

**Employees' Perception on Leadership Style towards Business Performance in MNC
Corporation in Malaysia**

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ABSTRAK

Peranan pemimpin dalam sesebuah organisasi telah berubah dan kejayaan sesebuah organisasi bergantung kepada gaya kepimpinan yang diamalkan oleh pemimpin selari dengan peredaran masa. Objektif kajian ini adalah untuk mengkaji hubungan di antara gaya kepimpinan dan prestasi perniagaan syarikat multinasional yang beroperasi di Malaysia yang dikaitkan dengan kepuasan bekerja. Salah satu cabaran terbesar yang dihadapi pemimpin pada hari ini adalah keperluan untuk merangka model perniagaan baru yang tertumpu kepada keberkesanan sesuatu gaya kepimpinan, kepuasan bekerja seseorang pekerja dan kelestarian tanpa mengorbankan peningkatan pendapatan, keuntungan, dan faktor berbentuk bukan kewangan yang lain. Satu kajian kuantitatif dengan penggunaan struktur soalan selidik yang diadaptasi daripada kajian sebelum ini menggunakan persampelan bertujuan diedarkan kepada 150 pekerja yang bekerja dalam syarikat multinasional dan juga melalui pengedaran langsung kepada pelajar separuh masa di universiti awam di Malaysia yang sambil bekerja di syarikat multinasional. Statistical Package for the Social Sciences (SPSS) dan Partial Least Square (PLS) telah digunakan untuk menganalisis data. Gaya kepimpinan spiritual adalah faktor yang amat mempengaruhi kepuasan bekerja, diikuti dengan gaya kepimpinan yang sah, gaya kepimpinan transformasi dan gaya kepemimpinan transaksi. Di samping itu, kepuasan bekerja juga menjadi pengantara kesan gaya kepimpinan transaksi, gaya kepimpinan transformasi, gaya kepimpinan sah, dan gaya kepimpinan spiritual dalam prestasi sesebuah perniagaan. Perolehan daripada kajian ini boleh digunakan untuk merangka strategi yang lebih baik untuk para pemimpin MNC, penyelia, dan jabatan sumber manusia dalam membantu membangunkan modal insan dan memilih gaya kepimpinan yang terbaik

untuk diaplikasikan dalam memperoleh kepuasan kerja yang lebih tinggi dan membawa kepada prestasi perniagaan yang lebih besar akhirnya.

ABSTRACT

In current business environment, the role of leaders in organisations has shifted and the success of any organization depends on the leadership styles practiced by the leaders. The objective of this study is to examine the relationship between leadership style and business performance of multinational companies operating in Malaysia mediated by job satisfaction. One of the biggest challenges facing leaders today is the need to develop new business models that stress on effective leadership style, employee job satisfaction and sustainability without sacrificing revenue growth, profitability, and other indicators of non-financial performance. A quantitative study, using self-administered structured questionnaire adapted from previous studies, are issued using purposive sampling via direct distribution to 150 employees, working in MNC and via direct distribution to part time students that working in MNC at public university in Malaysia. Statistical Package for the Social Sciences (SPSS) and Partial Least Square (PLS) were used to analyse the data. Spiritual leadership style is strong factor influence job satisfaction, followed by authentic leadership style, transformational leadership style, and transactional leadership style. In addition, job satisfaction do mediate the effect of transactional leadership style, transformational leadership style, authentic leadership style, and spiritual leadership style on business performance. The research findings can be used to formulates better strategy for the MNC leaders, supervisors, and human resource department to help in developing human capital and selecting best fit leadership style to apply for higher job satisfaction and leads to greater business performance ultimately.

Chapter 1

INTRODUCTION

1.1 Introduction

The economy situation in Malaysia and also the problems faced by multinational companies that operating in Malaysia will be shown in this chapter. Research questions and objectives of carrying out this research are hence provided in this chapter. It followed by the elaboration of significance of this study from practical perspective.

1.2 Background

The role of leaders in organisations has shifted and the success of any organization depends on the leadership styles applied by the leaders in current business environment. (Saleem, 2015). The globe has been involved in the globalization effect back to many decades ago. “Global village” is the name that called for the phenomenon of the integration of the world economies. Individual firms and nations judged and assessed globally but act locally in the process of globalization (Onodugo, 2012).

