

## **The Relationship between Leadership Styles and Employee Engagement: Evidences from Construction Companies in Malaysia**

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**Abstract:** The growing global economy has intensified the complexity of the discrete but interrelated tasks involved in construction project. In order to achieve project success, the interactions between the team leaders and followers are vital. Taking into consideration the importance of leader to the organization, this study is therefore to examine the relationship between leadership styles (i.e., autocratic, democratic and Laissez-Faire) and employee engagement among the construction industry in Malaysia. Forty sets of questionnaires were collected from the companies registered under the Construction Industry Development Board (CIDB) grade 7, located in Kuantan, Malaysia. The study reveals that the democratic leadership style is more frequently practiced by practitioners than the other two coexisting leadership styles, autocratic and Laissez-Faire. The level of employee engagement in the construction industry shows frequently high. And, the three leadership styles are positively and significantly associated with employee engagement but still the democratic leadership style demonstrates stronger association with the employee engagement. Hence, in order to ensure employees more vigorous, dedicated as well as absorbed in their work, project leaders are suggested to be more trustable, honest, fair and communicative towards their followers.

**Key words:** Leadership styles, employee engagement, project management, construction, trustable

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### **INTRODUCTION**

In a hypercompetitive business environment, effective leadership has become an essential requirement for an organization to achieve success. Leadership has been convinced in improving employee's performance and increasing the chance to achieve organization's goals as well as increasing employee's engagement with the organization (Daft and Marcic, 2006). Northouse (2012) stated that a good leader with excellent leadership skills is able to influence a group or team to achieve certain objectives and goals. They can motivate their followers through their knowledge and skills. Without effective leadership, the organization would lose clear directions, suffer morale drop, slow decision making, resource mismanagement, soulless employees, etc. (Papalexandris and Galanaki, 2009).

Employee engagement gains academic popularity since 1990s. It originally referred to high job performance, strong contribution and high job involvement. Saks (2006) defined employee engagement as emotional and intellectual commitment to an organization or the amount of effort given by employees in their work. It is characterized by a high level of energy and identification with the work. Basically, when employees are engaged with their current job, they will enjoy, feel happy and willing to contribute to the organization all the time

(Yee, 2012). Engaged employees tend to care about their organization, their work and will continue improving themselves to reach the organization's goals. Low employee engagement will lead to high turnover as they are not interested, feel bored or less satisfied with the organization.

To date, abundant researches have conceptualized leaders and employees need to work together to achieve organization's goals and prospect, i.e., Hitt (1988), Daft and Marcic (2006), Skogan (2008), Tims *et al.* (2011), Bhatti *et al.* (2012), etc. However, less focus has been paid onto which type of leadership can bring more participation to their employees in Malaysia due to the organizational culture and management mode (Gharibvand, 2012). Hence, this research intends to fill this gap by examining the popular leadership styles and the level of employee engagement and to assess the associations between leadership styles and employee engagement.

### **Literature review**

**Leadership styles:** Leaders play a principal dynamic force that monitors and motivates an organization to realize its objectives (Ofori, 2012) and achieve business success by enhancing employee engagement (Papalexandris and Galanaki, 2009; Daft and Marcic, 2006). Ojokuku *et al.* (2012) defined leadership style as a leader's combination

of his or her skills, characteristics, attitude and knowledge when interacting with his or her employees. Back to the earliest study, Lewin *et al.* (1939) categorized three types of common leadership styles which are autocratic, democratic and Laissez-Faire leadership.

Autocratic leaders believe that employees are lazy, low motivated and untrustworthy and they have to fully guide and direct their employees to achieve goals (Goodnight, 2004). In addition, they are prone to use punishment or reward to lead their employees. Democratic leaders, also called participative leaders always take the initiative to invite their employees to participate in the decision-making process. They usually update employees about the relevant issues, progress, target and relationships with other competitors (Gonos and Gallo, 2013) and work hard together to accomplish organizational goals. Laissez-Faire Leaders prefer to leave employee make all the decision alone. They believed employees like freedom rather than close monitoring (Goodnight, 2004). Oppose to democratic leaders, they ignore problems, conflict, rewarding and punishing.

