JUDUL: THE EFFECTS OF LEADERSHIP COMMUNICATION ON EMPLOYEE ENGAGEMENT IN THE PRIVATE HIGHER EDUCATION INSTITUTIONS: A STUDY ON MOTIVATING LANGUAGE

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THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS AND ECONOMICS UNIVERSITI MALAYSIA SABAH 2012
DECLARATION

I hereby declare that the material in this dissertation is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

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ABSTRACT

THE EFFECTS OF LEADERSHIP COMMUNICATION ON EMPLOYEE ENGAGEMENT IN THE PRIVATE HIGHER EDUCATION INSTITUTIONS: A STUDY ON MOTIVATING LANGUAGE

The recent globalization, liberalization and reformations of the higher education in Malaysia has shift the operations of the educational system towards a new paradigm of quality innovation; which also poses serious challenges on finding ways to attract and retain excellent and experienced academics as well as developing staff commitment to universities. Voluntary turnover of academic staff has brought a significant impact to the organization. The problem may be traced back to leadership communication especially in the usage of motivating language. The main objective of this study is to examine the relationship between motivating language of leadership communication and employee engagement. The study also seeks to find whether length of service affect the relationship between the two variables. Findings from the study indicated that direction-giving language and empathetic language are two specific factors among leaders that appear to have meaningful positive relationships with employee engagement. Furthermore, length of service does moderates between direction-giving language and engagement of employee.
ABSTRAK

KESAN DARI KOMUNIKASI KEPIMPINAN TERHADAP PEMBABITAN PEKERJA DI INSTITUSI PENDIDIKAN TINGGI SWASTA: KAJIAN TERHADAP BAHASA MOTIVASI

Globalisasi terkini, liberalisasi dan reformasi pendidikan tinggi di Malaysia telah mengalih system operasi pendidikan ke arah paradigm baru dengan menitikberatkan inovasi yang kualiti; tetapi ia juga menimbulkan cabaran yang serius untuk mencari kaedah untuk menarik dan mengekalkan ahli akademik yang cermerlang dan berpengalaman serta membangunkan komitmen kakitangan terhadap universiti. Pusing ganti secara sukarela oleh staf akademik telah membawa impak yang besar kepada organisasi. Masalah ini mungkin boleh disusur kembali kepada komunikasi kepimpinan terutamanya dalam penggunaan bahasa motivasi. Objektif utama kajian ini adalah untuk melihat hubungan antara bahasa motivasi komunikasi kepimpinan dan pembabitan kakitangan pekerja. Kajian ini juga bertujuan untuk memeriksa sama ada tempoh perkhidmatan menjejeaskan hubungan antara kedua-dua pembolehubah tersebut. Hasil kajian ini telah menunjukkan bahawa bahasa “memberi-arahan” dan bahasa “empati” adalah dua faktor yang khusus di kalangan pemimpin yang mempunyai hubungan positif yang bermakna dengan pembabitan pekerja. Selain dari itu, tempoh perkhidmatan turut memberi kesan antara bahasa “memberi-arahan” dan pembabitan perkerja.
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CHAPTER 1

INTRODUCTION

1.0 Introduction
Organizations aspiring to be the best player in their industry need a strong team of people that are engaged in their work, committed to the organizational goals and are willing to walk the mile to realize the leader’s vision. The question here is “how to instill positive attitudes in employees to get them to become more passionate, excited and proactive in their work?” The key to this answer may be found in leadership communication.

Leaders have long recognized the importance of improving communication in organizations as early as 1938 when communication was noted by Chester Barnard as the central function of managers and executives. Various management and communication scholars follow suit with the above notion and highlighted the importance of communication between superior and their subordinates (Dansereau & Markham, 1987; Jablin, 1979).

Indeed, there have been many books, dissertations and articles written about the concept of leadership but with little consensus on just what makes an effective leader. The only indication scholars agree on, is that effective leaders are also effective communicators, but good communicators may not necessarily make good leaders. Several attempts have been made to distinguish between leadership and management for which has proved to be haphazard because it has inculcated in many generations of managers the idea that being a leader is somehow more superior to being a manager. This can be seen from the following distinction made between research on management and leadership:

- The manager tends to react and respond while the leaders are more proactive
The manager are rational and problem solver whereas the leaders define problems and are inspiring

The manager interact rationally with other people; the leader builds emotional relationship with other people

Although the above statements may be accurate to some extent, it does however undermine the way one perceives the function of a manager, thus, creating a narrow view of the two roles or functions. The fact is that management and leadership are inextricably linked with effective communication being the centre of focus (Clutterbuck & Hirst, 2002).