Multinational companies (MNC) are the drivers and agents of globalization. Onodugo (2012) mentioned that these MNCs have modified methods of operations diversely in the sense of the changing dynamics and character of the trend of global economic. They decided to move from their international headquarters to actually setting their business activities to where resources are easily attained and as a result of cheaper operating cost to improve their overall business performance and competitiveness. For that

reason, these MNC had focus their attention in developing countries like Asian countries, African, and some South American that rich in resources.

According to the 2014 Foreign Direct Investment Confidence Index (FDICI) that constructed by global management consulting firm A. T. Kearney, Malaysia had secured the 15th place in the global list and having a remarkable jump from the 25th place in 2013. Take the manufacturing industry as example, the foreign investments divided into two parts which RM19.5 billion (49.2%) was for new projects with another RM20.1 billion (50.8%) was in expansion/diversification projects, it total accounted RM39.6 billion in year 2014. According to the Malaysia Investment Performance Report 2014, the largest foreign investor in 2014 in the manufacturing sector was Japan (RM10.9 billion in 55 projects), followed by the European Union (RM8.4 billion in 35 projects), Singapore (RM7.8 billion each in 121 projects), China (RM4.8 billion in 24 projects), the Republic of Korea (RM1.6 billion in 11 projects) and the USA (RM1.4 billion in 23 projects). In year 2014, 86.6 % of total foreign investments had jointly approved from these 6 countries in the manufacturing sector. The figures indicate the significance and the important role of foreign direct investment from MNCs in the country's future economy development.

Leadership plays a vital role in an organisations due to the leader is the primal soul of any organization. Therefore, effective leadership skills also required by the leaders in MNC in Malaysia instead of only having skills to formulate detailed plans, and take care of daily operations. Leaders and organisations could improve through understanding different kind of leadership styles as mentioned by Voon, Lo, Ngui and Ayob (2011). Including their potential limitations and benefits in order to responds to the changes in

technologies, distribution systems, marketing method, human capital management and resources due to market globalization.

1.3 Problem statement

There are research that shows leadership style have significant impact on business performance. Özer and Tınaztepe (2014) had conducted a study to examine how transformational leaders, transactional leaders, and paternalistic leaders have the highest good impact on firm performance. Comparing with other leadership styles, the result shows transformational leadership has a better impact on firm performance. They also suggest future studies to increase the number of leadership styles to identify the effects of leadership styles on business performance more accurately. The result from Morales, Barrionuevo and Gutiérrez (2012) study shows transformational leadership influences organizational performance positively through organizational learning and innovation. They conclude that transformational leadership needed for organisations to improve their performance in changing real-life business environments. From another approach, in order to optimize and utilize organizational performance, a high level of spiritual leadership and workplace spirituality play an important role as a driver of organizational commitment and productivity (Baldrige National Quality Program, 2005; Fry & Matherly, 2006; Kaplan & Norton, 1992, 1996, 2006). In terms of forming the sense of leader and follower spiritual well-being, spiritual leadership is a very effective factor. Hence, this can create value congruence across the empowered team, strategic and individual levels to create higher levels of employee psychological and spiritual well-being, productivity, organizational

commitment, and ultimately organizational performance. This research had carried out the proposition that spiritual leadership is an intangible asset that is a significant factor of future performance in financial aspect (Fry & Matherly, 2006).

There are various kinds of leadership styles which supervisors and leaders applied in leading their employees according to Chen and Chen (2008). For instance, leadership is related with job well-being (Kuoppala, Lamminpa, Liira, & Vainio, 2008). Effective leadership seems to improve job satisfaction and decrease disability pensions and sickness absenteeism. Transformational leaders are always viewed as effective agents of change who could lead followers in strong risk-taking and times of uncertainties in current dynamic business environment and complex organisations. Emery and Barker (2007) expected transformational leaders will positively increasing employees' satisfaction and sense of accomplishment with their job because they try to encourage and motivate their followers to take more responsibility. Voon et al. (2011) conducted a study to examine the relationship between leadership styles and job satisfaction in the public sector in Selangor, Malaysia. The reason why this study was conducted because previous studies generally indicate that employees' job satisfaction in the public sector is equally important in the private sector and there is less study in this sector in Malaysia. The results showed that transformational leadership style has a greater relationship with job satisfaction than transactional leadership. Employee job satisfaction, commitment and productivity would improve by adopting suitable leadership styles from organisations' leaders. For the future exploration, they recommended researchers to concentrate on different associations either on government or private parts in different states in Malaysia rather than Selangor so the

outcomes can be utilized to make the examination in Selangor and different states in Malaysia.

