

THE RELATIONSHIP BETWEEN LEADERSHIP
STYLES AND EMPLOYEES' JOB SATISFACTION IN
SMALL AND MEDIUM ENTERPRISES (SMEs)

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- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
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ABSTRACT

THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND EMPLOYEES' JOB SATISFACTION IN SMALL AND MEDIUM ENTERPRISES (SMEs)

Ang Tun Ping

In Malaysia, Small Medium Enterprise (SMEs) play an important role in contributing the economic growth. Not to be surprise, according to the number of registered companies and business published by SSM (Companies Commission of Malaysia), there were slightly more than 1 million companies and close to 5 million businesses (Sole proprietorships & Partnership) registered in 2012 and mainly are concentrated in the state of Selangor(19.5%), Klang Valley(13.1%) followed by Johor(10.7%) and Perak(9.3%). With this, experience leader with high leadership skills are required in SMEs industry to manage daily business operation. A good leadership can direct the organizational to a successful path. However, there are many types of leadership styles practiced by different individual. This may affect the subordinate's job satisfaction level from time to time whenever there is a new management take place. At the same time, few studies also mentioned that different gender and ethic may have different influence on job satisfaction. Therefore, this paper is to examine the role of different leadership styles practiced, and the perception towards gender and ethnicity in an organization in order to enhance job satisfaction and work quality of small medium enterprise (SME) in Malaysia. It is important to know that which leadership style has most influence in making changes in an organization to enhance job satisfaction, productivities and sales. Primary data were collected through survey questionnaire with 500 respondents who are working in SMEs industry. Result are analyzed and discussed in order to understand the relationship between the job satisfaction with autocratic, democratic, laissez faire, gender and ethnicity. At the end of the project, the limitations and several recommendations will be addressed and presented in this study.

CHAPTER 1

INTRODUCTION

1.0 Introduction

Throughout the introduction chapter, background of the study, research objectives for this research and research question as well as problem statement will be discussed. Then followed by the hypothesis development, theoretical framework and significance of the studies will be discussed as well. In the end of this chapter, a brief description of this chapter will be provided.

1.1 Study Background

In 2004, government has further reinforced its commitment on small medium enterprise (SMEs) by establishing National SME Development Council (NSDC). Acting as a highest policy-making organization, the NSDC responsibility is to design strategies for the development of SMEs across all economic sectors, managing the job assigned by ministries and agencies, encouraging partnership to work together with private sector, in addition to ensure the effectiveness implementation of the overall SMEs development program in this Malaysia. The initiatives that NSDC take included enhanced the accessing to finance support, financial restructuring and business advisory services, information, labor training and marketing skills and a wide-ranging SME database to supervise the evolvement of SMEs across all economic zones.

No doubt to say that public and private business owners visualized the economic growth on a country in this 21st century. Small and Medium Enterprises or also known as SMEs played an important role in our nation to contribute to the economy of Malaysia. In February 2014, according to the Datuk Seri Mustapa Mohamed, the Minister of International Trade and industry, SMEs in Malaysia are on track heading to the right direction by contributing 41 percent to the country's gross domestic product (GDP) by 2020 compared to 32 percent in 2012.

In the mid-year of 2014, the definition of an SME was again updated early this year to include a broader definition, taking into account price inflation since 2005 and other factors, including structural changes in the economy. Summarize of the new definition of SMEs as below.

Table 1.1 New Definition of SMEs

New SME definition based on size			
Category	Micro	Small	Medium
Manufacturing	Sales turnover of less than RM300,000 or employees of less than 5	Sales turnover of less than RM300,000 to less than RM15 mil or employees from 5 to less than 75	Sales turnover from RM15 mil to not exceeding RM50 mil or employees from 75 to not exceeding 200
Services and other sectors	Sales turnover of less than RM300,000 or employees of less than 5	Sales turnover from RM300,000 to less than RM3 mil or employees from 5 to less than 30	Sales turnover from RM3 mil to not exceeding RM20 mil or employees from 30 to not exceeding 75

Each year the government will announce the statistic of the economic growth or GDP in a given year. GDP growth will stimulate more trading activities and also attract more investment from other country. As one of the Southeast Asian countries' member, Malaysia has been successfully to attract a lots of FDI in recent year. Malaysia has always tried to maintain the position and the competitiveness of FDI elements such as legal entity. The Malaysian government has enhanced the value of the present determining factor and considering a brand new strategies to attract more FDI. Policy makers used FDI statistics as a tool to formulate the foreign investment policy. According to The Star Online, 157 programs were implemented with a total expenditure of RM12bil, benefiting over 800,000 of participants from SMEs and those involved with the SME sector in 2013 while 154 programs have been planned and are being implemented with a budget of RM13.3bil. This is expected to benefit over 500,000 participants in 2014.

Table 1.2 GDP Breakdown

GDP breakdown by sector (2013 - 2015) (at constant 2005 prices)									
	Change (%)			Share GDP (%)			Contribution to GDP growth (percentage point)		
	2013	2014 ¹	2015 ²	2013	2014 ¹	2015 ²	2013	2014 ¹	2015 ²
Agriculture	2.1	3.8	3.1	7.1	7.0	6.9	0.1	0.3	0.2
Mining	0.7	0.7	2.8	8.1	7.7	7.5	0.1	0.1	0.2
Manufacturing	3.5	6.4	5.5	24.5	24.7	24.8	0.9	1.5	1.4
Construction	10.9	12.7	10.7	3.8	4.0	4.2	0.4	0.5	0.4
Services	5.9	5.9	5.6	55.2	55.3	55.4	3.2	3.3	3.1
Add: Import duties	5.8	7.3	-4.2	1.3	1.4	1.2	0.1	0.1	-0.1
GDP	4.7	5.5 - 6.0	5.5 - 6.0	100.0	100.0	100.0	4.7	5.5 - 6.0	5.0 - 6.0

Note: 1. Estimates, 2. Forecasts. | Source: Dept. of Statistics, MOP

In Feb 2014, The Star online stated that Malaysia achieved its highest ever Foreign Direct Investment (FDI) of RM38.7 billion this year compare with 2014, increase 24% over 2012 and slightly higher than the last record of RM37.3 billion achieved in 2011 (3.9%). Not only that, 37.6% investment were made in manufacturing industry, 28.8% for services industries, as well as mining 28.7% for other sub sectors. But, slow growth and problems will occur when the unethical leaders put their own interest and desired before the customers and their subordinates. So, it is believed that an effective leader influences followers in a desired manner to achieve desired goals. Different styles of leadership that the leader practiced in a company will result in different level of job satisfaction. Many researches have been done over the year in this topic which to identified few major styles of leadership

Today, majority of business organizations and leaders are facing numerous unpredictable challenges and issues daily. Therefore, they are required with high degree of flexibility in order to manage the organization. Recently, few company crises occurred, and we can see the important of leadership skills and commitment from the company highest management which, then, become more critical for the company success (Earle, 1996, as cited in Gallato et. al., 2012). Therefore, the different types of leadership style along with the influences towards an organizational, employees' job satisfaction level and their commitment are the essential factors in ensuring the effectiveness and the achievement of the organizations in order to face the market competitiveness. All these have useful interpretations for decision maker and top management and eventually could improve the job satisfaction level of their employees. Despite the different style of leadership that can affected the job satisfaction, perception towards gender and perception towards ethnicity also may influence the level of job satisfaction. Also, gender differences are one of the issue in leadership styles. It has been a great interest to researchers in the field of sociology and management level, especially in recent years, where women gender have begun to have more leadership

position in the job field. In the coming chapter, three main leadership styles will be mainly discuss, followed by the gender and race issue in job satisfaction.

1.2 Problem Statement

In 2012, Jobstreet.com has conducted a survey regarding job satisfaction. According to Bernama press (2012), 78% of Malaysians are feeling unhappy with their job. In Jan 2014, similar finding done by jobs Central Malaysia revealed that the average work happiness scores inching down from 60.4% to in 2012 to 59.05% in 2013 (Bernama, 2014). In other words, this indicated that average job satisfaction of urban employees in Malaysia was decreasing gradually. The result of this study by Jobstreet.com revealed that the unhappiness that subordinate experience is mainly due to the job scope and poor relationship with superior.

Interestingly, satisfaction with the working experience and challenges are the main reasons that lead subordinate in Malaysia happy with their job. Second reasons is having good relationship with the superiors, and lastly is their friendship with the colleagues. Of course, the subordinate will appreciate superiors who provide guidance, feedback, and value their hard work. 62% of the respondents said they would leave the current company and look for another job in order to gain better job satisfaction.

Based on the above, it can be seen that job satisfaction in subordinate is no longer motivated by purely salary payout. Different types of leader plays an important role in ensuring subordinate' satisfaction and organizational commitment. More than half of the employees studied are feeling unhappy with their work and would choose to leave an organization. This is a very alarming figure considering that business is getting more competitive, and it is harder for employers to maintain their talents.

A recent study also found that, an effective leadership style might contribute to increase the job satisfaction level among subordinates (Rad & Yarmohammadian, 2006; Limsila & Ogunlana, 2007, as cited in Ahman et. Al.,2013). Investigation in this area of leadership has been extensively discussed through all countries of the common leadership style including the 3 types of leadership that we going to discuss further detail in this paper. General assumption that the perception towards gender and ethnicity are defined as psychological and sociological characteristics that carry over into workplace. But, researchers found no evidence in their studies of a relationship between job satisfaction with gender and ethnicity (Al-Ajmi, 2006). Therefore, this study will examine whether the perception towards gender and ethnicity can influence the employees job satisfaction.

1.3 Research Questions

Five questions are created for this research study:

- 1) Is there any relationship between job satisfactions with autocratic style leadership in SME industry?
- 2) Is there any relationship between job satisfactions with democratic style leadership in SME industry?
- 3) Is there any relationship between job satisfactions with laissez faire style leadership in SME industry?
- 4) Is there any relationship between job satisfactions with the perception toward gender in SME industry?
- 5) Is there any relationship between job satisfactions with the perception toward ethnicity in SME industry?

1.4 Research Objectives

This research paper is crucial for inspect the role of different leadership styles practiced in an organization in order to enhance job satisfaction and work quality of small medium enterprise (SME) in Malaysia. It is important to know that which leadership style has most influence in making changes in an organization to enhance job satisfaction, productivities and sales. More specifically, the proposed study is

- 1) To examine the impact of autocratic leadership style on job satisfaction
- 2) To examine the impact of democratic leadership style on job
- 3) To examine the impact of laissez faire leadership style on job satisfaction
- 4) To examine the impact of perception towards gender on job satisfaction
- 5) To examine the impact of perception towards ethnicity on job satisfaction

1.5 Hypotheses Development

Leadership style and Job Satisfaction

According to Bhatti *et al* (2012) research on leadership style on job satisfaction in, they found that leadership style has a positive impact on job satisfaction. However, only very limited study on the perception towards gender and ethnicity that affecting the job satisfaction. Therefore, different with the studied done by other researches, this study will examine these two factors to provide for future reference.

