TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLE PREFERENCE AND ITS INFLUENCE ON TURNOVER INTENTION

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TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLE PREFERENCE AND ITS INFLUENCE ON TURNOVER INTENTION

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A dissertation submitted in partial fulfilment of the requirements for the award of the degree of Master of Human Resource Development

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To my beloved parents,

Mr Chandran Samiveloo & Mdm Maharletchumy Soosaímany
ACKNOWLEDGEMENT

All praise to God Almighty!

To my parents, Mr & Mrs Chandran Maharletchumy: because I owe it all to you. Many thanks for all the emotional support and encouragement.

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Organisations today must implement the creation of a more conducive and favourable working environment for their employees which will in return be a guarantee for their competitive advantages. The positive orientation held by employees towards their job and the organisation to which they belong is often evident through the increase in productivity and services offered, behaviour of the employee and their loyalty towards the organisation. Thus, it is critical to keep them motivated and engaged at all times. One of the most common approach to achieve all the above mentioned is an effective practice of leadership. However, several studies conducted in the past by numerous researches across various fields reported an inconsistent and inconclusive finding about the association between leadership styles and turnover intention especially when transformational and transactional leadership is concerned. Therefore, this study investigates transformational and transactional leadership style preferences and its influence on turnover intention within a military setting. About 160 servicemen were drawn out of the population of 271 servicemen through a stratified random sampling method. Descriptive analysis were conducted using Statistical Package for Social Sciences software version 21 to discover the preferred leadership style and level of turnover intention while series of multiple analysis were carried out to investigate the influence of leadership style preference on turnover intention. The finding of the study revealed high preference towards transformational leadership style generally and inspirational motivation dimension of transformational leadership specifically while turnover intention was found to be at a moderate level. However no significant influence discovered to be held by the preference of leadership style towards turnover intention held by servicemen serving Malaysian Army. In conclusion, this study is believed to nurture better leadership practice within the army as well as to prevent servicemen from leaving the force.
ABSTRAK

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CHAPTER 1

INTRODUCTION

1.1 Overview

This chapter is the introduction about the study which is about to be carried out within Malaysian Army about servicemen leadership styles preference and turnover intentions. This chapter too explains in detail about the background of the study, statement of problem, research questions, research objectives, and purpose of the study, scope of the study, significance of the study, limitation of the study, conceptual and operational definitions and finally the summary of this chapter.

1.2 Background of Study

Leadership is an intangible subject of study which is too vast thus making it almost impossible to be precisely defined (Ver, 2009). Yet, in recent years various definitions of leadership practice and behaviours has emerged and widely spread which eventually led to the claim that leadership can either be the practice of a specific individual or a group blessed with a certain set of qualities and behaviours who takes the trouble to transfer energy and efforts to their followers (or subordinates) in order
to influence them in resonating organisational vision, mission and goals (Winston & Patterson, 2006). In defining leadership, one must first capture the aim and purpose of why is it being practiced by a specific person under specific circumstances or in other words, what is trying to be accomplished through the practice (McCleskey, 2014). So, this is the myth behind the various types of beliefs, values and behaviours of leadership which eventually resulted in a diverse definition to it.

When type of leadership style and interaction of members within an organisation is concerned, there will definitely be varying outcomes as different leadership styles lie upon different beliefs and practices (Paraschiv, 2013). Interaction acts as a psychological factor that influences employee behaviours and performances. This can be related to the nature of organisations in the present where a fine practice of leadership concentrated on solving problems produces a very promising outcome in the form of elevated business performance and enhanced employee performances (Hayes, 2012). In the reality of corporate organisations, both the outcomes stated above are tightly entangled with one another.

