The influence of leadership styles

1. 1 Background of the Study

The study is on the influence of leadership styles, mediated by corporate culture that leads to employee reactions based on their perceptions. The study of leadership is not a recent phenomenon. Various literatures pertaining to styles in leadership indicated that it could be perceived as effective when those styles were able to adjust accordingly depending on the situation as being confronted by the individual leader (Bruno and Lay, 2008).

According to Byrme and Bradley (2007) and Koene, Vogelaar and Soeters (2002), prior studies have underscored that effective styles in leadership has been a set of process in promoting competitive advantage and as an important element to the followers (Cassiday, 2005), a recognition through the importance of effectiveness in communication as a mixture of various factors (Church, Katigbak, Reyes, Salanga, Miramontes and Adam, 2008), rather than a single variable in defining a perplexing concept (Ligon, Hunter and Mumford, 2008; Mello, 1999).

Leadership is an ongoing process of interaction between organisational leaders and their subordinates whereby a leader often attempts to influence the behaviour of their subordinates to obtain goals as set by the organisation (Yukl, 2005). Earlier, leadership was identified as the basic preference of being influential (Krause, 2004). Thus, leadership is a systematic series of action by which an individual influences the ideas, feelings, and actions of others. Leaders have to provide guidance, to facilitate in foreseeing upcoming event; to facilitate in recalling achievements; to motivate and to inspire their people. The acts of leadership drive us toward the same

direction and equipped our efforts in common. Leadership is the capacity to take hold of other to perform significant task that they may decline. It is the process of supporting others toward goal-attainment.

On the flip side of the coin, with the absence of leadership, a group of individuals shall engage into contention and disagreement due to matters are seen differently and to incline in different process of solving problems. This means that the level of importance for individual or organisational leaders to positively transform the societies and the business world is crucial.

For example, according to Kouzes and Posner (2002) prior studies found U. S. businesses made claimed that leadership has not been realised to be a necessity tool until today. In order to face the era of ever demanding and evolving business condition, organisations need to be led by leaders who are capable enough to manage the unpredictable conditions.

Therefore, the aspect of leadership is often demanded leaders to engage to " walk the talk", to reduce the gap between adopted values and their actual behaviours. This is where leadership oblige an individual to inquire favourable options in enabling others to engage in an unpleasant frustration in reality (Heifetz and Linsky, 2004). Leaders will not be able to address issues as dictated by the modern business world except under the circumstances that they are capable to aid in such abilities allowing them to lead effectively in a complex and unpredictable business climate as most organisational leaders lead through their personal values and beliefs.

Leaders must also realise that leadership is a responsibility and not to be treated as personal gratification in organisation's top hierarchy. As Naisbitt and Aburdene (1990 in Winston and Patterson, 2006) stated that leaders are in position to demonstrate strong commitment and always highly motivated by becoming role models who owns valuable traits such as consistency, open-mindedness, and high disciplined. Through these traits it would generate more strength and confidence that shall inspire their subordinates.

Meanwhile, House, Hanges, Javidan, Dorfman and Gupta (2004) stressed that an instance of seeking the righteous definition term for effective leadership has been extended over a considerable time as indication of significance worth topic of debate. Effective leadership are now crucial to inspire others to work effectively toward various goals as set by organisation and to enhance job performance and organisational success.

Thus, to promote effective leadership, it is essentially important for organisational leaders to have influence over their superiors, peers and subordinates to guide and to sustain their proposals, ideas and induce them in performing their own decisions (Blickle, 2003; Drouillard and Kleiner, 1999). It has been a necessity in understanding the relationship between leadership and leader effectiveness in order to identify ways to increase employee motivation level pertaining to achievement in organisational performance (Silverthorne, 2000). As Moorhead and Griffin (1995 in Barbuto Jr., 2000) stated performance behaviour reflects as a set of work-related behaviour that an individual should demonstrate in organisation.

However, when this topic discussed across different cultural condition it tends to set forth limitations in the level of knowledge and the insight (Drost and Von Glinow, 1998 in Pellegrini and Scandura, 2008). Leadership exists in various societies and is essential to the functioning of organisations within societies. The attributes that are seen as characteristics for leaders may vary across cultures (Den Hartog, House and Hanges, 1999).

