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JOB SATISFACTION AND LEADERSHIP STYLES: A STUDY OF MALAYSIAN ORGANIZATIONS

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Abstract

Leadership is defined as a process where a leader influences subordinates behaviour in order to achieve organisational goals. Both leaders and their leadership styles contribute in achieving organisation success. Leaders can affect employee job satisfaction and productivity by adopting leadership styles. In the present study two hundred Malaysian managers working in public sectors voluntarily participated. Two types of leadership styles that were found to have direct relationship with employee's job satisfaction were namely transactional and transformational styles. It was observed from the results transformational leadership styles had a stronger relationship with job satisfaction.

1. Introduction

Organisational success depends upon effective leadership and job satisfaction. A capable leader is the one that provides direction to the organisation and let the followers achieve their goals. An organisation is able to retain its employees if there is high employee satisfaction (Mosadegh Rad & Yarmohammadian, 2006). The relationship between these two factors has been examined by several studies and it has been concluded that leadership impacts job satisfaction and organisational commitment (Lok & Crawford, 1999, 2001; William & Hazer, 1986; Mosadegh Rad & Yarmohammadian, 2006). Employee's psychological and physical well-being (Ilardi, Leone, Kansser, & Ryan, 1983) is enhanced by high job required. The present study examines the relationship between job satisfaction and leadership styles in the public sector. Objectives of the study are as follows:

satisfaction which in turn affects employee's performance in a positive manner (Vroom, 1964; Porac, Ferris, & Fedor, 1983). Employee's satisfaction refers to employee's attitude towards their job and organisation (Mosadegh Rad and Yarmohammadian, 2006). There are various factors that influence job satisfaction such as job autonomy, workplace flexibility, salaries and job security. The relationship between employee job satisfaction and leadership behaviour is examined in various sectors such as military, healthcare, education and business organisation (Cook, Wall, Hepworth, & Warr, 1989; Bass, 1990; Chen & Silversthorpe, 2005). As per the studies it can be said that in both public and private sector employee job satisfaction is

- To examine the relationship between different aspects of transactional leadership such as active management by exception,

contingent reward and passive management by exception with respect to job satisfaction among employees in the public sector.

- To determine the relationship between different aspects of transformational leadership such as intellectual stimulation, idealized influence, individual consideration and inspirational motivation in relation to job satisfaction among employees in the public sector.

2. Literature Review

2.1 Leadership

According to Northouse (2010) and Yukl (2005) leadership is defined as a process where leaders influence their followers to achieve organisational objectives. Different leadership styles have been identified by Chen and Chen (2008) that organisations adapt. Burns (1978) transactional and transformational leadership styles have been considered as one of the prominent leadership styles. Transformational leaders align follower's aspirations and emphasize their personal development. Thus, such leaders inspire performance of their followers (Spears & Lawrence, 2003; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Hirtz, Murray, & Riordam, 2007). Transformational leaders in today's complex business environment are considered as ideal agents of change who can help their followers to cope up with uncertainties. Transactional leaders on the other hand, satisfy their follower needs with the use of rewards and praises (Northouse, 2010). Locke, Kirkpatrick, Wheeler, Schneider, Niles, Goldstein, Welsh, & Chah, (1999) discovered that all leadership is transactional and an effective leader is one who works for the self-interest of followers.

2.1.1 Transformational leadership and its dimensions

According to Avolio, Bass, and Jung (1997) there are four dimensions of

transformational leadership namely influence, intellectual stimulation, inspirational motivation, and individualized consideration.

- *Inspirational motivation*: It refers to the process by which leaders motivate their followers in achieving organisational goals. Leaders develop strong team spirit among team members and hence foster them to achieve their goals (Antonakis, Avolio, & Sivasurbramaniam, 2003; Bass & Riggio, 2006).
- *Idealised influence*: It relates to formulation of vision by the leaders to motivate followers (Dionne, Yammarino, Atwater & Spangler, 2004). In the views of Bass & Riggio (2006) leaders here act as role models and are determined to be respected and trusted by their followers. Leaders with idealised influence have the risk-taking ability and demonstrate high ethical and moral conduct.
- *Individualized consideration*: It is the type of dimension where followers act as a mentor or coach and guides each individual follower (Bass & Riggio, 2006; Nicholason, 2007).
- *Intellectual stimulation*: This dimension relates to motivating and inspiring their followers to work in achieving organisation's goals (Bass & Riggio, 2006; Nicholason, 2007).

2.1.2 Transactional leadership dimensions

According to Bass and Avolio (1995) there are three dimensions of Transactional

leadership such as management by exception (active), contingent rewards and management by exception (passive).

