

**PERSONAL VALUES AND LEADERSHIP STYLE
ORIENTATION AMONG OWNERS AND MANAGERS
OF SMEs IN KEDAH AND PENANG**

NOORHANI ISMAIL

UNIVERSITI UTARA MALAYSIA

2010

**PERSONAL VALUES AND LEADERSHIP STYLE
ORIENTATION AMONG OWNERS AND MANAGERS OF
SMEs IN KEDAH AND PENANG**

**A thesis submitted to the College of Business in
partial fulfillment of the requirements for the degree
Master of Science (Management)
Universiti Utara Malaysia**

By

Noorhani Ismail

© Noorhani Ismail, 2010. All rights reserved



KOLEJ PERNIAGAAN
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa
(I, the undersigned, certified that)
NOORHANI BT ISMAIL (802959)

Calon untuk Ijazah Sarjana
(Candidate for the degree of) **MASTER OF SCIENCE (MANAGEMENT)**

telah mengemukakan kertas projek yang bertajuk
(has presented his/her project paper of the following title)

**PERSONAL VALUES AND LEADERSHIP STYLE ORIENTATION AMONG OWNERS AND MANAGERS
OF SMEs IN KEDAH AND PENANG**

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.
(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **PROF. DR. MOHD KHAIRUDDIN BIN HASHIM**

Khairuddin bin Hashim

Tandatangan
(Signature)

Tarikh : **14 OCTOBER 2010**

(Date)

PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a post graduate degree from the Universiti Utara Malaysia. I agree that the University Library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or, in their absence, by the Assistant Vice Chancellor of College of Business. It is understood that any copying or publication, or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of material in this thesis in whole or in part should be addressed to:

Assistant Vice Chancellor
College of Business
Universiti Utara Malaysia
06010 UUM Sintok,
Kedah Darul Aman

ACKNOWLEDGEMENT

Most thankful to Allah S.W.T for having been most gracious in blessing this thesis with an abundance of resources, without which this research project would not been possible to complete.

This study would not be possible without acknowledging all the people who assisted along the study. First and foremost, I would like to express the deepest appreciation to my supervisor, Professor Dr. Mohd Khairuddin bin Hashim, who consistently contributed his time, ideas and words of encouragement during the preparation of this study.

My special thanks to all my friends especially Mrs. Khofizhoah Mohd Karim, Mrs. Norhidayah Ishak and Mrs. Fudhiah Abu Hashim for their kind advices and support.

ABSTRAK

Nilai-nilai peribadi dan gaya kepimpinan telah banyak diberi perhatian di dalam sorotan/ literatur kajian. Namun begitu, tinjauan kajian lepas menunjukkan bahawa kajian berkaitan dengan perniagaan kecil dan sederhana (PKS) adalah terhad terutamanya berkenaan dalam aspek hubungan di antara nilai-nilai peribadi dengan gaya kepimpinan orientasi di kalangan pemilik/ pengurus PKS. Sehubungan dengan itu, kajian ini adalah bertujuan untuk mengenalpasti permasalahan tersebut. Dengan menggunakan kaedah soal-selidik berstruktur, data kajian ini telah diperolehi daripada 68 pemilik/ pengurus PKS. Secara keseluruhan, dapatan kajian menunjukkan bahawa terdapat hubungan di antara nilai-nilai peribadi dan gaya kepimpinan orientasi. Selain itu, terdapat juga perbezaan yang signifikan di antara jantina dan gaya kepimpinan orientasi.

ABSTRACT

Personal values and leadership styles have attracted much attention in the literature. Despite their importance, the review of the small business literature reveals limited studies have strived to investigate the relationship between personal values and leadership styles orientation among owners and managers of the SMEs. This study initiates an attempt to address this issue. In attempting to address this issue, this study examined the relationship between personal values and leadership styles orientation among owners and managers of the SMEs. By using mail questionnaires, the data for the study was collected from 68 SMEs. Finding of the study indicated that there is relationship between personal value and leadership style orientation. In addition, the results of the study also suggested significant difference between gender and leadership style orientation.