Kavanaugh and Ninemeier (2012) in the studies mentioned that there is significant relationship due to autocratic manager assumed that employees are lack of knowledge

and experience to handle the assignment properly. Hence, this study will examine whether autocratic style leader will affect the job satisfaction within SME industry

H₁: Job satisfaction and autocratic style leadership has significant relationship in SME industry.

Bhatti *et all* (2012) in his studies found that employees job satisfaction has significant relationship on democratic leadership style where they believe in team work is more crucial. Employees feel more in control of their own destiny or future. Therefore, this study will examine whether democratic style leadership will affect the employees' job satisfaction

H₂: Job satisfaction and democratic style leadership has significant relationship in SME industry.

Chaudhry and Javed (2012) studies mentioned that employees' job satisfaction has significant relationship on laissez-faire leadership style. This study found that laissez-faire leadership style is more unfavorable among employees because leader did not provide any guidance and leave full responsibility to the employees. Hence, this study will examine whether laissez-faire leadership will affect the employees' job satisfaction

H₃: Job satisfaction and laissez-faire style leadership has significant relationship in SME industry.

Malik (2011) revealed that there is no perception towards gender differences can be seen to affect the employees' job satisfaction level in this study. With this, examination on this perspective is conducted.

H₄: Job satisfaction and perception towards gender has significant relationship in SME industry.

Lastly, the individual attributes and background of the subordinates have been identified as the key factors to bring proportional variations in the employees' job satisfaction (DeVaney & Chen, 2003). Hence, this study also will study on the perception toward ethnicity on employees' job satisfaction

H₅: Job satisfaction and perception towards ethnicity has significant relationship in SME industry

1.6 Significance of Study

Leader is playing an important key role of organization. The reason to examine this research topic is to study the variables of leadership that influences the SME employee's job satisfaction level. Also, to investigate the interdependent relationship with independent variables (autocratic leadership, democratic leadership, laissez faire leadership, perception towards gender and ethnicity factor). In every sector especially SME, leaders should practice and implement their leadership skill in managing their subordinate carefully. The company will not be growth if the turnover rate in high due to the job dissatisfaction. Not only that, the organization will not be able to compete with other SME without a proper leadership skill to manage the employees and organization. In other words, if the leader is not qualified and inexperience, it is possible to jeopardize the whole team and affect the productivity and sales.

From this study, the understanding on the relationship of job satisfaction with leadership style and perception towards gender and ethnicity factor can provides a contribution like below:

- 1) A good leader can act as a role model to motivate their subordinates to work together with in order to reach the company's goal.

-
- 2) A good working atmospheres can be creates once leader can guide their subordinates well.

In fact, employees able to get more attention from direct supervisor with correct leadership style that applied to them. Employees tend to work harder and commitment given is much stronger if they are well guided by their direct supervisor.

Hence, this study also provided valuable reference to future researchers. Researchers can use other type of methodologies such as qualitative method to examine the style of leadership and as perception towards gender and perception towards ethnicity factor (autocratic leadership, democratic leadership, laissez-faire leadership and perception towards gender and ethnicity factor) on job satisfaction. In future, researcher can study related topic that comprising job satisfaction and style of leadership as well as perception towards gender and perception towards ethnicity factor in Malaysia at different industry and field.

1.7 Conclusion

To conclude this chapter, the background issues on research problem questions, objectives, hypotheses development and the significant of study are stated above. On next chapter discussion on the past researchers studies and identified the potential hypotheses and presented the theoretical framework that adopted for this research project.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Literature review focuses on discussion of past studies by previous researchers. All the variables will be highlighted and elaborated in this chapter. Meanwhile, development of theoretical framework will be discussed by providing the connection between the job satisfaction and the factor that affect the level of job satisfaction.

2.1 History

For the past decades, several theories have been discussed to identify different kind of leadership. For instance, among many researches, there are four major theories groups that explained leadership behavior and also different types of leadership that each individual carry. First one, Trait theory that explained the type of person make a respectable leader. In addition, Traits theory manage to identify upside and personality of a person have for instant the integrity, assertiveness, good and efficient decision-making skills, and likeability that are helpful when leading others.

In 1970s, Paul Hersey & Ken Blanchard found the Situational Leadership theory. They argued that the leadership styles can be influence by the materiality of each different individual members of the leader's team. Perhaps, the most well-known of this model is French & Raven's Five Form of power. This model suggested five types of positional power which are legitimate, rewards, coercive, expert and referent. The model proposed that using individual power is better than other alternative, and leader should focus on building expert power because this is the most valid source of personal power. Lastly, the Behavioral theory where this theory focused on how leaders behave to influence the followers or subordinates. In the 1930, Kurt Lewin established a framework to explain the different behavior of the leader. He then suggested that there are three different types of leader's styles which are autocratic leaders, democratic leaders and lastly laissez-faire leaders. Both intergroup (Alderfer, Alderfer, Tucker, and Tucker, 1980) and embedded group (Thomas and Alderfer, 1980) theories identified two different type of groups exists in organization which is identity group and organizational group. The identity group will only stay connect with others that have similar demographic characteristic like race and gender but organizational group only take in individual that has similar status for instance position in the organization. Intergroup and embedded intergroup theories suggested it is crucial to form a constellation relationship with their employees, superior, and even the organization itself to reduce the perceived of discrimination hence affecting the job satisfaction. Therefore, together with behavioral theory, the perception towards the gender and ethnicity and the three types of leadership will be further discuss and explain each of the leadership style that can result in different outcome.

2.2 Leader/Leadership

In general, a leader is an individual who chooses, trains, motivating, and influences some or more followers who have different expertise and capabilities and driven the followers to achieve the organization's mission and objectives. Followers are the term used to describe whom the leader is trying to influence and the term of subordinates is often used in organizational settings. However, the term followers suggested that the leaders can be in any role or position, and an organizational hierarchy is not essentially implied (Thomas, n.d.). In this process, the leader then presents the predictive goal in contrast to the status of the organization and through the practice of critical thinking as well as brainstorming skills and also the use of both interpersonal communication and public speaking skill.

In both good times and bad, there is always a need for strong leadership because leaders will impact our daily lives and futures either directly or indirectly. In many organization, the high level of achievement of a business in any industry is determined by who the leaders it selected or hired. Past working result and years of experiences provide supervision and direction on how one might improve the capabilities demonstrated by respected leaders. Furthermore, leadership can be seen as a process where the leaders affect and are affected by their followers positively and negatively (Rowe, 2007). Also, leadership is about the power of influence where leader has the set of skills and abilities to influence your followers, peers that work in an organization because without the ability to influence, it is impossible to be a good leader (Rowe, 2007). Most the time all these execution of different manages functions requires good leadership in order to have a great result in the end.

While leadership style is the way where direction is provided by a leader to the team to accomplish their tasks, and how the leader should lead the team through all sorts of communications to the team, and the leading style in which the leader motivates and trains the followers. In 1939, German social psychologist Lewin, Lippit and Whit lead

some early research regarding leadership styles. Also, they found that each of the different style have different outcome towards an organization. During their research, there are few leadership style had been identified. First, they found the authoritarian, also known as autocratic leadership style. Autocratic leadership referring to the condition where the leader trains the followers what to do next, when in the correct time frame to do it, and even how to execute it. Secondly, the leadership style that Lewin mentioned is the participative or to be known as democratic leadership style where the leaders are willing to listens the responses from his group of followers and came out with a final decision. Lastly, the third style is laissez-faire leadership style. This type of leader provide only very minimum supervision direction. Group members have to work on their own and decide what the next step to take is in order to finish the assignment.

2.3 Job satisfaction

In many cases, different types of leadership often related with job satisfaction. Job satisfaction is defined as “a pleasurable or positive emotional state resulting from one’s job or job experiences” (Sempene et al, 2002). Later, Ajila and Omolayo, (2012) stated that employee’s job satisfaction is the attitudes of the employees towards their job as well as what they feel about the work. He then explained that high level of job satisfaction can be created if a person have more motivated and positive thinking towards their job. However, this will be switch to another way if they have negative attitudes and demotivating towards their job.

Not to be surprise, a successful business entity normally will have satisfied employees that motivated to solve the daily challenges while very low job satisfaction level from the employees can put an end to the business easily. The intention of the employees to leave the job and the contribution by the employees in an organization can be determine by two attributes for instance the commitment that they are willing to put in the job and the most important attribute is the level of job satisfaction. Many organizational factor

that influence employees' job satisfaction such as incomes, authority empower, flexibility of working place, even also to take the responsibility as a leader to lead a team. The decision maker within the organizations can exercise suitable leadership styles to merge in the working environment to influence employee' attitude, their feeling and level of job satisfaction. An organization success often seen closely related to the effectiveness of a strong leadership and high employee' job satisfaction level. Therefore, employees that have great level of job satisfaction are expected to exercise more commitment in their given assignment work toward the company aims and benefit.

2.4 Autocratic Leadership

Autocratic leaders referred to as an authoritarian leader (Bhatti et al, 2008). They refuse input from other followers and are not concerned with their personal well-being (Bhatti et al, 2008). Similarly, a firm leader will make use his authority to take over the team and ordered his follower only obey the order (Blau & Scott, 1963; Daft, 2005; Jogulu & Wood, 2006 cited in Moey, 2009). Autocratic leaders decide all the decisions by their own without discuss with his team. They will not considerate their followers input and not involve them during the discussion. After made a decision, they enforce it and expect absolute obedience from the floor.

Also, the autocratic leadership style often create an environment which highly structured, hierarchical chain of command such as the military or every bureaucratic organizations. This type of autocratic leader practice almost absolute power and commands strict compliance and conformity (Ronald, 2011). The benefit for this type of leadership is when in times of stress or emergency, employees are likely to be told precisely what action to take and are grateful if someone willing to step up and taking control of what might be a chaotic situation, and also very effective when critical business decisions or actions are needed. The autocratic leadership normally has a precise and controlled disciplinary process with an emphasis on punishments for

noncompliance, determines prescribed policies, procedures, rules and goals (Ronald, 2011). In this environment, very little interaction and communication is expected among associates.