- *Management by exception (active)*: It reflects leaders that monitor their followers work.
- *Contingent rewards*: It refers to use of rewards by the leaders in exchange of good performance.
- *Management by exception (passive)*: It relates to the type of dimension where leaders intervene when problem arise.

2.2 Job Satisfaction

Job satisfaction as defined by Locke (1976) refers to a positive emotional state that is achieved by one's job. Thus, it can be said that employees form their attitude towards their jobs by considering factors such as beliefs, feelings and behaviours (Robbins, 2005; Akehurst, Comeche, & Galindo, 2009). As observed by Spector (1985) if the jobs are rewarding for the employees then they are more satisfied. Lee and Ahmad (2009) observed that job satisfaction is affected by factors such as absenteeism, high turnover, and participation in decision-making, grievance expression, tardiness, low morale and quality improvement. The overall performance of the organization is affected satisfaction refers to people's perception about their external job tasks (Shim, Lusch, & O'Brien, 2002). With respect to the present study, job tasks (intrinsic factors) and working condition (extrinsic) dimensions of job satisfaction are examined. Working condition refers to the relationship with mentoring system and management function. Organisation work is hampered by inefficient work organization, poor working conditions, inadequate staffing, and managerial practices (Banaszak-Holl & Hines, 1996; Cohen-Mansfield, 1989; Eaton, 2000;

by these factors (Klein Hesselink, Kooij-deBode, & Koppenrade, 2008; Page & Vella-Brodrick, 2008; Pitts, 2009; Riketta, 2008; Scroggins, 2008). Galup, Klein, and Jiang (2008) observed that successful organizations have satisfied employees. Job satisfaction comprises of various facets (Cranny et al., 1992; Friday & Friday, 2003). These factors are supervisors' displays of nonverbal immediacy (Madlock, 2006b; Richmond & McCroskey, 2000), communication satisfaction (Hilgerman, 1998), humour (Avtgis & Taber, 2006), gender effects (Madlock, 2006a), and communication style of supervisors (Richmond, McCroskey, Davis, & Koontz, 1980).

2.2.1 Components of Job Satisfaction

There are two components of job satisfaction as proposed by Kalleberg (1977) these are namely intrinsic factors and extrinsic factors. According to Hirschfield (2000) intrinsic job satisfaction entails people perception about their job tasks whereas extrinsic job (Harrington, 1996). Thus, job performance can be improved by implementing good working conditions.

2.3 Research studies related to leadership style and job satisfaction

According to Lashbrook (1997) leadership styles are considered as the way to attain employee's job satisfaction. Leadership styles affect different working environment which directly affects the employee's job satisfaction (Bogler, 2001, 2002; Heller, 1993; McKee, 1991; Timothy & Ronald, 2004). In the views of Emery & Barker (2007) transformational leaders

motivate their followers to take on more responsibility and autonomy thus, enhancing employees' job satisfaction. According to Bass (1985) transformational leadership helps in attaining more job satisfaction and a sense of intellectual stimulation. Transformational and transactional leadership correlates with employees and organizational satisfaction (Felfe & Schyns, 2006; Bycio, Hackett & Allen, 1995; Niehoff, Enz & Grover, 1990). Castaneda and Nahavandi (1991) reflected that job satisfaction among employees is

H2: There exists a positive relationship between the transactional leadership style aspects such as contingent rewards, management by exception (active) and management by exception (passive) and job task in the public sector.

H3: There exist is a positive relationship between transformational leadership style aspects such as idealised influence, inspirational motivation, intellectual stimulation and individualised consideration and working condition in the public sector.

H4: There is a positive relationship between the aspects of transformational leadership style such as idealised influence, inspirational motivation, intellectual stimulation and individualised consideration and work assignment in the public sector.

3. Research methodology

With respect to the present research study primary data was collected through Likert scale. SPSS was used for analysing the data. Transactional and

4. Discussion and Findings

(Refer Tabel 1 Here)

Table 2 displays descriptive statistics of the leadership and job satisfaction variables. The means from the analysis range from 3.26 to 6.31. It has been

gained only when their supervisors perceive both relational and task-oriented behaviours.

There are four hypotheses that have been developed with respect to the present study:

H1: There exists a positive relationship between transactional leadership style aspect such as management by exception (active), contingent rewards, and management by exception (passive) and working condition in the public sector.

survey questionnaires from targeted employees working in public sector in Selangor such as Ministry of Domestic Trade and Consumer Affairs, Council of trust for the Indigenous People, Department of Social Welfare and Department of Immigrations and National Registration Department. The participants includes employees different sectors of the company namely lower level of management, middle level of management and top level of management and clerical. Using a convenient sampling method, 300 questionnaires were distributed among selected public sectors. Out of the total participants only 200 employees responded and the response rate that came out to be was 66.7%. The questionnaires were both in the form of close-ended and open-ended questions. The questionnaires were divided into four sections where section 1 comprises of 11 items that measure the demographic characteristics and personal profile of respondents. Section 2, 3 and 4 involved 42 items that measured leadership styles of the leaders and employees job satisfaction using a 7 point transformational leadership style forms the independent variables in this study. observed from the findings that respondents are more satisfied towards transformational leadership style with respect to inspirational motivation dimension.

