EXPLORING THE RELATIONSHIP BETWEEN PERCEIVED TRANSFORMATIONAL LEADERSHIP STYLES AND EMPLOYEE RETENTION IN A TELECOMMUNICATION COMPANY IN MALAYSIA

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ABSTRACT

This study investigates the relationship between perceived leadership styles and employee retention among employees in the telecommunication company in Malaysia. To achieve this objective, four determinant of transformational leadership style: individual consideration ,intellectual stimulation ,inspirational motivation and idealized influence and seven determinants of employees retention : compensation, job characteristics, opportunities or training and development, supervisor support, career opportunities and work-life balance. A census strategy will be employed to collect information through the conducted survey since the target population is limited to 220 respondents (n=220) distributed within several branches in the telecommunication company. Their perceptive were translated into reports based only on transformational leadership styles. Based on the regression analysis, it is clearly seen that only one determinant; idealized influence that does not has significant relationship towards employees retention whereas all three other determinants; individual consideration, intellectual stimulation and inspirational motivation does has significant relationship with employees retention.

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CHAPTER ONE

INTRODUCTION

1.0   Introduction

The world is rapidly changing and becoming more competitive due to globalization. Consequently, for an organization to be successful there is the need for higher performance levels from employees and teams in organizations. The ability for organizations to continuously improve and innovate is a skill that few have. With a volatile economy it is becoming increasingly important for leaders to maximize the performance and creativity levels and to increase employee retention among employees.

Employee's turnover has always been a key concern issues faced by organizations regardless of its location, sizes or natures of business. All parties in the organization play crucial role in promoting human capital to achieve competitive advantages. Therefore, high turnover definitely will defeat this objective (Long and Thean: 2011).

Yin-fah et al (2010) described employees' turnover as serious issues especially in the field of human resources. Ali (2009) also argued that organizational cost expenditure will

be increased if high employees' turnover is not solved. Studies has been carried out to explore and to know the relationship between variables such as occupational content (Salahudin et al, 2009), leadership styles (Gwavuya, 2011; Ramey, 2002) and job satisfaction (Ali, 2009; Park and Kim, 2009).

1.1   Problem Area

There seem to be unending research on what constitute effective leadership behavior among top management in contemporary organizations. Over the years, researchers have developed models, theories and assumptions all in an attempt to explain effective leadership in organization. Historically, Path-goal theory by House and Mitchell (1974), life-cycle theory developed by Hersey and Blanchard (1969), Leader-Member Exchange theory (LMX) by House, Fielder (1967) contingency theory, Burns(1978) Transformational leadership and other theories attempted at one point in time to provide detailed explanation on what constitute leadership (Mohammed, 2012).

Leadership is a popular concept that has been used in many different ways. Jamilah et al (2012) argued that even in everyday usage the term leadership is somehow ambiguous. It is used to refer to the holders of certain formally defined positions in an organizational setting, as when speaking of the party leaderships or the union leadership. But it also used to denote a particular type of behavior: when someone is commended for displaying

outstanding leadership' it is their actions that are being praised. Such a person may or may not occupy a position of leadership.

The present day environment with dynamic, advance in technology, multinational and increasingly diverse in nature, transformational leadership is the most practice type of leadership (Bass and Riggio, 2006). Transformational leadership refers to the interaction process between the leader's behavior and attitudes with the attitudes and behavior of followers. A leader must be able to define and articulate a vision for the organization and the followers must accept the leader's credibility (Bass and Riggio, 2006).

1.2   Purpose of the Study

Global Workforce Study 2012 (Watson T., 2012) which surveyed approximately 1000 employees in Malaysia and gives an insight on how employees' views affect their engagement in their work and commitment to their employers. The study provides the important insights into the elements of the work environment that help shape employee behavior and performance in positive ways to support growth goals.

The study also seeks to understand what keeps employees in Malaysia engaged in their work places and the issues that they face. The purposes of the study were to shed light on how employees' views affect their behavior and performance on the job and at the end their level of engagement in their work and commitment to their employers. Among other

key findings from the survey are the employees stresses and anxiety on future, employees view security as the utmost important and is taking precedence over almost everything and employees have doubts about the level of interest and support from senior leaders.
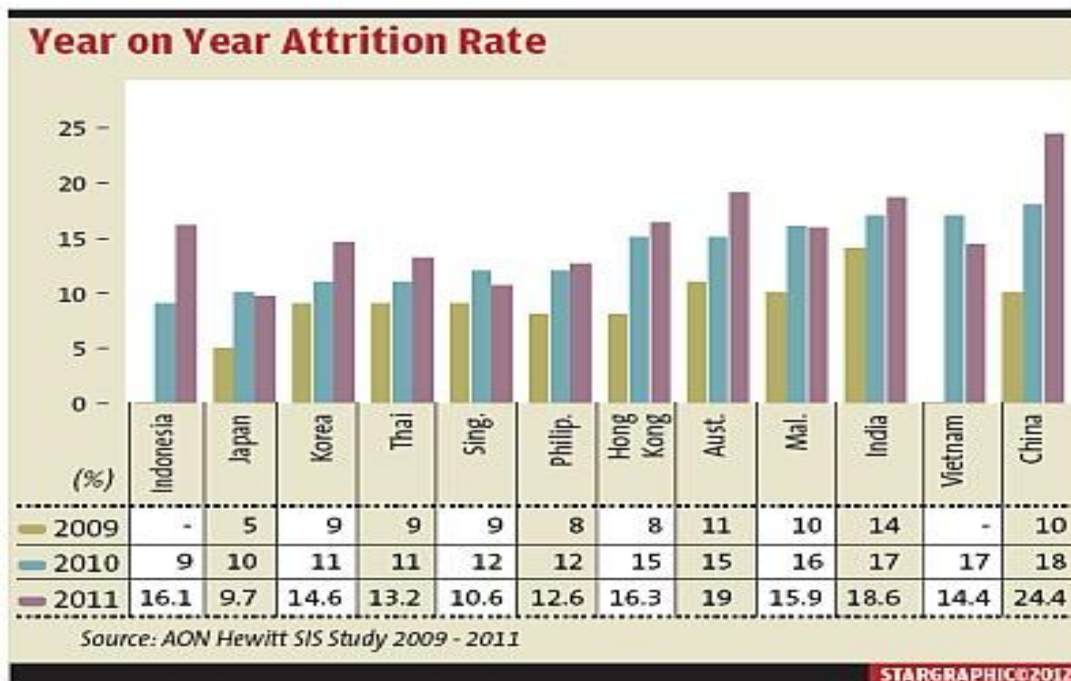
Source: AON Hewitt SIS Study 2009-2012, The Star 2012

Figure 1.1: Year on Years Attrition Rate

Surprisingly, according to the survey only 36% of Malaysian employees consider themselves highly engaged with their jobs. The survey highlights that 51% of employees in Malaysia sense a lack of career advancement opportunities within their organization. Unexpectedly, 80% of the employees are willing to relocate in order to advance to a job

at higher level. Other findings also disclosed that 56% of employees perceived that their managers are not effective in managing their career development. Majority 79% believe their managers do not guide them along in their career.

In another survey by AON Hewitt (a human capital consulting and outsourcing firm) titled "APAC Year on Year Attrition Rate (2009-2011)", Malaysia is placed sixth in the Asia-Pacific in 2011 for staff turnover with a 15.9% attrition rate. The table indicates that Malaysia is still high in the job turnover; the study also places Malaysia after Japan (9.7%) Korea (14.6%), Thailand (13.2%), Singapore (10.6%), Philippine (12.6%) and Vietnam (14.4%). Table 1.1 shows that industries with the highest annual average turnover rate in the non-manufacturing sector are IT/Communication (at 75.72%), Associations/Societies (at 33%), and Hotel/Restaurant (at 32.4%). Malaysia is experiencing turnover rate of 18% in the manufacturing sector and 22% at non manufacturing sector.

According to Malaysian Employers Federation (MEF) Executive Director Shamsuddin Bardan (2012), Malaysian companies are seeing an attrition rate of between 9.6% and a phenomenal 75%, based on its survey conducted on executive positions between June 2010 and July 2011, on 143 companies across the various sectors in the country.

Table 1.1: Average Yearly Turnover Rate of Executives

Average Yearly Turnover Rate of Executives
July 2010-June 2011 by Industry (%)

Types of Industry	Annual average
Manufacturing	
Basic & Fabricated Metallic Products	23.88%
Electrical & Electronics	23.04%
Food & Beverage	17.88%
Petroleum/Chemical	7.08%
Pharmaceutical/Toiletries/Non Metallic/Mineral	9.6%
Plastic/Rubber	19.92%
Printing/Publishing/Paper/Timber/Wood Products	11.88%
Transport/Machinery Manufacturing	16.68%
Sub Total	18.84%
Non Manufacturing	
Associations/Societies	33%
Banking/Finance/Insurance	12.12%
Business Services	15.72%
Holdings & Investment/Plantation	17.4%
Hotel/Restaurant	32.4%
IT/Communication	75.72%
Medical Services	19.8%
Professional/Consultancy/Education/Training	29.28%
Property/Construction	15.6%
Transport/Warehouse Services	26.88%
Wholesale/Retail/Trading	18%
Sub Total	22.44%
TOTAL	20.88%

Source: Malaysian Employers Federation (MEF)

STARGRAPHICC2012

Source: Malaysia Employer Federation 2010-2011, The Star 2012

The trend of job attrition more toward Gen Y who is trying to find meaning of job, work and life balance according to Jeannie Khoo, Marketing Director of Kelly Services and many companies, especially the bigger multinational companies (MNCs), government-linked companies (GLCs) and conglomerates, are now recognizing employees as talents, and along with that, talent management and retention.