Studies demonstrates job satisfaction as a crucial component for organizational achievement. As per Galup, Klein, and Jiang (2008), effective associations ordinarily have job satisfaction while poor job satisfaction can debilitate an organization. Job satisfaction was significantly linked to organizational performance (Zhou, Li, Zhou, & Su, 2008). It has demonstrated that productivity, efficiency, employee turnover, and organizational performance heavily impacted by job satisfaction (Okpara, Squillace, & Erondy, 2005; Chen, Yang, Shiau, & Wang, 2006; Schroder, 2008). Lee and Ahmad (2009) discovered that levels of job dissatisfaction, high turnover, low participation in decision-making and lack of quality improvement were affected by job satisfaction.

Fry and Matherly (2007), Fry and Slocum (2008) argued that one of the greatest difficulties confronted leaders today is the need to grow new business models that stress on effective leadership style, employees' job satisfaction and sustainability without giving away revenue profitability, business development, and other indicators of non-financial performance. A lot of studies have showed leadership styles and their effect on job satisfaction and business performance but the results are still have not been conclusive. Moreover, Sim and Yap (1997) argued that there is no best leadership style that suitable for all circumstances and it is difficult to select the best leadership style for better organizational performance. For that reason, after understanding the relationship between leadership styles, employees' job satisfaction and business performance, present study is carried out to examine the relationship between leadership style and business performance of multinational companies operating in Malaysia mediated by job satisfaction. With that

saying, this study serves as good platform for filling-up the identified research gaps to have a more comprehensive view of different kinds of leadership styles and its relationship with job satisfaction and business performance which will serve as important reference for MNC that operating in Malaysia.

1.4 Research Objectives

The objective this study attempt to accomplish as follows:

1. To examine the relationship between leadership style and job satisfaction of multinational companies operating in Malaysia.
2. To examine the relationship between job satisfaction and business performance of multinational companies operating in Malaysia.
3. To examine the relationship between leadership style and business performance of multinational companies operating in Malaysia.
4. To examine the relationship between leadership style and business performance of multinational companies operating in Malaysia mediated by job satisfaction.

1.5 Research Questions

To analyse effect of leadership style on business performance of multinational companies operating in Malaysia, four major questions have been developed:

1. What is the relationship between leadership style and job satisfaction of multinational companies operating in Malaysia?
2. What is the relationship between job satisfaction and business performance of multinational companies operating in Malaysia?

3. What is the relationship between leadership style and business performance of multinational companies operating in Malaysia?
4. What is the relationship between leadership style and business performance of multinational companies operating in Malaysia mediated by job satisfaction?

1.6 Significant of study

In recent years, the relationship between the adoption by organisations leaders' leadership style and business performance is the subject of constant interest among researchers in the field of business management. However the effects of certain leadership style on organizational performance have not well studied. Samad (2012) proposed further research need to be conveyed to inspect the relationship of leadership styles on business performance. Likewise, the identification of employees' job satisfaction ensure the improvement in business performance is meaningful to the business management as well. Thus, this study offers a framework that relates relationship between leadership styles, and business performance, mediated by job satisfaction.

From practicality perspective, the business environment that getting more challenging due to globalization and the emergence of greater competition between organisations, this leads to a great demand to MNCs that operating in Malaysia to stay profitable and competitive. To continue to operate in this stiff economic environment, excellent business performance from both financial and non-financial perspective is fairly important factor (Rees, 2007). Hence, study about the relationship between leadership styles and business performance is important. Previous researches and studies often focus on the relationship of the two major strategic leadership style which are transformational leadership style and transactional leadership style (Pihie, Sadeghi, & Elias, 2011; Işcan,

Ersarı, & Naktiyok 2014; Özer & Tınaztepe, 2014; Yıldız, Baştürk, & Boz, 2014). However, clear relationship between leadership styles and business performance due to the improved job satisfaction was not fully covered in those papers. This project is therefore to have more comprehensive and wider view of the leadership styles and job satisfactions, which is the direct effect with the application of these initiatives; and its relationship with overall business performance that can be measured from both financial and non-financial perspectives, such as revenue and product / service quality. This relationship can be adapted by MNCs leaders in the industry to better understanding the importance of the different leadership styles and the benefits they bring towards business performance while initiating and implementing the most suitable leadership style for current situation in the company. In a nutshell, it is no doubt that MNCs that operating in Malaysia are facing pressure to maintain the effectiveness and efficiency in the organisations. The focus on human capital and productivity is the key moving forward to stay competitive in such challenging environment. Hence, these are the essential elements from the significance of study.

