leadership. However, due to globalisation, technology and others external environment changing rapidly, organisation have to realise that leadership should be develop based on the changes too in order to be competitive in the business environment.

In the globalisation area, a leader need to be conversant in doing business internationally and must have high basis of business strategies. According to Broome and Hughes (n.d), senior leader should deal effectively with the dramatic and traumatic circumstances that might occur to the organisation in globalisation area nowadays. For example, the leader have to take notice of his responsibility for managing company interface trade, politics, regulations and other wide coverage of issues. Therefore, it is important for a leader to have clear information about the globalisation issues and have high leading skills to create clear strategic in order he and his employees able to perform well in their job.

The technology revolution had given much impact to organisation's existence. It has changed the delivery information and knowledge sharing and the way of communication through worldwide. Thus, it is necessary for a leader to adapt the technology changes. Leadership effectiveness highly depends on the leader to demonstrate the pace of change and speed of response time to the changes of technology (Broome & Hughes, n.d). Now organisation is emphasizing more on the virtual communication to do a project, hence it is important for a leader to be flexible to adapt the changes and able to influence other employees to achieve the success of the project.

Thus, in order to face new challenges in today's environment, trust in leader had become critical factors in organisational success. Developing trust in leadership have been the leadership issues in the 21st century. According to Robbins and Coulter (2005), the important consideration for a leader is to build trust and credibility in the organisation in today uncertain environment.

Trust and interpersonal relationship is essential for success in the organisation (Malley, 2000). A leader should be able use their authority appropriately to disclose trust in the relationship with their followers. A leader cannot use their authority for making decision that is centralized on where reward and punishment is used to control followers and information is restricted in order to maintain their infallibility image. By this, mistrust will take place. A leader is

where followers can depend on by performing ethical behaviour. Besides, a leader does not mean he have to be as successful as a good leader but have to bring success to the organisation and employees by pretending a good relationship between a leader and employees.

According to Malley (2000) point out that normally employees expect trust in any social relationship either with other employees or organisation that they worked with quality and matters such as to meet their personal needs in terms of rewards, power, achievement, security, autonomy and others. In the other words, employees trust in people with whom they work with especially the relationship between the leader and employees. Besides that, trust in leader has great impact to job performance, organisational citizenship behaviour, job satisfaction, and organisational commitment (Robbins & Coulter, 2005).

Meyer and Allen (1991) had proposed that organizational commitment have three elements namely affective commitment, continuance commitment and normative commitment (cited in Coetzee, 2005). Employees' commitment is very crucial in today's competitive world. Nowadays, many companies had responded to competitive pressures by downsizing, restructuring, and transformation, thus it had created less secured organization climate to employees. Therefore, by understanding the behaviour displayed by employees committed to the organisation is significant to keep organisation always upgraded and be survive with increasing competition (Coetzee, 2005).

In addition, in order to make sure the operation of the company had achieved successes and making profit, especially for the business-based company, it is very dependent on utilizing human asset in the company which are referred to the employees who worked for the company. Thus, it is important for the organisation to use their human capital wisely by discourse trust culture in the organisation between their supervisor as a leader and employees. Instead of that in today's world, leadership should be developed into new paradigm. Trust-based leadership should be practiced in the organisation. This is to ensure that

companies such as in the industrial field can increase employees' commitment and their profit-making in facing the challenges in the 21st century business environment.

1.2 Problem Statement

Many studies have attempted to do research on leadership approach few decades ago. For example, trait approach, behaviour approach, contingency approach, transformational-transactional leadership and others. There are few of research concern the trust-based leadership in the organisation (Robbins & Coulter, 2005). Beside, Yousef (2000) said that inconsistent result are established among many previous research in trust leadership, thus making researcher further investigate in this direction.

Besides that, trust in leader had become the new paradigm in this 21st century. Trust is become the important criteria to have in the organisation. This is to increase employees' commitment, job satisfaction and decrease turnover in organisation. However, research of Williamson (1993 cited in Driks & Skarlicki, n.d) viewed that trust has no impact or little to organisational effectiveness. Therefore, it is important for researcher to perform empirical testing on the study.