Autocratic leader are usually firm when they make decision. In their mindset, this leader will assume that employees have insignificant guidance need to have close observation. This is due to the control are needed to guarantee their compliant behavior. Nevertheless, the downside of this style is these could lead to high turnover rates, alienation of employees, decreasing the morale level and commitment as well as devotion. Interestingly, according to Ronald (2011) this type of leaders believe that their style is highly efficient in an organization. However, this autocratic leadership often showed insignificant productivity. They often result in no personal or organizational change, growth and development, even the cooperation, commitment and achievement are stifled (Okoji, 2014). In short, today society are more likely aware of this autocratic leadership style because many of individual are still adopting even today. Generally, this style of leadership is not one of the best methods to be practice in SMEs industry.

2.5 Democratic Leadership

In conjunction, another type of leadership that can enlightened subordinate is referred to democratic leadership. This type of individual that practicing this style of leadership identifies each employee's' value and esteem. Through effective listening and understanding, democratic leader's actions are based on trust, integrity, equality, honesty, open mind set and last but not least is the mutual respect among team member to establish a strong bond relationship (Ronald, 2011). Each of everyone in the team will sit down together and make decision to change things that have emotional impact towards employees, department or company, and shared in a timely fashion. Higher level of self-esteem, positive spirit and working environment during the process. Eventually, the democratic leader empowered their subordinates to the maximum capability and desire. While similarly this type of leader places a strong synergy and

commitment in collaboration with team members and act as advisor to develop a natural motivating environment in the group.

According to Ronald (2011), the enlightened leadership or democratic leadership style leader carry out employee participation in any important matters and exercises his influence in reaching a clear consensus among the team members. Ultimately, their objective is to make some decision and obtain consensus democratically. Subordinates tend to involve in achieving goals, both in common goals for the good of the organizations and for their own individual self-development as well as learning process. Leaders have to make sure their subordinates are able to achieve all these goals along the way. Feedback and response from the subordinates also very crucial whereby they have the responsibilities to inform the leader or superior of any difficulty that stop them from achieving the goals that have been set.

Democratic leader is different with autocratic leader in the sense of making decision. They take the initiative during the decision making process but they include others lower management as well. This eventually will not only increases the job satisfaction level by involving their employees and team members feel in what is going on, but it also help to develop people's skills (Bhatti et al, 2012).

2.6 Laissez Faire Leadership

According to Chaudhry and Javed (2012), they defined laissez faire leadership as a leader who avoid or absence during the occasion where decision need to be made. This style usually take place when the decision maker provide very little or no guidance and empower the employees to decide the goals, made decisions and resolve problem by themselves. Also, this types of leaders have very little participation in decisions making. On the other hand, one of the famous leadership pioneer Kurt Lewin (1939, as cited in Cherry, n.d), mentioned that laissez faire leadership style were the least productive compare with the other two leadership style. Delegate leader offer little or

almost no guidance to group members. Chaudhry and Javed (2012) said this style the leaders normally will pull themselves out and zero interference in decision any making process. Most of the time, this type of leadership endorsed their employees that they have authority to get their call for any decisions about the assignment. Employees are free to do work in their own way with no restriction. However, they are also responsible for their decision they made in work. This is considered the most passive component and the least form of leader behavior (Antonakis et al, 2003 as cited in Khan et al, 2011)

Furthermore, laissez faire leader could be leading the team to anarchy, chaos and inefficiency situation and can be lay off and label as useless (Ronald, n.d). Generally, the overall outcome of laissez faire leadership style are seems to be undesirable. However, this style of leadership may be an aspect of such style can be very positive. According to Hersey-Blanchard (2000, as cited in Clark, n.d), they proposed that instead of using just one style, successful leaders should change their ways to lead their subordinate based on the capabilities of the individual they are leading and the details of the assignment. By practicing this, leaders could be able to place more or less the importance on the task, and more or less importance on the relationships with each of the individual they are leading, depending on what is required to get the task done successfully. This might not be a problem when the followers have the abilities and capabilities but troubles may occur when the situation is otherwise. Also, this style of leadership may be effective in some circumstances where the group members are highly qualified in an area of expertise.

2.7 Perception towards Gender and Perception towards Ethnicity

Last but not least, there are some studies (Alderfer, Alderfer, Tucker, and Tucker, 1980) also indicated that perception towards gender and ethnicity the individual will influence the job satisfaction. Individual attributes and background of the subordinates have been identified as the key factors to bring proportional variations in the employees' job satisfaction (DeVaney & Chen, 2003). Previous research also mentioned that

perception towards gender and perception towards ethnicity always have varying impacts on the job satisfaction level of employees in the workplace (Sattar et al. as cited in Khalid, 2011). People tend to perceive individual leadership by gender or race. These are tested as the predictor of job satisfaction or dissatisfaction and its consequences like involvement, commitment, absenteeism and turnover. (Saifuddin et al., 2012). They found that different these factors play different roles in diverse settings. Supposedly, differences in job satisfaction level are affected by job rewards, working conditions and individual attributes (Bokemeier & Lacy as cited in Khalid, 2012).

Besides three different styles of leaderships, the perception towards gender and perception towards ethnicity can influence in employees job satisfaction. The thinking of woman just responsible for in house working and caring must be changed. In recent years, more and more demand for workforce and voices for instance the gender equality came out from the female group and this would probably make the shifting happened. (Kisoki & Kisoki, 2006 as cited in Ibrahim et al, 2011). Every countries around the world today are more generous concerning to take along female to work in various types of industry. In Malaysia context, females should be also given the equal chances in term of working experience as well as share of work in every industry.

Figure 2.1: Leadership Style, Race, Gender with Job Satisfaction



From the framework above, relevant independent variables which are autocratic leadership, democratic leadership, laissez faire leadership, race as well as gender. While job satisfaction will be act as the dependent variable that will be test in this study. Result expected to show which variable affected the dependent variable the most.

2.9 Hypotheses Development

Hypotheses act as a guidance to structure theoretical framework and predicts the relationship between job satisfaction (dependent Variable) and independent variables . Thus autocratic leadership, democratic leadership, laissez-faire leadership and perception towards gender and perception towards ethnicity factor while dependent variable will be job satisfaction.

2.9.1 Autocratic Leadership and Job Satisfaction

From the literature studies, autocratic leadership will be giving the directions and strong influence towards team members. This style only allowed direct instructions to be obey although it is not encouraged in today society. However, autocratic leadership still useful in undesirable or critical situations (Maqsood et al, 2013). They putting lots of efforts in planning for their employees, they have high confidence in the task implementation, in-depth preparation and following authoritative style leads towards directive style. Not only that, autocratic focused on time have management and decisive power boosted this leadership style (Maqsood et al, 2013).

H₁: There is significant relationship between autocratic leadership on job satisfaction

2.9.2 Democratic Leadership and Job Satisfaction

Democratic act as another famous democratic leadership style also play important independent variable for this research. Ajila and Omolayo (2012) justified this hypothesis in their research. Therefore, below hypothesis is developed.

H₂: There is significant relationship between democratic leadership on job satisfaction

2.9.3 Laissez-Faire leadership and Job Satisfaction

There were also study's result showed the positive relationship between laissez-faire leadership and job satisfaction for instance, Chaudhry and Javed (2012), in their research showed a significant relationship between this types of leadership with the job satisfaction level where employees have almost full authority to made any decision in given assignment with no guidance from superior. Therefore, following with development of the hypothesis as below.

H₃: There is significant relationship between laissez-faire leadership on job satisfaction

2.9.4 Perception towards Gender, Ethnicity and Job Satisfaction

In Al-ababneh and Lockwood research, employees' characteristics shown to contribute to the variations in job satisfaction. Other research such as Hancer and George, 2003 (cited in Al-ababneh & Lockwood, 2012) also justified the important connection among these independent variable and dependent variable. With this, following hypothesis is developed.

H₄: There is significant relationship between perceptions towards gender on job satisfaction

H₅: There is significant relationship between perceptions towards ethnicity on job satisfaction

2.10 Conclusion

Literature proposing the leadership style and as perception towards gender and perception towards ethnicity factor (autocratic leadership, democratic leadership, laissez-faire leadership, gender and ethnicity) and job satisfaction were being reviewed in this chapter. The findings and relevant theoretical models of previous researchers are applied to support the hypotheses and relationship between the job satisfaction and various leadership styles as well as gender and ethnicity. In next chapter, the explanation of research methodology will be presented in next chapter.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter, main focus is to describe the research methodology of the study. First the research design that explain how this research is conducted. Secondly, data collection that is important in this research because it show how the researcher is collecting all the sample set from the respondent. Followed by sampling design, the research instrument, and questionnaire design with pilot test. Last by not least is the data processing and the method to analysis the collected data.

3.1 Research Design

In every research study, research design is one of the important section for the analysis. In another words, research design is the general plan of how to answer research question. Besides that, research design contain objectives derived from research question, specify the sources from which intend to collect data, ethical issues and consideration of the constraints such as access to data, time, location and money.

In this paper, the research study is design based on qualitative approach which is developed in chapter two. Not only that, descriptive and explanatory analysis is applied in this research study. Characteristics of the population or phenomenon can be describe through descriptive analysis, meanwhile, explanatory analysis is used to establish relationship between variables. Questionnaire will be distributed and collected to obtain the result for this research paper.

3.2 Data Collection

In this research paper, research used the most common ways to collect primary and secondary data which will applied in this study. This is due to the primary data and secondary data collecting method is used to examine the relationship of job satisfaction and three types of leadership style as well as perception towards gender and perception towards ethnicity profile.

The researcher will collect the list of employees from SMEs in every state in Malaysia. The questionnaires will be distributed through online. Upon completion, respondents are requested to submit the questionnaire directly to the link that they are completing the survey. The result will then be evaluated using the SPSS software by end of the day.

3.3 Sampling Design

This is the process to collect data from a manageable size population and entire population is referred as the groups that share some common set of characteristics. During the data collection, restriction of time and location can be solve by using sampling method. The sampling is needed when there is impossible to collect all the data from the entire population. Sampling is able to provide a variety of techniques that allow researcher to decrease the amount of data that need to collect and sample obtained is considered as sub-group from large population.

3.3.1 Target Population

This purpose of this research is find out relationship of job satisfaction and styles of leadership as well as perception towards gender and perception towards ethnicity profile in the SMEs industry. Therefore, the respondents of this study are targeted on subordinates who work in SMEs Company.

3.3.2 Subjects/Sample

The target respondents are aimed on SMEs employees in Malaysia. Total amount of 500 sets questionnaire are distributed to the respondents who fall under SMEs category. This survey is conducted through online email. Total 384 set of questionnaire will be randomly selected.

3.3.3 Sampling Technique

With above sampling design of this research paper, convenience sampling is applied in this study. As far as research concern, convenience sampling is the sub category for non-probability sampling technique. According to Saunders et al. (2009), non-probability sampling technique is defined as sampling technique that provide a range of techniques to select samples according to personal own subjective judgments.

