A STUDY OF LEADERSHIP QUALITIES THAT EFFECT ORGANIZATION PERFORMANCE

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This project paper submitted in partial fulfillment of the requirements for the Master of Business Administration at the Faculty of Technology Management and Entrepreneurship, Universiti Teknikal Malaysia Melaka

Nov 2011
DECLARATION

I hereby declare that this project paper entitle of A Study of Leadership Qualities That Effect Organization Performance is the result of my own investigations, except where otherwise stated in the references.

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APPROVAL

I hereby confirm that I have examined this project paper entitled:

"A STUDY OF LEADERSHIP QUALITIES THAT EFFECT ORGANIZATION PERFORMANCE"

By

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I hereby acknowledge that this project paper has been accepted as part of the fulfillment for the degree of Master of Business Administration.

Professor Dr. Salleh Bin Yahya
Supervisor
DEDICATION

I would like to dedicate a deepest gratitude to:

My lovely parents,
En. Che Halim Bin Murad
Pn. Balkheh Binti Din

For being a good mom and dad ever

My valuable supervisor,
Professor Dr. Salleh Bin Yahya

Thank you for the support, encouragement, and knowledge sharing

My lovely,
Mohd Ruzaimi Bin Azam and family

Thank you for the understanding and support

And not forgotten to all my fellow friends and others
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Abstract of project paper presented to the Senate of Universiti Teknikal Malaysia Melaka in partial fulfillment of the requirements for the degree of Master of Business Administration

A STUDY OF LEADERSHIP QUALITIES THAT EFFECT ORGANIZATION PERFORMANCE

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Faculty : Faculty of Technology Management and Entrepreneurship

Leader is a person who guides others toward a common goal, creating an environment in which other team members feel actively involved in the entire process. Leaders also are the decision makers so they are free to take decision and leader sometimes must consult with the team on decision that would be made. Effective leader posses certain qualities and generally can be classified into three broad categories: who leaders ARE (values, motives, personal traits, character); what leaders KNOW (skills, abilities, traits); and what leader DO (behaviors, habits, styles, competencies). The ARE-KNOW-DO approach to leadership has received enormous attention and investment in the ongoing attempt to upgrade leader. Admired leaders not only learn how to act, but also act in ways that ensure result. Therefore the qualities of leader are important to increase competitiveness and productivity leaders with the knowledge, skill, and behavior in order to success and be effectiveness through organization performance. Other than that, Malaysia also need good leaders that can adapt all the new skills in equipping themselves with the new landscape also need to improve standard and qualities of industry in Malaysia in a better stages and must be strengthened to be the next engine of growth, other than that leader should have knowledge to creating result and attribute to be a successful organization. The kind of behavior and attitude among leader are need to be improve in term to get the best result, if the attitude of leader increase, performances of companies will increase, also it will attribute to the successful leadership in Malaysia. The theoretical contributions of this research lie in the following three areas. First, to identify the measures of knowledge components such lean, balanced scorecard, global competitive, global culture, innovation, entrepreneur, and succession. Second, this project paper specified various to measure independent variable in leadership attribute there are knowledge, skill, and behavior. And lastly, this project paper predicted the impact of these measures on the performance of leadership qualities based on the results of the questionnaire survey. The study concludes by summarizing the findings with regard to leader performance and finally presents a recommendation to the organization needs and to the future researchers.
CHAPTER 1

INTRODUCTION

1.1 Introduction

A leader is a person who guides others toward a common goal, creating an environment in which other team members feel actively involved in the entire process. Leaders also are the decision makers so they are free to take decision and leader sometimes must consult with the team on decision that would be made. But there are some part of things that not can be discussed with employee and not become employee responsibility. According to (Bruce E. Winston, 2006) research, leader in primary process, allow teams to be innovative and according to own order in scope assignments and allow teams to learn from leader, the other successes, and failures during process in completing organization objectives.

All leaders do not have power over the same attitude or same perspective. The leadership style contrast with the kind of people the leader interacts and deals with. Leadership style and dimensions drive organizations to achieve goals. However, focused attention on the possibility of leadership skills can increase innovative effort in order to contribute positively to a better technological development (Carneiro, 2008). (Kurt Lewin, 1939) study has identified more specific types of leadership, the main leadership styles are autocratic leadership, bureaucratic leadership, democratic leadership, and Laissez Faire leadership styles.
In autocratic leadership style, the leader retains as much power and decision making authority as possible. The leader does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments. The advantage of this style is that it leads to speedy decision making and greater productivity under leader’s supervision. Negative aspects of this leadership style are that it leads to greater employee absenteeism and turnover. This leadership style works only when the leader is the best in performing or when the job is monotonous, unskilled and routine in nature or where the project is short term and risky.

