



**RELATIONSHIP BETWEEN PERCEIVED LEADERSHIP
STYLES AND THE INTENTION TO LEAVE AMONG
CUSTOMER SERVICE STAFF OF A PRIVATE
COMPANY: THE MEDIATING ROLE OF JOB STRESS**

BY

HANNAT TOPE AHMAD ABDUSSALAM

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International Islamic University Malaysia**

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ABSTRACT

This research will look at the relationship perceived between perceived leadership styles and intention to leave among customer service staff of private company as well as the mediating role of stress. One hundred and twenty seven employees who work in customer service from different private organizations were selected through convenient sampling to participate in the study. They were administered three questionnaires: 1) Multifactor Leadership Questionnaire, 2) General Work Stress Scale, and 3) Turnover Intent Scale from the Michigan Organizational Assessment Questionnaire. It was hypothesized that: a) transformational and transactional leadership styles will have significant relationships with job stress, b) transformational and transactional leadership styles will have significant relationships with the intention to leave, c) job stress will have a significant relationship with the intention to leave and d) job stress will mediate the relationship between leadership styles and the intention to leave. The questionnaires were administered either through email or by hand. The data collected was analyzed using SPSS version 21. The results showed that transformational and transactional leadership styles did not have a significant relationship with job stress. Transformational leadership styles showed no relationship with intention to leave, while transactional leadership styles were shown to have a significant relationship with the intention to leave. Job stress was seen to have a significant relationship with the intention to leave. No evidence of a direct or indirect mediation effect was seen between perceived leadership styles and the intention to leave.

خلاصة البحث

يتناول هذا البحث دراسة العلاقة بين الأساليب القيادية المتناولة ونية ترك العمل عند موظفي خدمة العملاء للشركات الخاصة، بالإضافة إلى ذلك يدرس البحث دور التوتر الوسيط. وقد تم اختيار مائة وسبعة وعشرون موظفاً ممن يعملون في خدمة العملاء لدى شركات مختلفة في القطاع الخاص عن طريق انتقاء ملائم للعينات من أجل المشاركة في الدراسة. وقد عمد الباحث إلى توفير ثلاثة استبيانات للموظفين المشاركين في هذه الدراسة، وهي: (1) استبيان القيادة متعددة العوامل، و (2) المقياس العام للتوتر في العمل، و (3) مقياس مقدار المواظبة المأخوذ من استبيان تقييم منظمة ميشيجان. وقد تم افتراض أن: أ) أساليب القيادة التحويلية والتبادلية ستكون ذات علاقات بارزة مع التوتر الوظيفي، ب) أن أساليب القيادة التحويلية والتبادلية ستكون ذات علاقة بارزة مع نية ترك العمل، ج) أن التوتر الوظيفي سيكون ذو علاقة بارزة مع نية ترك العمل، د) أن التوتر الوظيفي سوف يتوسط العلاقة الموجودة بين أساليب القيادة ونية ترك العمل. وقد وُزِعَ الباحث الاستبيانات عن طريق البريد الإلكتروني وعن طريق التسليم باليد. وقد توصل الباحث بعد تحليل البيانات المأخوذة عن طريق استخدام برنامج إس.بي.إس.إس إصدار 21 إلى أن أساليب القيادة التحويلية والتبادلية لم تحظَ بعلاقة بارزة مع التوتر الوظيفي. لم تُظهر أساليب القيادة التحويلية علاقة مع نية ترك العمل، بينما أظهرت أساليب القيادة التبادلية أن لها علاقة بارزة مع نية ترك العمل. كما ظهر للباحث أن للتوتر الوظيفي علاقة بارزة مع نية ترك العمل. ولم يقف الباحث على ما يثبت الربط بين تأثير الوسيط المباشر أو غير المباشر وبين أساليب القيادة -التي تناولتها الدراسة- ونية ترك العمل.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Human Sciences in Psychology.

.....
Hariyati Shahrifa Abdul Majid
Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Human Sciences in Psychology.