3.4 Research Instruments

3.4.1 Questionnaire Design

Questionnaire survey is a set of different questions developed to obtain primary sources to be used in the descriptive and explanatory research (Zikmund, 2003; Saunders et al., 2009). Therefore, process of designing the questionnaires design is important and need to ensure accurate data from respondents to be collected to response to research

questions above and achieve the objectives. This is due to the design of questionnaire will affect the responses, the reliability and validity of the data. The variables except as perception towards gender and perception towards ethnicity information is test using 5 point Likert-type scale.

3.4.2 Measurement Scales

Similar with most of the measurement scales by previous researcher, this study research applied the most common of the measurement scales which are interval, Likert-Style Rating and nominal scale.

3.4.3 Nominal Scale

A nominal scale is the lowest level of measurement and is most often used with variables that are qualitative in nature rather than quantitative (Pagano, 2004). A nominal scale does not possess any of the mathematical characteristics of magnitude, equal interval, or absolute zero point. Nominal scale only agrees classification of objects into mutually exclusive categories (Pagano, 2004).

3.4.4 Interval Scale

Age and the income of the respondents can be measure through interval scale. According to Pagano (2004), the interval scale represents a higher level of measurement than the ordinal scale. He then added on that interval scale possesses the properties of scale and equal intervals between adjacent units. However, interval scale do not have an absolute zero point. The interval scale possesses the properties of the ordinal scale and has equal intervals between adjacent units (Pagano, 2004).

3.4.5 Likert-Style Rating Scale

Likert scales are a non-comparative scaling technique. This technique only measure a single trait in during the analysis. An ordinal scale will be given to respondents and they have to indicate their level of agreement when answering the questionnaire. Most commonly seen as a 5-point scale ranging from “Strongly Disagree” on one end to “Strongly Agree” on the other with “Neither Agree nor Disagree” in the middle. In this research study, Likert-style rating scale is applied at section C in the questionnaire.

3.5 Data Processing

At the end of this chapter, data processing are used for analyzing the data that collected from the survey. After collecting the 384 set of data, researcher will convert the quantitative data into an interpretive form by using several types of data analysis technique. Researcher able to justify the hypothesis and further understand about the data through the result of data analysis. Researcher process the data analysis using SPSS Version 20.0 computer software because SPSS Version computer software enables researcher to analyze the quantitative data more effectively and efficiently. The types of analysis methods will be used in conducting this research include descriptive analysis, pilot test and reliability analysis, correlation analysis and multiple linear regression.

3.5.1 Descriptive Analysis

Descriptive analysis applied in order to analyze the perception towards gender and perception towards ethnicity data. The results of individual variable can be present through frequency distribution. Meanwhile, frequency distribution can be presented into the form of table, bar chart, histogram, pictogram, pie chart and others for the purpose of easier to interpret. By doing descriptive analysis, researcher was able to

identify the information of as perception towards gender and perception towards ethnicity respondents in the research study.

3.5.2 Pilot Test and Reliability Analysis

The main reason of pilot test is to enhance the questionnaire to enable respondents to encounter any difficulties when respond to questionnaire meanwhile to obtain some assessment of the questions' validity and reliability of the data (Saunders et al., 2009). Pilot test will be carry out before the actual questionnaire distribute to the respondents. Saunders et al. (2009) indicated that number of people in the pilot test are depend on research questions, objectives, sample size and other resources such as time and money. Meanwhile, researcher was able to gather some useful opinion regarding the design of questionnaire from target respondent. Moreover, the problem or error at the early stage able to minimize through the pilot test.

According to Saunders et al. (2009), reliability analysis is referred to the extent of where the technique of data collection that result in reliable findings, similar interpretations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data. Reliability is an indicator of measuring internal stability and consistency while reliability analysis using Cronbach's Alpha to determine the correlation among the items (Saunders et al., 2009). Sekaran and Bougie (2010) indicated that Cronbach's Alpha range less than 0.60 consider poor; the range above 0.60 and of 0.70 indicate the range at the level of acceptable. Besides that, the range of reliabilities over 0.8 means there is 80% consistencies in the score and considers good correlation.

Pilot test was conducted using 30 sets of questionnaire and were distributed for the reliability analysis purpose and reliability test were conducted by SPSS software. Table 3.3 indicate the results of reliability analysis and all the variables are significant with the Cronbach's Alpha value more than 0.60.

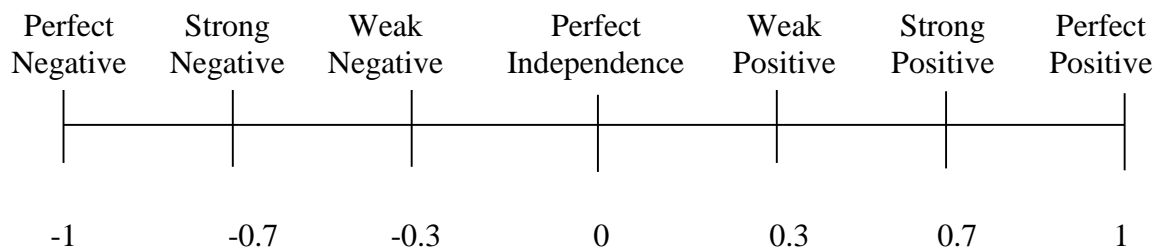
3.5.3 Principle Component Analysis

The usages of the PCA is to find out or to decrease the dimensionality of the data set for this research study. Underlying variables in the research can be detect using PCA. All the items in the component data will be examine. Principle components can be obtained by projecting the multivariate data vectors on the space spanned by the eigenvectors through SPSS analysis.

3.5.4 Pearson Correlation Analysis

Pearson correlation Analysis is a method for exploring the correlation between two quantitative, continuous variables, for examples, age and blood pressure. The usage of this method is to examine the correlation between each variable in this research paper. The coefficient can take on the value that fall between negative 1 and positive 1; the value of positive 1 represents a positive correlation and if the coefficient value is negative 1, it symbolizes a negative correlation.

Figure 3.1: Pearson Correlation Coefficient



3.5.5 Multiple Regression Analysis

Multiple regression described as the calculating coefficient of multiple determinant and regression equation via two or more than two independent variables or a measure of linear association that investigates a straight line relationship. The relationship of both independent (autocratic, democratic, laissez-faire, gender and ethnic) and dependent variable (job satisfaction) can be determined using a linear equation. This research study will investigate the relationship between independent variables (Autocratic leadership, Democratic leadership, Laissez Faire leadership, as perception towards gender and perception towards ethnicity) towards dependent variable (Job satisfaction).

$$Y = a + bX_1 + bX_2 + bX_3 + \dots + b_nX_n$$

Where: Y= Dependent variable

a= Constant value, the value of Y when the line cuts Y axis all X value =0

b= The slope, or change in Y for any corresponding change in one unit of X

X=Independent variables use to predict Y

3.6 Conclusion

In chapter 3, detail of the methodologies such as how the sampling is designed, collection of data, the instrument for research and how the data being process as well as research design in this research are discussed and explained. The data obtained through the questionnaire are analyze and the results are shown.

CHAPTER 4

DATA ANALYSIS

4.0 Introduction

In this chapter, results from the data analysis are presented and discussed. All the collected data from online questionnaire were analyzed by SPSS. The target respondents are Malaysian who work in SMEs industry. Descriptive analysis, scale measurement, Principle Component Analysis, Pearson Correlation, multiple regressions, and linear regressions will be presented in order to find out the relationship between the job satisfaction, type of leadership and as perception towards gender and perception towards ethnicity factor.

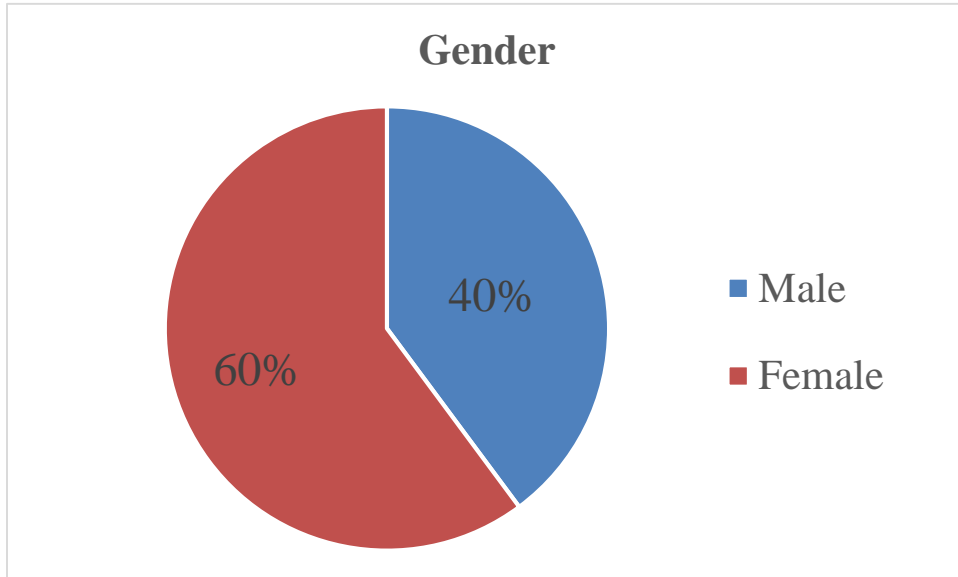
4.1 Descriptive Analysis

There were total 500 questionnaires (email) have been sent out through online but only 384 (77% respond rate) respondents replied. They are currently working in SMEs industry. Thus, the only the 384 respondent's data are analyze and discussed. For the following section of this chapter, the target respondents data and profile who work in SMEs industry are presented such as perception towards gender and perception towards

ethnicity information of target respondents which included gender, age, race, field of job, and years of experience. After that, company profile will also be analysed.

