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

NOOR AZIAH ABU BAKAR

Master of Science (Management)

UNIVERSITI UTARA MALAYSIA

2013

PERMISSION TO USE

In presenting this project paper in partial fulfillment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the university library make it freely available for inspection. I further agree that permission for copying of this project paper in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in the absence by the dean of Othman Yeop Abdullah Graduate School of Business. It is understood that any copying or publication or use of this project paper or parts thereof for financial gain shall not be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my project paper. Request for permission to copy or make other use of materials in this project paper, in whole or in part should be addressed to:

Dean of Othman Yeob Abdullah Graduate school of Busineess

University Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman

DISCLAIMER

The author is responsible for the accuracy of all opinion, technical comment, factual report, data figures, illustrations and photographs' in this dissertation. The author bear full responsibility for the checking whether the material submitted is subject to the copyright or ownership right. University Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information the copyright or ownership rights claims.

The author declares that this dissertation is original and her own except those literatures, quotations, explanations and summarization which are duly identified and recognized. The author hereby granted the copyright of this dissertation to College of Business, Universities Utara Malaysia (UUM) for publishing if necessary.

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.

ACKNOWLEDGEMENT

First of all, my praise to Allah S.W.T whose blessing and guidance have helped me to complete my project paper. Peace is upon our Prophet Mohammad (S.A.W) who has given light to mankind.

I hereby want to thank my supervisor, Dr. Azizi bin Abu Bakar for his invaluable advice, constant guidance, great patience , understanding , insight, knowledge, ,attention, kindness, and encouragement throughout my study in Universiti Utara Malaysia.

My highest and most sincere appreciation goes towards my other half, Ahmad Fauzi, my beloved children, Iman, Aisyah , Atiqah and Najwa who have always encouraged and loving me in order for me to reach the highest peak in my aspiration no matter how long it took. I will always be very grateful to my husband for providing, supporting, and advising me with great love and patient in everything that I had done to complete not only this project paper but also my master program.

Last but not least I would like to thanks all my respondents, who generously spent their precious time to participate in the answering the questionnaire.

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

CHAPTER TWO: LITERATURE REVIEW

CHAPTER THREE: RESEARCH METHODOLOGY

CHAPTER FOUR: FINDING

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

List of Figures

list of tables

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

The contents of the thesis is for internal user only

BIBLIOGRAPHY

Alnaqbi W. (2011). The relationship between human resource practices and employee retention in public organizations: an exploratory study conducted in the United Arab Emirates. Edith Cowan University

Allen, D. G., Shore, L. M., & Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in the turnover process. Journal of Management, 29(1), 99–118

Aon Hewitt Malaysia: APAC Year on Year Attrition Rate (2009-2011). Retrieved from http://thestar.com.my/news/story, 08/11/2012

Avolio, B. J., & Yammarino, F. J. (2002). Transformational and charismatic leadership: The road ahead. Oxford, UK: Elsevier Science

Bass, B. M,(1985), *Leadership and Performance.* New York. Free Press

Bass, B. M. & Riggio, R. E. (2006). *Transformational Leadership* (2 ed.). Mahwah, NJ: Lawrence Erlbaum Associates Inc.

Bass, B.M. & Avolio, B.J. (Eds.). (1994). *Improving organizational effectiveness through transformational leadership*. Thousand Oaks, CA: Sage Publications.

Coetzee, M. & Roythorne-Jacobs, H. (2007). *Career counseling and guidance in the workplace: A manual for career practitioners*. Cape Town: Juta.

Christine M. Duffield, Michaeal A. Roche, Nicole Bay and Helen Stasa. (2010) Nursing unit managers, staff retention and work environment. Journal of Clinical Nursing, Vol 20, 23-33.

Dionne, S., Yammarino, F., Atwater, L., & Spangler, W. (2004). Transformational leadership and team performance. *Journal of Organizational Change Management*, 17, 177-193

Dockel, A. (2003). The effect of Retention Factors on Organizational Commitment: An
    Investigation of High Technology Employees. *Unpublished doctoral dissertation*,
    University of Pretoria, South Africa.

Eric Ng Chee Hong (2012). An Effectiveness of Human Resource Management Practices on
    Employee Retention in Institute of Higher learning: A Regression Analysis. *International
    Journal of Business Research and Management (IJBRM)*, Volume (3): Issue (2)

Howell, J. M., & Avolio, B. J. (1993). Transformational leadership, transactional leadership,
    locus of control, and support for innovation: Key predictors of consolidated-business-unit
    performance. *Journal of Applied Psychology*, 78, 891-903.

Naidu, K.M. (2010).The Influence of Human Resource Management. doi: ePrints@USM
    eprints.usm.my/...02/11/2012

Johnson, M. (2000). *Winning the peoples' war*. London: Prentice Hall.

Kleinman, C. (2004). The Relationship between Managerial Leadership Behaviors and Staff
    Nurse Retention, HOSPITAL TOPICS: *Research and Perspectives on Healthcare* Vol.
    82, no. 4

Leithwood, K. (1994). Leadership for school restructuring. *Educational Administration
    Quarterly*, 30(4), pp. 498–518

LlpydJ. Taylor, Becki Murphy, William Price (2006) . Goldratt's Thinking Process Applied to
    Employee Retention. Business Process Management Journal, Vol. 12, No. 5, 646-670

Luna-Arocas, R., and Camps, J. (2008). A Model of High Performance Work Practices and
    Turnover Intentions, *Personnel Review*, 37, 26-46.

Meyer, J. and Allen, N. (1997). *Commitment in the Workplace: Theory, Research, and
    Application.* Sage Publications.

Maurer, T. J. & Lippstreu, M. (2008). Self-initiated development of leadership capabilities: Toward establishing the validity of key motivational constructs and assessment tools (Special Report 66). Arlington, VA: *U.S. Army Research Institute for the Behavioral and Social Sciences*.

Morrow, P. C. (2011). Managing organizational commitment: Insights from longitudinal research. *Journal of Vocational Behavior*, *79*, 18–35.

Rolf van Dick, O. Christ, J. Stellmacher , U. Wagner, O. Ahlswede (2004) Should I stay or should I go? Expalining Turnover Intentions With Organazational Identification and Job satisfaction. Journal of Management Development, Vol. 15, 351-360

Obiwuru T. C. Okwu, A. T., Akpa V. O. Nwankwere I. A., Effects Of Leadership Style On Organizational Performance: A Survey Of Selected Small Scale Enterprises In Ikosi-Ketu Council Development Area Of Lagos State, Nigeria. *Australian Journal of Business and Management Research Vol.1 No.7 [100-111] |* October-2011

Spector, P. (2008). *Industrial and Organisational Behaviour* (5th edition). New Jersey: John Wiley & Sons

Watson T. (2012). Global Workforce Study 2012. Retrieved from http://www.towerswatson.com/research/7177 08/11/2012

http://www.kellyservices.com.my/MY/Resource-Centre/Malaysian-employees-restless-and-considering-job-change/, 08/11/2012

Yuki, G. (1998). *Leadership in Organization*, 4th ed. Upper Saddle River, N.J.: Prentice Hall.