(Refer Table 2 Here)

Intercorrelations among the subscales obtained using Pearson correlation is illustrated in table 3.

(Refer table 3Here)

The hypothesized relationships between the dimensions of leadership styles and job satisfaction components were carried out with the help of multiple regression analyses. Table 4 summarises the results of the study. It was observed that contingent rewards ($\beta = .191$, $p < 0.01$) and active management by exception ($\beta = .062$, $p < 0.05$) were positively related to working condition. Apart from this, passive management by exception ($\beta = -.088$, $p < 0.05$) was negatively related to working condition. There existed a weak satisfaction is positively related to the contingent behaviour. Moreover, the studies of Avolio, Waldman and Einstein (1998); and Waldman, Bass and Yammarino (1990) also showed that a leader's behaviour is positively related to followers attitude and performance.

(Refer Table 4 Here)

As per the literature review it can be observed that leaders with active and passive management by exception are concerned with working conditions. Thus, there are two aspects in which there exists a weak relation between job satisfaction and active and passive management by exception. Firstly, active and passive management by exception is not practiced by the leaders accurately. Secondly, the relationship between the variables weakens with the variables such as achieving organizational objectives. The four dimensions such as inspirational motivation ($\beta = .266$, $p < 0.01$), intellectual stimulation ($\beta = .226$, $p < 0.05$), individual consideration ($\beta = .179$, $p < 0.01$) and idealized influence ($\beta = .104$, $p < 0.05$) were found to be

relationship between the three dimensions of transactional leadership and working condition. Hypothesis 1 was supported by the fact that dimensions of transactional leadership and working conditions are positively related. It was also observed from the findings that work task was in correlation with contingent reward ($\beta = .263$, $p < 0.01$), passive management by exception ($\beta = .087$, $p < 0.05$) and active management by exception ($\beta = .032$, $p < 0.05$). This supported H2 hypothesis. It was also evident that the results were consistent with the findings of Padsakoff, Todor and Skov (1982) and Judge and Piccolo (2004). According their study employees

positively related to the working conditions. In the views of Bass (1990) follower's perception towards working conditions is enhanced by goals and objectives formulated by the leaders. Variables such as inspirational motivation ($\beta = .121$, $p < 0.05$), intellectual stimulation ($\beta = .351$, $p < 0.05$), individual consideration ($\beta = .017$, $p < 0.05$) and idealized influence ($\beta = .029$, $p < 0.05$) are significantly related to employees satisfaction. With the findings of (Hinduan, Wilson-Evered, Moss, & Scannell, 2009; Clabaugh, Monrao & Sountar, 2000; Pattern, 1995) there is a positive relationship between job satisfaction and transformational leadership which is supported by both H3 and H4 hypothesis.

5. Inference from the study

It can be implied from the present study that organizations in order to achieve their goals must have capable leaders who are able to lead and motivate their employees. It is evident from the findings of this study that in comparison to transactional leadership,

transformational leadership is more important. According to Selznick (1957) public sector depends upon transformational leadership behaviour. From the findings of the study also reflect that public sector organizations need to increase employee satisfaction by providing them rewards, compensation, formulate better policies and provide better working conditions. This will help in achieving their organization goals (Mosadegh Rad & Yarmohammadian, 2006). The study also suggests that supervisors should help their workers improve their leadership capability and enhance their working conditions.

6. Limitations of the study

There are various limitations that affected the results of the study. The sampling issues were considered as the major limitation of this study. This is because there were no specific target group and questionnaires were randomly distributed among the employees of Selangor government sector. Other than this, the respondents were unaware of the difference between transformational and transactional leadership which eventually affected the results. Future research

Akehurst, G., Comeche, J. M., & Galindo, M. 2009. Job satisfaction and commitment in the entrepreneurial SME. *Small Business Economics*, Vol. 32, pp. 277-289.

Antonakis, J., Avolio, B. J., & Sivasubramanian, N. 2003. Context and leadership: An examination of the nine factor full-range leadership theory using the multifactor leadership questionnaire. *The Leadership Quarterly*, Vol. 14, No. 3, pp. 261-295.