Managers and leaders alike spend much of their time communicating internally and externally with their stakeholders in the manners of meetings, business negotiations, interviews and the like. Studies in the past have shown that communication occupied 70 to 90 percent of manager’s time (Mintzberg, 1973; Eccles & Nohria, 1991), however, with the present communication technology tools such as cell phones, e-mail and text messaging, the results would probably generated even higher percentages. In spite of the emergence of high-tech information exchange tools, the need for adept interpersonal skills is more critical than before to optimize workplace outcomes. Corporate leaders tend to use communication as an influential mechanism to shape organizational workforce and in transferring the ownership of vital messages to geographically dispersed stakeholders (McLaurin, 2006a; Briggs, 2008).

Leadership communication bridges the gap between organizational values and employee engagement. Employees are motivated to act only when they can internalize the vision and mission channeled by their organizational leaders through effective communication. Employees who are highly engaged in their work are an “economic force that fuels an organization’s profit growth” (Coffman & Gonzalez-Molina, 2002, p.26). Based on the Gallup Organization research, the authors reported that engagement has more to do with how employees feel as compared to how they think. They then divided employees into three types namely the actively engaged, the non-engaged, and the actively disengaged employee. High performing companies strive to keep the actively engaged employees as these are
the ones that love their jobs, and often demonstrating high levels of passion, zeal and creativity. The non-engaged are the mediocre or apathetic workers with an indifferent attitude and behaviour towards their work and their organizations. Leaders should be wary of those actively disengaged employees who are seen as the main cause that disrupt positive staff chemistry.

Regardless of whether the organization’s intention was to continue building the highly engaged or trying to convert the actively disengaged employees, the bottom line here is that it is imperative for a leader to acquire the right capabilities as a listener, mentor, educator and communicator in formulating and facilitating a positive organizational culture that promotes employee engagement. Leadership communication entails creating commitment rather than compliance to engage and relate with others; to learn introspectively and scrupulously the skills of communication to inspire others in order to make change happen.

The core principle of successful leadership communication is motivating language of the leader in building, strengthening and maintenance of successful relationships. Motivating language serves as the cornerstone of the soft skills needed for optimizing valued employee outcome such as performance, job satisfaction, low absenteeism, loyalty, and retention (Borchgrevink, 2004; Goleman, 1998; Mayfield et al., 1998; Robbins & Hunsaker, 2003; Sullivan, 1988). Motivating language is used as a form of strategic verbal communication in motivating employees through the deliberate variances in direction-giving, emotion-sharing, and meaning-making communications (Mayfield et al., 1998). The communication speech delivered by the leader by means of motivating language aids leader in conveying clear communication, builds employee engagement, fosters strong feelings of trust, and increases motivation, job satisfaction and organizational productivity. Therefore, Motivating language is a feeder component that influences the quality of the Leader-Member Exchange (LMX) relationship (Bakar, Mustaffa & Mohamad, 2008) where reciprocity is formed between leaders and followers.

Engagement levels are likely to be high if leaders adopt the use of appropriate communication channels and follow the open door policy. A leader who
only speaks in a one way direction is neither effective nor inspiring to his or her followers because such approach projects the person as rather self-centered, bigheaded and intimidating. Therefore, leaders should be more sensitive to the needs of their followers and tune their tone and manner of speech to a degree that followers feel comfortable communicating with them. Effective leadership communication enables leaders to lead an empowered workforce that continuously engages in trust-initiated roles to gain a competitive advantage in the industry.

1.1 Problem Statement

The recent globalization, liberalization and reformations of the higher education in Malaysia has shift the operations of the educational system towards a new paradigm of quality innovation; which also poses serious challenges on finding ways to attract and retain excellent and experienced academics as well as developing staff commitment to universities (Lew, 2009).