.....
Shukran Abdul Rahman
Examiner (Internal)

This dissertation was submitted to the Department of Psychology and is accepted as a fulfilment of the requirement for the degree of Master of Human Sciences in Psychology.

.....
Harris Shah Abdul Hamid
Head, Department of Psychology

This dissertation was submitted to the Kulliyah of Islamic Revealed Knowledge and Human Sciences and is accepted as a fulfilment of the requirement for the degree of Master of Human Sciences in Psychology.

.....
Ibrahim Mohamed Zein
Dean, Kulliyah of Islamic
Revealed Knowledge and Human
Sciences

DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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Signature:.....

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

As globalization expands, patterns of employee mobility have changed between countries as well as within the country itself. Consequently, organizations are facing challenges associated with high employee turnover rates. There is now an increased tendency for employees to leave an organization at a higher rate than previously. To illustrate, the rate of turnover in Malaysia 2003 was 10.9%, while the following year shows an increase of 0.6% (Malaysian Department of Statistics, 2009) in all sectors.

In comparison to other industries, the customer service industry tends to have one of the highest rates of turnover (Dollard, Dormann, Boyd, Winefield & Winefield, 2003; Townsend, 2007; Udechukwu, 2009). Customer service employees often face multiple job obligations and roles, such as being a representative as well as a service provider (Beveridge, 2008). They are expected to provide good service towards customers which in turn requires them to spend ample time with the customer which is not in-line with organization protocol. These employees are also representatives of the organization as they in regular contact with customers due to the nature of their jobs. At the same time, they are expected to meet targets set by the organization for each employee.

Several factors are believed to be responsible for the increase in turnover rates among employees in the customer service industry. It has been suggested that the treatment of employees by their supervisors (leaders) has an impact on employee turnover (Udechukwu, 2009). A lack of supervisory support, exacerbated through poor communication networks with employees has the potential to increase work

stress (Townsend, 2007). Previous research suggests that by having leaders who impact employees positively it is possible for employees to identify with the organization, thus resulting in increased employee commitment towards the organization which can potentially reduce turnover.

One of the ways by which effective leadership decreases turnover rate is via reducing the prevalence of anxiety and stress among employees (Harney & Jordan, 2008). This is because employees who have less stress are more likely to also have support from their employees, hence are less likely to leave the organization (O'Brian, 2006). Most leaders have to balance attempting to maximize productivity and efficiency while trying to establish relationships among the employees providing good service to the customers (Harney & Jordan, 2008).

There are various identified sources of stress that are linked to turnover in the customer service sector. Some of the identified causes include lack of supervisor support (Townsend, 2007), role conflict (DeTienne, Agle, Phillip & Ingerson, 2012), and lack of co-worker support (DeTienne, Agle, Phillip & Ingerson, 2012) among others. Lack of supervisor support is considered a stressor, as the lack of support, which is made worse through poor communication between the supervisor and employee has the potential to increase work stress (Townsend, 2007). However, there has been evidence that leadership styles reduce stress reactions (Sosik & Godshalk, 2000; Gill, Flaschner & Shachar, 2006). This was confirmed by Dimaculangan and Aguilung (2012) who showed that the relationship between transformational leadership and turnover intention can either be direct or indirect.

Companies are constantly investigating methods to improve the wellbeing of their employees in order to ensure that commitment is on a long term basis (Holman, 2003). Due to the increasing turnover rates in customer service, efficiency and

productivity are being affected. More time and costs have been focused on recruiting and training new employees (Holman, 2003). In the market today, the situation shows is that the managers themselves are a source of stress for employees which lead them to have the intention to leave the organization. The current situation therefore requires that organizations place increased efforts on equipping leaders with effective leadership skills and qualities that can increase employee satisfaction and motivation, as it is one of the most vital methods in reducing turnover rates.

1.2 STATEMENT OF PROBLEM

Even though it can be seen that the workplace can be stressful, especially when referring to the customer service industry, this stress is further increased when the supervisor becomes a source of stress themselves (Sosik & Godshalk, 2000). As the type of work being done continues to change, there is a need for leaders to change the tactics they use according to the ever changing situations.