1.7 Structure of the Thesis

This report is arranged in the systematic way based on sequential steps involved in the research. The outline for each chapter is described as below:

Chapter 1 introduced the study background, problem statement, research objectives and questions and also the significance of the study.

Chapter 2 is literature review which highlights the related concept / theories and previous studies done by other researchers, according to the conference proceedings and academic

journals. Theoretical framework and hypotheses development for this study is included by the end of this chapter.

Chapter 3 gives overview of the research design, methodologies, population, sampling method, unit of analysis as well as explanation of each variable and measurement used in this study. Besides, brief description of data analyses using several analytical techniques such as confirmatory factor analysis, measurement validity and reliability as well as path analysis and bootstrapping are outlined in this chapter as well.

Chapter 4 presents the data collected in tabular manner for the profile of respondent goodness of measures, descriptive analyses, hypothesis testing and lastly ended with summary of the results.

Chapter 5 discusses on the findings presented in Chapter 4 and the implications from both theoretical and managerial perspectives. Lastly, limitations of the study and recommendations for future research are provided prior to end of this chapter. A meaningful conclusion is made by the end of the chapter; based on statistical analyses and hypothesis results to conclude the whole study.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

The comprehensive review, description, exploration and discussion about the topic under study are included in this chapter. It started with explanations of theories and applications of different kinds of leadership style. Besides, job satisfaction and business performance that identified in the previous researches are also included in the chapter for better understanding about the topic.

2.2 Definition of Leadership

Leadership was first stated in 1978 by James McGregore Burns and was established by Bass in 1985 and by Bass and Avolio in 1994 (Hinkin & Schriesheim, 2008; Northouse, 2007; Piccolo & Colquitt, 2006). According to DuBrin (2006), leadership is the conventional pattern of behaviour that a leader attain organizational goals through utilize and influence his or her subordinates. Leadership is an important management tool, it can enhance the organizational climate, make service quality better, and strengthen relationships with employees if it used correctly (Kozak & Uca, 2008). Daft and Marcic (2006) stated, leadership is one of the key and most important demands in each organization. It is always considered as the way to solve most organizational problems. Process of interaction between leaders and followers where the leader tries to influence followers to attain a common goal is one of the definition of leadership (Northouse, 2010; Yukl, 2005). In these studies, the functions of leadership in organisations' operation has

been evaluated as support and structure. Establishes environment for employees and organizes labour in the process of organisations' operation are functions of leader has to meet. Leaders now widen and increase the interest of their subordinate or take an interest in an interaction with their subordinates instead of rely upon their legitimate power to persuade individuals to fulfil their tasks (Northouse, 2007). In the next section, an overview of studies that had examined the most common instrument for gauging the model – the MLQ as well as Bass & Avolio's Full-Range Leadership model will be discuss.

2.3 Full-Range Leadership Theory

According to Antonakis & House (2002), Full Range Leadership Theory (FRLT) is said to be the most researched and accepted leadership approaches during the late 20th century and early 21st century. Transformational leadership has been proven to be effective on organizational performance (Işcan et al., 2014; Özer & Tınaztepe, 2014; Yıldız et al., 2014; Morales et al., 2012; Samad, 2012).

During the examination of the life of great social and political leaders who made impressive transformations in societies, groups and nations, Burns (1978) discovered the transformational and transactional leadership theory. After that he concludes two distinct sets of behaviours leaders used to influence their followers which are transactional leadership and transformational leadership. The leadership field had gone through different stages, from the trait and contingency approaches of the 1930s, the behavioural approaches of the 1950s and 1960s, and contingency theories of the 1960s and 1970s, Antonakis and House (2002) stated the FRLT was the catalyst that drove it forward. The descriptions of

transactional leadership and transformational leadership have been refined and evolved since year 1985.

