

**THE RELATIONSHIP BETWEEN LEADERSHIP
STYLES, FAIRNESS OF PERFORMANCE
APPRAISAL AND AFFECTIVE COMMITMENT
AMONG PUBLIC SECTOR EMPLOYEES IN
KOTA KINABALU SABAH**



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UNIVERSITI MALAYSIA SABAH

PERPUSTAKAAN
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMICS AND
ACCOUNTANCY
UNIVERSITI MALAYSIA SABAH
2016**

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EVANGELINE J SINAGOH



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FULFILLMENT OF THE REQUIREMENT FOR
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2016**

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JUDUL KAJIAN: THE RELATIONSHIP BETWEEN LEADERSHIP STYLES, FAIRNESS OF PERFORMANCE APPRAISAL AND AFFECTIVE COMMITMENT AMONG PUBLIC SECTOR EMPLOYEES IN KOTA KINABALU, SABAH.

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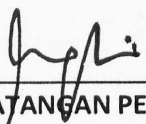
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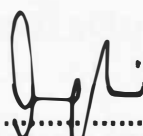
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ABSTRACT

The purpose of this study is to examine the relationship between leadership styles, fairness of performance appraisal and affective commitment among public sector employees working in Federal Governments Departments in Rumah Persekutuan Kota Kinabalu, Sabah. Affective commitment is the employees' psychological attachment to the organization. Leadership styles is the behaviour and attitude of the leader which leads to certain predictability and regularity in dealing with the group members. Fairness of performance appraisal is the agreement of what a person thinks they deserve in their performance appraisal. A total of 140 self-administered questionnaires were distributed using the proportionate stratified sampling method to public sector employees in various departments at Rumah Persekutuan Kota Kinabalu. The outcome from this study suggest that leadership styles (transformational leadership, transactional leadership) has a significant relationship towards affective commitment and fairness of performance appraisal (distributive fairness, procedural fairness, interpersonal fairness, informational fairness) has only a partial relationship towards affective commitment whereby only one dimension has a significant relationship which is procedural fairness.



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ABSTRAK

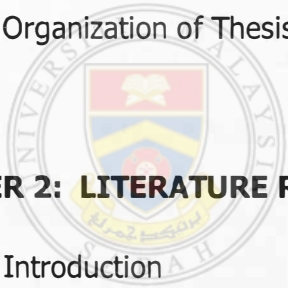
Kajian ini bertujuan untuk mengkaji hubungan antara gaya kepimpinan, keadilan dalam penilaian prestasi dan komitmen afektif dikalangan pekerja sektor awam yang bertugas di Jabatan Kerajaan Persekutuan di Rumah Persekutuan Kota Kinabalu, Sabah. Komitmen afektif adalah perasaan psikologikal pekerja terhadap organisasi. Gaya kepimpinan ialah kelakuan dan sikap seorang pemimpin yang membawa kepada kebolehamalan dan kekerapan tertentu dalam berurusan dengan ahli-ahli kumpulan. Keadilan dalam penilaian prestasi adalah persetujuan berdasarkan apa seseorang menyangka kepada apa yang mereka layak dalam penilaian prestasi mereka. Sejumlah 140 borang kajian soal selidik diedarkan menggunakan persampelan berstrata berkala kepada pekerja sektor awam di pelbagai jabatan Kerajaan di Rumah Persekutuan Kota Kinabalu. Hasil dapatan daripada kajian ini mencadangkan bahawa gaya kepimpinan (kepimpinan transformasi, kepimpinan transaksi) mempunyai hubungan signifikan kepada komitmen afektif dan keadilan dalam penilaian prestasi (keadilan pengagihan, keadilan prosedur, keadilan interpersonal, keadilan informasi) hanya mempunyai hubungan tidak signifikan.



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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter introduces the background of the study, problem statement, research questions, and objectives as well as the scope and significance of the study. Important variables used throughout this report are defined. Basic understanding of this study were addressed in this chapter.

1.2 Background of Study

Organizational commitment has received a lot of attention in studies at the work place (Mowday, 1998). One of the main reasons for it being a popular topic in the field of management research is because organizations continue to find ways to sustain competitive advantage by having a team of committed employees. According to Jassawalla and Sashittal (2003) and McElroy (2001), the success of an organization is likely to be determined by having a high degree of organizational commitment. Meyer, Allen and Smith (1993) had recognized that organizational commitment is a leading factor that impacts the level of achievement in many organizations.