Even though it has been revealed that lack of supervisor support is one factor that contributes to turnover, few studies have divulged the role that the supervisor plays in employees' intention to leave (Dhaliwal, 2008). The customer service sector is often associated with an environment with many stress stimuli that impact employees. There are various factors that contribute to, or hinder, the levels of performance stress faced by employees working in the customer service sector. One variable is the leadership style adopted by the supervisor where the style that the supervisor adopts becomes a source of stress to the employee in the process of trying to adopt a certain level of equilibrium between maximizing productivity and efficiency on the one hand, and establishing rapport among employees on the other (Harney & Jordan, 2008).

To date current customer service research has looked mainly at job stress and its relationship with turnover as well as relationships with other variables such as job satisfaction and organizational commitment (Snowden, 2011; Batt, Doellgast, Kwon & Nopan, 2005; Latha & Panchanatham, 2010; Townsend, 2007). There have not been many studies that look into the role of perceived leadership style as a source of stress. This indicates the importance of investigating how leadership styles affect intention to leave and also how and to what extent leadership has an influence on job stress. At the same time the research will explore the role of job stress as a mediator in the relationship between perceived leadership style and the intention to leave.

A goal of many organizations is to minimize turnover rates among its employees. Minimizing turnover is associated with reduced costs, increased productivity and increased organizational commitment. Studies have shown that one of the factors that contribute to employees' length of stay in a company is leadership styles (DeTienne, Agle, Phillip & Ingerson, 2012). Transformational leaders are usually leaders who motivate others while transactional leadership usually refers to leaders who reward their followers and are more result oriented than motivational (Bass & Bass, 2008). Leaders who are transformational are more likely to create a supportive environment than those who are transactional.

Leadership styles not usually seen as one of the challenges faced by organizations especially in the customer service sector as high turnover rate is seen as their biggest challenge. As previously highlighted, organizational stress and personal stress can influence turnover rate. However, little is known about how intention to leave contributes to turnover rate and what factors contribute to the formulation of the intention to leave. Some research has contended that leadership styles affect turnover rate via lack of support, while others argue that they can increase stress levels. Hence,

this research will try to address the gap by looking at whether leadership styles contribute to intention to leave directly or whether they affect the intention to leave by increasing the stress experienced by employees.

1.3 RESEARCH QUESTIONS

- Does the leadership style used by a supervisor affect the amount of stress felt by the employees?
- Does the job stress perceived by an employee determine whether the employee will have the intention to leave the organization?
- Can job stress adequately mediate the relationship between perceived leadership styles and the intention to leave?

1.4 RESEARCH OBJECTIVES

This study hopes to accomplish the following objectives:

- To investigate whether perceived leadership style relates to intention to leave among customer service employees of a private company
- To examine if there is a relationship between job stress and the intention to leave among customer service employees of a private company
- To examine the mediating role of job stress in the relationship between perceived leadership styles and the intention to leave among customer service employees of a private company.

1.5 SIGNIFICANCE OF STUDY

Theoretical

The present research looks into perceived leadership styles and the intention to leave by employees in the customer service division of a private company and whether job stress mediates the relationship. Various studies have shown a relationship between leadership styles especially transformational and transactional leadership styles and the intention to leave and its relationship with stress (Wadensten, 2012)

Although maintaining competition with other organizations is important, equally so is the guarantee that employees will remain committed over the long term (Ruyter, Wetzels, & Feinberg 2001). The demanding working environment of customer service requires the need for a strong support system for employees; rapport with both co-workers and supervisors is essential (Deery, Iverson & Walsh, 2010). Previous studies on leadership styles stress on the role that the supervisor plays in shaping the employees' perception. These studies have shown that employees benefit from a supervisor that encourages them to participate and give their input in decisions being made; this type of behaviour is seen as a supervisor who exhibits mostly transformational leadership behaviours as well as transactional leadership behaviour to a certain extent (Church & Waclawski, 1999).