2.3.1 Transactional Leadership

Transaction means exchanging something and Transactional leadership emphasizes the transaction or exchanges that takes place among leaders, colleagues, and followers. There is a strong bond between the skill to motivate goal achievement and improved performance through reward structures and leadership made by transactional leadership (Özer & Tinaztepe, 2014; Jung, 2008; Bass, 1985). The transactional process happens when the leader discussing with others what is needed and specifying the rewards and terms these others will receive if they fulfil those requirements (Bass & Avolio, 1994). Besides, Burns (1978) defined transactional leadership as a process of social exchange and contrary to transformational leadership due to leaders rely on organizational rewards and punishment to increase the employee performance. Another similar definition of transactional leadership mentioned that it is an exchange based leadership in-which leader exchange rewards or punishment with the followers' performance, and in return expects productivity, efforts and loyalty from the follower (Naidu & Van der Walt, 2005).

Transactional leadership is also called as managerial leadership or task-oriented because this leadership style is based on task relationship between leader and employee (Koçel, 2011). Griffin and Moorhead (2006) concluded that transactional leadership is basically similar to management in which it involves organized and normal activities. Transactional leadership contains of contingent reward, management by exception-active,

and management by exception-passive. More definition of these factors of transactional leadership will be given in Table 2.

2.3.2 Transformational Leadership

Transformational leaders are defined as leaders, who engage primarily in creating employees' self-confidence by assisting them to discover their potential, positively envision the future scenarios for the organisations, participate with subordinates to explore their demands, and working out collaboratively to fulfil their needs and communicate an attainable vision and mission of the organisations to employees (Peterson, Walumbwa, Byron, & Myrowitz, 2009; Northouse, 2007). Leaders utilize their personal values, vision, commitment to a mission, and passion to boost and drive others towards accomplishment of organizational goals in transformational leadership style (Pierce & Newstorm, 2008). As Erkultlu (2008) mentioned, transformational leader leading the follower beyond immediate self-interests. Transformational leadership also can create awareness of employees' own needs for personal growth, improves knowledge of employees about their job, raises subordinates conscious of the performance to the organization importance of their jobs and motivates subordinates to work toward organizational effectiveness (Jones & George, 2008). Therefore, transformational leaders are given a set of capabilities to create a vision to guide that change, to recognize the need for change, and to carry out the change effectively (Griffin & Moorhead, 2007). This could be effective to enhance organizational performance in an uncertain environment and to achieve competitive advantage (Nemanich & Keller, 2007).

In the perspective of organization performance improvement, Givens (2008) stated, transformational leaders accounted surplus organizational outcomes and work fulfilment by showing respect and confidence in their subordinates and have the ability to influence their subordinate's behaviour. This leadership improves organizational commitment, team cohesion and higher levels of job satisfaction which result in organizational and leadership effectiveness (Erkutlu, 2008), so it is significant to the continued success of organisations (Avolio, Bass, & Jung, 1999; Davis, 2009). Cited from previous studies, transformational leaders exhibit certain behaviours that accelerate employees' level of innovative thinking through which they boost up individual employee performance, organizational innovation and organizational performance (Aragon-Correa, Garcia-Morales, & Cordon-Pozo, 2007; Colbert, Kristof-Brown, Bradley, & Barrick, 2008; Piccolo & Colquitt, 2006). Table 2 below will show the definitions of those factors of transactional leadership style and transformational leadership style.

Table 2:
The definitions of the factors of Leadership based from the Full Range Leadership Model

Leadership Style	Leadership Factor	Leadership Behaviour
Transformational Leadership Style	Idealized Influence (Attribute)	The leader shows determination and convictions. The leader has the followers' respect, trust, and faith. The followers want to identify with the leader.
	Idealized Influence (Behaviour)	The leader shared a vision and sense of mission with the followers. Radical, innovative solutions to critical issues are proposed for handling followers' issues.
	Inspirational Motivation	The leader communicates with fluency and confidence using understandable language and appealing symbols and metaphors.
	Intellectual Stimulation	The leader emphasizes the use of intelligence and creativity. The leader encourages new ways of looking at old methods and problems. The leader provokes rethinking and re-examination of assumptions on which capabilities, strategies, and possibilities are based.
	Individualized Consideration	The leader coaches and advises each follower for the followers' personal development. The leader gives

		personal attention to followers and makes each feel valued and important.
Transactional Leadership Style	Contingent reward	The leader gives followers a clear understanding of what needs to be done and/or what is expected of them, then arranges to exchange rewards in the form of praise. Pay increase, promotions and bonuses.
	Management-by-Exception (Active)	The leader monitors the followers' performance and takes corrective action when mistakes or failures are detected.
	Management-by-Exception (Passive)	The leader intervenes only if standards are not met or if something goes wrong.