On the issue of leadership, Kelly Global Workforce Index indicate that leadership style play a critical role in the workplace and only 38% of respondents say that they are satisfied with their current management's leadership style. The findings are part of the latest survey results from the Kelly Global Workforce Index (KGWI), an annual survey conducted by Kelly Services. Nearly 170,000 people in 30 countries participated in the survey, including more than 2,000 in Malaysia.

Among others the results of the survey shows that:

i. Generation Y (age 19 - 30) are slightly more satisfied with the quality of their leadership (40%), compared with Generation X (age 31- 48) and Baby Boomers (age 49- 66) both at 37%.

ii. Few employees are actually getting the kind of management style they want, just 43% say they are experiencing this democratic, empowering, empathetic, visionary mode of leadership in their workplaces.

iii. The most common style of leadership is 'authoritative' the least preferred, was cited by 29% of employees.

iv. Less than half of those surveyed (48%) say that they are inspired by their current management to perform their best work.

v. Just six in ten respondents (60%), say that they speak highly of their employer to third parties.

Based on the previous research on employees retention, most of the researchers have the tendencies to focus on human resource practice of the organization (Hong et al., 2012; Alnaqbi, W. 2011; Naidu, 2010). Based on the above predicament, there is the need for study to be done especially on employee behavior, their level of engagement in their work and commitment to their employers. In addition, investigation on the employee's perception on future and how employees view security of the employment itself including the level of interest and support from their leaders is crucial in order to determine the employee's retention.

The research that focus on transformational leadership which is rather new in Malaysia, as such, there is a significant disengagement between the leadership style employees are seeking and what the employees are receiving. Across the board, employees seem to feel that leaders are failing to attract and keep the employees in their job. The issue of the declining in job retention surfaced. There is also a necessity to investigate transformational leader who inculcates teamwork, encourage engagement, participation, emphasize on communication skills, vision, empathy, teambuilding and individual empowerment in the workforce today.

Based on the above, this research is undertaken to address the issue on employee retention especially in the telecommunication company which is the highest in job attrition which is at 75.72%. The research is also embarking on the leadership factor,

specifically transformational leadership which is rather new and need exploration especially in Malaysia.

1.3   Overview of the Study

1.3.1   Literature Study

The changing leadership styles and their history will be discussed in chapter two and also the various retention factors will be discussed. The research methodology will be disclose in chapter three.

1.3.2   Empirical Study

In chapter four, the qualitative methods address the process of the content analysis used in the study. The quantitative research methods address the population size, the questionnaire as measurement instrument and the statistical methods used in the study.

The statistical analysis, results, conclusion and recommendations will be discussed in chapter five.

1.4   Research Questions

The research was done in order to answer the following questions:

1. What is the perceived transformational leadership of the supervisor by employees in a telecommunication company in Malaysia?

2. Is the overall job retention of employees affected by perceived transformational leadership practiced by their supervisor within their working environment?

3. How is the job retention among employees in a telecommunication company in Malaysia?

1.5   Research Objectives

The research purpose is to accomplish the following:

1. The research is undertaken to explore the depth of adoption and practices of the perceived transformational leadership, within organization. The area includes individual consideration, intellectual stimulation, inspirational motivation and idealized influence.

2. The research will investigate the relationship of the job retention of employees as a result of supervisor leadership style prevailing in their job environment.

Hence, the research would study the impact of supervisor leadership style on job retention.

3. The research is primarily concerned with the employee's retention of in a telecommunication company in Malaysia. Therefore, the level of employee retention factors is to be determined in order to seek an understanding.

1.6   Significance of the Study

Potential contributions of the study:

i.   To probe and give an understanding to the present day employee's retention in a telecommunication company in Malaysia , with an emphasis on facets of employee retention such as compensation, job characteristics, opportunities or training and development, supervisor support, career opportunities and work-life balance.

ii. To establish and acknowledged the relationship between transformational leadership and job retention in a telecommunication company in Malaysia, also to enable the determination of important facets.

iii.   To allow an understanding towards the perceived transformational leadership from the employees perspective of their supervisor.

1.7   Scope of the Study

The research is limited by the followings:

i.   The study is limited to a telecommunication company in northern region office which comprise of Perlis, Kedah, Perak and Pulau Pinang. The name of the company is undisclosed due to the request from the management of the company.

ii.   The study is also limited to the telecommunication company in the northern region branch (Penang, Seberang Jaya, Bayan Baru, Bukit Mertajam, Alor Setar, Sungai Petani, Langkawi, Ipoh, Teluk Intan, Lumut and Kangar). This was due to time constrained factor.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will investigate the history of defining leadership and its several styles that exist in modern society. This chapter also discloses and defines job retention and six critical job retention factors.

2.1 Defining Leadership

A leader can be defined as a person who leads. Meanwhile leadership can be defining as the activity of leading a group of people or an organization or the ability to do this. Leadership involves establishing a clear vision, sharing that vision with others so that they will follow willingly, providing the information, knowledge and methods to realize that vision and coordinating and balancing the conflicting interests of all members and stakeholders. A leader steps up in time of crisis and is able to think and act creatively in difficult situations.

Unlike management, leadership cannot be taught, although it may be learned and enhanced through coaching or mentoring. Someone with great leadership skills today is Bill Gates, who despite early failures, with continued passion and innovation has driven Microsoft and the software industry to success.

Leadership can be defined as the ability to influence a group toward the achievement of a vision or set of goals. The source of this influence may be formal, such as that provided by managerial rank in an organization. Yuki G., (1998) define leadership as a responsibility and a process- an observable, understandable, learnable set of skills and practices available to everyone, anywhere in the organization. It is the indirect ability to lead people by setting an inspiring example.

As Donald E. Riggs writes; t*he manager administers; the leader motivate, the manager is a copy; the leader is an original ,the manager focuses on systems and structure; the leader focuses on people, the manager relies on control; the leader inspires trust, the manager has a short-range view; the leader has a long-range perspective, the manager asks how and when; the leader asks what and why, the manager imitates; the leader originates, the manager accepts the status quo; the leader challenges and the manager does things right; the leader does the right thing.*

Employees are motivated to do more than originally expect because of their feelings of trust, admiration, loyalty and respect of the leader. This motivation is created when the leaders make their subordinates more aware of the importance and values of the task outcomes. The leader helps them to think beyond their own self-interest to the needs of the work teams and the organization and activates the higher-order needs such as creative expression and self-actualization.

2.20   History of Leadership

History of Leadership Styles

Kurt Lewin: 1930's psychologist
- Autocratic
- Democratic
- Laissez Faire

Autocratic
- total managerial responsibility
- no employee contribution
- decisions made quickly
- good when learning new job

Democratic
- inclusion is fundamental
- employees consulted
- decision making rests with manager
- encourages employee empowerment

Laissez Faire
- employees make decisions
- process of effective delegation
- clear understanding on process
- engenders employee motivation

Rensis Likert : 1960's top down models
- Exploitive Authoritative
- Benevolent Authoritative
- Consultative
- Participative

Benevolent Authoritative
- adds concern to authority
- uses rewards to encourage
- some delegation

Consultative
- upward flow of information
- leader genuinely listens
- still central decision making

Exploitive Authoritative
- low concern for participants
- conformance through threats
- communication downwards

Participative
- maximum use of participants
- lower level decision making
- participants psychologically closer

Daniel Goleman: 2000 emotional intelligence
- Authoritative
- Coercive
- Democratic
- Coach
- Pacesetter
- Affiliator

Authoritative
- leader established as expert
- visionary sees way forward
- team used to
- good for new direction

Democratic
- team as decision makers
- communication is key
- heightened morale levels
- all opinions count
- decisions still to be made

Pacesetter
- needs motivated employees
- high performance standards
- cannot be sustained
- good for short tern goals

Coercive
- most aggressive
- demands immediate compliance
- urgent turnaround needed
- enforce compliance
- used for short timeframe

Coach
- focuses on helping others
- team members upskill
- employee understand weaknesses
- employee receptive to improvement
- careful not to micromanage

Affiliator
- leader builds teams
- puts employees first
- good sense of interconnection
- good in low morale situations
- limited feedback

These are styles, not types. Any leader can use any style, and a good mix that is customised to the situation is generally the most effective approach
Leadership style valuable in identifying strengths and weaknesses of current and future leaders, also to identify what kind of leader is needed for a particular organisation at a particular time
Finally, useful in increasing a leader's self-awareness of his or her own leadership preferences and approaches for the purpose of self development.
Caution : leadership styles have value when used to improve understanding and communication about leadership; when used to label people they often can be destructive.