Few researchers have looked into the impact that leadership has on subordinates (Nyberg, Bernin & Theorell, 2005). It would also provide evidence to whether job stress can take the place of a mediator in the relationship between perceived leadership style and the intention to leave (Kleinman, 2004).

The current research will mainly look at the relationship between leadership style and job stress as well as the relationship between leadership style and intention to leave. It also looks at the relationship that job stress has on the intention to leave. It

investigates the relationship between leadership style and intention to leave and whether it has a direct or an indirect relationship where job stress is the mediator in the relationship.

Practical

In the job market the cost of replacing an employee goes beyond sourcing for a new employee to replace the one that has left the organization. The cost of turnover is usually divided into three parts which are separation cost, replacement cost and training costs (Barak, Nissly & Levi, 2001). The cost of replacing employees can range from 30 – 400% of the employees annual salary (Blake, 2006). It is suggested that leaders with certain characteristics could be more effective based on the perspective of the employees which would complement their behaviour with their employee's needs. Appropriate leadership enables organizations to save human capital in employees it also provides insight into the relationship between the employees and their supervisors (Wadensten, 2012). Being able to implement effective leadership styles is useful for the implementation and development of policies and programs. This ideally may reduce the stressors at the work place which in turn may allow organizations to retain more employees. The practical contributions to organizations are that they can potentially reduce the costs of replacing and training of new employees as the rate at which they leave would be reduced over time. The beneficiaries of this change would be the employees, who are assured of a workplace where they are being supported by their supervisors and as well as the company

1.6 CONCEPTUAL AND OPERATIONAL DEFINITIONS

1.6.1 Leadership Styles

Conceptual definition:

Leadership styles are defined in terms of three categories: transformational, transactional and laissez faire (Yukl, 1989). Transformational leaders motivate or inspire followers to go beyond their current level of effort to carry out a task (Bass & Bass, 2008, p.618). Transactional leaders reward a follower for doing a task and punished him for not doing the task (Bass & Bass, 2008, p.618).

Operational Definition:

Leadership styles will be operationalized by using the Multifactor Leadership Questionnaire (Form 5X) (MLQ) developed by Bass and Avolio (1993) to study the behaviour of leaders who are able to awaken confidence in their followers either through self-reporting or rater reporting.

1.6.2 Job Stress

Conceptual definition:

Job stress is defined by the National Institute of Occupational Safety and Health (1999) as “the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker” (p. 6).

Operational Definition:

The concept of job stress will be operationalized with the use of the General Work Stress Scale (GWSS) which makes up a part of the Sources of Stress Inventory developed by De Bruin & Taylor (2006). The scale is used to measure work stress experienced by the individual.

1.6.3 Intention to Leave

Conceptual definition:

The last variable is the intention to leave, which is defined as “one’s desire or willingness to leave the employing organization” Fried, Shirom, Gilboa and Cooper (2008, p.308).

Operational Definition:

The concept of the intention to leave is operationalized with the use of the Michigan Organizational Assessment Questionnaire which was developed by Cammann, Fichman, Jenkins, & Klesh (1979). The scale is used to measure overall intention to leave.

1.7 OUTLINE AND SUMMARY

The rest of this dissertation is organized as follows. Chapter 2 will discuss various previous researches that have looked into the relationship between leadership styles and job stress, as well as the relationship between job stress and the intention to leave. The discussion also looks at the relation of leadership styles to the intention to leave among different sample populations, as well as the role of job stress as a mediator.

The chapter will also look into the theoretical and conceptual framework that will be used in the study, which will then be followed by the hypotheses.