Table of Contents	Page
Permission to use.....	i
Acknowledgement.....	ii
Abstrak.....	iii
Abstract.....	iv
Table of Content.....	v
List of Tables.....	vii
List of Figure.....	viii

CHAPTER 1

INTRODUCTION

1.1 Introduction.....	1
1.2 Research Problem.....	2
1.3 Research Objectives.....	4
1.4 Research Questions.....	5
1.5 Significant of the Study.....	5
1.6 Scope of the Study.....	6
1.7 Definitions of Terms.....	6

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction.....	8
2.2 The Concept of Personal Values.....	13
2.3 Trait Approaches to Leadership... ..	18
2.4 Behavioral Approaches to Leadership	20
2.5 Contingency Approaches to Leadership	24
2.6 Transformational Leadership.....	28
2.7 Transactional Leadership.....	32
2.8 Leadership Style Inventory.....	34

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction.....	35
-----------------------	----

Table of Contents	Page
3.2 Research Framework	35
3.3 Research Hypotheses.....	36
3.4 Sampling Frame and Sample.....	37
3.5 Questionnaire.....	37
3.6 Reliability Tests.....	38
3.7 Data Collection Method.....	39
3.8 Statistical Analysis.....	39
 CHAPTER 4	
 RESEARCH RESULTS	
4.1 Introduction.....	40
4.2 Characteristics of the Respondents.....	40
4.3 Characteristics of the Sample Firms.....	42
4.4 Personal Values.....	44
4.5 Leadership Styles.....	47
4.6 Hypotheses Testing.....	51
 CHAPTER 5	
 DISCUSSIONS AND CONCLUSIONS	
5.1 Introduction.....	55
5.2 Discussion of the Result Study.....	55
5.3 Implications of the Study.....	57
5.4 Limitations of the Study.....	58
5.5 Suggestions for Future Research.....	59
 REFERENCES	61
 APPENDICEX	
Appendix 1 : Introduction Letter	
Appendix 2 : Questionnaire	
Appendix 3 : Data and Output Result	

List of Tables	Page
Table	
3.2 Cronbach's Alpha Coefficient Scores	38
4.1 Characteristics of the Respondents	41
4.2 Firms' Characteristics	43
4.3 Mean of Political Value	44
4.4 Mean of Aesthetics Value	45
4.5 Mean of Social Value	45
4.6 Mean of Theoretical Value	46
4.7 Mean of Economic Value	46
4.8 Mean and Standard Deviation of Personal Value	47
4.9 Mean of Commanding Leadership Style	48
4.10 Mean of Logical Leadership Style	48
4.11 Mean of Inspirational Leadership Style	49
4.12 Mean of Supportive Leadership Style	50
4.13 Mean and Standard Deviation of Leadership Style Orientation	50
4.14 Correlation between Dimensions of Personal Values and Leadership Style Orientation	51
4.15 Difference between Gender and Commanding Leadership Style	52
4.16 Difference between Demographic Characteristics and Leadership Style	53

List of Figure	Page
Figure	
3.1 Theoretical Framework	36

CHAPTER 1

INTRODUCTION

1.1 Introduction

Small and medium-sized enterprises (SMEs) represent an important component of the business system in developed as well as developing countries across the world. Given their important role, SMEs have attracted much attention in the literature. However, in the case of Malaysia, although they play an important role in the development process of the national economy, research involving SMEs remained limited in scope and neglected.

The review of the small business literature indicates that despite the importance of personal values and leadership styles in managing successful SMEs, limited research have attempted to investigate personal values and leadership styles among owners and managers of SMEs in the local context. Given this, this study initiated an attempt to examine the relationship between personal values and leadership styles among small and medium-sized enterprises.

The literature review reveals personal values and leadership styles have been emphasized over the years. The review of past studies on personal values and leadership styles however indicated that previous research has primarily concentrated on large companies. Despite the importance of personal values and leadership styles to the performance both large and small enterprises, the review of the small business literature reveals research on personal values and leadership styles in the context of small business has not attracted much

The contents of
the thesis is for
internal user
only

REFERENCES

- Allport, G. W., Vernon, P. E., & Lindzey, G. (1960) *A study of values*, Boston: Houghton Mifflin.
- Alvesson, M. (2002). *Understanding organizational culture*. London: Sage.
- and future in cross-cultural psychology. Selected papers from the Fourteenth
- Avolio, B.J., & Bass, B.M (1995). Individual consideration viewed at multiple levels of analysis: A multi-level framework for examining the diffusion of transformational leadership. *Leadership Quarterly*, 6, 199-218.
- Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: *free Press*.
- Bass, B.M. (1998). *Transformational leadership: Industry, Military, and educational impact*. Mahwah, NJ: Lawrence Erlbaum.
- Bass, B.N. (1990). *Handbook of Leadership: Theory, Research and managerial Applications*: The Free Press London.
- Bensimon, E. M. 91993). New presidents initial actions: Transactional and transformational leadership. *Journal of Higher Education Management*, 8(2), 5-17.
- Bird, D. (1989). *Entrepreneurial behavior*, London: Scott, Foresman and Co.
- Bruno, L.F.C and Lay, E.G.E (2008). Personal values and leadership effectiveness. *Journal of Business Research*, 61, 678-683.
- Bryan, L. (1999). American Indian entrepreneurs: Rosebud and Pine Ridge Reservations, *Case Studies*, Pablo, MT: Salish Kootenai College Press
- Campbell, J. L. (1977). The cutting edge of leadership: an overview. In J. G. hunt, & L. L. Larson, (eds.), *Leadership: The cutting edge* (pp.221-234). Carbondale: Southern Illinois University Press.
- Cowley, W. H. (1928). Three distinctions in the study of leaders. *Journal of Abnormal and Social Psychology*, 23, 144-157.
- Dorfman, P. (1996). International and cross-culture leadership. In B. J. Punnett, & O. Shenkar, (eds.), *Handbook of international management research*. Oxford: Blackwell Publishers.
- England, G. W. (1967) Personal value system of American managers. *Academy of Management Journal*, 10 (1), 53-68.
- Feather, N. (1990). Bridging the gap between values and actions. Recent applications of the expectancy-value model. In E. T. Higgins, ed., *Handbook of Motivation and Cognition: Foundations of Social Behavior*. New York: The Guilford Press, pp. 151-192.