Bureaucratic leadership is where the manager manages according to procedure or policy. Leaders are enforces the rules. Leaders strictly stick on to the organizational rules and policies. Also, to make sure that the teams also strictly follows the rules and procedures. This leadership style is more suitable when safe work conditions and quality are required. But this leadership style discourages creativity and does not make employees self contented.

In democratic leadership style, the leader encourages employees to be a part of the decision making. The democratic leader keeps teams informed about everything that affects their work and share decision making and problem solving responsibilities. This style requires the leader to be a coach who has the final say, but gathers information from staff members before making a decision. The advantages of this leadership style are that it leads to satisfied, motivated
and more skilled employees. It leads to an optimistic work environment and also encourages creativity. This leadership style has the only drawback that it is time consuming.

In Laissez Faire leadership styles, the leader provides little or no direction and gives teams as much freedom as possible. All authority or power is given to the teams and they must determine goals, make decisions, and resolve problems on their own. The teams are welcomed to share their views and provide suggestions which are best for organizational interests. This leadership style works only when the employees are skilled, loyal, experienced and intellectual.

Other than that, leadership also contains functions of leader to alignment with organizational practices to achieve mission and vision. Referring to (Management Study Guide) review, there are a number of functions of a leader in an organization such it required at all level is when leadership can be exercised through guidance and counseling of the subordinates at the time of execution of plans. Leader as solicits support that can entertains and invites support and cooperation of subordinates. Leader also as representative of the organization to communicate with outside public and representative of the department which leader leads. Nevertheless, some of the importance part of leadership in term to maximize efficiency and to achieve organizational goals. Leader is a person who starts the action or work by communicating the process of organization to the subordinates from where the work actually starts. A leader proves to be playing an incentive role in the concern’s working and always be motivated to others. A leader has to not only supervise but also providing the guidance for the subordinates. Confidence is an
important factor which can be achieved through expressing the work efforts to the subordinates, explaining the clearly role and giving guidelines to achieve the goals effectively.

Related to that, leader should have the qualities to be a good leadership, which serve as challenges in term to be effective. As a leader, to be a good moral character and a role model to subordinates, leader should give a good attitude and examples. A leader should have talents to provide good leadership to the teams. The leader must be competent and sound in the art of managing people and resources. Besides that, leaders should have vision to achieve what to accomplish, and have the capacity, requisite knowledge of how to solve problems that are likely to encounter in the process. The leadership should be result oriented, develop specific programs to address key sectors in the society. Leadership must be people oriented. In other words people must be the centerpiece of leadership. Therefore, the leadership becomes relevant and effective if it is emphatic with the people aspirations and cultivates a sense of trust amongst the teams (Kurfi, 2009).

The effective and skillful leader will give attribute to the successful organization and business leader. The change in technological requires leaders with different skills and these skills may include the capacity to look for new solutions. A leader who will not only have to be generally effective in the traditional skills expected but also with additional knowledge, skills and above all mindset to find the way through the difficulty brought on by moving beyond one’s traditional borders (Cohen, 2010). Selecting the right leader will have the leadership skills,
charisma and determination to lead a major innovation initiative is one of the most important decisions that organization has to make in term to be successful (Deschamps, 2005).

Sometimes not all the leader will be success in leading the organization, even thought leaders are have the good attribute and characteristic as a leader will be facing the failed times and might contribute to the leadership effectiveness and the development of leaders. This will be supported by reviewing (Burke, 2006) study that, because of lacking a new and good talent, leaders are failing to manage organization. Failing leaders exhibited a failure to execute, leader weren’t trying, and lacked leadership ability, and also company lacked the necessary resources. For example in reviewing the posted by Shaun Mullen, in Guest Voice The Moderte Voice, Mar 31st, 2009, General Motor Company known as GM is the world's second largest automaker is probably looking at bankruptcy, because of Wagoner as CEO of GM had begun to turn GM around with some decent new products after 15 years of awful leadership while the automotive world was stealing on him, but these products are far too little, far too lacking in innovation and far too late, while Wagoner himself continued to be accountability reluctant and board tone deaf regarding the hash that had made of things. So that, the failure of leadership all around starting with Wagoner and the board of directors to the enablers in Congress led by a Michigan delegation that looked the other way for years.

So that, effective leader posses certain attribute and generally can be classified into three broad categories: who leader ARE (values, motives, personal traits, character); what leader KNOW (skills, abilities, traits); and what leader DO (behaviors, habits, styles, competencies).
The ARE-KNOW-DO approach to leadership has received enormous attention and investment in the ongoing attempt to upgrade leader. Being capable and possessing the attributes of leadership is terrific with a vision, result and in a way to manage talent. Admired leaders not only learn how to act, but also act in ways that ensure result. Therefore the attribute of leader are important to increase competitiveness and productivity leaders with the knowledge, skill, and behavior in order to success and be effectiveness through organization performance.