Two major leadership styles are transformational and transactional leadership style which implies two different approaches towards the practice of leadership. However, the best leadership practice is one that has the combination of the both styles (Judge & Piccolo, 2004). Transformational leadership is the type of leadership in which the interactions between involved parties are channelled into motivational, ethical and actions of transformation to meet mutual goals (Simola, Barling, & Turner, 2012). It is widely proclaimed that transformational leadership functions with leaders initially casting a charismatic charm on their followers or employees and then motivating them by intellectual stimulation and psychological interactions towards achieving mutual goal realisation (Bass, 1990). The charismatic characteristic is essential in gaining followers’ trust and confidence which is a protagonist in subsequently motivating and nurturing them towards the achievement of organisational goals and visions.
Contrary to transformational leadership is transactional leadership, a practice of leadership which focuses on fulfilling the very low level of Maslow Hierarchy of Need which is the need for satisfaction (Odumeru, 2013). Satisfaction is achieved by leaders through the practice of reward and punishment system where satisfactory performances are rewarded and dissatisfactory performances are punished (Odumeru, 2013). Transactional leadership generally revolve around the foundations of contingent reward which implies the exchange of reward for accomplishments and management by exception where interventions by the leaders occur only when standards and targets are not achieved (Xiaoxia & Jing, 2006). In simpler words, transactional leadership works with the condition of directing employees by fulfilling their own interest which emerges in various forms rewards such as benefits, monetary returns, appraisals and many other tangible ways (Nikezi, 2012).

On the other hand, when business performance is concerned, it simply implies a holistic utilisation of available resources including the workforce to secure available business opportunities to remain competitive in their respective arena despite achieving greater productivity and profits. Enhanced employee performances, on the other hand is heavily influenced by emotional and psychological factors in terms of employee behaviours and their perception towards the organisation to which they belong. This can be measured in terms of employee motivation, participation, satisfaction, and engagement (Dhladhla and John, 2011; Oehler, 2014; Thao, 2015). Serious attention and management of these factors by a leader is definitely a boost to employee performances. Failure in analysing and rectifying all the above will eventually lead to employee turnover which could result in a survival disaster for an organisation (Oehler, 2014).

Army is facing the dilemma of personnel turnover in many countries such as Belgium, UK, USA, India and Sweden (Bressler, 2008; Merkulova, 2010; Jaiswal, Dash, and Sharma, 2015; Statistics, 2015). The British Army for instance, experienced
a 4.4% deficit in their total number of personnel in the year 2015 (Defence Statistics, 2015). Similarly, flipping through recent statistics revealed the turbulence experienced by Malaysian Army in the present where a huge number of skilled personnel are opting to quit way earlier than their retirement tenure (Royal Artillery Regiment Annual Report, 2015). Apparently, the proportion of officers’ withdrawal is greatly outweighed by that of servicemen.

Malaysian Army, as a result of British colonisation, adopts the British ranking hierarchy which is split into 2 main modes of entries known as the Officers and the Other Ranks (referred as servicemen in this study). The ranks of officers ascend from an Officer Cadet, Second Lieutenant, Lieutenant, Captain, Major, Lieutenant Colonel, Colonel, Brigadier General, Major General, Lieutenant General and General. On the other hand, the Other Ranks (or servicemen) ranking hierarchy ranges from a Recruit, Private, Lance Corporal, Corporal, Sergeant, Staff Sergeant, Warrant Officer 2 and Warrant Officer 1 (British Army, 2014).

Officers and servicemen are distinguished by their roles and tasks. An officer is often regarded as a commander who commands, makes decision and held liable for their decisions whereas a servicemen is known as a skilled worker or subject matter expert of their respective traits (Army Recruiting Group, 2008). Servicemen will be given respective traits at the beginning of their career in the military and that will be their field of expertise ever since. An officer on the other hand, has to know (even if not mastered) about all the traits.

Various researches conducted across the globe discovered that leadership style has a notable amount of share in the proceedings of this issue (Hekeri, 2010; Aghashahi, Davarpanah, and Oma, 2013; Kaur, 2013; Hsieh, 2015; Saleem, 2015). Leadership in general, regardless of its style or behaviour that is being held by a leader has its own consequential impact on employee motivation, commitment and performance which will influence their turnover intention (Wakabi, 2013). When
specific leadership styles are concerned, both transformational and transactional leadership styles are found to be negatively related to turnover intentions (Gul, 2012).