**Employee engagement:** Employee engagement is a workplace approach that is designed to ensure employees have the positive attitudes and behavior towards their work and organizational values (Robinson *et al.*, 2004). According to Schaufeli (2012), there are three dimensions of employees engagement which are vigor, dedication and absorption. Vigor demonstrates a willing to contribute energy into a task, an ability to avoid fatigue and persistence in completing a task (Weidert, 2007). It reflects higher level of energy and mental resilience while working. Dedication represents a great work ethic, high responsibility to their work. Employees in dedication are able to provide high commitment to the organization and low absentee to their work (Taipale *et al.*, 2011). Absorption is characterized as employees are highly concentrated, satisfied, being immersed and happily engrossed in work (Schaufeli and Bakker, 2003). Consequently, everything else around is forgotten and time seems to fly. Engaged employees feel satisfied and they are more productive and more willing to exert effort on their job. Besides, they will try their best to achieve certain objectives and provide high commitment to the organization (Yee, 2012).

**Conceptual framework and hypothesis development:** Following the elaborations of the related literature above, the conceptual framework under this study is depicted as in Fig. 1.

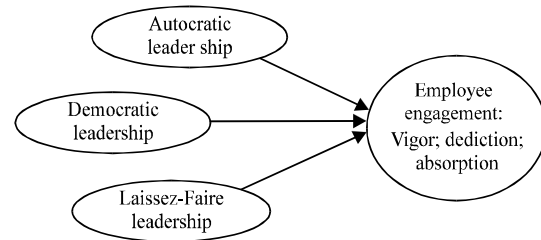


Fig. 1: Conceptual framework

**Relationship between autocratic style and employee engagement:**

Autocratic leaders like to force, manipulate and threaten their employees to achieve organization's objectives. Although they usually lead to high efficiency in completing tasks, most of the employees are unsatisfied. And due to stressful working environment and low participation in decision making process, it is not rarely occurred high absenteeism, poor morale and high turnover (Goethals *et al.*, 2004). Thus, the study hypothesizes:

- H<sub>1</sub>: autocratic leadership style is negatively associated with employee engagement

**Relationship between democratic style and employee engagement:**

Democratic leaders like to invite employees to participate the decision making procedure (Skogan, 2008). They not only give an order and concern on the result of work but are also fully involved in finishing the work they are willing to listen to employee's feelings (Suharti and Suliyanto, 2012). Employees under democratic leadership style usually feel more participative, motivated and responsible to the organization (Bhatti *et al.*, 2012). Besides that, democratic leadership is very suitable in a project which involves teamwork and focuses on quality rather than speed to market productivity (Bhatti *et al.*, 2012). Thus, the study hypothesizes:

- H<sub>2</sub>: democratic leadership style is positively associated with employee engagement

**Relationship between Laissez-Faire leadership and employee engagement:**

Laissez-Faire leaders seldom offer any direction and advise to their employees (Webb, 2007). They assume employees know everything and can handle any problems. Van Eeden *et al.* (2008) showed that leaders who under this leadership usually failed to coordinate or lead employees. Hence, employees become apathetic, low motivated and resentful towards the organization and the

leader which causes absenteeism, lower morale and low productivity. Although, they have a large freedom in their work, they are not motivated to invest additional effort (Tims *et al.*, 2011). Thus, the study hypothesizes:

- H<sub>3</sub>: Laissez-Faire leadership style is negatively associated with employee engagement

## MATERIALS AND METHODS

**Instrument development:** The measurement of leadership styles were adopted from Triller, consisting of 12 items. For each leadership styles, it allocated 4 items. To measure employee engagement, it referred to the Utrecht Work Engagement Scale (UWES). And for each dimension, 4 items were used, totally 12 items. About 7 point likert-type scale response anchors developed by Vagias was utilized, ranging from 1 = never, 2 = rarely (in >10% of the chances), 3 = occasionally (in about 30% of the chances), 4 = sometimes (in about 50% of the chances), 5 = frequently (in about 70% of the chances), 6 = usually (in about 90% of the chances) and 7 = every time.

**Data collection process:** Two sets of questionnaires were designed respectively. The first set consisting of employee engagement section was distributed to leaders/managers as they are responsible for employee engagement. The second set containing leadership styles section was distributed to the employees who are the direct receiver of leader's behavior, supposed to evaluate their manager's leadership styles better.

The participants were invited from the 40 construction companies which are registered under the Construction Industry Development Board (CIDB) grade 7 and are located within the Kuantan area. To approach the respondents, the filed Google Docs link was emailed to each company. And to guarantee the response rate, the emails were together attached with a cover letter which briefly introduced the research objectives and highlighted the protection of the respondent's confidentiality. Confirmation phone calls were also followed up round by round.