Several different cultures most often exist within an organisation, but there is also a predominant corporate culture, expressing central values that are shared by the majority (Abrahamsson and Andersen, 1996). According to Hofstede (1994) corporate culture is a phenomenon that differs from national culture, perhaps most evidently because employees are free to leave the corporation. The organisation is described as a social system, in which the employees are involved only during working hours. The corporate culture may however also influence the leisure time of employees.

Schein (1992) analysed culture regarding its degree of visibility and describes three different levels. Basic underlying assumptions constitute the least visible level, which includes unconscious perceptions, thoughts, feelings and beliefs. Espoused values include strategies, goals and philosophies and artefacts all visible organisational structures and procedures.

For instance, a survey by Fortune of most admired companies has highlighted CEO respondent's belief that organisation culture was their most important tool in order to enhance their key capabilities. Given that the importance of organisational culture and its effects on employees' job

performance and satisfaction and organisational commitment outcomes and it is considered as one of the sensational business topics in both academic field of research and popular articles.

Judge, Bono, Ilies and Gerhardt (2002) found that based upon the previous studies on ' the great man theory', the organisational conditions act as a main determinant of leadership; and that leaders act differently in various situation (Yukl, 2002).

Therefore, Bass (1985 in Kavanagh and Ashkanasy, 2006) recommended that leaders must actively promote positive transformation in their organisation by directing clear objective; also through strong persuasive personal characteristics and actions in transforming internal forms of organisational culture and substance ([Bass and Avolio, 1994 in Gardner, Avolio, Luthans, May and Wolumbwa (2005); Hatch, 1993 in Awbrey (2005); Porras and Robertson, 1992 in Caldwell (2003]).

Schein (1992 in Twati and Gammack, 2006) acknowledged that leaders in organisations serve as a key influential of organisational culture; and since organisational condition and culture reflect on collective social development over which leaders have total control and influence (Mumford, Scott, Gaddis and Strange, 2002). Organisational culture is known to have a significant effect on how employees view their organisational responsibilities and their commitment.

Hence, in the same vein, styles in leadership and organisation cultural categories, together with its effects on employees' reaction such as job performance, job satisfaction, job commitment and trust in management are

part of the significant elements in determining the effectiveness, competitiveness and success of organisations in facing today's challenges.

Of course, organisational effectiveness, competitiveness and success shall definitely have its usefulness implications upon managers and employees and ultimately enhancing better performance of both components in any organisational set ups. In this condition, leaders need to determine the best set of actions that are achievable within the ability of their organisations.

1. 2 Problem Statement

As one of a developing country in South East Asia, Malaysia sees leadership effectiveness is highly significant in Government-linked-companies (GLC) to shift toward exceptionally outstanding level of performance. The Government-linked-companies (GLC) transformation programme for instance, was initiated and treated as part of current strategy of Malaysian government to enhance development and stimulate the economy growth as producers, service providers, employers and capital market constituents in the near future.

Respectively, Government-linked companies (GLC) serves as an important asset in the economic structure of the nation since it is worth for approximately RM 260 billion in market capitalisation of 36% and 54% of the market capitalisation in Bursa Malaysia and as a benchmark in Kuala Lumpur Composite Index (www. treasury. gov. my). It also contributes in 5% of the national workforce and it remains as the main service providers to the nation in key strategic utilities and services including electricity,

telecommunications, postal services, airlines, airports, public transport, water and sewerage, banking and financial services.

Therefore, of the major concern for Malaysian organisation especially in the Government-linked companies (GLC) is to stimulate better job satisfaction, organisational commitment and trust in management among its employees. This urgency was due to the management in GLC was labelled as underperformed in terms of its operations and financial indicators since 1990.

Thylefors (1991) argues that leadership style or attitudes emanate from leaders' personality, in a wider definition. Techniques are important but are inferior to the leader's attitudes. The underlying values and motives of the leaders are the factors that determine whether a leader is successful and appreciated by their subordinates or not. Therefore, there can be effective and appreciated leaders exhibiting different leadership styles.