4.1.1 Frequency of Target Respondents Based on Gender Group

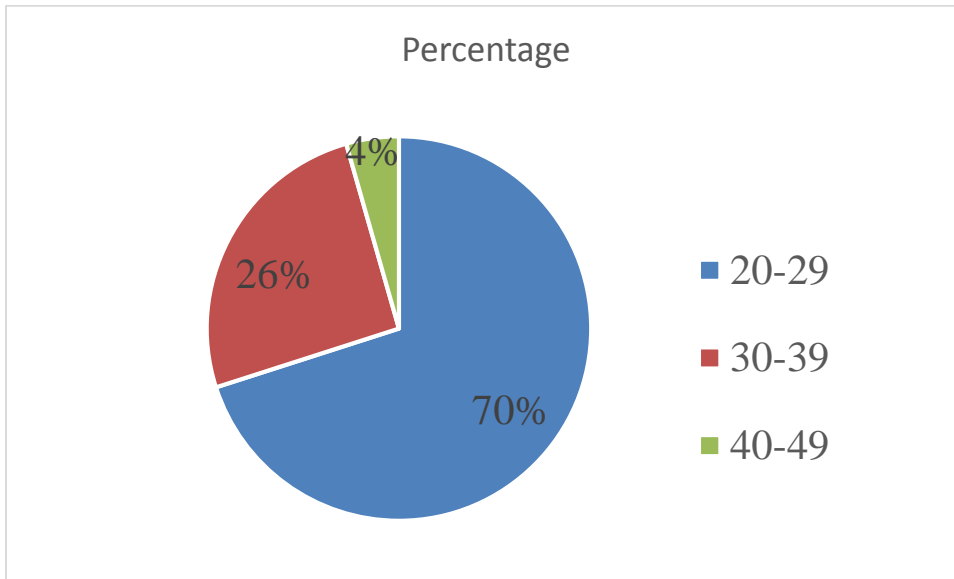
Figure 4.1: Target Respondent base on Gender Group



Based on the gender group above, female gender is more than half of the which total of 231 respondents (60%) while 153 respondents are from male which is 40% of total gender respondents.

4.1.2 Frequency of Target Respondents Based on Age Group

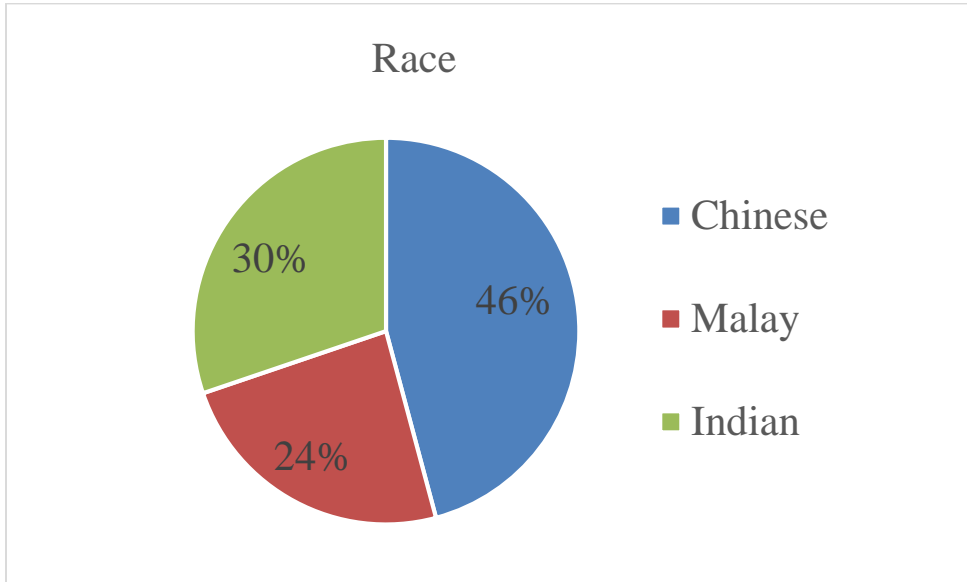
Figure 4.2: Age Group



Based on Figure age group above, shows that among the target respondents, majority age falls under the ranges of 20 – 29 years old (70%) which is 303 respondents. Followed by age group between 30 – 39 years old (26%) constitute of 69 respondents and 12 respondents are between 40 – 49 years old (4%).

4.1.3 Frequency of Target Respondents Based on Race Group

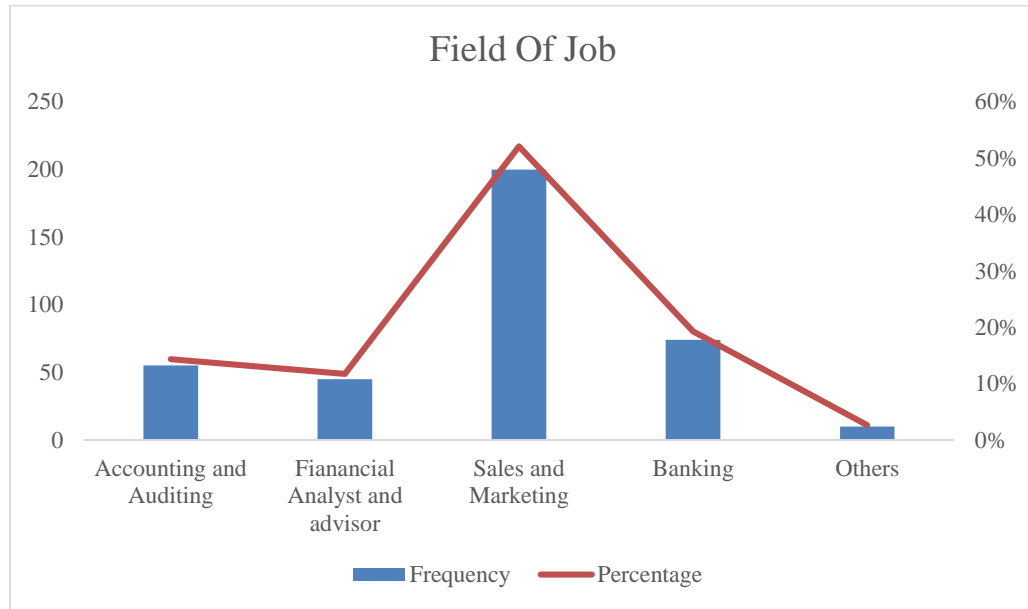
Figure 4.3: Race Group



Base on the Figure 4.3 above, it indicated the majority of the respondents are from the Chinese ethnic which total of 176 respondents (46%) while 116 (30%) respondents are fall under Indian group, followed by Malay group which have the least respondents group of 92 people (24%)

4.1.4 Frequency of Target Respondents Based on Field of Job

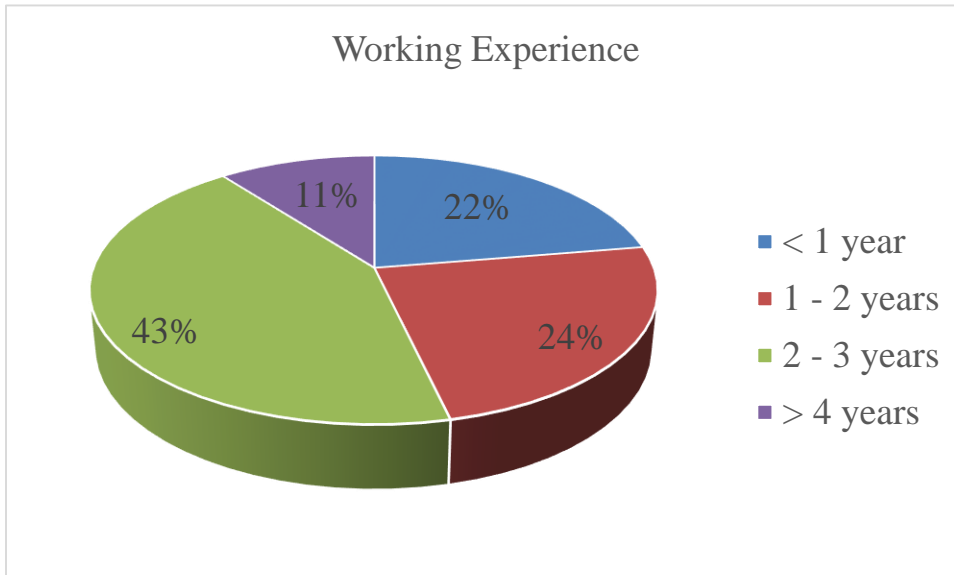
Figure 4.4: Field of Job



Base on the field of job of the respondent Figure 4.4 above, it indicated half of the majority respondents are from the Sales and Marketing background which consist of total 200 respondents (52%). Then, the second higher frequency from the respondents are those who working in Banking industry which are total number of 74 person (19%) and this followed by 55 person (14%) respondents are from accounting and auditing industry, followed by financial analysis and advisor with total of 45 person (12%). Lastly, other industry such as manufacturing, event planner, IT, supply chain management and education are only consist 10 person (3%) for this survey.

4.1.5 Frequency of Target Respondents Working Experience

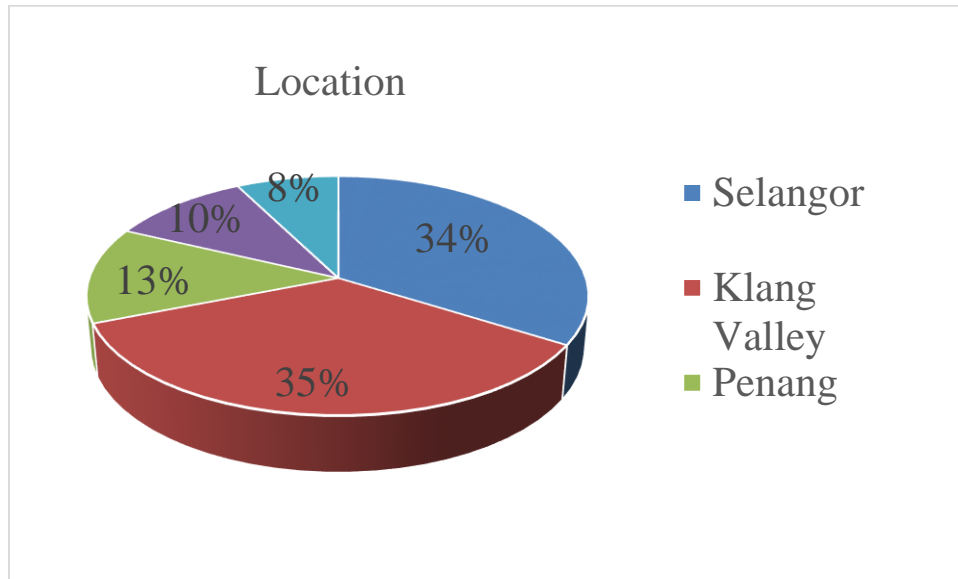
Figure 4.5: Working Experience



Base on the Figure 4.5 above, it indicated half of the majority respondents are from the Sales and Marketing background which consist of total 200 respondents (52%). Then, the second higher frequency from the respondents are those who working in Banking industry which are total number of 74 person (19%) and this followed by 55 person (14%) respondents are from accounting and auditing industry, followed by financial analysis and advisor with total of 45 person (12%). Lastly, other industry such as manufacturing, event planner, IT, supply chain management and education are only consist 10 person (3%) for this survey.