**Respondent's profile:** After three weeks data collection, 40 (50%) out of the 80 distributed questionnaires were successfully returned. The reasons of rejection were because some companies only authorize headquarters to for survey; some respondents were too busy or the survey was perceived too time-consuming. The final participant's profile is presented in Table 1.

To sum up, majority (80.0%) of the respondents are men. Malay respondents comprise the large share (75.0%),

Table 1: Respondent's profile

| Variables                 | Manager Fq. (%) | Employee Fq. (%) |
|---------------------------|-----------------|------------------|
| <b>Genders</b>            |                 |                  |
| Male                      | 32 (80)         | 20 (50)          |
| Female                    | 8 (20)          | 20 (50)          |
| Sub-total                 | 40 (100)        | 40 (100)         |
| <b>Experience (years)</b> |                 |                  |
| <2                        | 3 (7.5)         | 10 (25)          |
| 2-5                       | 12 (30)         | 19 (47.5)        |
| 5-10                      | 5 (12.5)        | 5 (12.5)         |
| 11-15                     | 7 (17.5)        | 4 (10)           |
| 16-20                     | 8 (20)          | 1 (2.5)          |
| 20 and above              | 5 (12.5)        | 1 (2.5)          |
| Sub-total                 | 40 (100)        | 40 (100)         |
| <b>Current position</b>   |                 |                  |
| Financial accountant      | 4 (10)          | 3 (7.5)          |
| Marketing supervisor      | 1 (2.5)         | 7 (17.5)         |
| HR secretary              | 2 (5)           | 1 (2.5)          |
| Purchasing safety auditor | 1 (2.5)         | 0 (0)            |
| Quality ctrl              | 1 (2.5)         | 1 (2.5)          |
| General clerk project     | 21 (52.5)       | 8 (20)           |
| Others                    | 10 (25)         | 20 (50)          |
| Sub-total                 | 40 (100)        | 40 (100)         |
| <b>Age (years)</b>        |                 |                  |
| 20-29                     | 8 (20)          | 22 (55)          |
| 30-39                     | 5 (12.5)        | 13 (32.5)        |
| 40-49                     | 21 (52.5)       | 4 (10)           |
| 50-59                     | 6 (15)          | 1 (2.5)          |
| 60 and above              | 0 (0)           | 0 (0)            |
| Sub-total                 | 40 (100)        | 40 (100)         |
| <b>Race</b>               |                 |                  |
| Malay                     | 30 (75)         | 33 (82.5)        |
| Chinese                   | 9 (22.5)        | 7 (17.5)         |
| Indian                    | 0 (0)           | 0 (0)            |
| Others                    | 1 (2.5)         | 0 (0)            |
| Sub-total                 | 40 (100)        | 40 (100)         |
| <b>Education</b>          |                 |                  |
| Secondary school          | 4 (10)          | 3 (7.5)          |
| Diploma                   | 13 (32.5)       | 19 (47.5)        |
| Degree                    | 17 (42.5)       | 16 (40)          |
| Master                    | 4 (10)          | 1 (2.5)          |
| Others                    | 2 (5)           | 1 (2.5)          |
| Sub-total                 | 40 (100)        | 40 (100)         |

comparing with Chinese (22.50%). The average age of the respondents is around 40. About 89.5% of the participants have diploma, degree or higher education. In terms of position, 31(50%) of the respondents are non-executives. The rest half are holding a wide range of positions such as branch managers, financial managers (10%), human resource managers (5%), project managers (52.50%). Other positions (32.5%) include market manager, purchasing manager, quality control manager and other managers.

## RESULTS AND DISCUSSION

Reliability of the collected data was firstly investigated using cronbach's alpha. Cronbach's alpha values of all the involved variables are demonstrated in Table 2. For the leadership styles, the internal consistency scores for the autocratic, democratic, Laissez-Faire leadership are 0.793, 0.896 and 0.907, respectively. Meanwhile, the internal consistencies for the three

Table 2: Reliability, normality and mean

| Variables         | Mean  | $\alpha$ | Z-values |        |
|-------------------|-------|----------|----------|--------|
|                   |       |          | S        | K      |
| Leadership (S)    | 4.671 | 0.727    | -        | -      |
| Autocratic (4)    | 4.613 | 0.793    | -0.380   | 1.584  |
| Democratic (4)    | 5.219 | 0.896    | -1.540   | 0.618  |
| Laissez-Faire (4) | 4.181 | 0.907    | -0.441   | 1.243  |
| Employee (E)      | 5.372 | 0.916    | -0.660   | -1.195 |
| Vigor             | 5.456 | 0.879    | -        | -      |
| Dedication        | 5.469 | 0.894    | -        | -      |
| Absorption        | 5.194 | 0.853    | -        | -      |

dimensions of employee engagement are achieved 0.879, 0.894 and 0.853 respectively. Moreover, both the leadership styles and the employee engagement are considered reliable as the values of cronbach's alpha greater than 0.70.