Citation: Esslemont, C. (Apr 13) History of Leadership Styles. Global Library Services Network. Bowral. DOI: 10.1277/human_resources_301 History of Leadership Styles
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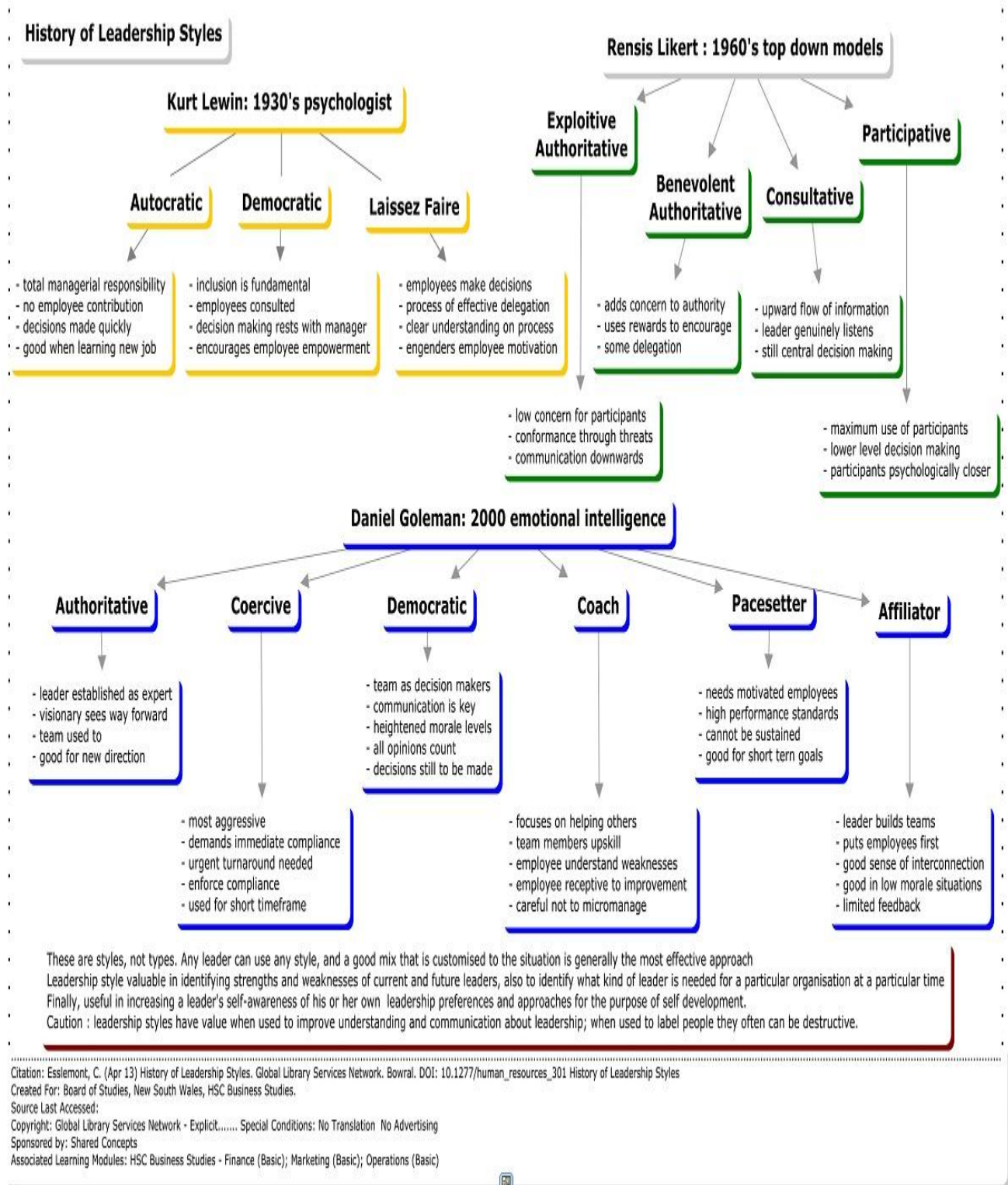
Figure 2.1: History of Leadership Styles

Beginning with the leadership studies by Lewin and Lippit in 1938, there have been numerous studies of leadership and numerous leadership theories developed. Major theories include Trait Theory, Situational Theory, Contingency Theory, Power and Influence Theory and Transactional and Transformational leadership.

An approach to leadership developed in the early 1900's is Trait Theory (Bass ,1990; Yukl, 2002).

2.3.1 Traits Theory

The trait model of leadership is based on the characteristics of many leaders both successful and unsuccessful and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure. Trait Theory uses the physical or physiological characteristics of individual leaders to study and explain leadership style (Hoy & Miskel, 1996). During most of recorded history, the assumption was that leaders are born, not made.

Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness (Bass,1990, Hoy & Miskel,1996).

Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many research conducted in the last three decades of the 20th century, a set of core traits of successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

Stodgill (1974) identified five leadership traits that are most important for those holding leadership positions: intelligence, scholarship, dependability in exercising responsibility, activity and social participation and economic status. Some of these traits, it was reasoned, could be honed through training and practice, but one still had to be born with the potential. Despite of this, the theory is still plagued with the inability to successfully measure these skills apparent in each leader because of insufficient concrete measurement scale.

2.3.2   Behavioral Theory

The Situational Theorist's variables included the structural prosperities of the organization, organization climate or culture, role characteristics such as power, type of difficulty of task, and subordinate characteristics such as education and experience (Hoy & Miskel,1996).Most prominent theorist are Feilder's (1967) Contingency Model, Evan and House's (1971) Path-Goal Theory and Vroom Yetton's (1973) Leadership Model.

2.3.3 Contingency Theory

In contingency theory of leadership, the success of the leader is a function of various contingencies in the form of subordinate, task, and/or group variables. The effectiveness of a given pattern of leader behavior is contingent upon the demands imposed by the situation. These theories stress using different styles of leadership appropriate to the needs created by different organizational situations. No single contingency theory has been postulated.

Fiedler's theory is the earliest and most extensively researched. Fielder proposed that the situation influences leader behavior and no particular personality trait or no particular leadership behavior assures good leadership in all situations. Fielder and Chemers (1974) purported that the situation often influences how the leader will behave. Fiedler's approach departs from trait and behavioral models by asserting that group performance is contingent on the leader's psychological orientation and on three contextual variables: group atmosphere, task structure, and leader's power position.

Hersey & Blanchard's situational theory is an extension of Blake and Mouton's Managerial Grid Model and Reddin's 3-D management style theory. With this model came the expansion of the notion of relationship and task dimensions to leadership and adds a readiness dimension.

2.3.4 Leader Member Exchange (LMX) Theory

LMX, conceptualizes leadership as a process that is centered on the interactions between leaders and followers, different from other leadership theories. The dyadic relationship between leader and follower is the focal point of the leadership process. The theory makes every subordinate (follower) feel part of the in-group, in turn avoids the inequities and negative implications of being in an out-group. Leadership making promotes building partnerships and can benefit goals and process.

2.3.5 Transactional Leadership

People are motivated by reward and punishment. Social systems work best with a clear chain of command. When people have agreed to do a job, a part of the deal is that they cede all authority to their manager. The prime purpose of a subordinate is to do what their manager tells them to do. The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate. When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

The transactional leader often uses *management by exception*, working on the principle that if something is operating to defined (and hence expected) performance then it does not need attention. Exceptions to expectation require praise and reward for exceeding expectation, whilst some kind of corrective action is applied for performance below expectation. Whereas Transformational Leadership has more of a 'selling' style, Transactional Leadership, once the contract is in place, takes a 'telling' style. Transactional leadership is based in *contingency*, in that reward or punishment is contingent upon performance. Despite much research that highlights its limitations, Transactional Leadership is still a popular approach with many managers. Indeed, in the Leadership vs. Management spectrum, it is very much towards the management end of the scale.

The main limitation is the assumption of 'rational man', a person who is largely motivated by money and simple reward, and hence whose behavior is predictable. The underlying

psychology is Behaviorism, including the Classical Conditioning of Pavlov and Skinner's Operant Conditioning. These theories are largely based on controlled laboratory experiments (often with animals) and ignore complex emotional factors and social values. In practice, there is sufficient truth in Behaviorism to sustain Transactional approaches. This is reinforced by the supply-and-demand situation of much employment, coupled with the effects of deeper needs, as in Maslow's Hierarchy. When the demand for a skill outstrips the supply, then Transactional Leadership often is insufficient, and other approaches are more effective.

2.3.6   Laissez Faire Leadership

Laissez-faire leadership, also known as delegate leadership, is a type of leadership style in which leaders are hands-off and allow group members to make the decisions. Researchers have found that this is generally the leadership style that leads to the lowest productivity among group members.

Laissez-faire leadership is characterized by:

   i.   Very little guidance from leaders

  ii.   Complete freedom for followers to make decisions

 iii.   Leaders provide the tools and resources needed

iv.   Group members are expected to solve problems on their own

It is a non-authoritarian kind of leadership style. Laissez faire leaders try to give the least possible guidance to subordinates, and try to achieve control through less obvious means. They believe that people excel when they are left alone to respond to their responsibilities and obligations in their own ways.

2.3.7   Authoritarian Leadership

Autocratic leadership, also known as authoritarian leadership, is a leadership style characterized by individual control over all decisions and little input from group members. Autocratic leaders typically make choices based on their own ideas and judgments and rarely accept advice from followers. Autocratic leadership involves absolute, authoritarian control over a group.

Some of the primary characteristics of autocratic leadership include little or no input from group members, only leaders make decision, group leaders dictate all the work methods and process and group members rarely trusted with decisions or important tasks.