When an organisation is concerned, employee’s attitude and behaviours, both in good and bad ways are the outcome of leadership practice of the top brass to a very influential extent (Agarwal, 2012). Turnover is certainly the negative outcome of employee behaviour which has to be avoided by the management at any course. Based on the argument of Agarwal (2012), an organisation must at all cost ensure that the leadership practice within the organisation is in such a manner that it deviates employees far from the intention of leaving the organisation. It is very disastrous to have trained and skilled employees to leave an organisation as the productivity and efficiency of the organisation rely on them to a certain level (Ugboro, 2006).

As well as other organisations and fields, turnover does occur in military forces around the world (Merkulova, 2010). Various countries across the globe are facing the dilemma of military personnel turnover. Turnover or the separation of a serviceman from the armed forces is a very disastrous phenomenon when armed forces are concerned as it resembles the security and sovereignty of a country (Jaiswal, Dash, & Sharma, 2015).
1.3 Statement of Problem

Being a successful organisation has always been the aim of everyone. Organisations today must implement the creation of a more conducive and favourable working environment for their employees which will in return be a guarantee for their competitive advantages (Matovac, Bilas, & Fra, 2010). The positive orientation held by employees towards their job and the organisation to which they belong is often evident through the increase in productivity and services offered, behaviour of the employee and their loyalty towards the organisation (Gabčanová, 2011). Thus, it is critical to keep the workforce as close as they could or in other words keeping them motivated and engaged at all times.

A specific branch of the Malaysian Army which is currently comprised of 3825 active servicemen, experiences high rate of turnover where it has lost about 8% of its active servicemen in the year of 2015 due to voluntary withdrawal. A servicemen upon the completion of their 6 months recruit training in the Army Basic Soldiering School, Port Dickson has to serve a compulsory 13 years in the force. They must then request to extent their service tenure to 15 years upon the completion of their 13 years of compulsory service period and then to 18 years upon the completion of the 15 years tenure and finally 21 years which is the typical serving period for them to be entitled for pension. However, quite a number of servicemen are opting to quit at the 15th or 18th year of service, refusing to extent till 21 years complete tenure. The separation of these servicemen results in the lack of experts and expertise within the organisation since these skilful servicemen are only replaced with very few newcomers and also the amount of courses and training they have attended (Royal Artillery Regiment Annual Report, 2015).

In addition to above details, Malaysian Army generally has two distinct nature of job which requires servicemen to possess a great degree of versatility in the service. The first is the wartime or operational duties which requires an intense degree of tactical proficiency, physical and mental endurance and high adaptability to almost all
kind of weather and terrain. Another is the peacetime duties and trainings which has a more fluid nature. Unlike the operational duties, peacetime duties do not require a tense atmosphere. When dealing with high degree of versatility and adaptability, a good practice of leadership is a necessity (The Army, 2010).

Several studies conducted in the past by numerous researches across various fields reported an inconsistent and inconclusive finding about the association between transformational leadership style, transactional leadership style and turnover intention. It is claimed that, personnel serving in a more stable is organisation is less likely to retrieve compared to those serving in a less stable ones (Polich, 2013). Cheng et al. (2016), in a study conducted on nurses proposed that the relationship between transformational leadership and turnover intentions of nurses are mediated by social identity. The study conducted by Gyensare et al. (2016) on the other hand found that transformational leadership is an effective influence that hinders employee’s turnover intention mediated by affective commitment. However, Caillier (2016) conducted a research on employees of local, state and federal agencies in Unite States through a web based survey and discovered that transformational leadership has a direct negative relationship towards turnover intention.

In a separate study conducted by Ariyabuddhiphongs & Kahn (2017) on Thai immediate managers, it was learned that transformational leadership practice results in the reduction of turnover intention with trust and job performance being mediators. The study conducted by Sun & Wang (2016) on employees of public organizations suggested that the practice of transformational leadership develops an organisational culture that creates strong social bonding between individuals and through that prevents employees from having turnover intentions. The study too claimed that transformational leadership can directly mitigate turnover intentions. Unlike other studies, the study by Green, Miller, & Aarons (2013) claimed that transformational leadership moderates the association between emotional exhaustion and turnover intention which is a positive association. It was added that greater influence of transformational leadership practice weakens the positive association. It’s learned that
the outcome of all the studies, despite reporting similar finding still left rooms for scrutinisation.