4.1.6 Frequency of Target Respondents Company Location

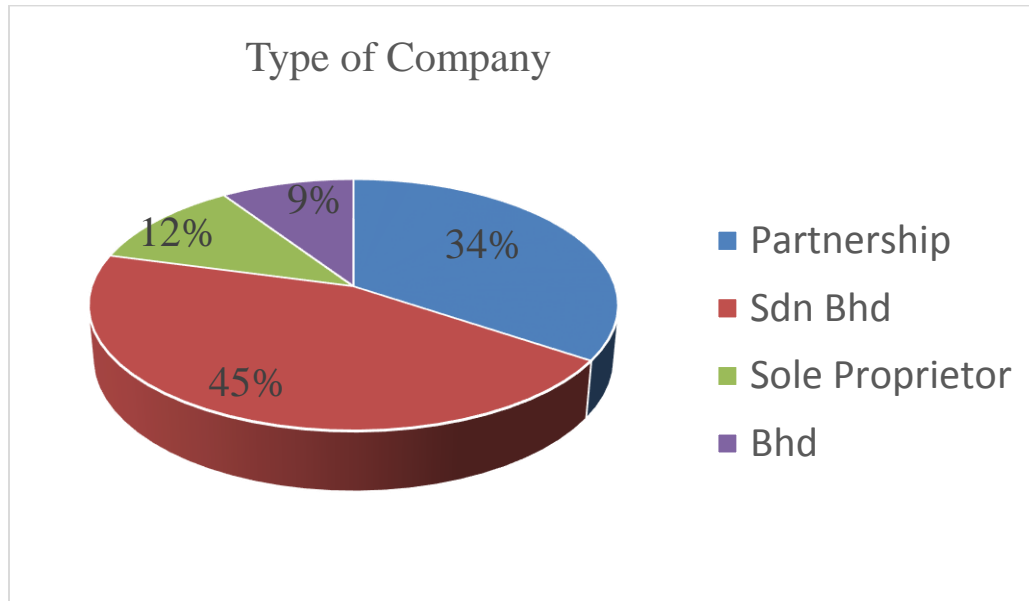
Figure 4.6: Working Experience



Base on the Figure 4.6 above, it indicated the majority respondents are from the Klang Valley area which consist of total 135 respondents (35%). Then, the second higher frequency from the respondents are those who working at Selangor area which are total number of 130 person (34%) and this followed by 50 person (13%) respondents are from Penang area. Next, Johor is the second last frequency of 40 respondent's (10%) respond and this followed by other area such as Melaka, Sarawak and Negeri Sembilan (8%)

4.1.7 Frequency of Target Respondents Types of Company

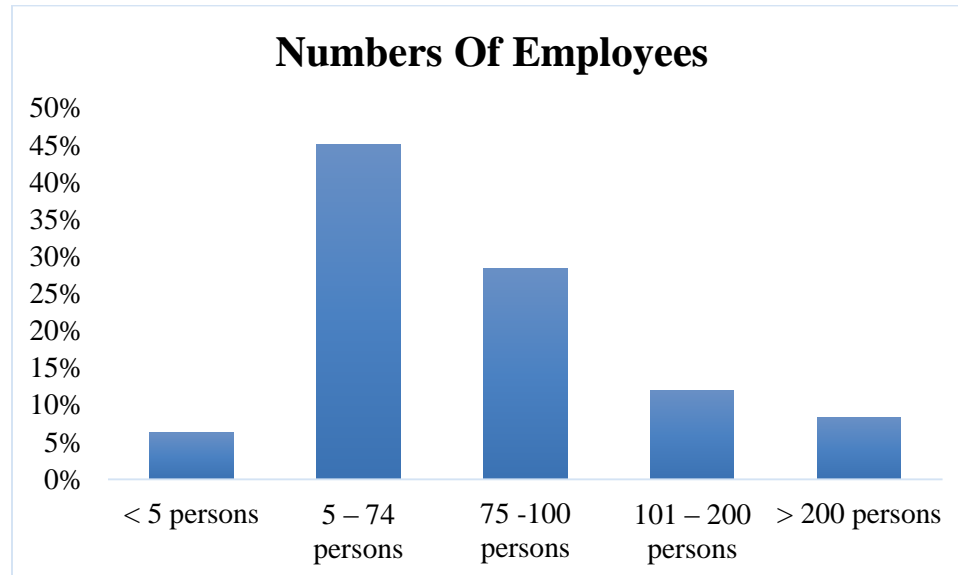
Figure 4.7: Types of company (n=384)



Base on the Figure 4.7 above, it indicated almost half of the majority respondents company are registered under Sdn. Bhd. which consist of total 172 respondents (45%). Then, the second higher frequency from the respondents are company that registered under Partnership which the total number of 132 person (34%) and this followed by 44 person (11%) respondents are working in Sole proprietorship. Lastly, company registered under Bhd only have 36 person (9%).

4.1.8 Frequency of Target Respondents Numbers of Company's Employees

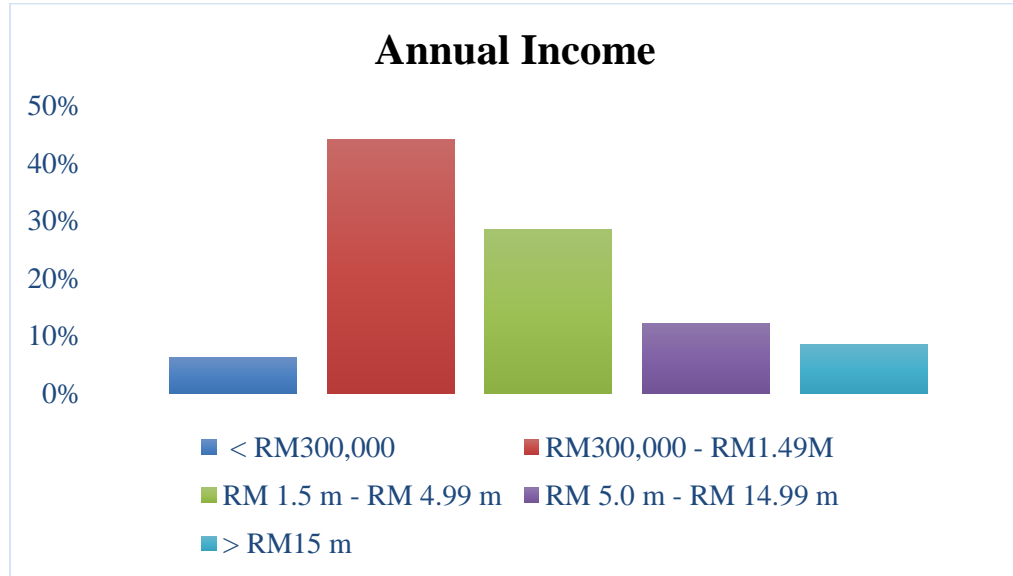
Figure 4.9: Numbers of Employees (n=384)



From the Figure 4.9 above, it clearly showed that the majority respondents company have 5 to 74 employees which consist of total 173 respondents (45%). Then, the second higher frequency from the respondents are company that have 75 to 100 employees which the total number of 109 person (28%) and this followed by 46 person (12%) respondents company 101 to 200 employees. Lastly, company that have more than 200 employees and below 5 employees are 24 respondents company (6%) and 32 respondents company (8%).

4.1.9 Frequency of Target Respondents Company Annual Income

Figure 4.10: Annual Income (n=384)



From the Figure 4.10 above, it clearly showed that the majority respondents company have annual return of RM300,000 to RM1.49M which consist of total 170 respondents (44%). Then, the second higher frequency from the respondents are company that have annual income of RM1.5M to Rm4.99M which the total number of 110 person (29%) and this followed by 47 person (12%) respondents company have RM5.0M to RM14.99M annual income. Lastly, company that have more than RM15.0M and below RM300, 000 are come from 33 respondents company (9%) and 24 respondents company (6%).

4.2 Principle Component Analysis

Table 4.12: KMO and Bartlett's Test (n=384)

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	2820.811
	df	231
	Sig.	.000

From table 4.12, we can see that the Barlett test of sphericity is significant (P value < 0.00). Also, the Kaiser-Meyer-Olkin measure is also greater and .6. The inspection of anti-image correlation matrix conclude that the measurement of sampling adequacy are well above the acceptable level of .5.

Table 4.13: Total Variance Explained (n=384)

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.365	24.388	24.388	5.365	24.388	24.388	3.101	14.097	14.097
2	2.218	10.082	34.470	2.218	10.082	34.470	2.487	11.303	25.400
3	1.788	8.126	42.597	1.788	8.126	42.597	2.440	11.090	36.490
4	1.430	6.501	49.097	1.430	6.501	49.097	2.376	10.798	47.289
5	1.391	6.325	55.422	1.391	6.325	55.422	1.613	7.333	54.621
6	1.333	6.060	61.482	1.333	6.060	61.482	1.509	6.860	61.482
7	.900	4.089	65.571						
8	.821	3.734	69.305						
9	.750	3.410	72.714						
10	.705	3.206	75.920						
11	.692	3.144	79.064						
12	.627	2.848	81.913						
13	.570	2.592	84.505						
14	.543	2.467	86.972						
15	.500	2.271	89.244						
16	.453	2.058	91.302						
17	.417	1.898	93.199						
18	.391	1.777	94.977						
19	.363	1.649	96.625						
20	.332	1.509	98.134						
21	.240	1.089	99.223						
22	.171	.777	100.000						

Extraction Method: Principal Component Analysis.

The table 4.13 above displays the total variance explained at three stages. At the initial stage, it shows the factors and their associated eigenvalues, the percentage of variance explained and the cumulative percentages. In reference to the eigenvalues, we can see that 5 factors to be extracted due to they have the eigenvalues greater than 1. If the component 1 to component 6 are extracted, which mean total 61 percent of the variance would be explained.

Table 4.14: Rotated Component Matrix

Rotated Component Matrix ^a						
	Component					
	1	2	3	4	5	6
DC42	.735					
DC27	.725					
DC39	.714					
DC36	.661					
DC33	.649					
DC30	.553					
JS15		.771				
JS22		.729				
JS20		.707				
JS18		.650				
LF31			.781			
LF37			.773			
LF28			.646			
LF34			.629			
AC41				.814		
AC35				.778		
AC38				.668		
AC26				.503		
Race47					.880	
Race48					.851	
Gender44						.854
Gender45						.846

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

The table 4.14 above displays the rotated component matrix of each components. For instance, component 1 comprises of item DC42, DC27, DC39, DC36, DC33 and DC30 while component 2 comprises of item JS15, JS22, JS20, and JS18. This applied also to component 3, component 4 component 5 and lastly component 6. This also explained that each of the component have high relation with the comprised items inside.