Fiedler, F. E. (1964). A contingency model of leadership effectiveness. In L. Berkowitz (Ed.), *Organizational Behavior and Human performance*, 5, 277-298.

Fiedler, F. E. (1967). *A theory of leadership effectiveness*. New York: McGraw-Hill.

Fiedler, F. E. (1978). The contingency model and the dynamics of the leadership process. In L. Berkowitz (Ed.) *Advances in experimental social psychology*. New York: academic Press.

Fleishman, E. A. (1953). The description of supervisory behavior. *Personnel psychology*, 37, 1-6.

Gasse, Y. (1977). *Entrepreneurial characteristics and practices: A study of the dynamics of Small business organizations and their effectiveness in different environments*, Sherbooke, Quebec: Rene Prince

Gosh, A. (2004). Individualist and collectivist orientations across occupational groups, In B. N. Setiadi, A. Supratiknya, W. J. Lonner, & Y. H. Poortinga (Eds.). *Ongoing themes in psychology and culture* (Online Ed.). Melbourne, FL: International Association for Cross-Cultural Psychology. Retrieved from <http://www.iaccp.org>

Halpin, A.W. (1957). The leader behavior and effectiveness of aircraft commanders. In Stogdill R.M. and Coons, A.E. (eds. *Leader behavior: its descriptions and measurement*. Columbus, Ohio. Bureau of Business Research.

Hashim, Mohd Khairuddin. (2002). *Small & Medium-sized Enterprises in Malaysia: Development issues*. Selangor: Prentice Hall.

Hater, J. J., & Bass, B. M. (1988). Superiors evaluations and subordinates' perceptions of transformational and transactional leadership. *Journal of Applied Psychology*, 73(4), 695-702.

Hersey, P., & Blanchard, K.H . (1982). *Management of organization behavior: utilizing human resources* (4th ed.). Englewood Cliffs, NJ: Prentice-Hall.

Hofstede, G. (1980), *Culture's consequences: International differences in work-related values*, Sage, Beverly Hills, CA.

Hood, J.H. (2003). The relationship of leadership style and ceo values to ethical practices in organizations. *Journal of Business Ethics*, 43, 263-273.

House, R. J. (1971). A path-goal theory of leader effectiveness. *Administrative Science Leadership Review*, Vol 16, 321-339.

- House, R. J., & Mitchell, T. R. (1974). Path-goal theory of leadership. *Contemporary Business*, 3, 81-98.
- Howell, J. M., & Frost, P. J. (1989). A laboratory study of charismatic leadership. *Organizational Behavior and Human Decision Processes*, 43, 243-269.
- Hughes, R. L., Ginnett, R. C., & Curphy, G. J. (1999). *Leadership: Enhancing the lessons of experience*. Boston: Irwin McGraw-Hill.
- International Congress of the International Association for Cross-Cultural
 Kilby, R. W. (1993). *The study of human values*. Lanham, MD: University Press of America.
- Likert, R. (1961). *New patterns of management*. New York: McGraw-Hill.
- Locke, E. A. (1969). What is job satisfaction? *Organizational behavior and Human performance*, 4, 309-336.
- McClelland, D. C. (1961). Entrepreneurial behavior and characteristics of entrepreneurs in McClelland, D. C. (Ed), *The Achieving Society*, Van Nostrand, Princeton, NJ.
- Medley, F., & Larochelle, D. R. (1995). Transformational leadership and job satisfaction. *Nursing Management*, 26(9), 64JJ64NN.
- Morris, M., Schindehutte, M., and Lesser, J. (2002). Ethnic Entrepreneurship: Do values matter?, *New England Journal of Entrepreneurship*, pp. 35-46
- Okoro, E. C. (2008). Horizontal individualist and collectivist tendencies among African American and European American management students, *Proceedings of the 2008 Association for Business Communication Annual Convention* (pp. 1-11). Association for Business Communication
- Podsakoff, P. M., MacKenzie, S. B., & Bommer, W.H. (1996). Transformational leader behaviors and substitutes for leadership as determinants of employee satisfaction, commitment, trust, and organizational citizenship behaviors. *Journal of Management*, 22, 259-298.
- Reardon, K. K. (2000). *The secret handshake*. New York: Doubleday.
- Robbins, S. P. (1998). *Management* (2nd ed.) Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Rokeach, M. (1973). *The Nature of Human Values*. New York: The Free Press
- Romig, D.A. (2001). *Side by side leadership*. Marietta: Bard Press.
- Russell, R.F. (2000). The role of values in servant leadership. *Leadership & Organizational Development Journal*. 22 (2), 76-83.