In this particular concern, Eid, Johnsen, Bartone and Nissestad (2008) debated that even though the leadership styles such as transformational and transactional leadership has been researched for the last 15 years, there's still a small amount of studies pertaining to how these styles of leadership been investigated in different culture and work setting. Thus, the problem statement of this research is represented by a main question such as follows: How can the perceptions in leadership styles differences, through the corporate culture help to improve on organisational outcomes and reactions?

Despite various attempts of research on leadership traits, characteristics, styles, contingency factors and perception of leader performance and

effectiveness, organisational leaders were also summoned to actively interact with and influence others in leading their organisations. It has been realised that less discussion in applying these concepts on Government-linked-companies (GLC) in the context of Malaysia.

The general perception by the general public is that private organisations perform better compared to the government owned organisations (Cochran, Mayer, Carr and Cayer, 2003). This applies to current situation in Malaysia as (Azman, 2004; PCG, 2006a) stressed that most observers commented Government-linked companies (GLC) are multi-national status but sustain damages due to arising problems related to internal control, lack of strategic direction which results in destitute on their value in capital and shareholder, low number in production, elevated toward gearing ratio, inefficient in procurement process, and ineffective systems of performance management.

This application concept in Government-linked companies (GLC) has also come into another highlight with the selection of its senior managers. The Malaysian government as the main shareholder in the GLC have taken great pains to nominate candidates on the basis of the best candidate fits for the job (Abdullah, 2004; Yakcop, 2004). This is due to situational pressure was put into various levels of GLC in Malaysia to reform its managerial exercises and to change the organisation in order to meet the new realities in accordance to GLC Transformation Programme introduced in 2004. Therefore, these challenges suits well for charismatic or transformational leadership with hope to perform excellently in the organisation.

Based on how leaders are valued, appreciated and respected in the working environment, subordinates or employees at various levels create an impression on their leaders (Altman, 2002; Roberts, 2001). Organisational research on leadership indicated that there was no one perfect style of leadership based on the different types of organisational conditions (Kouzes and Posner, 1997).

More importantly, leadership style as being practiced in public sectors is considered as transactional exchange since political support and encouragement was much favoured; for example, typical Government-linked-companies (GLC) are run by government nominated individuals. These nominated candidates will be held responsible in the organisation's daily operations. As such, important decisions in the economic sector of the government are left to appointed individuals.

The appointed individual for the top management position in the Government-linked-companies (GLC) may have been exposed to various management styles; however, the primary responsibilities and decision making processes were placed on these individuals, who may or may not have various exposures to management styles and theories. As Yakcop (2004 in www. treasury. gov. my) says,

" The point to be made is that there are no artificial barriers with respect to age or gender, whether from internal or external sources, and whether from financial or non-financial background."

Javidan and Waldman (2003) contend that there have been little references pertaining to charismatic leadership in the public sector based on literature

review although this subject of study has been around for ten years. Many charismatic leaders are skilled in formulating strategy that would improve on the current situation.

While there has been less discussion on leadership in the public sector, fewer studies indicate whether or not leaders who practiced transformational leadership could expect improvement in their subordinates (Burke, Stagl, Klein, Goodwin, Salas and Halpin, 2006; Prati, Douglas, Ferris, Ammeter and Buckley, 2003; Wofford, Whitington and Goodwin, 2001).

According to Parry and Proctor-Thompson (2003) a study of leadership in a federal government had revealed that the transformational leadership approach would result in a higher level of productivity and improved employee satisfaction and job performance. Transformational supervision was defined by Bass (1985) in terms of leader's motivational effect on followers. They feel loyalty, trust, admiration and respect toward the transformational leader. The followers are motivated to serve and achieve more than they were originally expected to. They are inspired to achieve higher-order needs and are made more aware of the organisation's needs for their unique skills and talents.