2.4 Authentic Leadership

Authentic leadership (AL) has been a subject of expanding interest over the last decade among scholars (Avolio, & Mhatre, 2012). Authentic leadership defined as a pattern of leader behaviour that promotes both positive psychological capacities and positive ethical climate, to ensure greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, encouraging positive self-development (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). Based on the definition, of four related dimensions which are adopted from Kernis' four components of authenticity: self-awareness, relational transparency, internalized moral perspective, and balanced processing included in the authentic leadership. These four components have been investigated and empirical evidence supports that a core AL factor comprises of the relationships among the four components (Walumbwa, Wang, Wang, Schaubroeck, & Avolio, 2010; Walumbwa, Luthans, Avey, & Oke, 2011). Through these unique components, AL is differentiated from other leadership styles such as charismatic, servant, transformational, ethical, and spiritual.

Self-awareness is a dynamic process in which a leader continuously re-examines his/her strengths and weaknesses and how the leader influence others. Regarding the second component internalized moral perspective, ethical/moral component have a crucial impact among all the leadership types as well as in the development of authentic leadership. Social psychologists even make definition and actualize authenticity with the advanced level of moral development (Walumbwa et. al., 2008). According to Peus, Wesche, Streicher, Braun, and Frey (2012), authentic leaders focus and care about ethical issues and is directed by moral standards and ethical values even against groups, organizational and societal pressures. The other component of authentic leadership is relational transparency that involves presenting one's genuine. Refers to Gardner, Avolio, Luthans, May, and Walumbwa (2005), relational transparency reflects achieving and valuing truthfulness and openness in one's close relationships. The final component of authentic leadership is balanced processing. Balanced processing shows a fair decision making process. In this process all information is collected and analysed accordingly through the absence of denials approach.

2.5 Spiritual Leadership

The theory of spiritual leadership was constructed within an intrinsic motivation model that incorporates vision, hope/faith, and altruistic love, theories of workplace spirituality, and spiritual survival/wellbeing. Tapping into the fundamental needs of both leader and follower for spiritual survival/well-being through calling and membership, to create vision and value congruence across the individual, empowered team, and organization levels and, ultimately, to foster higher degrees not only of organizational commitment and

productivity but also psychological well-being and positive human health is the main focus of spiritual leadership (Fry, 2003; Fry, Vitucci, & Cedillo, 2005). Spiritual leadership emphasizes the values, attitudes, and behaviours required to intrinsically motivate one's self and others through a culture based in altruistic values, calling, membership and a transcendent vision to create a more committed, motivated, productive workforce and to build a sense of spiritual well-being (Fry & Matherly, 2006).

Hope/faith function as adding belief, conviction, trust, and effort for performance of the work to achieve the vision. Thus, hope/faith keeps followers looking forward to the future and provides the desire and positive expectation that fuels effort through intrinsic motivation. According to the spiritual leadership theory, altruistic love means the organization giving unconditionally and is received in turn from followers in pursuit of a same vision that carved out and takes away fears related with jealousy, selfishness, worry, anger failure and guilt and gives one a sense of membership – that part of spiritual survival/well-being that gives one an awareness of being understood and appreciated. There is proof that spiritual practices and values are related to leadership effectiveness (Reave, 2005) and that organisations have greater levels of productivity, employee commitment, and customer satisfaction when employees' spiritual demands are aligned and met with organizational values and vision (Duschon & Plowman, 2005; Fry, 2005; Malone & Fry, 2003). Organizational commitment defined as employees with a sense of calling and membership will become attached, loyal to, and want to stay in organisations that have cultures. On the other hand, productivity defined as employees who experience calling and membership will whatever needed to pursuit the vision for continuously improve and be more productive and who have believe in the organization's vision.

2.6 Job Satisfaction

The term job satisfactions refers to the feelings and attitude people have about their job. Job satisfaction occur when the attitudes towards the job are positive and favourable. Job dissatisfaction occur when the attitudes towards the job are poor and unfavourable (Armstrong, 2006).

