

The relationship between leadership styles and organizational commitment in Malaysia: role of leader-member exchange

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Building upon the 'social exchange theory' notion, this study hypothesized the moderating impact of leader-member exchange (LMX) on the relationship between two leadership styles and organizational commitment of employees. One hundred and fifty-six Malaysian executives voluntarily participated in this study. Though the hypotheses for direct effects received low to moderate support for transformational leadership styles, the moderating hypothesis received substantial support, with a stronger relationship particularly in the case of professional respect dimension of LMX. Implications of the findings, limitations of the study and directions for future research are suggested.

Keywords: leader-member exchange; Malaysian executives; organizational commitment (OC); productivity; transactional leadership; transformational leadership

Introduction

Organizational commitment is one of the salient ongoing organizational issues faced by managers. Past literature has highlighted the importance of retaining committed employees as an aspect of survival for organization (Messmer 2000, Walker 2001, Das 2002). In response to these potential problems, many forward-thinking organizations are striving to create a positive organizational climate in order to keep those good employees through various human resource management initiatives (Chew and Chan 2008). While a great deal of past research was done to investigate the link between leadership and organizational commitment, relatively little research has been conducted to examine these two components with the presence of LMX. It is important for the company to know what aspects play important roles or have big impacts in boosting the commitment of the employees. Moreover, there is a noticeable lack of empirical examination of large Malaysian organizations with regard to the leadership styles on commitment. The growth and development of Malaysian organizations have been different from the Western countries. The changes in the Malaysian workplace are brought about through changes in HRM practices (e.g. outsourcing), engaging the services of expatriates, etc. In addition, the Malaysian workforce is from different ethnic backgrounds, traditions, histories and social systems, which are shaped by many religions where their feeling of kinship and family centeredness is embedded into an organization (Selvarajah and Meyer 2008). Swanepoel *et al.* (2000) highlighted that leadership styles that encourage employee commitment are essential in order for

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ISSN 1360-2381 print/ISSN 1743-792X online
© 2010 Taylor & Francis
DOI: 10.1080/13602380903355676
http://www.informaworld.com