In addition, there is no specific relationship of trust in leader and employees commitment that associated with the three elements of organisational commitment (affective commitment, continuance commitment and normative commitment) that had been conducted in Malaysia. The research has been more focused done at other country such as India, New Zealand, United State, Petroria, Australia and others. Therefore, the result from the study in Malaysia is different and inconsistent with the other country due to influences of culture, technology, geographical factors and race value.

Besides, there are many dimension of trust in doing research of trust. For instance, McAllister (1995 cited in Dirks & Skarlicki, n.d) suggested interpersonal

trust consist of two different dimensions; affective trust and cognitive trust (cited in Dirks & Skarlicki, n.d). A study of Olugbenga Jelil Labebo (2006) perceived trust with the dimensions; management-affective, co-workers affective, management-cognitive and co-workers cognitive have positively related to affective commitment. While Schindler and Thomas (1993) viewed that concept of trust in leader build up from five dimensions which are; integrity, consistency, competency, loyalty and openness.

While, O'Reilly and Chatman had viewed that organizational commitment have the elements of compliance, identification and internalization (cited in Coetzee, 2005). On the other hand, Penley and Gould (1988) stated that there are three components of organizational commitment; moral, calculative and alienative (cited in Coetzee, 2005). According to Coetzee (2005), mentioned that difference between multidimensional model of organizational commitment stem largely from different viewed and strategies involvement from several of research. Thus, it poses a few problems for the development of general model of workplace commitment and there are no clear directions in explaining commitment.

Therefore, this study is interested in questioning:

- 1. What kind of trust do employees expect in their relation with their leader?
- 2. Is these kinds of trust can affect employees commitment or produce commitment?
- 3. To what degree do perceived trusted leader (integrity and competency) predict employees commitment (affective commitment, continuance commitment and normative commitment)?

Thus, this study has the potential to enrich understanding of interaction between trust in leader and employees' commitment with the dimensions of integrity and competency in a leader and employees' commitment (affective commitment, continuance commitment and normative commitment).

1.3 Objective of Study

Generally, this study aims to determine the perceived trusted leader features affect employees' commitment. Specifically, the objectives of this research are as following:

- 1. To determine the relationship between leader integrity with the level of affective commitment
- 2. To determine the relationship between leader integrity with the level of continuance commitment
- 3. To determine the relationship between leader integrity with the level of normative commitment
- 4. To determine the relationship between leader competency with the level of affective commitment
- 5. To determine the relationship between leader competency with the level of continuance commitment
- 6. To determine the relationship between leader competency with the level of normative commitment
- 7. To determine the most influencing predictors of trusted leader with the level of employees commitment

1.4 Research Framework

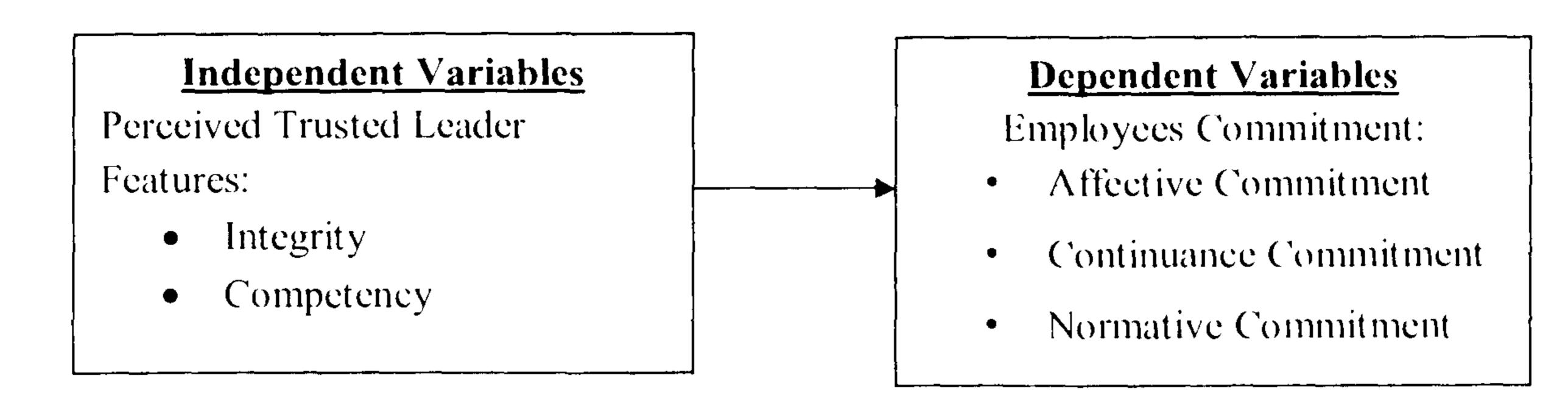


Figure 1: Perceived trusted leader affect employees commitment

Figure 1 had shown the theoretical framework of this study. It is based on the objectives of the study and the knowledge obtains from the literature review. The researcher will study perceived trusted leader features affect employees commitment.