Organizational commitment is significant due to its relationship to performance as committed workforce take satisfaction in organizational membership and believe in the values and goals of the organization, and this leads to a higher level of productivity and performance (Mowday, Porter and Dubin, 1974). Analysis at the organizational level by Mowday (1998) stated that the outcome of employee commitment towards the organization is measured by the productivity, quality, financial indicators and retention. On the individual level, the outcome measures are absenteeism, turn over, performance and pro-social behaviour. As tardiness, absenteeism and low productivity are costly for an

organization; therefore it is important for organizations to determine variables that affect organizational commitment (Steinhaus and Perry, 1996).

Organizational commitment relates to the concepts in human resource management and organizational behaviour. An employee's perception on how good the organization is managed is likely to affect the level of organizational commitment which leads to employee performance (Camilleri and Van Der Heijden, 2007). Committed employees' belief in the organization goals and values and taking pride to be part of the organization will exhibit higher levels of performance and productivity (Mowday, Porter and Dubin, 1974).

Organizations can be a game changer through their employees. A committed employee takes satisfaction in organizational citizenship, self-reliance in the objectives and goals of the organization and will increase performance and efficiency (Steinhaus and Perry, 1996). Fiorita, Bozeman, Young and Meurs (2007) concurs that if the top management of an organization can administer or manage their employees correctly, employee's commitment can propel positive results, such as expanded viability, performance, and efficiency, lowering turnover rate and reducing absenteeism at both the individual and organizational levels.

According to Azizah, Holian and Zhang (2014), government activities are typically personnel intensive and thus good human resource management practices are important in improving service quality. Poor management of government sector employees can undermine stakeholder's confidence and could lead to poor service delivery. Poor practices and management are not conducive for the developing and sustaining a committed workforce and it is therefore important for managers and leaders in the public sector to identify and address these problems. They should also explore ways to boost commitment by improving mutual understanding of expectations between employer and employee.

Therefore, employees are the most crucial determinants and driving elements that affect the performance of the group or organization. Every organization should acknowledge the value and importance of organizational commitment because it has an impact on job performance, work motivation, tardiness, absenteeism and turnover. Employees that are committed are more likely to be involved in extra-role behaviours such as innovativeness or creativeness that

are crucial in maintaining a proactive attitude in the organization (Camilleri and Vand Der Heijden, 2007).

1.3 Problem Statement

Strategic planning of human resource management in the public sector aims to achieve the vision of the civil service which is to be a high performance, dynamic and citizen centric public service. Public sector employees act as administrative machinery covering various fields including economic, social and services such as education and health services among others.

The Prime Minister of Malaysia YAB Dato' Sri Mohd Najib Tun Razak had also introduced and promoted the motto 1Malaysia "People First Performance Now" since 2010 as a reminder to the government agencies and all civil servant to call attention on national and ethnic harmony and competent governance. Improving government efficiency was the important agenda and therefore various programmes were introduced to deliver the promise of the Prime Minister. Among the various programs initiated by the government were the Government Transformation Program (GTP) and Economic Transformation Program (ETP) that signify the development policy formulated in order to face the rigorous and changing environment while moving forwards towards a developed nation. National Key Result Areas (NKRA) and Key Performance Indicators (KPI) were also dictated in order to ensure progress and recording the achievements of these programs. In order to execute all of the government's policies and aspirations, the public sector employees must be able to implement the policies from all levels which are from the implementer group up to the top management.

As such, public sector employees have a very important role towards planning, coordinating, evaluating, implementing and reporting all development projects to its stakeholders. Without commitment from the public sector employees, it might expose them to many other challenges internally or externally. Therefore, it is crucial to ensure that public sector employees have a high level of organizational commitment as it has been acknowledged that organizational commitment does have an impact on job performance, work motivation, tardiness, absenteeism and turnover (Camilleri and Vand Der Heijden, 2007).

Based on the number of complaint cases recorded by Public Complaints Bureau in 2015, there may be a decline of organizational commitment among public sector employees. Table 1.1 shows the total number of complaint cases recorded for 2016 and almost 77% out of 6,424 cases of the complaints are linked to job performance. This may affect the image of the public sector as a whole and reflects a low organizational commitment.