Further, leaders who truly show charismatic leadership and exercise the transformational approach are those who view their array of vision as certain and have high confidence in their abilities and skills. According to Conger, Kanungo and Menon (2000), the higher the level of self-confidence showed by a leader, the higher their followers will reduce on uncertainties. A

charismatic and transformational leader has extended a great amount of effort in their current attempt to achieve their future goals.

This study is worthy of consideration because it applies a validated means of measurement, specifically the Multifactor Leadership Questionnaire (MLQ), the most accepted instrument to evaluate transformational theory (Kirkbride, 2006) and considered the best validated measurement for both transformational and transactional leadership (Ozaralli, 2003). Therefore, this study shifts the traditional paradigm in leadership studies of business organisations where it explores the leadership in the Government-linked-companies (GLC) settings, its organisational culture dimensions and employees reaction or response.

Van De Berg and Wilderom (2004) concurred that styles in leadership and organisational culture are both closely related. Most of the published literatures in organisational culture prove indistinctiveness between these two components. As Van De Berg and Wilderom (2004, p. 578) highlighted there are two important distinction between the two components as mentioned (1) leadership denotes behaviour displayed by one or only few individuals, while culture is a collective behavioural phenomenon, and (2) leadership involves a potentially one-sided dependency relationship.

The current issue that to be addressed in this study is despite several desirable outcomes by adapting the transformational leadership concept; there is some lack of research in adopting leadership styles in the Government-linked companies (GLC). The outcomes of the transformational leadership approach are such as the employees' reactions or responses on

their level of performance, organisational commitment and job satisfaction have not been realised in transactional leadership condition.

In order to obtain significant data, the Multifactor Leadership Questionnaire (MLQ, 5x) developed by Bass and Avolio (1997) was applied to measure how those factors of leadership styles are linked to the perceived organisational culture in the Government-linked-companies (GLC), particularly in the Malaysian perspective.

The problem as presented is to seek and to differentiate the results derived from transactional, transformational and laissez-faire situation and to see whether transformational situation is highly correlated to six variables of the Multifactor Leadership Questionnaire (MLQ, 5x) developed by Bass and Avolio (1997) namely; (1) charisma or inspirational, (2) intellectual stimulation, (3) individual consideration, (4) contingent rewards, (5) active management by exception and (6) passive avoidant was used to measure how those factors of transformational change are related to organisational culture in Government-linked-companies (GLC) in Malaysia.

Based on Bass and Avolio's (1994; 2004) definitions, the specific variables are such as follows:

Charisma/inspirational motivation (IM) – The way that organisational leaders behave that energises and inspires others by providing meaning and challenge toward their task.

Intellectual stimulation (IS) – The way organisational leaders behave that promotes subordinates' efforts in becoming creative and innovative through

analysing assumptions, reframing problems, and remodelling old systems into new systems.

Individualised consideration (IC) – The way organisational leaders focus on understanding the needs of each individual and how leaders act as a coach and mentor to individuals to further achieve and grow.

Contingent reward (CR) – This style of leadership consists of communication levels between organisational leaders and their subordinates that stresses on exchange, where the leaders provide appropriate rewards when subordinates achieved the target goals.

Active management- by- exception (AMBE) – Leaders focus on monitoring task execution for any errors that might arise and correct those problems so as to maintain a standard of high performance.

Passive avoidant (PA) – Leaders tends to react passively only after problems, mistakes and errors have become serious and later take corrective action and may avoid making any decisions at all.

These six variables were considered and compared to the results of employees' reactions and outcomes such as their overall job performance, job satisfaction, organisational commitment and trust in management. In addition, other variable such as organizational culture was also examined to study the relationship and correlation of the leadership styles.

1. 3 Research Questions

According to Zikmund (2000), research question is a set of specific query which addressed by the researcher who sets the parameters of the study

and suggests appropriate methods to be used for data gathering and analysis purposes. In general, researchers were urged to develop questions that may assist to search for answers and provide any possible solutions to the research problem being studied. Therefore, in this study, attempts to answer those questionnaires are actually to solve the research problem which has been identified.

Specifically, the research questions were developed for this study examines the relationship of individual leadership styles and organisation's cultural traits as perceived by their subordinates by examining the differentiation in leaders leadership styles.