2.3.8   Definition of Transformational Leadership

There are several definitions of transformational leadership:

Egan (1985) stated that "Transformational leaders are sappers of values creators, interpreters of institutional purpose, exemplars, (and) makers of meanings, pathfinder, and molders of organizational culture. They are persistent and consistent. Their vision is so compelling that they know what they want from every interaction. Their visions don't blind others but empower them. Such leaders have a deep sense of the purpose for the system and a long-range strategic sense and these provide a sense of overall direction. They also know what kind of culture, in term of beliefs, values and norms the system must develop if it is to achieve that purpose. By stimulating, modeling, advocating, innovating and motivating they mold this culture in the degree that this is possible to meet both internal and environmental need"

Transformational leaders create something news from something old by changing the basic political and cultural systems (Tichy, Ulrich, 1984). Transformational leadership accomplishes this by changeling and transforming individuals' emotion, values, ethics, standards, and long term goals through the process of charismatic and visionary leadership (Northouse,2007).the term transformational leadership was first coined by Downton (1973), however its emergence come when James Burn's Leadership was published. In 1985, Bass expanded the transformational model as a continuum.

Figure 2.2: Transformational Leadership

Bass wrote how transformational Leadership inspired the followers to do more by:

i.   Raising their levels of consciousness of the organizational goals

ii.   Rise above their own self-interest for the sake of the organization

iii. Address higher level needs

Nothhouse,(2007) identified several conditions:

Figure 2.3: Nothhouse Leadership Continuum and factors

Bass & Riggio, (2006) define transformational leadership as a style of leadership that "involves inspiring followers to commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision of both challenge and support"

Previous research has indicated the positive effect transformational leadership has, such as on organizational productivity, job satisfaction, staff retention, lowering stress of employees, and higher commitment (Obiwuru et al., 2011; Avolio & Yammarino, 2002; Bass & Avolio, 1994; Bass, 1985; Dionne, Yammarino, Atwater & Spangler, 2004; Howell & Avolio, 1993). Therefore, it is understandable that the ability to execute the skills of transformational leadership is required to continually improve and innovate in this rapidly changing marketplace.

House (1988) simplified it as providing followers with clear visions of the future, expressing high expectations for follower performance and displaying confidence in their followers' ability to accomplish challenging tasks.

However Anderson, Gisborne, and Holliday (2006) further update it into several observations:

i. Provide ways to gain a visionary (vivid-vision) view of agreed, encouraging and preferred future

ii. Offer a skilled mind in planning, managing and leading in unpredictable change environments

iii. Are an encouraging spirit who brings hope and substance when discouraging events occur

iv. Provide coaching for their personal development and team development

v. And finally develop the skills of caring so that they can in the long term become their own change agents with the skill to act with competence. In turn they will better able to pass this torch of knowledge and wisdom (about the skills of transformational leadership) along to others.

The transformational leadership model has rapidly become the choice for current research and application of leadership theory. Transformational leadership focuses more on change, and inspires followers to "commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision of both challenge and support" (Bass & Riggio, 2006).

Historians have long recognized that the concept of leadership exceeds a mere social exchange between leader and followers. Supporting this notion, Bass and Riggio (2006) stated "leadership must also address the follower's sense of self-worth to engage the follower in true commitment and involvement in the effort at hand".

Transformational leaders accomplish this by employing the four behavioral components synonymous with transformational leadership practices. These components, often referred to the Four I's by Leithwood (1994), are individual consideration, intellectual stimulation, and inspirational motivation and idealized influence.
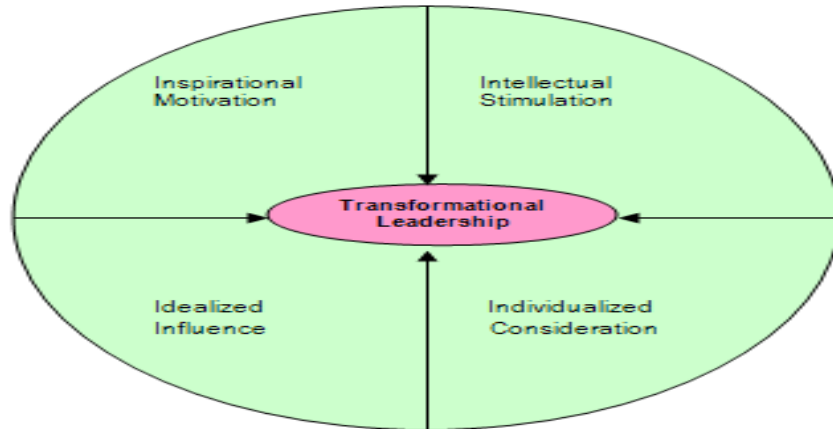

Figure 2.4: Four I's by Leithwood (1994)

i. Individual consideration.

By acting as a coach or mentor, transformational leaders pay special attention to each follower's needs for achievement and growth. Individualized consideration occurs when new learning opportunities are created in conjunction with a supportive climate. In their demonstration of individual consideration, the transformational leader is an effective listener, and recognizes and is accepting of employee's individual differences.

 Two-way communication is encouraged, and interactions with followers are personalized. An individually considerate leader will delegate tasks as a means of developing followers. Delegated tasks are monitored to determine whether the followers need additional direction or support and to assess progress; however, the followers do not feel they are being checked on or monitored (Bass & Riggio, 2006).

ii. Intellectual stimulation.

Transformational leaders encourage innovation and creativity by questioning assumptions, reframing problems, and approaching old situations in new ways. In

addition, leaders who practice a transformational leadership style solicit new ideas and creative solutions to problems from followers, who are included in the process of addressing problems and finding solutions. When individual members make mistakes, the transformational leader does not publicly criticize them nor are their ideas criticized because they differ from the leaders' ideas (Bass & Riggio, 2006).

iii.   Inspirational motivation.

Transformational leaders demonstrate behaviors that inspire those around them by providing meaning and challenge to their followers' work. They also arouse team spirit, enthusiasm and optimism. Transformational leaders involve their followers by clearly communicating stated expectations they followers to meet and also demonstrate commitment to goals and a shared vision. These leaders articulate a compelling vision of the future (Bass & Riggio, 2006).

iv.   Idealized influence.

Transformational leaders demonstrate behaviors that allow them to serve as role models for their followers. In addition to admiring, respecting, and trusting them,

followers tend to identify with the leaders and want to emulate them. Followers view their leaders as having extraordinary capabilities, persistence, and determination. In addition, leaders who exhibit idealized influence are willing to take risks and are consistent. They can be counted on to do the right thing as they demonstrate high standards of ethical and moral conduct (Bass & Riggio, 2006).

As has been shown through the discussion of literature above, transformational leadership has been recognized as a powerful model of leadership in the military, political, and industrial organizational environments (Bass, 1985, Bass & Riggo, 2006). Moreover, evidence from compelling research shows that transformational leadership is important and is a powerful tool for fostering group goals and evoking positive changes in the educational field.

2.4 Transformational Leadership and Employee Retention

An organization needs to manage the retention and turnover of employees and it is one of the most challenging issues. There are indications as the issue is compounding in the future and increasing employee's retention is essential and vital. The idea that employers should retain and develop their human resources in order to obtain competitive advantage is one of the core beliefs of human resources literature (De Young, 2000; Storey, 1992).

Walton (1985) urged employers to change their employment practices from employee control to one of employee commitment. Bass (1985) write on the important of the leaders in managing the employees because it will reduce the intention to leave among employees. An employee is willing to stay with an organization where he or she feels comfortable.

Past research suggested that transformational leadership was one of the most important factors to control employee's retention (Bass, 1985). Klienman, C. (2004), on her study to discover effective leadership and employees' retention found that both transformational and transactional leadership styles have been described as effective, but it is unclear which leadership behaviors contribute most to employee retention. The goal of controls is to reduce direct labor costs, or improve efficiency, by enforcing employee compliance with specific rules and procedures and base employee rewards on some measurable output criteria (Essenhart, 1985; Walton,1985). So the study is conducted in order to find the relationships of transformational leadership and employee retention in a telecommunication company.

Retention is defined as "the ability to hold onto those employees you want to keep, for longer than your competitors" (Johnson, 2000). When there is an increasing competition for fewer qualified workers, employers need to retain their talented employees in order to complete the task in an organization and to achieve the desired goals. High turnover will

increase cost as it will leads to another recruiting, hiring, training, loss of business, low productivity, low morale, lower customer satisfaction and etc

Retention factors are the factors that facilitative the retention or departure of employees and their decisions to leave or remain, depending on their priorities. (Johnson, 2000).

A South African study by Dockel (2003) conducted uncovered six critical retention factors that organizations need to consider if they are to retain employees with high technology skills. These factors are relevant to the present study and include compensation, job characteristics, opportunities or training and development, supervisor support, career opportunities and work-life balance.

2.5   Compensation

2.5.1   Financial Rewards

Reward systems frequently used by companies to try to retain staff (Farris, 2000). Financial rewards are extrinsic monetary rewards that organizations pay to their staff for services delivered by them. These financial rewards include: base salary, cash

recognition, incentives, flexible pay, stock options/initial price offerings (IPOs) and hot skills premiums.

Money is still the primary incentive used to lure information technology professionals. However, most experts agree that money is not long term answer for hiring and especially for keeping skilled high technology employees (Leinfuss, 1998).

According to Higginbotham (1997) high salaries are not essential but "good" and "fair" salaries showed a strong correlation with intention to stay, indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention; Kochanski and Ledford (2001) support this statement, which indicated that the actual level of pay is less important than feelings about pay raises and the process used to administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached other things become important, the intangibles, e.g. career, supervisor support, work and family balance etc. (Tomlinson, 2002).