Avolio, B. J., Waldman, D. A., & Einstein, W. O. 1988. Transformational leadership in management stimulation: Impacting the bottom line. *Group and Organization Studies*, Vol. 13, pp. 59-80.

suggests that researchers should focus on other organizations in other states of Malaysia also instead of restricting their studies to Selangor. It is also suggested that both questionnaire and interview method should be used in order to attain better outcomes.

7. Conclusion

The purpose of the present study was to evaluate the transactional and transformational leadership styles that affect job satisfaction of employees in Malaysia's public sector. It was concluded that transactional leadership style has a negative relationship with job satisfaction whereas transformational leadership style has a positive relationship with job satisfaction. Thus, it can be said that transformational leadership is suitable for government organizations. Findings of linear regression test shows that transactional leadership style is consistent with two dimensions in job satisfaction namely work task and working conditions.

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List of Tables:

Table 1 represents the demographic characteristics of respondents.

Table 1: Respondents' Profiles

Variable	Characteristic	Frequency	Percentage
Age	20 – 29	74	37.0
	30 – 39	51	25.5
	40-49	58	29.0
	50 and above	17	8.5
Gender	Male	90	45.0
	Female	110	55.0
Race	Malay	113	56.5
	Indian	38	19.0
	Chinese	36	18.0
	Others	13	6.5
Gender of supervisor	Male	149	74.5
	Female	51	25.5
Supervisor's race	Malay	129	64.5
	Indian	24	12.0
	Chinese	26	13.0
	Others	21	10.5
Years of service with current supervisor	Less than 1 years	23	11.5
	2-6 years	133	66.5
	7-11 years	38	19.0
	12 years and above	6	3.0
Years of service with present organization	Less than 5 years	67	33.5
	6-10 years	65	32.5
	11-15 years	28	14.0
	16-20 years	32	16.0
	21 years and above	8	4.0
Highest academic qualification	High school and below	58	29.0
	Diploma	36	18.0
	Degree	61	30.5
	Master	37	18.5
	PhD	8	4.0
Monthly salary	Below RM1000	30	15.0
	RM1,001-RM1,499	53	26.5
	RM1,500-RM1,999	30	15.0
	RM2,000-RM2,499	56	28.0
	RM2,500 and above	31	15.5
Position	Clerical	25	12.5
	Lower Level of Management	72	36.0
	Middle Level of Management	55	27.5
	Top Level of Management	48	24.0
Sector	Education	16	8.0
	Trading / Service	112	56.0
	Construction	36	18.0
	Others	36	18.0

Table 2: Descriptive for the major constructs

Dimensions	Mean	Std. Deviation
Contingent Rewards	5.4560	0.83880
Active Management by Exception	3.2575	0.85504
Passive Management by Exception	3.6878	0.82925
Inspirational Motivation	6.3050	0.75482
Intellectual Stimulation	4.6250	0.90017
Individualised Consideration	4.4075	0.87264
Idealised Influence	4.9825	0.66192
Working Condition	4.9043	0.78588
Work Assignments	5.0200	0.92590

Table 3: Correlation Analysis-Pearson Correlations Matrix

	1	2	3	4	5	6	7	8	9
1. Contingent Reward									
2. Active Management by Exception	.057								
3. Passive Management by Exception	.424	.084							
4. Inspirational Motivation	.428	.237	-.164(*)						
5. Intellectual Stimulation	.605(**)	-.192(**)	.043	.337(**)					
6. Individual Consideration	.616(**)	.182(*)	-.148(*)	.477(**)	.527(**)				
7. Idealized Influence	.387(**)	-.035	-.189(**)	.189(**)	.254(**)	.182(**)			
8. Working Condition	.192(**)	.021	.189(**)	.189(**)	.254(**)	.182(**)	.265(**)		
9. Work Assignment	.578(**)	.051	-.112	.564(**)	.561(**)	.528(**)	.265(**)	.660(**)	
No. of item	.571(**)	.095	.103	.391(**)	.580(**)	.353(**)	.211(**)	.660(**)	
	5	2	4	4	4	2	2	7	4

** Correlation is significant at the 0.01 level (2-tailed), * Correlation is significant at the 0.05 level (2-tailed)

Table 4: Regression analysis of transactional and transformational leadership and job satisfaction

Criterion Variables	Job Satisfaction	
	Working Condition Std Beta	Work Assignment Std Beta
Predictor Variables		
Transactional Leadership		
• Contingent Reward	.191**	.263**
• Active Management by Exception	.062*	.032*
• Passive Management by Exception	-.088*	.087*
Transformational Leadership		
• Inspirational Motivation	.266**	.121*
• Intellectual Stimulation	.226**	.351**
• Individual Consideration	.179**	.017*
• Idealized Influence	.104*	.029*

Note: N = 200; *p < .05, ** < .01, R², Beta = Standardized beta coefficients