Chapter 3 outlines the methods used in the research and the different aspects of the research that the methods will cover. Chapter 4 will present the findings from implementation of the study. This chapter will present the response rate of the participants and include any statistical analysis done. Chapter 5 discusses the findings of the study based on the hypotheses developed. It also compares these with the previous research discussed in chapter two. The chapter will also further discuss the limitations of the study and its implications, as well as propose suggestions for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The first section aims to explore the interaction of perceived leadership styles with stress. Different research has looked at leadership styles from many different perspectives. Conclusions on leadership styles have varied, some state two main styles (autocratic/democratic), whereas others have identified four main styles, which are, concern for task, concern for people, directive leadership and participative leadership (Yukl, 1989). Other researchers further explored leadership styles and expanded the study to show that leaders would be more effective by varying their leadership styles depending on the situation (Beveridge, 2008). In this research, focus will be placed on transformational and transactional leadership (Yukl, 1989; Bass & Bass, 2008). Transformational leadership is defined as when leaders are charismatic and they motivate their subordinates by being considerate, inspiring and consider their subordinates on an individual level (Bass & Bass, 2008; Wadensten, 2012). Transactional leadership, in the meantime is described as when a leader specifies tasks for the subordinate and supervises their performance by using a reward system to encourage the subordinates to work (Bass & Bass, 2008; Wadensten, 2012).

2.2 PERCEIVED LEADERSHIP STYLES AND JOB STRESS

The section below will discuss previous studies concerning link between leadership styles and job stress.

Daenzer (2009) looked into the relationship between perceived leadership styles and stress felt by employees. A total of 94 Information Technology workers of

an automotive company were selected through convenience sampling. The instruments used were the Multifactor Leadership Questionnaire developed by Bass and Avolio to evaluate leadership styles and the Job Stress Survey developed by Spielberger and Vagg. The results indicated that there was no significant relationship seen when all the leadership styles were combined together and tested against job stress. However, when the leadership styles were tested individually against job stress, the transformational leadership style was shown to decrease job stress while avoidant leadership style was shown to increase job stress.

Also looking into this relationship is Jacobs (1998) who assessed the relationship between stress indicators in fire fighting personnel and the leadership style of their immediate supervisor. Leadership was measured using Misumi's Participative Management Scale (Misumi, 1985) and employee stress indicators were studied by five outcome variables, which are, health problems, absenteeism, health care visits, and health risk behaviour (alcoholism and drug use) and job dissatisfaction. A total 142 employees were recruited to participate in the study.

The results indicated that the leadership style used by the supervisor had a significant influence on stress levels of the subordinates. Those supervisors who had recently entered into a leadership role were rated low on the leadership scale by their subordinates, with subordinate individual stress scores being high as well. This means that supervisors who were recently promoted into their positions were more likely to cause an increase in subordinates stress. Jacobs (1998) believes that leadership education is needed, where leader-match principles, social skills and stress reduction techniques would be taught, which the author believes would help the relationship between the leader and the subordinate.

These results were confirmed by Daenzer (2009) as well as Sosik and Godshalk (2000) where Daenzer (2009) used the Multifactor Leadership Questionnaire (MLQ) to investigate leadership behaviour as well as six items from a study by Parasuraman (1977) to assess job related stress. The results show that transformational leadership has a positive relationship with job stress, but transactional and laissez-faire did not show any significant relationship with job stress. This shows that transformational leaders who are considered to be considerate and inspiring are most likely to reduce the amount of stress experienced. On the other hand transactional leadership which is defined as the behaviour of a leader who uses a reward system to encourage his subordinates and laissez-faire leadership, which is considered as the absence of leadership, did not indicate any relationship with job stress in the current study. This supports a Jacobs (1998) result which reveals that those who scored their supervisors as high in their leadership style had a higher chance of having lower stress scores.

The study conducted by Sosik and Godshalk (2000) on the other hand investigated the link between mentor leadership behaviours defined as transformational, transactional contingent reward and laissez-faire leadership and the perception of mentoring functions received by the protégé (i.e. career development (e.g. challenging assignment and sponsorship), psychosocial support (e.g. coaching and acceptance) and job related stress).

The two hundred and thirty participants that were selected to participate in this study were students enrolled in the Masters of Management courses and were already in a mentoring relationship. Results show that the mentor's transformational leadership increased how well the protégés accepted instruction while also reducing the amount of stress felt. Even though transactional leadership also showed an