Bethel (1990) argues that leadership has strong ability to affect employee. There are positive correlations between certain outcomes and transformational leadership like lower turnover. Compensation includes monetary and non-monetary rewards in return for the work employees do. This includes basic salaries, incentives and stock options. However

or nonmonetary rewards are indirect financial rewards employees receive for their labor (Dockel, 2003). Salary and financial incentives are direct and indirect precursors of intentions to leave (LunaArocas & Camps, 2008)

Stock options and profit sharing are not universally available in the high technology industry. However, when they are offered, high technology employees are very receptive to stock options and are likely to base retention decision on such options, particularly in organizations with high growth potential (Higginbotham, 1997; Kochanski & Ledford, 2001).

Balkin and Gomejmejia (1984) studied 33 high technology and 72 non-high technologies companies and reported that profit sharing was more popular in high technology firms tan in non-high technology firms. It appears that salary alone provides insufficient motivation for many high technology employees but monetary compensation in the form of bonuses and profit sharing provides measures of performance feedback that is more often more effective with high technology professional e.g. engineers.

According to Farris (2000) one time recognition awards are not effective in preventing turnover, rather small non-cash rewards and good old fashioned permanent salary increases were the most effective in reducing the like hood of turnover.

2.5.2   Benefit Packages

Elaborate benefit packages are becoming increasing common in high technology firms, making them more of a compensation issue and less of an incentive to stay with the current organization. These are the indirect financial rewards employees receive for the labor. They consist of time off, perquisites, benefit processes and benefit levels.

High technology employees do not work normal office hours but work at a pace that invites burnout. Time off, according to Kochanski and Ledford (2001), is more important than any other indirect benefit in predicting retention. High technology employees seem to care less about how benefits are administered than about the value of benefits.

As mention above, a competitive financial package is a requirement for high technology employees. In addition, DeYoung (2000) supported that the latest retention benefits are of an environmental and personal nature, for instance, luxury automobiles for anyone who has surpassed their goals, pets in the office because high technology workers spend a lot

of time away from home, playrooms and quiet rooms to improve team work and reduce stress and on-site gyms for employee to work out their stress. Boerner (2007) suggested that transformational leadership styles has greater role to play regarding followers' performance and creativity.

2.5.3   Organizational Commitment and Compensation

Modern society values acquisition. Compensation offers an opportunity for security, autonomy, recognition and an improved self worth (Hoyt & Gerdloff,1999). These increased feelings of self worth and importance should lead to affective commitment. Mathieu and Zajac (1990:179) indicated a low positive correlation between salary and commitment (n=0.182). Igbaria and Greenhaus (1992) found salary to be positively related to organizational commitment and negatively related to turnover.

Also, noted that it inculcated a spirit of team work, learning though cooperation and sense of togetherness for the organization among followers of Transformational leadership style (Stashevsky and Koslowsky, 2006; Lowe,1996; Zagorsek, 2008).

2.6   Job Characteristics

Job characteristics refer to skill variety and job autonomy because highly specialized knowledgeable workers prefer jobs that use a variety of skill, present challenging assignments and offer job autonomy (Spector, 2008). Knowledge workers are employees who have critical knowledge about core products and services (Coetzee & Roythorne Jacobs, 2007).

Transformational leaders are more flexible and much more open to structural and functional change in the organization (Bommer, 2004) with an emphasis on acquiring new technologies.

2.6.1   Job Autonomy

Job autonomy relates to increased feelings of personal responsibility. It is defined as "the degree to which the job provides substantial freedom, independence and discretion to the individual to schedule work and determine the procedures used in carrying it out" (Hackman & Oldham, 1980).

2.6.2   Organizational Commitment and Job Autonomy

The degree of freedom and independence enjoyed by employees and their participation in planning and organizing their work has an influence on organizational commitment (Bailyn &Lynch, 1983). According to Marsh and Mannari(1977) the higher level of autonomy that the individual posses, correlates negatively with turnover.

2.6.3   Skill variety

Skill variety is defined as "the degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person (Hackman & Oldman, 1980).

When a task requires an employee to stretch his/her skills and abilities, the task is almost invariably experienced as meaningful by the individual. When a job draws on several skills of an employee, they may find the job to have highly personal meaning even if it is, not of great significance or importance (Marx, 1996:40).

2.7 Training and Development Opportunities

Current skills sets are proving to be inadequate to meet the rapidly changing, fast paced world of technical and business need. A top priority is keeping skill fresh, and staying current with emerging technologies (Gable, 1999).

Training and development as well as educational investment aim to offer opportunities for advancement. Employees might perceive that their organizations value them. This gives employees a sense of self-worth and increases their affective commitment (Dockel, 2003: Meyer & Allen, 1997). Training and development support the employee's growth and development and help to retain professional qualified employees (Joao, 2010).

Strategies that focus on continuous learning, retraining and retaining knowledge can decrease the time it takes to move the workforce from intermediate to expert competence, by bridging its technical skill gap. Organizations have significantly boosted investments in internal information technology training, at least partly, in an effort to attract and retain information technology talent (Lundquist, 2001; Seminerio, 2001).

2.8 Supervisor Support

Supervisor support includes the recognition and the feedback by the supervisors towards the employees. Organizational support theory (Eisenberger, Cummings, Arnelli & Lynch, 1997) supposes that to meet socio emotional needs and to determine the organizational readiness to reward increased work effort, employees develop global beliefs concerning the extent the organization values their contribution and cares about their well-being.

Researchers have clearly recognized the role of supervisory support in employee empowerment (Amabille, 1993: Spreitzer, 1995). Conger and Kanungo (1988), cited in Ramus and Steger (2000), define empowerment as "the motivational concept of employees' feeling (self efficacy) that they can influence their work," Spreitzer (1995:1444) differentiated psychological empowerment from situational empowerment and defines the former as "…an active orientation of the individual that reflects the individual's belief that he/she shapes his/her work role and context'. Owen and Lawler (1992) and Spreitzer (1995) described two consequences of psychological empowerment as "effectiveness" and "innovative behavior". Thus, work environment that support employees' sense of empowerment are directly linked to innovations.

Transformational leadership had great deal of influence regarding innovation at both the individual and organization levels as its allow the followers to exercise greater freedom and gives them more responsibility (Gumusluoglu and Ilsev, 2007).

2.9   Career Opportunities

Career opportunities include the internal which is promotion within the organization or external which is moving to another company (Joao, 2010). Study by Joao (2010) shown that career growth and advancement is important, in increasing the employee's commitment and thus reducing their intention to leave their organization. Perceived career opportunities will result in better job performance and reduce intention to leave. (Joao, (2010); Morrow, (2011).

2.9.1   Work/Life Policies

Work and life balance is defined as the ability of the employees to meet their work and family commitment and other activities. Organization that provides telecommuting, childcares centre, employees' assistance program will positively influence employees towards psychological attachment to their organization (Dockel, 2003).

2.10   Conceptual Model of the Study

The study is best illustrated graphically to put it in perspectives. Hence, the following is hereby given.

Independent Variables	Dependent Variables

Perceived Transformational Leadership	Employees Retention
Individual consideration Intellectual stimulation Inspirational motivation Idealized influence	Compensation Job Characteristics Training & Dev. Supervisor Support Career Opportunities Work & Life Balance
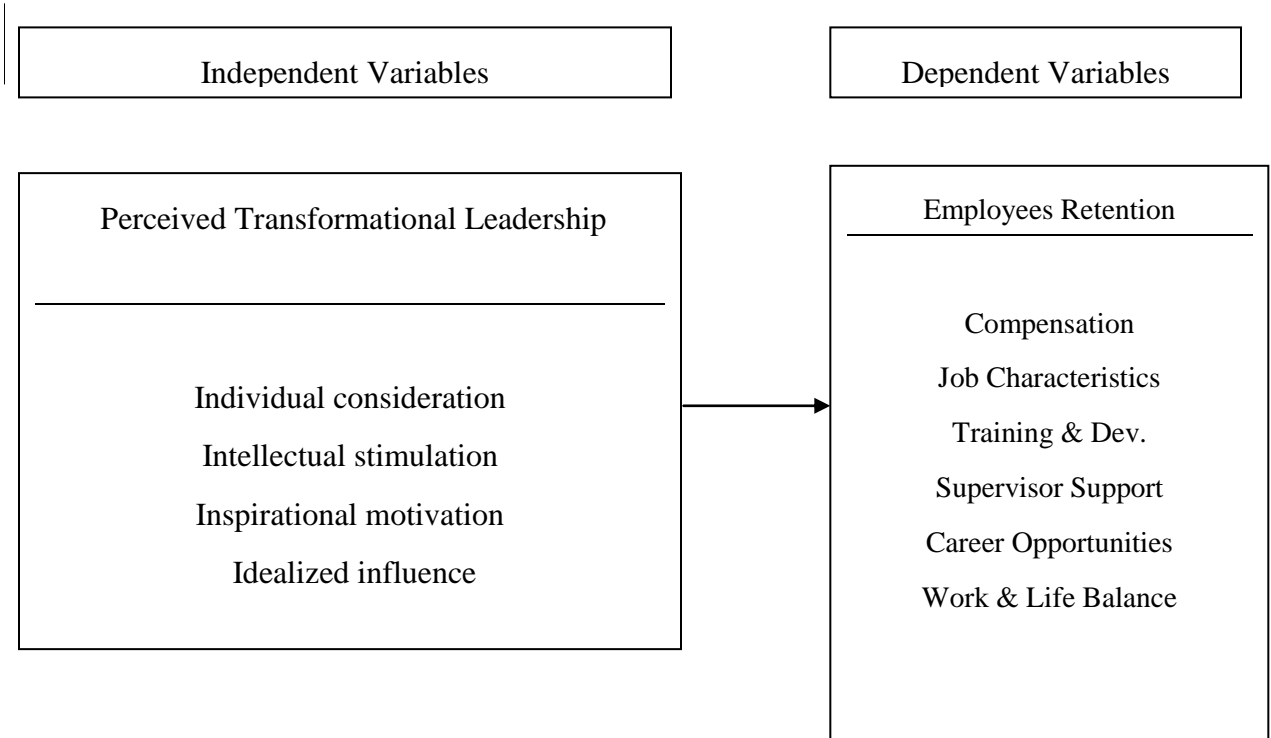
Figure 2.5 : Exploring the Relationship between Transformational Leadership Styles and Employees Retention in a Telecommunication Company in Malaysia.