This framework is manipulated from the research of Schindler and Thomas (1993). Their view suggested that concept of trust in leader can be built up from five dimensions; integrity, competency, consistency, loyalty and openness. However, this research just study the integrity and competency dimensions as researcher considering time consuming doing the research and these two variables have strong relationship that affect change in management in organisation (Albrecht, 2002). Besides that, Davis, Schoorman, Mayer and Tan (2000), found that trust was related to employees' perception towards their manager's integrity and competence (cited in Albrecht, 2002).

Beside that, employees' commitment variables are based on the model proposed by Meyer and Allen (1991). Their model had been chosen for this study as the model is most widely known and used by few of researchers such as Coetzee (2005), Laka-Mathebula (2004) and Brown (2003). In addition, it can be the best approach to explain commitment in the workplace.

Thus, this research is to study about employees' commitment as dependent variable that influenced by perceived trusted leader which consist dimensions of integrity and competency as the independent variables. These two dimensions will be hypothesized to influence the dependents variables (employees' commitment).

1.5 Research Hypotheses

The hypotheses for this research are stated in the form of alternative hypotheses and had been supported by previous researcher in term of theoretical and empirical support. Below are the alternative hypotheses, theoretical and empirical of the hypotheses in this research that to be tested:

H₁: There is positive relationship between leader integrity with employees' level of affective commitment

H₂: There is positive relationship between leader integrity with employees' level of continuance commitment

H₃: There is positive relationship between leader integrity with employees' level of normative commitment

Theoretical Evidence: H₁, H₂ and H₃ had supported by the previous study conducted by Ugboro (2003) mentioned that managerial trust (behaviour consistency, behaviour integrity and concern for employees' welfare) is important to manipulate survivors' perceptions of job insecurity and level of organizational commitment. Employees often viewed that they are giving service to organization and there should be reciprocal rewards. When employees feel that their needs or their input is balanced with the outcomes provided by the employer, thus, they will be more committed to perform their job. This relationship is linked to expectancy theory proposed by Baruch, (1998), (cited in Ugboro, 2003). In addition, the researcher stated that integrity builds trust which is very abstract compared to economic payoff and trusted employer likely to have employees to commit to the organization and willing to work exceeding established organizational goals and easily adapted into organizational change. This is the mutual commitment that employees normally performed when they trust their managerial actions. Thus, this relationship had link to the social exchange theory proposed by Blau, (1964), (cited in Ugboro, 2003).

Empirical Evidence: A study of Ugboro (2003) conducted to a sample of eight transit systems which is the transportation (buses) organization in United Stated. The questionnaires were mailed directly to a cross-section of employees in the selected organization regarding the participants' perceptions of job security, organizational commitment and trust building behaviours of their managers. 368 questionnaires were obtained out of 700 questionnaires distributed. The

researcher's research had used Pearson Correlation to assess the relationships between the scale items and measures. The result had shown that managerial behaviour integrity was positively related to affective commitment and normative commitment and are not associated with continuance commitment.

H₄: There is positive relationship between leader competency with employees level of affective commitment

H₅: There is positive relationship between leader competency with employees level of continuance commitment

H₆: There is positive relationship between leader competency with employees level of normative commitment

Theoretical Evidence: For hypotheses H₄, H₅ and H₆, they had supported by previous study which conducted by Burrs (2006). The researcher mentioned the research conducted by Werhane and Maitland (2002) where failure of operating margin in some organization due to inability of leader to release follower motivational energy to increase their commitment. While research by McClelland (1973) found that high level of emotional competence in leader able to experience 15-20% higher performance in revenue gain. Thus, it is important for a leader to motivate follower to be more committed. According to McGregor (1960) believed that there are two motivating factors that determined leaders to motivate followers which are leader either perform Theory X or Y (cited in Burrs, 2006). "... Theory X leaders assumed followers wanted to be told what to do while Y leader were more motivational in helping followers accomplish goals, believing human being wanted to grow, evolve and develop their skills in a constant attempt to self-actualize..." (Burrs, 2004, p. 98).