When transactional leadership is concerned, Hamstra et al. (2011) reported that transactional leadership is negatively related to turnover intentions for highly prevention-focused followers while a similar study conducted by Sithole & Sudha (2014) inferred that transactional leadership has association with turnover intention of employees serving in IT organisations. However, no further explanation were provided about the said association leaving it as a subject of scrutiny. The outcome of a study by Yadav & Misra (2015) which reported that transactional leadership has no significant correlation with employee turnover completely contradicts the outcome of other studies said above and hence making the need for scrutiny more obvious.

With regard to the above mentioned roles of an officer, the core responsibility of a military leader (or an officer) is to successfully carry out the mission that is assigned and also to look after the welfare of the servicemen under command (Army, 1965). However, when both responsibilities conflict one another, the succession of the mission is of highest priority. This requires both officers and servicemen to be highly motivated, devoted and selflessly serve the organisation.

A military leader, according to Kumar (2015) must at all times must possess complete control over surrounding and circumstances with no compromise. This creates a tensed setting within the organisation when the relationship between and officer and servicemen is concerned. It was also added by Kumar (2015) that under certain conditions, military commanders must practice an effective rewarding and punishment system to ensure that servicemen get stronger and tougher.

Contrasting both of the arguments above, it is understood that a military leader at all times needs to achieve a balance between the mission that is assigned and the servicemen they lead. In order to achieve that, devotion, selflessness and rewards are
of considerable importance. Thus, this study intends to investigate the transformational and transactional leadership styles preferences held by servicemen serving Malaysian Army and its influence on their turnover intention.

1.4 Research Questions

The statement of problem is translated into following research questions:

i. What is the type of leadership style preferred by Malaysian Army servicemen?
ii. What is the degree of turnover intention held by Malaysian Army servicemen?
iii. What is the influence of the leadership style preference of Malaysian Army servicemen towards their turnover intentions?

1.5 Objectives of the Study

The primary objective of this study is to discover the leadership style preference of Malaysian Army servicemen between transformational and transactional leadership styles. On the other hand, the specific objectives of this study are:

i. to identify the leadership style preference of Malaysian Army servicemen.
ii. to identify the degree of turnover intention held by Malaysian Army servicemen.
iii. to examine the influence of leadership style preference of Malaysian Army servicemen towards their turnover intentions.
1.6 Purpose of the Study

The purpose of this study is to identify the leadership style preferred by the servicemen of Malaysian Army as a part of the effort to investigate their turnover intentions. The outcome of this study will be reflected with the current leadership practice within Malaysian Army to harmonise and reduce the gaps between practice and preference by opting for a more harmonious leadership practice as an effort to combat turnover intentions of the servicemen.

1.7 Scope of the Study

The study focuses on the leadership style preference among servicemen of Malaysian Army and its influence on their turnover intention. The leadership styles which are investigated in this study include transformational and transactional leadership style based on the Full Range Leadership Model proposed by Bass and Avolio (2004). The investigation on transformational leadership style is done on the basis of 4 dimensions which are Idealised Influence, Intellectual Stimulation, Individualised Consideration and Inspirational Motivation. Transactional leadership style on the other hand is investigated on the basis of Contingent Reward and Management by Exception. Turnover intention of the servicemen are analysed in the perspective of the thoughts of quitting present job, intention to look for new job and intention of leaving the present organisation as outlined by Foon, Leong, and Osman (2010).

The study reflects the transformational and transactional leadership style preference of the Malaysian Army servicemen and its relationship with their turnover intentions. The respondents who are involved throughout this study are the active servicemen of the Malaysian Army of various traits and service periods based in one
of the unit which has high rates of turnover. The population involved in this study is 270 active servicemen whereas the samples involved is 157 servicemen excluding 30 servicemen taken for pilot test.

1.8 Significance of Study

This research is intended to highlight the transformational and transactional leadership practices in the Malaysian Army. It is also intended to reinforce leadership and turnover intention studies from a Malaysian Army perspective.