Adapted from: Dockel A. (2003), Bass and Avolio (1987)

2.10.1   The Research Model

The research model focuses on the relationship of perceived transformational leadership towards employee's retention.

2.10.2 Hypothesis Testing

The following hypotheses are drawn up for the purpose of the study and they are as follows:

H1 : The perceived transformational leadership will be positively related to employees retention

H2 : The perceived transformational leadership – individual consideration will be positively related to employees retention

H3 : The perceived transformational leadership - intellectual stimulation will be positively related to employees retention

H4 : The perceived transformational leadership – inspirational motivation will be positively related to employees retention

H5 : The perceived transformational leadership – idealized influence will positively related to employees retention

CHAPTER THREE

RESEARCH METHODOLOGY

3.0   Introduction

This chapter will discuss on the research methodology, and procedures applied during the study. This includes data collection, research instrument, population, sample, sampling technique and data analysis. The chapter also discuss on the types of questionnaires used as instrument to collect data and how the questionnaires being collect and analysis.

3.1   Types of Research

In doing research there are two types or approach that can be used; quantitative or qualitative. For qualitative research, its can be categorized as discovery oriented, uses data to generate ideas, and based on inductive reasoning, thus qualitative research emphasizes the development of hypothesis while quantitative research focuses on testing the hypothesis (Hair et al., 2007).

This research is a quantitative type in order to examine the data to identify and confirm the relationship between leadership styles and employee retention. Quantitative data are measurement in which numbers are used to directly represent the properties of some phenomena.

Data analysis in quantitative research involves a series of steps as shown below:

i. Review conceptual framework and relationships to be studied

ii. Prepare data for analysis

iii. Determine if research involves descriptive analysis or hypothesis testing.

iv. Conduct analysis

v. Evaluate findings to assess whether they are meaningful

3.2   Data Collection Method

On doing the research about perceived leadership styles and employee retention in a telecommunication company there are two sources of data that can be used; primary and secondary data. Secondary data can be defined as data used for research that was not gathered directly and purposely for the project under consideration. Sources of secondary data are from the telecommunication company itself. Secondary data is information that has been collected from journal whereas primary data is earlier data that been collected to answer research questions.

The data were collected through questionnaires that were distributed directly to the employees in their office and collected after three working days. Three days were deemed sufficient by the researcher after agreeing with the officer-in-chare of personnel.

The questionnaires were in dual languages, in English and in Bahasa Malaysia. This was done to increase the accuracy of the data and for the respondent easiness in answering the questionnaires. The method used in selection of the sample and the method in distributing questionnaires were done at the very best to eliminate bias in the sampling frame.

3.3 Data Collection by Questionnaires

Researcher used quantitative research type in finding relationship between perceived leadership styles and employees retention. Through this section, questionnaire is distributed on several branches in the telecommunication company.

i. Questionnaires

Questionnaires used are to found a relationship between perceived leadership style and employee retention at the telecommunication company in Malaysia. The transformational leadership is measured using Multifactor Leadership Questionnaire which was developed by Bass and Avolio (1987) who revised the questionnaire into 45 of the original 142 items. The study used the revised set.

Meanwhile for employee retention the questionnaire is adapted from Dockel (2003). The questionnaires consisted of 39 questions and in a 5 point scale, from very dissatisfied to very satisfy. The questions were divided into 6 groups of which 13 questions grouped under compensation, 4 questions on job characteristic, 6 questions on training and development, 6 questions on supervisor support, 6 questions on career opportunities and 4 questions on work and life balance.

3.4   Population

Population refers to the entire group of people, events, or things of interest that the researchers wish to investigate. A sample is a subset of the population. It comprises some members selected from the population. In other words some but not all elements of population will form the sample. By studying the sample, the researcher would be able to draw conclusions that would be generalized to the population of interest. (Uma Sekaran, 2012)

The population of the study is the staff of a telecommunication company. The latest listing of employees as at 31st of June 2012 disclose the total 515 employees. The sample size that the researcher decides upon is a sample size of 220 respondents (Krejcie and Morgan, 1970) from the northern office comprising of Perlis (Kangar), Kedah (Alor

Setar, Sungai Petani and Langkawi), Penang (Island, Seberang Jaya, Bayan Baru and Bukit Mertajam), and Perak (Ipoh, Teluk Intan and Taiping).

In probability sampling the elements do not have known or predetermined chance of being selected as subjects. Probability sampling design are used when the representatives of the samples is of importance for purpose of wider generalization.

3.5   Research Analysis

The questionnaires distributed consisted of the closed-ended and multiple choice questions. In measuring the leadership and employees retention, the 5 point likert scale will be used. The questionnaires distributed consisted of the closed-ended and multiple choice questions. In measuring the leadership and employees retention, the 5 point likert scale will be used.

The questionnaires were divided into 3 sections namely; the Section A, Section B and Section C.

Section A covered the profile of the respondents such as personal details, economic and demographic questions. Section B covered the respondents' answers on perceived transformational leadership. Section C, measured employees retention using the Dockel Retention Factor Scale developed by Dockel. (2003). All the primary data were analyzed through Statistical Package of Social Science (SPSS) application software version 17.

3.6   Inferential Statistic

In inferential statistic, the discussion is on the relationship between two variables and how independent variable explains the dependent variable.

3.7   Correlation of Coefficient

The Pearson correlation matrix, provides information, indicate directions, strength and significance of the bivariate relationships among all variables in the study.

The perfect positive correlation between two variables will be represented by 1.0 or if there is the perfect negative correlation, it would be -1.0.

Hence, correlation could range between-1.0 to +1.0. On the other hand there is also the need to know whether the correlation is significant or not. A significant of $p<.05$ is a generally accepted conventional level in social science research. This indicates that 95

times out of 100 we can be sure that there is a true or significant correlation between two

variables as only there is a 5% chance of the relationship does not exist.

CHAPTER FOUR

FINDINGS AND ANALYSES

4.0   Introduction

This chapter presents the findings and analyzing of data from the respondents. The main objective of the study is to investigate the relationship between perceived transformational leadership styles and the employee's retention in Telecommunication Company in Malaysia. The chapter consists of respondent's profile, tabulation of data, descriptive analysis, factor analysis and findings.

4.1   Characteristics of the Target Population

4.1.1   Total of Target Population

Table 4.1: Feedback rate

Questionnaires distribution	Total	Cumulative Percentage
Distribution of questionnaires	220	100.00
Received questionnaires	220	100.00

The total number of employees selected in this survey amounts to 220 respondents. The questionnaires distributed to 220 respondents have received 100% feedback.

4.1.2   Gender

Table 4.2: Gender

Gender	Frequency	Percentage
Female	112	50.9
Male	108	49.1
Total	220	100.00

From the above table, the female consisted of 112 respondents or 50.9% and the male made up 49.1% or 108 respondents.

4.1.3 Age

Table 4.3 : Age

Age	Frequency	Percentage
16-25	17	7.7
26-35	49	22.3
36-45	90	40.9
46-55	52	23.6
55 and above	12	5.5
Total	220	100

According to the table 4.3, the majority of the respondents are within the age of 36 to 45, making up 40.9% or 90 respondents. This is followed by the age grouping between 46 to 55 years old with 23.6% or with 52 respondents. 22.3% or 49 respondents are in the age group of 26 to 35 years old. Only 7.7% or 17 of the respondents are less than 25 years old and 5.5% or 12 respondents is more than 55 years old.

4.1.4   Home Language

Table 4.4: Home Language

Home Language	Frequency	Percentage
Bahasa Melayu	159	72.3
English	23	10.5
Other language	38	17.3
Total	220	100

According to Table 4.4, 72.3% of the respondents are Bahasa Melayu speaking employees (n=159) and 10.5 % of respondents are English speaking (n=23). Other language like Mandarin, Siamese and Tamil are not well represented, indicating few other races beside Malay and Chinese in the telecommunication company.

4.1.5   Highest Academic Qualification

Table 4.5: Highest Qualification

Qualification	Frequency	Percentage
SPM	45	20.5
STPM	81	36.8
DIPLOMA	47	21.4
Bachelor's degree or equivalent	34	15.5
Master's degree or equivalent	13	5.9
TOTAL	220	100

The Table 4.5 shows that the highest number of respondents has STPM education level with 81 respondents or 36.8%. This is followed by Diploma holders with 47 respondents or 21.4% and SPM holders with 45 respondents or 20.5%. Meanwhile 34 respondents or 15.5% hold bachelor degree. Only a small number of respondents, at 13 respondents or 5.9% who hold Masters degree.

4.1.6 Marital Status

Table 4.6 : Marital Status

Marital Status	Frequency	Percentage
Single	66	30.0
Married	118	53.6
Divorced	36	16.4
Total	220	100

The table 4.6 shows that the majority of respondents are married at 53.6% or 118 respondents. The unmarried single category of respondents makes up to 30.0%, or 66 respondents. Whereas divorced respondents consists of 16.4% or 36 respondents.

