

Factors Affecting Transactional Leadership Style at Engineering Sector in Malaysia

Farah Akmar Anor Salim¹, Adiza Alhassan Musah², Irwan
Ibrahim³, Juwaidah Sharifuddin⁴, Adriana Mohd Rizal⁵

^{1,5}Universiti Teknologi Malaysia, ²Management and Science University, ³University Teknologi
Mara, ⁴University Putra Malaysia

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v12-i7/13069>

DOI:10.6007/IJARBSS/v12-i7/13069

Published Date: 05 July 2022

Abstract

First-class leader demands noble understanding and skills in managing the organization and people. This requires comprehensive talents in both interpersonal and intrapersonal skills. Alongside comprehensive talents, leader must also be able to successfully plan related project and deliver the strategic vision to the team. This study identifies an appropriate ideology in practicing an appropriate leadership styles towards employees that works within engineering sector in Malaysia. In this case, transactional leadership style is chosen. An in-depth set of questionnaire were administered to 107 employees that work within an engineering company in Malaysia. In the result findings, factors that associate with the adaptability towards transactional leadership style were found. The future study should observe employees from tourism industry to get more informants for the study.

Keywords: Transactional Leaders, Leadership Style, Engineering Employees, Attitude, Knowledge, Practice, Performance.

Introduction

In today's competitive environment, every business strives to find a supreme strategy to keep resilient in the industry. This includes approaching the leadership quality in managing the company. In this context, leaders are responsible not only to encourage strategic thinking and innovation but rather be able to prioritize an effective cross-cultural communication to the team.

There are ample research on employee's performance with regard to the impacts of leadership styles (Kalsoom et al., 2018; Fries et al., 2021; Rabiul & Yean, 2021)). On that note, it was found that company's achievement is closely relates from the leader's attitude and character.

Hanim et al (2020) conducted a research on employee commitment effect on organizational effectiveness in Malaysian setting and found the crucial impact of the leadership styles that

trigger the dimension. Their study suggested that the suitable dimension in adapting appropriate modus affects the employee's commitment to organizational effectiveness.

This study attempts to explore transactional leadership styles from three perspective namely; knowledge, attitude and practices towards employees particularly for engineering industry located in Shah Alam. The rational of choosing engineering industry is to investigate appropriate approach in managing engineering employees from different background.

Literature Review

Setting a good and reliable competitive strategy contribute immense important for every organisation's survival. Resource utilization is amongst the crucial methods in organizing the approach. This includes unique and inimitable arrangement of both tactical and technical methodology by the leader. As such, good talented leader not only restricted their area to the internal environment but rather bring up the entire organisation beyond the boundaries.

Leadership styles and practices vary with regard to the organizational culture and work demand. The topic has been vast debated in the preliminary literature, scrutinizing an appropriate roles and characteristics of a leader in relation to his followers (Sethuraman & Suresh, 2014; Balcerzyk, 2021). Leader that rewards followers' based on their psychological contract fulfilment is known as transactional leader. According to Daouk & Farmanesh (2021), the reciprocal relationship between transactional leader and followers to focus on the 304rganization's basic needs is significant to determine the 304rganization's outcomes.

Transactional leadership entails the use of contingent rewards and sanctions to motivate employees in pursuing their own self-interest while contributing to organizational goal attainment. This rests on the assumption that through appropriate incentives, self-interest of individual employees may align with the interest of the organization. The contingent rewards and sanctions are relevant whenever employees are rewarded or sanctioned. On the other note, transactions also refer to employees' specific effort or performance. Having both contingent rewards and sanctions gives impact the employees' knowledge, attitude and performance (Kalsoom et al., 2018).

Transactional leadership demands superior to screen and evaluate the staff at their work job performance. Kalsoom et al (2018) claimed that the style contributed strong positive correlation with the performance of the employees in most of the Malaysian companies. The followers are to complete their task as assigned and there will be no major interference from the leader as long as the work runs as expected. However, standard sets by transactional leadership style vary in accordance to the goal and vision of the company.

This study aims to find the effectiveness of applying transactional leadership approach with regard to the engineering industry in Malaysia. In completing the findings, the suggested research questions and research objectives are as follows:

Research Questions

- i. The research questions of the study is as follows: What is the impact on knowledge in adapting transactional leadership approach towards employees within the engineering industry in Malaysia?

- ii. What is the impact on attitude in adapting transactional leadership approach towards employees within the engineering industry in Malaysia?
- iii. What is the impact on practice in adapting transactional leadership approach towards employees within the engineering industry in Malaysia?