The study on servicemen’s preferences of leadership style and its influence on their turnover intention in Malaysian Army is significant and will be able to contribute to a deeper understanding on the concept of transformational and transactional leadership style from a military perspective. The outcome of this study is expected to provide insights on the practice of leadership within the organisation. This is vital in order to maintain the combat readiness and the operational efficiency of the force. This research is believed to be a guideline and outline the revolution or change in the leadership practice within Malaysian Army if necessary in order to serve the servicemen better and eliminate their turnover intentions.
1.9 Limitation of Study

There are several limitations associated with this study which is doubted to have effect on the outcome and influence the findings. The research is only done within Malaysian Army. Thus the results of the findings are not expected to be generalised to organisations of other nature. Answers provided by respondents were merely based on their personal perception which is prone to be influenced by their personal feelings and dissatisfactions held against the organisation. Respondents might feel hostile to disclose or reveal information about their leadership style preference and turnover intentions due to the tensed setting (regimental setting) within the organisation.

1.10 Conceptual Definition

Conceptual definition is a definition that is developed with the aid of basic principles upon which a term rests (Church, 2004). Thus, this section conceptually defines the variables that are involved in this study.

1.10.1 Leadership

Leadership is the act of driving an organisation towards a mutual goal which is the outcome of visions and missions shared by a group of people (Elhajj, 2013). Leadership too is an act of influencing others by channelling their activities, efforts and commitments of individuals towards the attainment of the organisational

According to Ver (2009), leadership is the utilisation of workforce and other resources in such a way to meet particular aims and targets of an organisation.

On the other hand, Gerald (2009) claims that the Army Field Manual, FM 6-22 of the United States Army defines leadership as the act of providing direction and guidance in order for the subordinates to operate in such a way that facilitates the success of a specific mission.

1.10.2 Transformational Leadership

Transformational leadership is a practice of leadership which amplifies the desires of followers to greater achievements, performance and self-development as well as the group development (Avolio B. M., 1990). In addition to this, Bass (1990) stated that transformational leadership enables an individual to stretch beyond their self-interests for the development and good of their group or organisation.

There are 4 main dimensions of transformational leadership (Avolio B. M., 1990).

i. **Idealised influence** is the capability of a leader to successfully influence a follower to selflessly devote themselves to the need and requirements of the group or organisation in achieving goals.
ii. **Individualised consideration** is the ability of a leader to attend to the needs and analyse the capabilities of a co-worker to maximise their output. This too revolves around the guidance and coaching which can be provided by a leader to elevate the performance of a co-worker in achieving organisational goals.

iii. **Intellectually stimulating** refers to the abilities of the leader to develop new ways or methods in carrying out certain tasks especially when problem solving is concerned. This further enables a co-worker to be creative and innovative in performing their duties even at the absence of their leader.

iv. **Inspirational motivation** implies the influential capabilities of a leader in motivating and inspiring their co-workers in concentrating their efforts and resources towards the achievement of a mutual goal more often by providing reasonable visions.

### 1.10.3 Transactional Leadership

Transactional leadership is the leadership style which is defined as the rewards for good performance and punishment for the opposite kind of leadership practice (Bass, 1990). The practice of transactional leadership style works in such a way that it fulfils the personal requirements of co-workers that it as well involves economic transactions (Men, 2010).

According to Bass (1990), transactional leadership comprises of 2 different dimensions which are the following:

i. **Contingent Reward** which is the practice of reward exchanges for the success of a co-worker in conforming to the achievement of organisational goals.
ii. **Management by Exception** refers to the degree supervision provided by a leader to co-workers. A leader who transmits this behaviour either constantly checks on the performance of co-workers to locate deviations from conformity and rectifies them immediately or wait for violations or deviations to take place before rectifying it.

### 1.10.4 Turnover Intention

Turnover intention is defined as the intention held by an employee to leave his or her present job in order to obtain employment in a different place within 12 months period (Medina, 2012). In another study, turnover is perceived as the voluntary idea of an individual to leave the organisation they belong to (Berry, 2010).