Related to the leadership attributes the measurement of the successful leader will give impact to organization performance. There some of organization in Malaysia being classified in different industries. The production side of business activity is referred as industry. It is a business activity, which is related to the raising, producing, processing or manufacturing of products. There are various types of industries such primary industry, manufacturing industry, construction industry, and services industry. Referring on (Nationwide Census on Establishment and Enterprises, 2005), it indicated that 99.2 percent or 518,996 of the business establishment in primary industry, manufacturing industry, and services industry sectors are made up of Small and medium enterprises (SMEs), of which 411,849 are micro enterprises.

SMEs in manufacturing accounted for 96.6 percent or 37,866 of total business establishments. Approximately 34.9 percent or RM191.6 billion of total output of manufacturing sector was contributed by SMEs. The largest number of SMEs was found in the traditional sectors of textiles and apparels, metal and non-metallic mineral products, and food and beverages. In terms of employment, it engaged more than half of the work force of SMEs. In
services sector, SMEs accounted for 99.4 percent or 449,004 of total business establishments. Output generated by SMEs was 56.7 percent of total output or RM361.7 billion. SMEs in services sector were concentrated in the wholesale and retail sub-sector such restaurants and hotels, transport and communications, health, education, real estate activities, business, and consultancy. Last is SMEs in the agriculture sector accounted for 99.2 percent of the 32,397 business establishments in Malaysia. The contribution of SMEs to the output of the agriculture sector was 42.1 percent or RM8.7 billion. The largest share of output was contributed by the subsectors such growing of crops, market gardening, horticulture and livestock farming sources from (Malaysia : Small and Medium Entreprises Bulding and An Enabling Environment, 2007).

Other than that, it can be prove by providing official recognition for the achievements of the SMEs through its annual SME Recognition Award Series. This award is to acknowledge SMEs that achieved excellence in their respective industries and have contributed to the economic growth of the country, sources from (SMI SME Business Directory). One of the award categories is SME Platinum Award that recognized entrepreneurs and leaders of the industry. Candidate’s achievements must be impressive enough to inspire the aspirations of thousands of SME entrepreneurs who are looking for a role model to emulate, especially as a leader of a listed company. One of the successful SMEs Malaysia and received SME Platinum Award in SME Recognition Award 2011 by SMI Association of Malaysia is Lim Kok Wing University that involves in services sectors.
Also, the role of SMEs in promoting endogenous sources of growth and strengthening the infrastructure for accelerated economic expansion and development in Malaysia has been recognized. The interdependence of SMEs and large enterprises in collaborating with each other has led to the further expansion of SMEs (Aris, 2007). So that, it is imperative for leaders in SMEs to equip themselves with the new skill sets and mindset in order to keep them competitive and relevant.
1.2 Problem Statement

In order to manage organizations towards Mission 2020 required any different skill and approach. The speed of information changes was as rapid as most information is at the finger tips. This had directly post a threat to the leader in any organizations. Consequently, in order to be effective and successful, besides Malaysia companies providing talented employee, Malaysia also need good leaders that can adapt all the new skills in equipping themselves with the new landscape also need to improve standard and qualities of industry in Malaysia in a better stages and must be strengthened to be the next engine of growth, other than that leader should have knowledge to creating result and attribute to be a successful and qualities leader in organization. By knowledge leader can be a good leader in interpret information, data and sources. The kind of behavior and attitude among leader are need to be improve in term to get the best result, if the attitude of leader increase, performances of companies will increase, also it will attribute to the successful leadership in Malaysia. So that, study need to be taken in term to fulfill the searching of new talent and new thing to create a young leader in Malaysia organization, it should be explore among people and be implement to standardized with the quality that required in Malaysia and also identify the connecting qualities of leader to the result and result to qualities of leader in Malaysia organization.
1.2.1 Research Objective

The objectives of the research are:

i. To investigate leader qualities and result of organization performance.

ii. To assess the causal relationship between qualities and result to the performance of the organization.

iii. To suggest a framework for organizations in installing leadership quality pertaining to knowledge, skill, and behavior.

1.2.2 Research Question

The research questions in this research are:

i. What are the relationship between leader qualities and result of organization performance?

ii. What the causal relationships are between qualities and result to the performance of the organization?

iii. What are the framework to improve leader qualities in the aspects of knowledge, skill, and behavior?

The objective of this study is to answer the qualities among young leader towards organization performance with the skills and result oriented. So on that the qualities and result of leader will be measure by the knowledge, skills, behavior, and performance of leader and if leader done well it's going better and if done poorly, leader will be not effective and organization will not perform well.