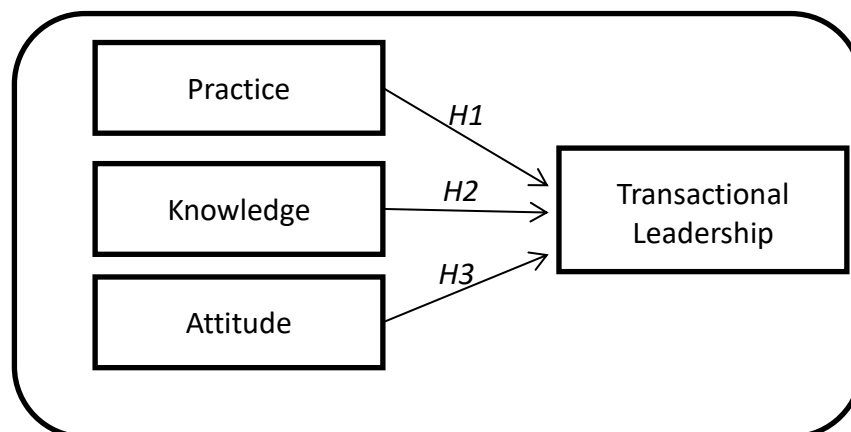
Research Objectives

The research objective of the study is as follows: To investigate the impact on knowledge in adapting the transformational leadership approach towards employees within the engineering industry in Malaysia.

- i. To examine the impact on attitude in adapting the transformational leadership approach towards employees within the engineering industry in Malaysia.
- ii. To explore the impact on practice in adapting the transformational leadership approach towards employees within the engineering industry in Malaysia.

Research Hypothesis

- i. Knowledge has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.
- ii. Attitude has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.
- iii. Practice has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.



Scope of the Research

The study focuses on knowledge of transactional leadership towards workers in engineering industry in Malaysia. The study managed to collect 107 data from the respondent that works within an engineering industry.

Research Methodology

This study intends to develop a better understanding on the transactional leadership approach towards employees particularly within the engineering industry in Malaysia. In screening the process, knowledge, attitude and practices of the leaders are screening. Given the need to explore these criteria, while effectively integrated with high research ethic, the study adopted a quantitative methodology in analyzing the collected data.

The respondents are from various skills with different education background across the engineering department. The rational of collecting data from numerous employees'

background is to ensure that the leadership style is adaptable to every employee within the organization. The survey instruments incorporate with 5-point Likert scale. Out of 145 questionnaires distributed, 107 managed to successfully collected, yielding 73.8% completed the survey.

The questionnaire is divided into 4 parts, namely knowledge, attitude, practice and transactional leadership. To ensure the internal consistency of each question, the study runs reliability test. The study conducted multiple regression test to analyse the relationship between each variable.

Findings

The findings in this study are divided into two parts:

Descriptive Statistics

A total of 120 questionnaires were distributed to employees that attached with engineering companies at Shah Alam, Malaysia, with different gender, race, age and education background. The study managed to collect 107 data, yielding 89.2% response rate. The sample of the study were from both gender with high percentage rate on male compared to female (77.6%; 83/107), while the highest range of age between 20-29 years (66.4%; 71/107) followed by 30-39 (29%; 31/107). Most of the respondents possessed a diploma certificate with 52.3%, followed by bachelor degree with 27.1% and 18% with certificate level. Table 1 below demonstrated the differences in demographic factors ranges from gender, race, age and education background.

Table 1

Demographic Profile

Explanatory Variable		N (%)
Gender	Male	83 (77.6%)
	Female	24 (22.4%)
Race	Malay	91 (85%)
	Chinese	8 (7.5%)
	Indian	6 (5.6%)
	Others	2 (1.9%)
Age (years Old)	15-19	71 (66.4%)
	20-39	31 (29%)
	40-59	1 (.9%)
	>60	4 (3.7%)
Educational background	SPM & lower	18 (16.8%)
	Certificate & Diploma	56 (52.3%)
	Bachelor's Degree Masters &	29 (27.1%)
	PhD	4 (3.7%)

Linear Regression

The study carries out a multiple regression analysis to determine the predictors which contribute towards the practice of transactional leadership style amongst engineering employees in Malaysia. In predicting the results, ANOVA test is conducted to determine the significant factor of the independent variables towards the dependent variable. Additionally,

model summary is carried out to test the association between independent variables and dependent variable. In this case, the dependent variable is transactional leadership whereas independent variables are knowledge, attitude and practice.

Table 2 below explicit the ANOVA test which determine the significant factor between knowledge, attitude and practice and transactional leadership style. The F value shows that the ratio is statistically significant where $p < 0.05$ for Model 1 and Model 2. This indicates that both knowledge and attitude is significant in determining the transactional leadership style.