4.1.7 Organizational Tenure

Table 4.7: Organizational tenure

Organizational tenure (in years)	Frequency	Percentage
Less than a year	29	13.2
More than a year but les than 5	87	39.5
More than 5 years but less than 10 years	50	22.7
More than 10 years but less than 20 years	15	6.8

More than 20 years	15	6.8
Total	220	100.0

Table 4.7 shows that the majority of respondents have been working in the company less than 5 years with 87 respondents or 39.5%. This is followed by employees who have worked for more than 5 years but not exceeding 10 years. They are made up of 22.7% or 50 of the total respondents. Those employees who have worked less than a year comprise 29 respondents or 13.2%. There were only 15 respondents or 6.8% of the total number of respondents who have tenures of more than 10 years but not exceeding 20 years. Similarly for the most senior citizens of the company that have been working for more than 20 years, they were represented at 6.8%.

4.1.8 Job Classification

Table 4.8 : Job classification

Job classification	Frequency	Percentage
Technicians and associated professionals	165	75.0
Professional	55	25.0
Total	220	100

According to the Table 4.8, 75% or 165 respondents are technician associated professionals. The remaining employees are professional with 55 respondents or 25%.

4.1.9   Average Overtime Hours Worked Per Week

Table 4.9: Overtime per week

Amount of hours worked more than required 40 hours per week	Frequency	Percentage
None	115	52.3
Less than 10 hours	105	47.7
Total	220	100

According to Table 4.9, 52.3% of the respondents (n=115) do not do overtime regularly on a weekly basis at this organization. Whereas, those who do, numbers at 105 respondents, or 47.7%, do, for less than 10 hours each week, regularly.

4.1.10 Absenteeism

Table 4.10 : Absenteeism

Days absent from work during the past year (excluding vacation leave)	Frequency	Percentage
None	110	50.0
Until 5 days	77	35.0
Until 10 days	21	9.5
Until 15 days	12	5.5
Total	220	100.0

According to the table 4.10, 50% or 110 respondents were never absent from their job. 35% or 77 respondents took less than 5 days of absenteeism. 9.5% or 21 respondents took about 10 days of absence from work. Only 5.5% or 12 respondents took nearly 15 days off work. It would seem that the majority of respondents is either healthy individuals or is loyal to the company.

4.1.11   Commitment to Continuous Employment (Short-term, 12 months)

Table 4.11: Question - Would you still be working here in a year's time?

	Frequency	Percent
Not likely at all	47	21.4
Barely likely	41	18.6
Somewhat likely	22	10.0
Quite likely	63	28.6
Very likely	47	21.4
Total	220	100.0

The table 4.11 indicates those 63 respondents or 28.6% of respondents will quite likely stay in the company next year. There seems to be a same amount of respondents who answer not to be working in a year time and very likely to be working in a year time with 47 respondents or 21.4% answered. The tables also indicate that 41 respondents or 18.6% also were thinking of leaving the company.

4.1.12 Medium-term (near future) employment plan

Table 4.12: Question – Leaving in the near future?

	Frequency	Percent
Will definitely leave	21	9.5
Chances are quite good	44	20.0
Situation is quite uncertain	48	21.8
Chances are very slight	39	17.7
Definitely will not leave	68	30.9
Total	220	100.0

Table 4.12 indicates that 68 respondents or 30.9% will not leave the company voluntarily in the near future. 48 or 21.8 % of respondent answered that situation is quite uncertain to quit in the near future. Respondents consist of 39 employees or 17.7% answers that chance are very slight of they leaving voluntarily in the near future. Only 21 or 9.5% of respondents has made their mind to quit voluntarily in the near future.

4.1.13   Long term employment plan

Table 4.13: Question - How do you plan to stay with the company?

	Frequency	Percent
I intend to leave ASAP	40	18.2
I shall leave if another offer comes my way	13	5.9
I shall only leave if something considerably better turns up	41	18.6
I shall leave for any offer that is very much better	34	15.5
I am definitely staying to the day I should retire.	92	41.8
Total	220	100.0

From Table 4.13 above, shows that 40 of the respondents intend to leave as soon as possible, without hesitation. They made up 18.2% of the respondents. Another 13 or 5.9% are waiting for the time when an offer comes their way. A sizeable percentage of 18.6% or 41 respondents are indifferent towards leaving provided that the offers that come their way are considerably better than the total package they are currently enjoying. Fortunately for the company, another 34 respondents are generally satisfied and thus staying subject to a really hard-to-resist kind of offers from outside. Another 41.8% are committed to the organization for a long haul towards retirement.

4.2 Inferential Statistic

In Inferential statistic, the discussion is on the relationship between two variables and how independent variable explains the dependent variable.

Table 4.14 : Pearson's Correlation Coefficients matrix

Correlations

		EmployeeRT	IndivCons	IntelStim	InspirMotiv	IdeaInflu
EmployeeRT	Pearson Correlation	1	.164*	.064	.134*	.149*
	Sig. (2-tailed)		.015	.341	.047	.027
	N	220	220	220	220	220
IndivCons	Pearson Correlation	.164*	1	.517**	.737**	.611**
	Sig. (2-tailed)	.015		.000	.000	.000
	N	220	220	220	220	220
IntelStim	Pearson Correlation	.064	.517**	1	.654**	.618**
	Sig. (2-tailed)	.341	.000		.000	.000
	N	220	220	220	220	220
InspirMotiv	Pearson Correlation	.134*	.737**	.654**	1	.750**
	Sig. (2-tailed)	.047	.000	.000		.000
	N	220	220	220	220	220
IdeaInflu	Pearson Correlation	.149*	.611**	.618**	.750**	1
	Sig. (2-tailed)	.027	.000	.000	.000	
	N	220	220	220	220	220

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

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

From the table 4.14, the correlation between employee retention (EmployeeRT) and Individual Consideration (IndivCons) is   r = .164 with p > .015, the correlation is significant based on p < .001 whereby the probability of not being true is 1% or less. Moreover 99% of the time we would expect this correlation to exist. The correlation was not strong though, given the Pearson Correlation scored only 0.134. For a strong correlation to exist, the score must have been at least 0.500.

From the table 4.14, the data collected also indicate that the correlation between employee retention (EmployeeRT) and Intellectual Stimulation (IntelStim), was 0.064 which is definitely not a strong correlation. The significance level p = 0.341, is very much bigger than the maximum of 0.05 generally accepted in social sciences research. Hence, the relationship is not significant.

From the table 4.14 disclose the correlation between employee retention (EmployeeRT) and Inspirational Motivation (InspirMotiv), scored 0.134 which is indicative of a weak relationship in that sense. Notwithstanding the fact though, the relationship is found to be significant as the p that was gotten was p = 0.047. This suggests that the two variables are significantly correlated.

The correlation between employee retention (EmployeeRT) and Idealized Influence (IdeaInflu) in table 4.14 , is r = .149 with p < 0.027. It has a positive relationship. Again, the correlation between these two variables, are weak as they are 14.9% correlated short of the minimum of 0.500 required for an indication of a strong correlation. However, the correlation is shown to be significant at the 1% significance level which shows that the relationship's probability of not being true is 5% or less chance.

4.2.1 Coefficient of Determination, R^2

As the correlation coefficient does not provide variance in the dependent variable that will be explained by more than one independent variable, there is the need for the multiple regression tests using the SPSS program to derive the coefficient of determination, symbolized by R^2.

In the Multiple Regression analysis, the correlations between the employee retention (EmployeeRT) being the dependent variable of the study and the four independent variables, as can be seen from the following table, showed that they were also poorly correlated. However, the tests of significance levels were rather encouraging as collectively, they confirmed the bivariate (two variable relationship) tests that were discussed above. Wherein, employee retention (EmployeeRT) was significantly correlated with all the independent variables except for the variable individual consideration (IndivCons).

Table 4.15: Correlation Table of the Multiple Regression Test

Correlations

		EmployeeRT	IndivCons	IntelStim	InspirMotiv	IdeaInflu
Pearson Correlation	EmployeeRT	1.000	.164	.064	.134	.149
	IndivCons	.164	1.000	.517	.737	.611
	IntelStim	.064	.517	1.000	.654	.618
	InspirMotiv	.134	.737	.654	1.000	.750
	IdeaInflu	.149	.611	.618	.750	1.000
Sig. (1-tailed)	EmployeeRT	.	.007	.171	.024	.013
	IndivCons	.007	.	.000	.000	.000
	IntelStim	.171	.000	.	.000	.000
	InspirMotiv	.024	.000	.000	.	.000
	IdeaInflu	.013	.000	.000	.000	.
N	EmployeeRT	220	220	220	220	220
	IndivCons	220	220	220	220	220
	IntelStim	220	220	220	220	220
	InspirMotiv	220	220	220	220	220
	IdeaInflu	220	220	220	220	220

The multiple regression tests produced the following table in the form of a summary.

Table 4.16: Model Summary of the Multiple Regression Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.184[a]	.034	.016	15.333	.034	1.893	4	215	.113	1.944

a. Predictors: (Constant), IdeaInflu, IndivCons, IntelStim, InspirMotiv

b. Dependent Variable: EmployeeRT

The main output of concern is R square. It is basically the coefficient of determination for the model of the linear regression. What it was supposed to measure is that, the ability of the whole regression model as a predictive tool for the outcome of employee retention (EmployeeRT). The R^2 indicate the proportion of the variation in the dependent variable which is explained by the variation in the department variables. The R^2 or the coefficient of determination verifies that only 3.4% of the variance in employee retention (EmployeeRT) is explained by the four independent variables (R^2=.034).