There are 3 main constructs of turnover intention which seem to be the main cause of turnover to happen known as psychological, cognitive and behavioural constructs (Ncede, 2013). Intention of quitting one’s present job is the state of mind held by an individual and often displayed through behavioural manner before actual turnover happens (Elangovan, Causal ordering of stress, satisfaction and commitment, and intention to quit: a structural equations analysis, 2001). Turnover intention is also defined as the intention held by an individual about leaving the present job (Simon & Hasselhorn, 2010). Turnover intention is the intention of an individual to leave present organisation within the upcoming one year (Medina, 2012).
1.11 Operational Definition

Operational definition is the approach in quantifying subjects of interest (Church, 2004). Thus, the variables involved in this study is quantified in this section.

1.11.1 Leadership

The operational definition of leadership is that it is an act of influencing individuals of a specific group or organisation in the attempt of achieving organisational goals. As far as this research is concerned, leadership refers to the set of activities preferred by the servicemen of Malaysian Army to be carried out by the leaders in influencing them to carry out their duties in achieving organisational missions and task accomplishments.

1.11.2 Transformational Leadership

The operational definition of transformational leadership refers to the practice of leadership which intends to influence and inspire co-workers with the expectations of performance and input elevation in order to facilitate organisational goals attainments.
A detailed operational definition of transformational leadership is as follows:

i. **Idealised influence** is the act of instilling pride within servicemen to serve under the command of a particular leader and influencing them to go beyond their self needs for the wellness of the organisation. It is also influenced by the capability of the ability of a leader in acquiring their respect by considering the ethics that rests behind each of their decision.

ii. **Inspirational motivation** on the other hand outlines the optimism of the leader about future undertakings and challenges, and enthusiasm associated about carrying tasks in present. The capability of the leader to create vision and developing conviction about achieving those visions are also included.

iii. **Intellectual stimulation** is the act of a leader where critical assumptions are re-examined to assure validity and openness in seeking for different outlooks in problem solving. Developing servicemen’s ability to have different perception on emerging problems and how to solve is also associated with the definition.

iv. **Individualised consideration** reflects on the ability of the leader to guide servicemen in carrying out their tasks and treating them as distinct individuals instead of just a group member. It is also linked with building respect and developing servicemen’s individual strength.

Thus in this study, transformational leadership preference will be examined based on the preference of the Malaysian Army servicemen with respect to the four above stated dimensions of transformational leadership.
1.11.3 Transactional Leadership

The operational definition of transactional leadership is such that the leader fulfils the desire or what is wanted by the co-worker in return to their efforts and commitment in achieving organisational goals. In this study, the operational definition of transactional leadership is:

i. **Contingent Reward** refers to the exchange of assistance expected by servicemen in return for their efforts and discussions about who is responsible for achieving performance targets. In addition to that, it is also operationally defined as a clear understanding of what can servicemen expect as they complete a specific task and the expression of satisfaction when servicemen meet targets.

ii. **Management by Exception** is defined operationally as the attention focused on irregularities, mistakes, exceptions, and deviations from standards made by servicemen concentration of leaders in dealing with mistakes, complaints, and failures. Apart from that, the definition well includes the failure of the leader in interfering until problems arise and waiting for the things to go wrong before intervening.

Thus in this study, transactional leadership preference will be examined based on the preference of the Malaysian Army servicemen with respect to both of the dimensions stated above.

1.11.4 Turnover Intention

The operational definition of turnover intention refers to the intentions held by an individual to leave his or her current job. In the context of this study, turnover intention relates to the thoughts about quitting their job, looking for a new job to settle
for in the nearest future or to simply leave the organisation they are attached now at present as soon as possible as more and more servicemen are opting to quit at the 15th or 18th year of their service instead of 21 years complete tenure.

1.12 Summary

In short, this chapter discussed about the background of the study, statement of problem, research questions, objectives and scopes of the study, the significance of the study and as well outlined the conceptual and operational definitions of all the related variables. This chapter is intended to provide a basic understanding about the issue that is going to be discussed in the subsequent chapters throughout the study. Upon having a brief understanding about the cause and significance of the study, the parameters and variables that are being investigated and the scope of the study, the paper will move into discussing its literature in Chapter 2.
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