Academic staff turnover in some local private colleges may remain to be high although no studies in Malaysia have properly examined this in the recent years (Lew, 2009). Voluntary turnover of academic staff causes organizations to lose an enormous amount of cost not only replacement, but from their investments on faculty members’ promotion, training and sabbatical leave which are not refundable. Furthermore, the loss of good academics may impede the government’s aim to produce quality human capital and workforce.

Moreover, with foreign investment entering the country, local colleges are severely affected by the changes made especially in terms of strategic alliances formed between the local and foreign education providers. For example, the acquisition of INTI education groups by Laureate International Universities in year 2008 has created a lot of speculations about the ownership change and has inhibited trust among stakeholders and organizational members.

Company restructuring and corporate reorganization has also brought a significant impact on the engagement level of employees especially amongst the academic staff in the private higher education industry. When firms go through...
major structural changes such as acquisition, merger or consolidation of company branches and subsidiaries, it often affected the socio-psychological well-being of the organization members and resulted in employees’ resistance to change with outcome leading to resignation, low morale, fear of losing job security, and hostility towards the new leaders and team members.

As new leaders began to build new vision or mission statement and establishing new set of goals for management and staff of the organization, such attempts will often either evoke a positive or negative response from the team depending on the communication maturity of the leaders. Every word and deed of the new corporate leaders will be under scrutiny, hence, also became the guiding force of how people behave towards the message and action of the leaders. The manner of how leaders communicate change and the approach used in disseminating messages to influence the groups are important indicators of employee productivity. For example, Rosas-Gaddi (2004) mentioned that goal clarity and direction given by leaders are identified as factors that can influence an employee’s level of engagement. Employees perform better when their individual goals are in alignment with the organizational goals and in order to achieve this, employees need to have a clear understanding of the goals and objectives set by the leaders as well as knowing how best to attain them.

The general problem is that many leaders seemed to forget that their communication styles can strongly impact the degree of employee engagement and commitment with the organization. Communication is one of the essentials of effective leadership. Furthermore, motivating language aids organizational objectives in embracing change. For instance, leaders can adopt meaning-making language when organization is going through a merger or acquisition. Alternatively, direction-giving language will be more relevant to situation of rapid growth, new markets or new product development; while empathetic language has consistently proven itself to be a significant factor in improved organizational outcomes.

Bakar, Mustaffa and Mohamad (2008) pointed out the gap towards leadership studies conducted in the past which have almost always focused on determining what an effective leader looks like but lacking examination on the
relationship between leadership and communication. Furthermore, many researchers have failed to look into the effect of leadership communication on employee engagement. In fact, Kotter (1990) and Kakabadse, et al., (1988) both agreed that effective communication was instrumental in achieving leadership and business growth efficacy. It has been argued that there is a lack of research on employee engagement within the academic literature (Robinson et al., 2004).

As employees are organization’s key resource for success, leaders needs to know how to differentiate communication from information and move from disseminating basic facts to building positive relationship with employees through the provision of contexts, commentary and two-way dialogue.

Thus, this study seeks to investigate the relationship between leadership communication and employee engagement, as well as to identify which element from motivating language of leader plays a significant role in influencing employee engagement level.

1.2 Research Questions
This study hopes to uncover the answers to the following research questions:

1. What is the relationship between leadership communication and employee engagement in the private higher education institutions in Kota Kinabalu, Sabah?
2. Which aspect of the motivating language has a significant effect on employee engagement?
3. Does length of service affect the relationship between leadership communication and employee engagement level?

1.3 Research Objectives
This quantitative study was designed to examine the link and determine the strength of relationship between motivating language of the leader’s
communication and the level of employee engagement in the private higher education institutions in Kota Kinabalu.

Generally, the research study aims to provide an understanding to the following objectives:
1) To find out the effect of leadership communication on the employee engagement level.
2) To identify which among the three independent variables of the motivating language of leader is the most important driver to employee engagement.
3) To investigate the moderating variable of length of service on the relationship between leadership communication and employee engagement.
1.4 Scope of Study
This study has covered only the Academic staff specifically the lecturers in order to obtain a more accurate response representative of the employee engagement level in regards to leadership communication in their respective private higher education institutions in Kota Kinabalu, Sabah. The private higher education institutions have been chosen as the context of this study as the issue of "staff pinching," and high turnover rate may be more prevalent among the competitive private education sector.