4.3   Hypothesis Testing

A test of significant is done to determine whether two groups are different from each other on a particular variable of interest. Tests of significance are usually two-tailed that allow for the possibility that a difference may occur in either direction. After the determination whether the test will be two-tailed or one tailed, select a probability level, and compute the test of significance, the researcher is ready to use the most appropriate statistical measure.

4.3.1   Hypothesis 1 : The perceived transformational leadership will be positively related to employees retention

As deliberated previously, the proper tool for determining the significance of this hypothesis is indeed the multiple regression tests. Collectively, the relationship was proven to be rather weak and insignificant. Therefore, the hypothesis of a perceived positive relationship between transformational leadership with employee retention (EmployeeRT) was not proven or substantiated. Hence the hypothesis must be rejected.

4.3.2 Hypothesis 2 : The perceived transformational leadership – individual consideration will be positively related to employees retention

For this hypothesis, we are trying to establish the relationship between the component of transformational leadership, that is, Individualized Consideration (IndivCons) with the dependent variable employee retention (EmployeeRT). Recall that, the hypothesis is a bi-variate relationship and the study deemed it appropriate to utilize the Pearson's Correlation Coefficient test. Hence, the finding earlier on discussed, is to be relied upon. In the context, the two variables were found to be poorly correlated. Notwithstanding though the relationship was found to be significant. Hence, the hypothesis that individual consideration (IndivCons) does have a positive relationship with employee retention (EmployeeRT) was proven. Henceforth:

H0 : The perceived transformational leadership – individual consideration is not positively related to employees retention

The null hypothesis above must be rejected.

4.3.3 Hypothesis 3 : The perceived transformational leadership - intellectual stimulation will be positively related to employees retention

The hypothesis that intellectual stimulation (IntelStim) is positively correlated with the employee retention (EmployeeRT) was found to be insignificant. Therefore the said hypothesis above cannot be proven. Hence, the hypothesis must be rejected.

4.3.4 Hypothesis 4: The perceived transformational leadership – inspirational motivation will be positively related to employees retention

For this hypothesis, inspirational motivation (InspirMotiv) and employee retention (EmployeeRT), as found in the Pearson's Correlation Coefficient test, a relationship was significantly established. Hence, the hypothesis that inspirational motivation (InspirMotiv) does have a positive relationship with employee retention (EmployeeRT was proven. Henceforth:

H0 : The perceived transformational leadership – inspirational motivation is not positively related to employees retention

The null hypothesis above must also be rejected.

4.3.5 Hypothesis 5 : The perceived transformational leadership – idealized influence will positively related to employees retention

The relationship that the variable Idealized Influence (IdeaInflu) positively related to employee retention (EmployeeRT) as depicted in the Pearson's Correlation tests above, proved that it was a significant one. Therefore, the study concludes that the said hypothesis above was substantiated and cannot be rejected.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0   Introduction

The research on transformational leadership style towards employees' retention of Telecommunication Company is done for the purpose of studying the relationship between the two variables. The study also attempts to determine the keys factor of employee retention.   Based on the finding, the researcher makes recommendations in order to alleviate attritions and thus enhances employee retention in a telecommunication company in general or for human resources department as a whole.

5.1   The Workforce

5.1.1   Employee Retention Based On Language Commonly Used At Home

The findings show that 72.3% of respondent used Bahasa Melayu as their main usage of language. Safe to say that the majority is schooled in Malay School and well versed and confident in using Bahasa Melayu at the work place. The situation is in conformity with the board of directors of the telecommunication company with 100% Malay representation. The overall implication is that Malay are hired more often compared to others ethnics in the company.

5.1.2 Employee Retention Based on Job Classification

The research found out that majority of the respondent are from technician and associated professional at 75% of the total workforce. The rests of respondent are from the professional group.

5.1.3 Employee Retention Based on Tenure

The findings show that employee retention in this telecommunication is very high. When calculated the sum of employees who have worked there more than 5 years to 20 years the total of which constituted 104 respondents out of 220, should augur well for the management.

5.1.4 Employee Retention Based on Overtime and Number of Days Absent from Work.

The majority of the respondents do not do any overtime after work with stand at 52 % of the respondents. This might be due to the efficiency of the operation of the company itself rather than missed opportunities for the employees concerned. Moreover, the

absence of overtime work opportunities should enhance personal lives more than otherwise, with quality time made available for them, especially true for those with families. The finding also shows that majority of respondent with 50% of respondent never absent from job. This is probably an indication of higher sense of disciplines being instilled in the workforce. This is also apart from a probable indication of a very contented and satisfied workforce, and a generally less problematic one, like being healthy.

5.1.5 Employee Retention and Involvement in Incentive Scheme

The finding shows that 75% of respondent never get involved in incentive scheme. The employee has enough motivation from their leader without needing additional specific incentive programs to motivate them to perform well.

5.1.6   Employee Retention and Highest Academic Achievement.

Large chunks of the workforce are STPM holders. Working in consonant with those with higher academic achievements but not far apart, helps in successful team building. Majority of the workforce are young and this is to be expected as the cellular telecommunication companies are relatively young so to speak.

5.1.7 In Conclusion The Research Was Done in Order to Answer the Following Questions: What Is The Perceived Transformational Leadership of The Supervisor By Employees in A Telecommunication Company in Malaysia?

Data collected in this study show that the mean transformational leadership scores of the said telecommunication are, in general , perceived to be lower than the established MLQ norms (Bass & Avolio,2000). Transformational leadership behaviors of the said telecommunication were perceived by its employees as positive. The research uncovers the importance of transformational leadership styles to the organization under review specifically and any other organization for that matter.

 As shown, the four elements of transformational leadership were shown to be significant to employee retention vies-a-vies job satisfaction generally. Noting that one of them was not found to be significant, that is namely, intellectual stimulation, do not discount this assumption. For a technological organization such as this, the tasks within the operational systems have to be expected to be almost fully automated. Hence, the room for innovation at the lower end of the hierarchical structure of operation got to be expected to be minimal. Notwithstanding, the scenario at the top end ought to be different. Going by the sample under review of the ratio between Technical and associated professional to Real Professionals, this argument is well placed.

5.1.8 Is The Overall Job Retention of Employees Affected by Perceived Transformational Leadership Practiced by Their Supervisor Within Their Working Environment?

Data collected in this research study support relationship between the telecommunication perceived transformational leadership behaviors and the telecommunication employee retention. Individualized consideration, intellectual stimulation, inspirational motivation and idealized influences influence employee's retention in the telecommunication company.

This leads to efficient operation of the organization and henceforth leads to low wastage as depicted in low overtime works needed. The workforce seems to place highly the element Individualized Consideration. Such an approach by leaders be they top management or middle management are to be expected to enhance team spirit, loyalty, cooperation, job efficiency and productivity. These in turn leads to lower absenteeism, overtime, job-work conflicts, overworked and stresses, health, and overall enjoyment at the workplace. The researcher herself noted the presence of these claims during her visit to the office of the organization for the facilitation of the research process, specially, the process of data collection. The staff that came into contacts with was displaying remarkably pleasant disposition and attitudes.

5.1.9 Is the Overall Job Retention of Employees Affected by Perceived Transformational Leadership Practiced by Their Supervisor Within Their Working Environment?

The study wish to conclude that the alarming nature of attritions in the country and the rests of the world could well be alleviated or minimized by enhancing the practice of transformational leadership within organizations. The subordinates in organizations are shown to have a higher aspirations for themselves and towards these aspirations, they have shown how much the admire leaders with transformational qualities.

In challenging competitive landscapes of businesses, idealized influence for example is indeed a much needed commodity. The results support current literature, in that there is a strong and positive relationship between leadership's behaviors and outcomes such as job retention.

5.2 Recommendation for Research

The review of the literature, the findings of the study and subsequent conclusions led this researcher to several recommendations for further research. The following were considered to be most significant.

This quantitative case study captured a snapshot of leadership behaviors within the telecommunication company at a given point in time. Significant value would be added to understanding a relationship between leadership styles and the telecommunication employee's retention through a longitudinal study of this organization, using the MLQ and Dockel 'employee retention scale. From a historical perceptive, a longitudinal study could also capture the internal actions and external events that impact the perceived leadership, employee retention and also other organizational outcomes.

An extension of the research would be to include performance indicators in the interaction between perceived leadership styles and job satisfaction. Understanding the relationship between perceived leadership styles and behaviors and employee's retention and performance would broaden the theory and its implications for the telecommunication company success.

This survey found significant relationship between several demographic variables studied and follower's perception of their leader's transformational styles. Further investigation of individual factors could contribute to better interpretation and use of survey data.

5.3   Recommendation for practice

The review of the literature, the findings of this study, and subsequent conclusions led the researcher to several recommendations for the telecommunication company. These include:

i.   The study indicates that the companies, who like to decrease the employee retention of their company, consider concentrating on their transformational leadership styles. The value of leaderships at the individual level, as well as all levels of the company, is now more than ever being realized as an essential need.

ii.   The telecommunication company should continue to offer leadership related workshops or seminar to assist and develop a higher level of competence with transformational leadership styles.

iii. The company should emphasize the recruitment and hiring of manager who demonstrate positive transformational leadership styles.

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