Sagie, A. E. (1996). Work values: a theoretical overview and a model of their effects. *Journal of Organizational Behavior*, pp. 503-514

Schimmack, U., Oishi, S., & Diener, E. (2005). Individualism-Collectivism: A valid and important dimension of cultural differences, *Personality and Social Psychology Review*, pp. 17-31.

Schwartz, S. H. and Bilsky, W. (1990). Toward a theory of the universal content and structure of values: Extensions and cross cultural replications. *Journal of Personality and Social Psychology*, pp. 878-891

Schwartz, S.H. (1994). Beyond individualism/collectivism: New dimensions of values. *Individualism and Collectivism: Theory Application and Methods*. U. Kim, H.C. Triandis, C. Kagitcibasi, S.C. Choi and G. Yoon, Newbury Park, CA: Sage

Shamir, B., House, R. J., & Arthur, m.B. (1993). The motivational effect of charismatic leadership: A self-concept based theory. *Organization Science*, 4, 577-594.

Shartle, C. L. (1957). Introduction. In R. M. Stodgill & A. E. Coons (Eds) *Leader behavior: Its description and measurement*. Columbus: Bureau of Business Research, Ohio State University.

Singelis, T. M., Triandis, H. C., Bhawuk, D. P. S., & Gelfand, M. J. (1995). Horizontal and vertical dimensions of individualism and collectivism: A theoretical and measurement refinement. *Cross-Cultural Research*, 29(3), 240-275

Sinha, J.B.P., & Sinha, D. (1990). Role of social values in Indian organizations. *International Journal of Psychology*, pp. 705-714.

Stodgill, R.M. (1974). *Handbook of leadership: a survey of the literature*. New York: Free Press.

Triandis, H. C. (1995). *Individualism & collectivism*. Boulder, CO: Westview Press

Vandello, J. A., & Cohen, D. (1999). Patterns of individualism and collectivism across the United States, *Journal of Personality and Social Psychology*, pp279-292

Verma, J., & Triandis, H.C. (1999). The measurement of collectivism in India. In W.J. Lonner, D.L. Dinnel, D.K. Forgays & S.A. Hayes (Eds.), *Merging past, present and future in cross-cultural psychology. Selected papers from the Fourteenth International Congress of the International Association for Cross-Cultural Psychology* (pp.256-265). Lisse, the Netherlands: Swets & Zeitlinger

Vroom, V.H. (1964). *Work and motivation*. New York: Wiley.

Walumbwa, F. O., & Wu, C. (2001). *Followers' perspective: Gender, transformational, and transactional leaderships and their impact on leadership outcomes*. Paper presented at the annual meeting of the Academy of Management, Washington, D.C.

Weber, J. (1990). Manager moral reasoning: Assessing their response to three moral dilemmas. *Human Relations*, 3 (7), 687-702.

Weber, M. (1905). *The protestant ethic and the spirit of capitalism*, Roxbury, Los Angeles, CA.

Yammarino, F. & Bass, B. (1990). Transformational leadership and multiple levels of analysis. *Human Relations*, 43(100), 975-995.

Yammarino, F. J., & Bass, B. M. (1990). Long term forecasting of transformational leadership and its effect among naval officers: some preliminary findings: In K.E. Clark & M. B. Clark (Eds.), *Measure of leadership*. West Orange, NJ: Leadership Library of America.

Yukl, G. A. (1998). *Leadership in Organizations*. (4th Ed.). Englewood Cliffs. NJ:

Yukl, G. A. (2001). *Leadership in Organizations*. (5th Ed.). Englewood Cliffs. NJ: Prentice Hall.

Zaccaro, S. J., & Klimoski, R. J. (2001). *The nature of organizational leadership*. San Francisco: Jossey-Bass.