Empirical Evidence: A study of Burrs (2004) research examining follower perceptions of 100 mid-level leaders in the electronic publishing industry in Northern United States. The study is to examine the leaders with high levels of

emotional competence are able to increase follower commitment. Questionnaires method had been used while conducting the study using the scale Emotional Competence Inventory (ECI) Self rater and PQI Follower Commitment Instrument. The result had shown that there is significant relationship between follower perceptions of leader emotional competence and follower commitment.

H₇: There is positive relationship between construct of perceived trusted leader (integrity and competency) and construct of employees' commitment (affective commitment)

H₈: There is positive relationship between construct of perceived trusted leader (integrity and competency) and construct of employees' commitment (continuance commitment)

H₉: There is positive relationship between construct of perceived trusted leader (integrity and competency) and construct of employees' commitment (normative commitment)

1.6 Definitions of Terms

1.6.1 Integrity in Leader

Conceptual Definitions

Integrity leader opposed integrity as wholeness, consistency of words and actions, consistency on adversity, being true to oneself and as moral or ethical (Palanski & Yammarino, 2007).

Operational Definitions

Integrity in leader refers to the leader that always has moral and ethical behaviour. This mean that the leader always fairness in treating his employees in order to increase their motivation and be committed in their job.

1.6.2 Competency in Leader

Conceptual Definitions

High competency includes tactical, cognitive, interpersonal skills, and personal characteristics (Pritchard, 1999).

Operational Definitions

Leader has high skills in term of interpersonal skills, such as decision making, flexibility, empathy, and be fair.

1.6.3 Affective Commitment

Conceptual Definitions

Affective commitment is induced by an employee's emotional attachment to organization, identification with and involvement in organization (Coetzee, 2005).

Operational Definitions

Affective commitment is referred to one's strong desire to stay and be identified in organization because they want to.

1.6.4 Continuance Commitment

Conceptual Definitions

Continuance commitment result from one's decision to remain employed in organization due of personal investment such as retirement benefits, seniority and etc. Besides, it is where employees cannot find comparable job in new location (Ugboro, 2003).

Operational Definitions

It is refer to an employees need to stay in organization because they don't want to lose benefits provided by organization and they have no others job alternative because of high personal needs and expanding.

1.6.5 Normative Commitment

Conceptual Definitions

Normative commitment reflects an employee's feels obligate to remain in organization due to generalized value of loyalty to the organization (Ugboro, 2003).

Operational Definitions

It is refer an employee's perceive that loyalty to an organization is important because they feel they ought to work with organization as organization had provided some extra exclusive rewards.

1.7 Significance of Study

1.7.1 Significant to the theory

Leadership research literature shows that trust in a leader affects the outcomes of employees' commitment (Malley, 2000). This study is done to identify the role of perceived trusted leader with the dimension of integrity and competency in a leader that affects the relationship between employees' commitment which have the dimension of affective commitment, continuance commitment and normative commitment. The result of this study can be demonstrated trusted leader can increase or decrease the effects of employees' commitment. The outcome from the research is hoped to strengthen the existing theories to support the relationships of the variables of studies.

1.7.2 Significant to human resource practitioners

The human resource practitioners in Malaysia can facilitate the trust-based leadership dimensions in inducing commitment in any organisation. This is significant because the relationship can provide opportunity for human resource practitioners to apply trust-based leadership to increase the work quality in the organisation. The trust-based leadership new paradigm can open the mind of the employees in changing leadership styles. As a result, there will bring close relationship between leader-follower and can decrease conflict occur.

1.7.3 Significant to methodology

From the previous research, there are few researches which had used empirical study to analyze the critical trust dimensions in leader that affect employees' commitment. For this reason, this study is conducted by using correlation and multiple regressions to analyse the data. Instead of using non-empirical study, empirical study can produce more valid result. The validity of the result is significant to indicate the strength and weakness of the relationship