Table 2
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.004	1	15.004	87.855	.000 ^b
	Residual	17.932	105	.171		
	Total	32.936	106			
2	Regression	16.638	2	8.319	53.088	.000 ^c
	Residual	16.297	104	.157		
	Total	32.936	106			

- a. Dependent Variable: transactional
- b. Predictors: (Constant), Knowledge
- c. Predictors: (Constant), Knowledge, Attitude

Table 3
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.675 ^a	.456	.450	.41325	.456	87.855	1	105	.000
2	.711 ^b	.505	.496	.39586	.050	10.430	1	104	.002

- a. Predictors: (Constant), Knowledge
- b. Predictors: (Constant), Knowledge, Attitude

Table 3 above shows the model summary of the study generated by IBM SPSS version 23. The model shows a correlation between the independent variables (knowledge and attitude) and dependent variables (transactional leadership). In Model 1, “knowledge” contributes 25% of the variance in the regression equation. However, when “attitude” is added into the model, the variance increased to 49.6% of the regression equation. From the model summary above, it is noted that both Model 1 and Model 2 are significant at $p < 0.05$. This indicates that “Knowledge” made a significant contribution of 45.6% to the variance of “transactional leadership”.

Based on the above analysis, the findings of the study with regard to the hypothesis development is summarize at Table 4 below.

Table 4

Finding Analysis

No	Hypothesis	Findings
1	Knowledge has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.	Significant
2	Attitude has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.	Significant
3	Practice has a positive effect on transactional leadership style towards employees in engineering industry in Malaysia.	Not significant

Conclusion and Future Study

Practicing and implementing proper leadership style is important as it plays important role in the overall performance. Like every other personnel, employee's attitude and work styles varies. Some of which are motivated by different factors depending on their personal needs and goals. In this study, the researchers intend to scrutinize the proper leadership style in managing employees from engineering sector. The analysis is based on data collected from 107 respondents that attached with engineering company in Malaysia. Result shows that both knowledge and attitude has a significant impact to leader that observe transactional leadership style while practice did not shows any significant impact towards transactional leadership style.

The study has given a significant impact to the business performance and economy. The findings develop new knowledge and capabilities in demonstrating great impact to both employer and employee. As a result, this would create appropriate managerial skills which thus promote the company's reputation and enhance the economy.

Since the current study is emphasizing engineering employees with leader that practices transactional style, it is recommended that future study to investigate the employees from the tourism sectors. The rationale is to see the impact factors that could bring up the industry and its achievement.

References

- Jia, X., Chen, J., Mei, L., & Wu, Q. (2018). How Leadership Matters in Organizational Innovation: A Perspective of Openness. *Management Decision*, 56, 6-25. <https://doi.org/10.1108/MD-04-2017-0415>
- Kalsoom, Z., Khan, M. A., & Zubair, D. S. S. (2018). Impact of transactional leadership and transformational leadership on employee performance: A Case of FMCG Industry of Pakistan (SSRN Scholarly Paper ID 3206826). *Social Science Research Network*. <https://papers.ssrn.com/abstract=3206826>
- Keskes, I., Sallan, J. M., Simo, P., and Fernandez, V. (2018), "Transformational Leadership and Organizational Commitment: Mediating Role of Leader-member Exchange", *Journal of Management Development*, 3, 271-284.
- Kumasey, A. S., Bawole, J. N., & Hossain, F. (2017). Organisational Commitment Influences on The Relationship Between Transactional And Laissez- Faire Leadership Styles and Employee Performance in The Ghanaian Public Service Environment. *Journal of Psychology in Africa*, 30(1), 30-36. <https://doi.org/10.1177/0020852316634447>

- Peng, S., Liao, Y., & Sun, R. (2019). The Influence of Transformational Leadership on Employees' Affective Organisational Commitment in Public and Nonprofit Organisations: A Moderated Mediation Model. *Public Personnel Management. Advance online publication*: <https://doi.org/10.1177/0091026019835233>
- Kelloway, E. K., Nielsen, K., & Dimoff, J. K. (2017). *Leading to Occupational Health and Safety: How Leadership Behaviours Impact Organizational Safety and Well-Being*. (Expanded ed.) Wiley Blackwell.
- Vito, G. F., Higgins, G. E., & Denney, A. S. (2014). Transactional and Transformational Leadership: An Examination of The Leadership Challenge Model. *Policing: An International Journal of Police Strategies & Management*, 37(4), 809-822. <https://doi.org/10.1108/PIJPSM-01-2014-0008>
- Zareen, M., Razzaq, K., & Mujtaba, B. G. (2015). Impact of Transactional, Transformational And Laissez-Faire Leadership Styles on Motivation: A Quantitative Study of Banking Employees In Pakistan. *Public Organization Review*, 15(4), 531–549. <https://doi.org/10.1007/s11115-014-0287-6>