Based on the research objectives, the following questions were developed as follows:

Does the elements of transformational style in leadership is significantly positive with the cultural traits in Government-linked companies perceived by their employees?

Does the elements of transactional style in leadership is significantly positive with the cultural traits in Government-linked companies perceived by their employees?

Does the listed elements of laissez-faire style in leadership is significantly positive toward organisational culture in GLCs?

Does the listed elements of laissez-faire style in leadership is significantly positive with the cultural traits in Government-linked companies perceived by their employees?

Do the cultural traits positively mediate the relationship between the leadership styles with employees' job satisfaction, organisational commitment and trust in management?

Do the cultural traits positively determine on the employees' level of job satisfaction, organisational commitment and trust in their management?

Do the styles in leadership practised by organisational leaders positively influence on the organisational members' job satisfaction, organisational commitment and trust in their management?

1. 3. 1 Definition of Operational Terms

In this section, the terms utilised in this study was stated and the numbering of those terms measured in Multifactor Leadership Questionnaires (MLQ) questions are indicated as follows:

Contingent Rewards was defined as an incentives or gifts to organisational members who have attained excellent level of performance (Bass and Avolio, 1995 in Bass, Avolio, Jung and Berson, 2003). It was measured in Q1, Q11, Q16 and Q35 in Multifactor Leadership Questionnaire (MLQ).

Dependent Variables in this study list the leader's individual skills, experiences, attitudes and level of adaptability that were defined and measured in the job performance questionnaires.

Subordinates refers to followers who are directly involved in the process of task completion and socio-emotional acceptance of leadership (Bass and Avolio, 1994 in McColl-Kennedy and Anderson, 2002).

Idealised Influence refers to the attribution and behaviour that result in the subordinate's level of admiration, respect and trust, which discounts their resistance to change and develops a sense of charismatic leadership (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006). This element was included in transformational measurement and was part of the independent variable in attribution Q10, Q18, Q21 and Q25 and behaviour Q6, Q14, Q23 and Q34 in the Multifactor Leadership Questionnaire (MLQ).

Individualised Consideration refers to a behaviour that promotes personal attention to organisational members' needs and trusts in order to assist them in the learning process (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006). It is measured as an independent variable (transformational) in Q15, Q19, Q29 and Q31 in the Multifactor Leadership Questionnaire (MLQ).

Inspirational Motivation is a kind of behaviour that displays meaning and challenges to subordinates' task and inspiration, arouses and excites the organisational leader to promote vision (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006) and it is measured in Q9, Q13, Q26 and Q36 in the Multifactor Leadership Questionnaire (MLQ).

Intellectual stimulation is a type of behaviour that encourages new styles of approaches to perform organisational tasks and to generate a direction of potential ideas that challenge subordinates and encourage them to look into new ways of idea generation (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006). It was measured as transformational in the independent variables in Q2, Q8, Q30 and Q32 in the Multifactor Leadership Questionnaire (MLQ).

Job satisfaction is referred to as an individuals' behaviour or behaviour in their current job (Moorhead and Griffin, 1995 in Kassabgy, Boraie and Schmidt, 2001). Therefore, it is the situation where subordinates believe in their level of happiness among one another (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006).

Laissez-Faire promotes the condition of leadership avoidance or absence (Bass and Avolio, 1995 in Piccolo and Colquitt, 2006) and measured in independent variables in Q5, Q7, Q28 and Q33 in the Multifactor Leadership Questionnaire (MLQ).

Leaders are those who are nominated as head of a group, team or even an organisation. They are the people who have charisma in their leadership and have the capability in making decisions and inspire others to derive achievement through a common goal (O'Leary, 2000).

Leadership is defined as an individual ability to influence others (Stahl, 1995 in Irechukwu, 2010); to shape and embed values, attitudes, beliefs and behaviours consistent with employee commitment in the process of accomplishing specific goals.

A style of Leadership is an individual character that includes transactional, transformational and laissez-faire.

Management is defined as the development and continuous improvement on an organisation's system and when applied by any organisational employees could lead towards an increased value in products and services for stakeholders (Stahl, 1995 in Irechukwu, 2010).