4.3 Reliability Test

Table 4.15: Results of Reliability Test

	Variables	Cronbach's Alpha	Number of Item
Independent	Autocratic	.848	4
	Democratic	.787	6
	Laissez-Faire	.694	4
	Perception towards Gender	.652	2
	Perception towards Ethnicity	.657	2
Dependent	Job Satisfaction	.805	4

(n=384)

Source: Developed for research

According to Joseph and Rosemary (2003), Cronbach's alpha is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability for a given test. Joseph and Rosemary (2003) also mentioned Cronbach's alpha is the average value of the reliability coefficients one would obtained for all possible combinations of items when split into two half-tests. On the other hand, Karim and Rohana (2013) alpha scores greater than or equal to .6 are considered denote acceptable and adequate internal consistency. Therefore, table 4.15 showed the Cronbach's Alpha of the independent variables (autocratic, democratic, laissez faire, gender and ethnicity) and dependent variable (job satisfaction) are greater than .6 which mean also all the items are well establish with acceptable level of reliability

4.4 Correlation Analysis

Table 4.14: Pearson Correlation Analysis

		Correlations					
		Job Satisfaction	Autocratic	Democratic	Laissez-faire	Gender	Race
Job Satisfaction	Pearson Correlation	1	.618**	.451**	.450**	-.015	.036
	Sig. (2-tailed)		.000	.000	.000	.768	.479
	N	384	384	384	384	384	384
Autocratic	Pearson Correlation	.618**	1	.430**	.454**	.069	.094
	Sig. (2-tailed)	.000		.000	.000	.176	.065
	N	384	384	384	384	384	384
Democratic	Pearson Correlation	.451**	.430**	1	.236**	.070	.084
	Sig. (2-tailed)	.000	.000		.000	.171	.100
	N	384	384	384	384	384	384
Laissez-faire	Pearson Correlation	.450**	.454**	.236**	1	.133**	.108*
	Sig. (2-tailed)	.000	.000	.000		.009	.035
	N	384	384	384	384	384	384
Gender	Pearson Correlation	.015	.069	.070	.133**	1	.398**
	Sig. (2-tailed)	.768	.176	.171	.009		.000
	N	384	384	384	384	384	384
Ethnicity	Pearson Correlation	.036	.094	.084	.108*	.398**	1
	Sig. (2-tailed)	.479	.065	.100	.035	.000	
	N	384	384	384	384	384	384

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Base on the Pearson correlation analysis above (table 4.14), all variables (autocratic, democratic, laissez-faire, gender, ethnicity, job satisfaction) are significant at the two tailed with 0.01 level. The correlation analysis showed that there are significant correlation between independent variables (autocratic, democratic, laissez-faire, gender, and ethnicity) with dependent variable (job satisfaction). This analysis indicated that job satisfaction is having the strongest positive relationship with the autocratic leadership (coefficient value is 0.618), followed democratic leadership (coefficient value is 0.451), laissez-faire leadership (coefficient value is 0.450), gender (coefficient value is 0.15) and ethnicity (coefficient value is 0.36).

4.5 Multiple Regression Analysis (Independent Variables toward Job Satisfaction)

Table 4.15: Model Summary for Independent Variables toward Job Satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 ^a	.464	.457	.41141

a. Predictors: (Constant), Gender, Autocratic, Ethnicity, Democratic, Laissez_Faire

The table 4.15 model summary showed that the variance of dependent variable explained by the variance of the independent variables. The model summary table showed that R^2 is .464. This indicated that 46.4% variance of job satisfaction is explained by the variance of autocratic leadership, democratic leadership, laissez-faire leadership, ethnicity and gender. The rest of 53.6% unexplained variance by the independent variables which can be explored for future study.

Table 4.16: ANOVA^b for Relationship between Independent Variables and dependent variable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.427	5	11.085	65.493	.000 ^b
	Residual	63.981	378	.169		
	Total	119.408	383			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Gender, Autocratic, Race, Democratic, Laissez-faire

Base on the ANOVA in Table 4.16 above, it can understood as the research model show F value equal to 65.493. And this is significant due to the value is less than 0.05 ($p=0.000 < 0.05$). Meanwhile, it showed that there is at least one independent variable is able to predict job satisfaction in SMEs industry.

Table 4.17: Coefficients^a for Relationship between Independent Variables and Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.086	0.191		5.689	0
	Autocratic	0.337	0.036	0.432	9.48	0
	Democratic	0.21	0.04	0.222	5.303	0
	Laissez-faire	0.186	0.037	0.214	5.025	0
	Perception towards Ethnicity	-0.008	0.025	-0.013	-0.312	0.755
	Perception towards Gender	-0.046	0.023	-0.084	-2.034	0.043

a. Dependent Variable: Job Satisfaction

Referring to the Table 4.17, the standardized coefficients for autocratic is .432, democratic is .222, laissez-faire is .214, race is -.013 and gender is -.084. Autocratic is the highest Beta value (.434) among all the independent variables therefore autocratic is considered as the most important predictor in this study. Not only have that, the IV had strong relationship with DV when the p value is less than .05. Therefore, the results from Table 4.17 showed that only autocratic, democratic and laissez-faire are significantly related job satisfaction while p value of gender, as well as race factor is greater than 0.05 (p = .042, .755) and this explained that gender and race are not significantly related to job satisfaction.

Last but not least, the unstandardized coefficients values indicated the influence of each IV to the DV. From Table 4.17, all the variables have the positive correlation with job satisfaction except ethnicity. The relationship between IV (autocratic, democratic, laissez-faire, gender and ethnic) and DV (job satisfaction) can be explained by the following equation:

$$\text{Job Satisfaction} = 1.086 + .337 (\text{autocratic}) + .210 (\text{democratic}) + .186 (\text{laissez-faire}) \\ - .046 (\text{perception towards gender}) - .008 (\text{perception towards ethnicity})$$

4.6 Conclusion

All the data obtained from the questionnaires are analyze, presented and discussed in this chapter. As perception towards gender and perception towards ethnicity profile of target respondents is summarized by using descriptive analysis. Besides that, Principle Component Analysis, Pearson Correlation, multiple regression is used to discover the correlation between IV and DV.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

Details and result obtained from chapter 4 analysis will be presented and discussed throughout this capture. Furthermore, all the limitation that resulted from the research method will also identified in this chapter. In the last part, recommendation for further research and conclusion of this study are reviewed.

5.1 Statistical Analysis Summary

5.1.1 Summary of descriptive analysis

As perception towards gender and perception towards ethnicity information for this research study is at the section A of the questionnaire. It consists of gender, age, race, field of job, and years of experience while Part B is the company profile to identify type of company they work in. 60% of the total respondents were female and the remaining 40% are Male who take part in the survey. 70% of the respondents are from the age of 20 years old to 29 years old, then followed by respondent aged under 30-39 years old group (26%) and lastly is age group between 40-49 years old (4%). Race wise, 46% of the respondents are Chinese, 30% are Indian and remaining 24% are Malay respondents. Based on the job field and working experience, majority of the

respondents are working under Sales and Marketing field (52%) with around 2 – 3 years' experience while Banking (19%) sector is the second larger portion where respondents work in with 1 – 2 years' experience (24%).

Base on the company profile result, the respondents majority are currently working in private limited company (45%) located in Selangor (34%) and Klang Valley (35%), then followed by Partnership Company (34%) where 60% to 80% of their company business are focus on domestic market (49%). Most of the annual income of the company are fall under RM300, 000 to RM1.49 million (44%).

5.1.2 Measurement Scale

To test the consistency of each variables, Cronbach's Alpha in reliability test were applied to measure the all the variables' acceptable level. Cronbach's Alpha approach are suitable to measure the reliability and correlation among all the items of this study. Reliability test result showed the item for the autocratic leadership and job satisfaction are greater than .8, while gender has the lowest Cronbach's Alph (.652). Autocratic leadership has the highest score of Cronbach's Alpha of .848, job satisfaction with the score of .805 is the second highest score followed by laissez-faire leadership with .804, democratic leadership .787.

5.1.3 Principle Component Analysis

Principle component analysis is the tool to examine the relationship between the component and the item inside. According to the result, all the 5 five have high relationship with comprised items, other unrelated item are being remove. In reference to the eigenvalues, we can see that 5 factors to be extracted due to they have the eigenvalues greater than 1. When five factors are extracted, which mean 53.5 percent of the variance would be explained.

5.1.4 Correlation Analysis

The purpose of using this method to analyze in this research paper due to it can measure the relationship of each the independent variables (autocratic, democratic, laissez-faire, gender and ethnicity) and dependent variable (job satisfaction). From the result, it indicated that autocratic leadership has the highest coefficient value (.618). This indicated that autocratic leadership has the most positive relationship with employee's job satisfaction. The next highest coefficient value that have strong relationship with the dependent variable is democratic leadership (.451). Overall, the outcomes reviewed that there were significant correlation between independent variables (autocratic, democratic, laissez-faire, gender and ethnicity) and job satisfaction.

5.1.5 Multiple Regression Analysis

The next measurement scale is Multiple Regression Analysis. This scale is needed in this paper for the purpose to examine the connection among IV towards job satisfaction in SMEs industry. Result showed in the Table 4.15 that the R square has the value of .462. This value indicated that R² is 46.2 % variance of job satisfaction is explained by all the independent variables.

Table 4.17 clearly shown that all the 3 different styles of leadership and gender have significant effect on the dependent variable (job satisfaction) in SMEs industry when the P value is less than .05. However, another independent variable (ethnicity) has insignificant correlation with job satisfaction because of the P value is greater than .05.

$$\text{Job Satisfaction} = 1.086 + .337 (\text{autocratic}) + .210 (\text{democratic}) + .186 (\text{laissez-faire}) \\ - .007 (\text{ethnicity}) - .046 (\text{race})$$

Table 4.17 also showed autocratic leadership had the highest influence on job satisfaction (Beta = .432). With this, this type of leadership (autocratic) can be explained in a way that it become an important predictor of job satisfaction followed by democratic leadership and laissez faire leadership style.

5.2 Summary of the Result and Findings

Research Objectives	Hypothesis	Sig P value	Results
To examine the impact of autocratic leadership on job satisfaction	H1: There is significant relationship between Job satisfaction and autocratic leadership style	p=0.000	Supported
To examine the impact of democratic leadership on job satisfaction	H2 There is significant relationship between Job satisfaction and democratic leadership style	p=0.000	Supported
To examine the impact of laissez faire leadership on job satisfaction	H3: There is significant relationship between job satisfaction and laissez faire leadership style	p=0.000	Supported
To examine the impact of perception towards ethnicity on job satisfaction	H4: There is significant relationship between perception towards ethnicity and job satisfaction	p=0.755	Not Supported
To examine the impact of perception towards gender with job satisfaction	H5: There is significant relationship between perception towards gender and job satisfaction	p=0.043	Supported

From the summary above, the perception towards gender has been shown to contribute to variations in job satisfaction among employees. This finding (H5) is aligned with the studies conducted by other researchers (Hancer et al., 2006) where they concluded that the job satisfaction from the employees was related to the perception towards gender itself. One possible explanation for this could be related to the cultural backgrounds of our country where female gender actively sharing the equal experience and opportunity to take charge in higher managerial role is rather recent.