1.5 Significance of the Study
The significance of this study is to provide a clearer understanding of the relationship between leadership communication (using motivating language) and employee engagement as a way to help organizational leaders to recognize if their communication style has any bearing on the latter. The information can be very useful in helping organizations to determine the right choice of leader who can contribute positively to high level of employee engagement. It can also encourage the leaders to adopt a specific plan of action for further improvement and adjust their communication style accordingly so as to influence positive change and behaviour amongst organizational members. Having said that, Hines (2008) believed that corporate leaders who had internalize the understanding of leadership behaviour are usually more capable of leading groups of multicultural teams because they have successfully gained a better perspective on how members of diverse cultural background respond to various leadership styles.

This study may pave the way for further academic researchers to explore the theory-building of leadership communication and employee engagement based on the result derived from the research and help to address a current gap that exists in understanding the relationship between effective communication and engagement. Organizations may benefit from leveraging on those relationships whilst their HR managers are able to effectively predict retention and organizational commitment. Several results gathered from earlier engagement studies have consistently revealed the positive effects that companies have reaped
from their substantial investment in policies and practices that enhance engagement and commitment in their workforces. The positive linkage proved that the higher the overall employee engagement scores, the better the stock performance and greater customer satisfaction which position the organizations ahead of the pact and gave them crucial competitive advantages in the area of higher productivity and lower employee turnover (Vance, 2006).

Finally, this research may assist new corporate leaders seeking to improve their leadership skills in a new organizational setting as they undertake the myriad responsibility to resourcefully manage their global and diverse groups of employee on the pathway to success. Hence, filling a current’s void in today’s research.

1.6 Definition of Terms Used

1.6.1 Leadership Communication
Leadership communication is the controlled, purposeful transfer of meaning by which leaders influence a single person, a group, an organization, or a community. Leadership communication uses the full range of communication skills and resources to overcome interferences and to create and deliver messages that guide, direct, motivate, or inspire others to action (Barrett, 2006).

Leadership is seen as a sophisticated communication process that delivers results. Hackman and Johnson (2009) believe that the type of leadership is defined by the leadership communication style (p. 40). They define leadership as a form of human communication which transitions attitudes and behaviors to focus on collective shared goals and needs (p. 11).
1.6.2 Motivating Language

"Motivating Language Theory (MLT) (Sullivan, 1988) proposes that strategic leader speech can directly have a positive effect on critical employee outcomes which are associated with motivation, such as job satisfaction, performance, attendance, retention, and innovation."

1.6.3 Employee Engagement

Gallup (2008) defines employee engagement as "the individual's involvement and satisfaction with as well as enthusiasm for work" (p. 269). In another definition given by Robinson, Perryman and Hayday (2004), employee engagement refers to the positive attitude or feelings employees have towards the organization and its values by working with peers and associates to improve performance within the job for the benefit of the organization.

1.6.4 Private Higher Education Institutions

An establishment not maintained by the Government which encompasses educational institution, a University or a University College or a Branch campus providing higher or distance education, etc., as stated by the Laws of Malaysia, Private Higher Educational Institutions Act (1996).
1.7 Organization of Thesis

Chapter 1 highlights the introduction of the research topic, problem statement, research questions and objectives, scope and significant of the study, and defining the key terms used in the research.

Chapter 2 contains a thorough review of the literature surrounding the theoretical framework of the study. The literature will also provide studies related to the topics of leadership communication using motivating language, employee engagement, length of service and the Malaysian private higher education institutions.

Chapter 3 gives an account of the research methodology which will be applied in this study. It also covers the hypotheses of the study, research and sampling design, instrument and techniques that will be used to gather its findings and conclusions.

Chapter 4 presents the results of the survey and the findings from the data analysis such as demographic profile, factor analysis, reliability analysis, correlation analysis, multiple and hierarchical regression analyses.

Chapter 5 discusses the findings and related hypotheses with reference to the literature review. This chapter also includes the limitations of the study and future research, suggestions for organization’s leaders and finally, it provides conclusions drawn from findings of this study.
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