Management by exception (active and passive) according to Bass and Avolio (1995 in Barling, Slater and Kelloway, 2000; Bass, Avolio, Jung and Berson, 2003) is an action or steps employed by organisational leaders when things are not according to plan. This term is treated as transactional independent variable and is measured through Multifactor Leadership Questionnaire (MLQ) active: Q4, Q22, Q24 and Q27, and passive: Q3, Q12, Q17 and Q20.

Organisational Outcomes in this study is referred to the employees' responses in the Government-linked-companies (GLC) through survey questionnaire and all of those measures were all based on their perceptions.

Perception is defined as a set of processes where an individual receives and translates data pertaining to their observation and condition (den Brok, Bergen, Stahl and Brekelmans, 2004).

Performance Behaviour is the overall ratings on task-related behaviours that would result through the actions or effort displayed by organisational members (Moorhead and Griffin, 1989 in Garg and Rastogi, 2006).

Transactional Leadership is a type of leadership that acknowledges subordinates' needs and identifies how those needs can be fulfilled in exchange for the subordinate's satisfactory effort and performance. It is composed of contingency reward and management-by-exception either active or passive (Bass, Avolio and Jung, 1995 in Judge and Piccolo, 2004).

Transformational Leadership is another type of leadership which comprises of set abilities that permits a leader to identify the need for organisational change; and to promote a clear vision as guidance towards change through

effective process (Moorhead and Griffin, 1995 in Kassabgy, Boraie and Schmidt, 2001).

Organisational Culture is referred to the shared set of beliefs, expectations, values, norms, and work routines that influence the ways in which individuals, groups, and teams interact with one another and cooperate to achieve organisational goals (Jones and George, 2009; Daft, 2005).

1. 4 Research Objectives

Intensive studies have been conducted on leadership particularly on its traits, individual characterisation, its styles and contingency factors (Lord and Smith, 1999). Throughout the years, most of these leadership studies and organisational culture were researched in Western developed countries (e. g. Lok and Crawford, 2003; Ogbonna and Harris, 2000; Kuchinke, 1999; Yousef, 1998).

For instance, the pioneering work of Deal and Kennedy (1982) incited the interest of researchers and consultants to the concept of corporate culture, and how these values and philosophy guide the employees' behaviour in the organisation towards greater success.

Leaders affect their subordinates both directly through their interactions and also through the organisation's culture (Li, 2004). As Amabile (1998 in McLean, 2005) suggested that by influencing on the work condition and organisational culture, leaders are able to impact on the organisational members' behaviour as related to task and motivation. Here, the challenge is to employ a set of actions that are practical within the capacity of the organisation to acquire change and manage organisation's resources.

Leadership has been a significant topic in organisational studies because leaders are exemplar figures in enhancing their group performances (Mehra, Dixon, Brass and Robertson, 2006). Studies have found that several theories resulting from the early leadership traits, behaviours and situational approaches proceed on the explanation of leader's attribution, charisma and transformational perspectives between leadership and group performance relations. Hence, leaders are required to react more flexibly and manage effectively into this ambiguity and change (Blass and Ferris, 2007; Dickson, Resick and Hanges, 2006; Dickson, Hartog and Mitchelson, 2003).

According to Bass (1990) more than 7500 research studies on leadership was performed since early of the last century. Leadership styles were largely studied and the findings were documented accordingly in leadership literature focussing on individual leaders' characteristics in leading others in performing their tasks (Moore and Rudd, 2006). Leaders have an opportunity to obtain organisational power and it depends on their motives and available resources to influence their subordinates.

Further, Elloy, Everett and Flynn (1987 in Mester, Visser, Roodt and Kellerman, 2003) affirmed that organisational leaders' behaviour are closely associated to their level of performance and leadership styles as determinants tool of their effectiveness in an organisation. In relation to this, styles of leadership are seen as the main component to sustain organisational effectiveness toward business performance (Howell and Avolio, 1993 in Hallinger, 2003).

Thus, if stakeholders start to direct more attention on