And to ensure the validity of correlation, normality test was conducted using the Skewness and Kurtosis z-values. As shown in Table 2 for each variable, the z-values are within the range of -1.96 to +1.96, all the variables involved are considered normally distributed.

**Mean levels:** As presented in Table 2, the means of the three leadership styles autocratic, democratic and Laissez-Faire are 4.613, 5.219 and 4.181, respectively. It shows that democratic leadership style is more "frequently" practiced which complies with Ababneh (2009) who after examining the leadership styles in different workplaces concluded that "Malaysian leaders usually prefer democratic leadership style". And both Autocratic and Laissez-Faire leadership styles fall into the scale "sometimes" which means both kind of leaders are still being commonly seen in practice.

The mean for the employee engagement is 5.372 and it is under range of "frequency". It can be concluded that the level of employee engagement in the construction industry is high. Based on the manager's feedback, they feel their employees are frequently engaged with their work, have a good performance, feel energetic, proud and able to deal with the job demands. They are able to express themselves physically, emotionally and cognitively in their work.

**Correlation:** To verify the afore-formulated hypothesis, pearson correlation test was adopted with the results presented in Table 3. It shows that all the derived pearson correlation coefficients(r) are positive and significant (although at different significant level) which means that all the three leadership styles autocratic (0.320, Sig. <0.05), democratic (0.664, Sig. <0.01) and Laissez-Faire (0.304, Sig. <0.05) are positively and significantly associated with employee engagement. Thus, the study only accepts H<sub>2</sub>, rejects H<sub>1</sub> and H<sub>3</sub>. And compared with the strengths of autocratic and Laissez-Faire leadership styles with

Table 3: Pearson correlation results (n = 40)

| Variables     | Sig.            | Employee E |
|---------------|-----------------|------------|
| Autocratic    | r               | 0.320*     |
|               | Sig. (1-tailed) | 0.022      |
| Democratic    | r               | 0.664**    |
|               | Sig (1-tailed)  | 0.000      |
| Laissez-Faire | r               | 0.304*     |
|               | Sig (1-tailed)  | 0.028      |

\*Sig. (1-tailed) at 95% \*\* Sig. (1-tailed) at 99%

employee engagement, democratic leadership style has stronger associations with employee engagement. In other words although, autocratic and Laissez-Faire leadership styles could motivate employees in a positive direction in completing their tasks in Malaysia, democratic leadership style still motivates employees best. This is because under such leadership, employees can achieve higher-degree of satisfaction, self-esteem and self-actualization (Maslow *et al.*, 1998). Democratic leadership style can help to bring greater job satisfaction and improve worker's performance.

Although, Laissez-Faire leadership usually are not preferred by the organizations; however, this type of leadership is still suitable and can bring high efficiency for the employees who have high motivation and can work totally on their validation. Hence, the obtained positive correlation between Laissez-Faire leadership and employee engagement can be explained by the high level of construction employee's engagement as elaborated in the previous section.

For autocratic leadership style, Jayasingam *et al.* (2010) stated, most of Malaysians preferred leaders to lead them by teamwork, they believe teamwork can be more efficient and can work well if compare with individual action. And this type of leadership is often required for employees who are youthful and inexperienced and the working situation needs urgent decision making and unskilled jobs. Hence, if checking back the respondent's profile, it could not be hard to understand why the autocratic leadership styles are positively related to employee engagement as the major employee respondents are young in twenty with <5 years working experience.

## CONCLUSION

To conclude, the study reveals that the employees in construction industries under this study present high engagement. It statistically proves that democratic leadership style is more frequently practiced in the industry although the autocratic and Laissez-Faire styles are still co-existing. And more uniquely, the three leadership styles are positively and significantly associated with employee engagement but still the democratic leadership styles demonstrates stronger association with the employee engagement.

## SUGGESTIONS

Hence, to ensure employees are more vigorous, dedicated as well as absorbed in their work, it is suggested project leaders more trustable, honest, fair and communicative towards their followers. But democratic leaders should also be aware that too detailed querying on everything would cause employees stressful and annoyed.

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