On the other hand, Locke (1976) defined job satisfaction as a positive or pleasing emotional form from the appraisal of one's job or experience. This definition suggests that employees form their attitude towards their jobs by taking into account their feelings, beliefs and behaviours (Robbins, 2005; Akehurst, Comeche, & Galindo, 2009). Wicker (2011) defined job satisfaction as a sense of inner fulfilment and pride achieved when performing a particular task. Employees' satisfaction is generally regarded as an important ingredient for organizational success. According to Galup et al. (2008), positive job satisfaction could lead to successful organisations while poor job satisfaction can cripple an organization. At the same time, job satisfaction affects degrees of job dissatisfaction, tardiness, low morale, absenteeism, grievance expression, high turnover, quality improvement and participation in decision-making (Lee & Ahmad, 2009). These in turn affect the overall performance of the organization (Klein et al., 2008; Page & Vella, 2008; Pitts, 2009; Riketta, 2008; Scroggins, 2008). Thus, job satisfaction is often considered to be an indicator of employee emotional well-being or psychological health leading to indicate behaviour that could affect organizational functioning. Satisfied employees tend to be more productive, creative, committed to their organisations.

Spector (1997) concluded that common factors found in some of the most popular job satisfaction instruments, such as “appreciation; communication; coworkers; fringe

benefits; job conditions; nature of the work itself; organization itself; organization's policies and procedures; pay; personal growth; promotion opportunities; recognition; security; supervision". Spector (1997) develop "job satisfaction measuring scale" to evaluate the level of satisfaction of employees regarding their job which covers various factors like pay, fringe benefits, supervision, communication, promotion, working condition, contingent rewards and coworkers. If employees get the salary, benefits, promotion, supervision and coworkers they want they will possibly be more satisfied and will also like to stay with organization.

2.7 Business Performance

Business performance is one of the most important constructs in management research. Business performance is a very useful indicator; business owners use it to track the achievement of company objectives and goals; investors use it to measure specific productivity and financial indicators; management uses it to analyse previous performance and make necessary future adjustments; and employees use it to track productivity in an effort to meet bonus pay terms. Ultimately, firms measure performance in order to meet better future performance (Lee, Kim, Seo, & Hight, 2015). Business performance also can be described as a set of financial and non-financial indicators which offer information on the level of achievement of objectives and results (Lebans & Euske, 2006 after Kaplan & Norton, 1992).

According to Yıldız and Karakaş (2012), business performance can be measured only by subjective method or only by objective method. It can also be seen in the literature that to avoid short-comings of each method, both subjective and objective methods are

used simultaneously. It has become evident that while ROA and ROE are the most used ones in objective method, profitability, sales and market share are the most used criteria in subjective method (Yıldız & Karakaş, 2012).

There are a few indicators of business performance from the financial perspective. Sales growth is the improvement in sales over a specific period of time, often but not necessarily to be annually. The company's ability to generate revenues in excess of the costs acquired in creating those revenues is the overall profitability. Return on assets (ROA) is an indicator of how profitable a company is comparing to its total assets. ROA gives a picture as to how efficient management is at using organisations' assets to generate income. Return on Investment (ROI) is an indicator of how profitable a company is corresponding to its total investment amount. Cash flow stream is a revenue or expense stream that changes a cash account over a given period. Cash inflows usually come from one of three activities which is operations, financing or investing. Cash outflows result from investments or expenses.

There are also a few indicators for business performance from the non-financial perspectives. Customer satisfaction is a measure of the level to which a product or service meets the customer's expectations. New product/service development capability is the process of converting knowledge and ideas into better methods of doing business or into new or improved products and services that are valued by the community. Product/service quality is the excellence of the product or service – the serviceability and value that customers get from by buying the product or service (Özer & Tınaztepe, 2014).

2.8 Hypotheses Development

H1: Leadership styles have positive influence on job satisfaction

Based on a study from Voon et al. (2011), transactional and transformational were found to have positive relationships with employees' job satisfaction. In addition, the results showed that transformational leadership style has a stronger relationship with job satisfaction. Müceldili, Turan, and Erdil (2013) discovered that organisations may also stimulate other positive consequences beside innovativeness, such as job engagement, extra-role performance, and job satisfaction through authentic leadership style. Spiritual leadership could intrinsically motivate one's self and others to create a more committed, motivated, and build a sense of spiritual well-being, hence, employee would gain more job satisfaction under supervision of a spiritual leader. These studies show the relationship between leadership style and other possible outcomes include job satisfaction that we want to discover. The hypotheses is generated as below.