Table 1.1: Complaint Cases Reported to the Public Complaints Bureau (PCB) for 2015

Category of Complaints	Number of Cases
Delay or no action	2,561
Failure of enforcement	947
Failure to comply with procedure	844
Unsatisfactory service quality through counter service or telephone	623
Other complaints	1,449
TOTAL	6,424

Source: PCB Annual Report 2015

Statistics of Disciplinary Action by Public Service Department among public sector employees for the 1st quarter of 2016 (January-March) are shown in Table 1.2. The total number of cases were 241, with absenteeism cases reported was 105 cases which is 43.6% of the total cases. According to a study by Eby, Freeman, Rush and Lance (1999), high absenteeism occurs when commitment is low. The implication of missing employees is such as disturbance towards operational duties and creates negative influences towards the unit or organization (Zakaria, 1998) such as tardiness and truancy.

**Table 1.2: Types of Disciplinary Cases for
1st Quarter 2016 (January- March)**

TYPE OF CASES	GRADE SCALE		
	Top Management (JUSA and above)	Management and Professional (41-54)	Implementor (1-40)
Absenteeism	0	5	105
Drugs related	0	0	12
Financial Problems	0	1	5
Sexual Harrasment	0	0	7
Court Cases	0	0	14
Other Cases	0	13	79
TOTAL	0	19	222

Source: Corporate Communication Unit, Public Service Department

Other issues related to absenteeism would be that the management would be require to find a replacement to substitute the missing employee and they may not have the skills or lack experience in doing the job. This may also lead to unsatisfactory level of service.

As there lacks empirical study on the relationship of leadership style, fairness of performance appraisal towards affective commitment of the public sector employees in Federal Departments, this study aimed to examine if these two antecedents has a relationship towards affective commitment.

1.4 Research Questions

The research questions for this study were as follows:

- a. What is the relationship between the leadership style (transformational leadership, transactional leadership) and the affective commitment among public sector employees?

- b. What is the relationship between fairness of performance appraisal (distributive fairness, procedural fairness) and the affective commitment among public sector employees?

1.5 Research Objectives

The purpose of this study was to investigate the relationship between the leadership styles, fairness in performance appraisal and affective commitment. The specific objectives of this study are as follows:-

- a. To determine the relationship between leadership styles and level of affective commitment among public sector employees.
- b. To determine the relationship between of fairness of performance appraisal and level of affective commitment among public sector employees.

1.6 Scope of Study

The scope of study was on public sector employees working for the Federal Government Departments located in Rumah Persekutuan Kota Kinabalu, Sabah. The population of this study consists of permanent public sector employees from all grade scales from grade 1 to 54 which are currently based in Rumah Persekutuan Kota Kinabalu. A total of 200 questionnaires were distributed with 140 respondents using proportionate stratified sampling method. This quantitative study used cross sectional study to test the relationship between the independent variables (leadership styles, fairness of performance appraisal) and dependant variable (affective commitment).

1.7 Significance of Study

This study can add more to the body of knowledge from the findings and contribute to the understanding on the relationships of leadership styles and fairness of performance appraisal towards affective commitment among public sector employees. Past studies and literatures concentrated on the relationship of only one

of the independent variable towards affective commitment and most of those studies were conducted in western countries which may not have the same outcome.

It is also known that studies have been conducted in identifying antecedents of affective commitment, however insufficient research were done to explore both independent variables together which were leadership style and fairness of performance appraisal effect towards affective commitment

The discoveries of this study would also enlighten the public sector top management on the level of affective commitment reflected by the leadership styles and fairness of performance appraisal among public sector employees in Kota Kinabalu. On top of that, this study could provide insight to the human resource manager a better understanding of the elements that may influence affective commitment.

As organizational commitment has been acknowledged to have an impact on job performance, work motivation, tardiness, absenteeism and turnover (Camilleri and Vand Der Heijden, 2007), it is important for the top management and policy makers such as the Public Service Department of Malaysia to assess the current policies among others such as promotions of competent leaders of organizations, leadership trainings and effective performance appraisal in order to promote a conducive working environment in order to achieve higher affective commitment.

1.8 Definition of Terms

1.8.1 Organizational Commitment (OC)

Organizational commitment as a worker's strong faith in and acknowledgement of an organization's objective and values, exertion in the interest of the organization to achieve these objectives and powerful urge to keep up participation in the organization (Allen and Meyer, 1990)