According to the finding, the three types of leadership (H1, H2 and H3) style has significant relationship on job satisfaction. This finding also aligned with previous researcher (Ababneh & Lockwood, 2012) which found the three leadership style had positive relationship with employees' job satisfaction.

Lastly, the perception towards ethnicity (H4) has not been shown to contribute any variation in job satisfaction among employees. This could be also due to the cultural difference in this country where the three main races are living together and holding many higher position in private company as well as in government sector.

5.3 Limitation of Study

Limitations in the research design and methods of data analysis are discussed, and recommendations are made for future research. Chapter 3 describes the samples used in the current research and indicates that these were convenience samples, accessed within employees that work in SMEs industry contexts. Therefore, they may not be representative of the populations under this research study. Readers should therefore approach the current findings and conclusions with caution.

Time constraints to finish the survey during working time also will influence the outcome of the survey. Most of the questionnaire researcher sent was direct to their working email but not personal email. They have to complete the questionnaire during working time with very short time.

Last but not least, they are plenty of leadership style that not been discuss in this paper. This study only focus three styles of leadership. Respondent has no other option to justify whether their superior is among the three styles of leadership discussed in this study. Therefore, future research can include more leadership styles to study to get more accurate result.

5.4 Implications of the Study

Most of the company try their very hard to hold their employees from leaving the organization. This is because is it more costly than retrain a new on board staff to take over the role that has been doing for years by the previous person. High turnover rate in an organization may due to lots of different causes. In this study, one of the implication would be the managerial leadership. They play an important role to influence their subordinates to achieve certain goal. Therefore, based on the research findings, following implications will be provided to the leader in SMEs industry.

From the result, it showed that autocratic style of leadership has direct impact influence on the employee's job satisfaction. Long term practicing this style often result in no personal or organizational change, growth and development, even the cooperation, commitment and achievement are stifled, hence, their job satisfaction will decrease.. Therefore, the managerial level in an organization should be more linear when practicing this autocratic leadership style. Every employees want their suggestion to be accept by their superior. They wish their opinions to be accepted and problem to be listened by direct superior.

Compare to autocratic leadership, laissez faire leadership style has the least influence on job satisfaction. However, this type of leadership has to be practice wisely because it may leads the team to the lowest productivity among group members. This is due to the little guidance from their leader to proceed certain assignment given to them. On the other side, this type of leadership can be very beneficial to an organization if the employees are highly motivated, skilled, and capable on their own. Since this team members are the experts and experience to work independently, they have the ability to accomplishing the assignment with very little guidance from the leader.

5.5 Future Studies

Before go into conclusion, this paper provided suggestions and references for future researcher that interested in this topic. Base on the result, a broad understanding on the aspects that can affect the employees job satisfaction are provided for future study.

One of the most important point that has to be taken is that the sample population for this research study is only 384. This number are not represent the total population for the entire working phenomenon in Malaysia due to the respondents are only working in selective industry only (SMEs). Thus, it is crucial for future research to include more sample that come from other industry and area to provide wider perspective conclusion especially in this leadership topic.

Next, a number of 46.2% (R square) of the employee's job satisfaction explained by independent variables (multiple regression analysis). Hence, future study may consider to find and discover other variables or factor to allow more affluent analysis of employee's job satisfaction and leadership styles.

Lastly, future study may consider to exercise more measurement tool for this leadership styles and job satisfaction to provide different outcomes through different organization's culture, ethnicity and gender.

5.6 Conclusion

This research study focused on the leadership styles that influence the job satisfaction of employees in the Malaysia SMEs industry. The research was conducted by following objectives. Firstly, to examine the different types of leadership styles that probably affect the job satisfaction which including Autocratic Leadership, Democratic Leadership and Laissez-Faire Leadership. Also, to investigate the people perception towards the gender and ethnicity of the leader. This research emphasized base on the Kurt Lewin (1939) finding of the 3 types of leadership style in decision making.

The second part of the thesis showed some other researchers finding or possible forms of leadership, and explained which aspects are important in leadership. The conceptual framework are shown for better view of the factor that influence the job satisfaction and the hypothesis development also presented. Aside from this, there are still a lot of different styles to do the research, analyze and explore the leadership theory, and this make different outcome from different researches for the past.

In total, the outcome of this research project indicated that autocratic leadership is the most important factor can influence the employee's job satisfaction. Follow by democratic style and laissez faire leadership. Furthermore, implication, limitation and recommendations for future studies have been provided in this study as a guideline for SMEs managerial role to practice the leadership according to the needs and the ability of the employees.

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APPENDIX A

RESEARCH QUESTIONNAIRE



UNIVERSITI TUNKU ABDUL RAHMAN FACULTY OF ACCOUNTANCY AND MANAGEMENT

Research Topic: THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND
EMPLOYEES' JOB SATISFACTION IN SMALL AND MEDIUM ENTERPRISES
(SMEs)

Dear participant,

I am a postgraduate student of Master of Business Administration at Universiti Tunku Abdul Rahaman (UTAR). I am currently conducting a research project as a part of the requirement to complete my master program. The aim of this research is to the relationship between leadership styles and employees job satisfaction in small and medium enterprises (SMEs)

Your cooperation and support is needed to complete the questionnaire, which takes about 15 minutes. No information that identifies you personally will be revealed. Your participation will be anonymous and all the information will be kept confidential and for academic purpose only.

We hope that you will find completing the questionnaire enjoyable. If you have any questions or would like to have further information regarding this research study, please do not hesitate to reach us at the contact given below.

Thank you once again for your precious time and assistance.

Yours faithfully,

NAME	ID	CONTACT NO.
Ang Tun Ping	11UKM01518	012-4113539

**Part A: As perception towards gender and perception towards ethnicity
Information**

(Please tick **only one answer** in the relevant box for each of the following statements)

1. Gender:
 - Male
 - Female

2. Age group :
 - Below 20 years old
 - 20 – 29 years old
 - 30 – 39 years old
 - 40 – 49 years old
 - 50 years old and above

3. Race:
 - Chinese
 - Indian
 - Malay
 - If others, please specify:_____

4. Field of Job
 - Accounting and Auditing
 - Financial Analyst and Advisor
 - Sales and Marketing
 - Banking
 - If others, please specify :_____

5. Years of experience with current company
 - < 1 year
 - 1-2 years
 - 2-3 years
 - > 4 years

Part B: Company profile

6. Company Location (please specify only state)
 - _____

7. Legal Entity
 - Sole Proprietor
 - Partnership
 - Sdn Bhd
 - Bhd

8. Company business operation directed toward :

- Domestic Market (60 – 80%)
- Domestic Market (> 80%)
- Export Market (60 - 80%)
- Export Market (> 80%)
- Both domestic and export market

9. The number of employees

- < 5 persons
- 5 – 74 persons
- 75 -100 persons
- 101 – 200 persons
- > 200 persons

10. Company annual turn over

- < RM300,000
- RM300,000 - RM1.49M
- RM 1.5 million - RM 4.99 million
- RM 5.0 million - RM 14.99 million
- > RM15 million

11. Establish of Company

- < 3 Years
- 4 - 6 Years
- 7 - 9 Years
- > 10 years

12. Branches of Company

- Yes
- No

13. Shareholder portion

- Malaysian
- Foreigner

14. Which sector of business is your company operating in ?

- Agriculture, forestry & fishery/ Mining and Oil and Gas
- Manufacturing
- Construction
- Real estate and property
- Transportation, forwarding & warehousing
- Telecommunication & information technology (ICT)
- If others, please specified :_____

Part C: Factor affecting Job Satisfaction

Please indicate how strong you agree or disagree to each statement by placing a circle from 1 (Strongly Disagree) to 5 (Strongly Agree), where:

	1	2	3	4	5
	Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
Job satisfaction				SD D	N A SA
1. Your work is very meaningful.	1	2	3	4	5
2. Your work is very challenging.	1	2	3	4	5
3. You paid will for the work you do.	1	2	3	4	5
4. Your opinion is listened by coworkers.	1	2	3	4	5
5. Your supervisor expectation is realistic.	1	2	3	4	5
6. You have many opportunity to get promoted.	1	2	3	4	5
7. You been supervised too little.	1	2	3	4	5
8. You satisfied with your employees benefit.	1	2	3	4	5

9. You satisfied with your current job/position.	1	2	3	4	5
10. You like your employer.	1	2	3	4	5
11. You will look for other job if opportunity is given.	1	2	3	4	5

Autocratic Leadership	SD	D	N	A	SA
1. Employees need to be supervised closely.	1	2	3	4	5
2. Fair to say that most employees in the general population are lazy.	1	2	3	4	5
3. Employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	1	2	3	4	5
4. Most employees feel insecure about their work and need direction	1	2	3	4	5
5. The leader is the chief judge of the achievements of the members of the group	1	2	3	4	5
6. Effective leaders give orders and clarify procedures	1	2	3	4	5

Democratic Leadership	SD	D	N	A	SA
1. Employees want to be a part of the decision-making process.	1	2	3	4	5
2. Employees want to be a part of the decision-making process.	1	2	3	4	5
3. Most workers want frequent and supportive communication from their leaders.	1	2	3	4	5
4. Leaders need to help subordinates accept responsibility for completing their work.	1	2	3	4	5
5. It is the leader's job to help subordinates find their "passion."	1	2	3	4	5
6. People are basically competent and if given a task will do a good job.	1	2	3	4	5

Laissez Faire Leadership	SD	D	N	A	SA
1. In complex situations, leaders should let subordinates work problems out on their own.	1	2	3	4	5
2. Leadership requires staying out of the way of subordinates as they do their work.	1	2	3	4	5
3. As a rule, leaders should allow subordinates to appraise their own work.	1	2	3	4	5
4. Leaders should give subordinates complete freedom to solve problems on their own.	1	2	3	4	5
5. In most situations, workers prefer little input from the leader.	1	2	3	4	5
6. In general, it is best to leave subordinates alone.	1	2	3	4	5

Perception towards Gender	SD	D	N	A	SA
1. Male are stronger in leadership.	1	2	3	4	5
2. Male are more wisely in making decision	1	2	3	4	5
3. Male have higher ability and skills	1	2	3	4	5

Perception towards Race	SD	D	N	A	SA
1. Leadership ability and skill is somehow affected by race of the person	1	2	3	4	5
2. A person image and personality is determined by race.	1	2	3	4	5

“Thank you for your participation. All response will be kept private and confidential.”