H1a: Transactional leadership style has positive influence on job satisfaction

H1b: Transformational leadership style has positive influence on job satisfaction

H1c: Authentic leadership style has positive influence on job satisfaction

H1d: Spiritual leadership style has positive influence on job satisfaction

H2: Job satisfaction has positive influence on business performance

Job satisfaction represents one of the most complex fields facing today's managers when it goes to managing their employees. Many studies have demonstrated an unusually large impact of the employees' job satisfaction on business performance (Aziri, 2011). To find out the relationship of job satisfaction and business performance, we can look into several

previous studies results and findings. Kaliski (2007) stated job satisfaction is an employees' sense of achievement and success on the task and it is generally seems to be significantly linked to productivity as well as to personal well-being in his previous study.

According to Khusor (2011), the success of organization is depending on the employees' job satisfaction. Thus, the requirement in enhancing the employee satisfaction is a critical part since it is become an input towards the success of an organization. In the recent environment, the employee satisfaction and customer satisfaction can deliver major impact directly towards the achievement of the organization. Chiang and Birtch (2011) also mentioned employee's job satisfaction could leads to customer satisfaction. Hence, it appears reasonable to state that understanding of employee role is extremely important as it become the key factors in the success of modern organization. Therefore, the hypothesis can be postulated as below.

H2: Job satisfaction has positive influence on business performance

H3: Leadership styles have positive influence on business performance

Samad (2012) found that both transformational leadership and innovation were significant influence to organizational performance and significantly enhanced the organizational performance in Malaysian logistics companies through his study. The results of Yıldız et al. (2014) show that transactional leadership style, transformational leadership style and innovativeness have positive effect on business performance, respectively. Authentic leaders may encourage group virtuousness and potency, these being critical paths leading positively toward organizational performance (Rego, Júnior, & Cunha, 2013). Through the research of Fry and Matherly (2006), the results provide additional support for Spiritual

leadership theory as a significant and important driver of productivity, organizational commitment and as well as sales growth. Hence, it can be concluded that these leadership styles has positive influence on business performance. The hypotheses can be postulated as below.

H3a: Transactional leadership style has positive influence on business performance

H3b: Transformational leadership style has positive influence on business performance

H3c: Authentic leadership style has positive influence on business performance

H3d: Spiritual leadership style has positive influence on business performance

H4: Job satisfaction mediates the relationship between leadership styles and business performance

Pihie et al. (2011) found that among three distinctive leadership styles, the transformational and the transactional leadership styles were positively and laissez-faire were negatively correlated with the lecturers' job satisfaction. Organisations need authentic leaders for trying to cope with the new and dynamically changing work environment via making a fundamental difference in organisations by helping employees find meaningfulness and connection at work (Müceldili et al., 2013) to avoid performance failure or some negative issues happens during task operation.

According to Fry (2003, 2005), spiritual leadership could tap into the basic needs of both leader and follower for spiritual survival/well-being then structure vision and value congruence across the individual, empowered team, and organization levels, ultimately, to foster higher levels not only of psychological well-being and positive human health but also organizational commitment and productivity.

Moreover, Goodwin, Wofford, and Whittington (2001) found a positive and significant relationship between transformational leadership style and followers' commitment, satisfaction and organizational performance. A progressive and innovative manager is vital in achieving productivity gains with human resource management techniques. By increasing the motivation and satisfaction among engineer workers, they can provide better productivity, efficient workers, higher quality work, higher loyalty, and increased likelihood of staying in organization. Therefore, the way of organization managers or supervisors lead their employees to enhance motivation and effectiveness are very crucial. (Suhana, Mardhiah, Zuraidah, Norhasniza & Nooririnah, 2014). We may build the hypotheses in this way.

H4a: Job satisfaction mediates the relationship between transactional leadership style and business performance

H4b: Job satisfaction mediates the relationship between transformational leadership style and business performance

H4c: Job satisfaction mediates the relationship between authentic leadership style and business performance

H4d: Job satisfaction mediates the relationship between spiritual leadership style and business performance