

Indirect Relationship between Leadership Style, Organisational Commitment and Academic Employee Performance in Malaysian Online Distance Learning Institutions

Zahir Osman

Open University Malaysia
zahir_osman@oum.edu.my

Loo Sin Chun

Open University Malaysia
loosinchun@oum.edu.my

Raemah Abdullah Hashim

Open University Malaysia
raemah_abdullahhashim@oum.edu.my

Norsiah Aminudin

Open University Malaysia
norsiah_aminudin@oum.edu.my

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ABSTRACT

The purpose of this study is to investigate the mediating effect of organizational commitment on leadership style and employee performance relationships in Malaysian online distance learning higher institutions. To analyse the causal relationships among organisational commitment, leadership style and employee performance, the Structural Equation Model was adopted. The model utilises the Partial Least Square procedure on data collected from a survey that yielded 206 usable questionnaires. The results showed that leadership style enhances organisational commitment in Malaysian online distance learning higher institutions. It also revealed that organisational commitment mediates the relationship between leadership style and employee performance. It is vital to do the research utilising experimental design by using longitudinal data in Malaysian online distance learning higher institutions via vigorous measures. The findings suggest that the relationship between leadership style and employee performance may reside in the influence of organisational commitment on employee performance, and that organisational commitment plays a crucial role in the Malaysian online distance learning higher institutions. This research is one of the first known efforts to use the bootstrapping technique to test the significance of the mediation effect in Malaysian online distance learning higher institutions.

Keywords: *leadership style, organisational commitment, employee performance, online distance learning*

Introduction

Dynamic changes in tertiary education have taken place globally over the last few decades. Altbach, Levy, and Zhu (2004) mentioned that non-public higher education institutions have changed around the world. To achieve their objectives, higher education institutions greatly depend on their manpower. The role played by the employees in higher education institutions is very crucial in determining whether a higher education institution achieves its objectives. Online distance learning (ODL) institutions are growing rapidly in Malaysia and these institutions also depend heavily on the high performance of their academic and non-academic employees to provide services to their students in order to ensure their students excel in their studies (Murtaza & Siddiqui, 2011). ODL institutions can achieve their objectives only if their employees have a strong sense of identity and belonging (Chiang, 2008). Furthermore, according to Fontannaz and Oosthuizen (2007), the whole performance of the organisation has a close relationship with employee performance. Since the success of the organisation is influenced greatly by the performance of employees, the leader's leadership style is another crucial factor to look at. Mosadeghard (2003) suggested the ability of leaders to guide and motivate their employees by demonstrating the organisation's commitment and the true leadership style will strengthen the outcome of an organisation's efforts. Many studies have been conducted on education organisations, with much concentration given to employees' commitment in evaluation of employee performance. Nevertheless, fewer studies have attempted to assess the effects of employee commitment on leadership style and employee performance in ODL higher institutions. The purpose of this study is to establish whether there is an indirect relationship between employee commitment and leadership style and employee performance.

Literature Review

Leadership Style

Leadership encompasses many elements and each leader differs from the next one in terms of how their actions impact stakeholders. In today's highly challenging environment, flexibility is needed in the organization especially with the rapid changes in technology, economic, social, political, and legal environments (James & Collins, 2008; Leavy & Mckiernan, 2009). Hence, organisations need leaders with the right leadership style to lead the organisations toward change by contributing their skill and knowledge. The leadership topic is currently a very popular area of study (Kuchler, 2008). This is due to the important role played by leadership in the rapidly changing organisational environment. According to Yukl (2005) and Northouse (2010), leadership can be described as the process of interaction between leaders and employees, where leaders make an effort to attract employees to achieve goals that have been set. Leadership can be considered as an approach or behaviour to inspire employees and guide them in the right direction to achieve goals (Sharifah Rahama & Normala, 2012). Belonio (2012) stated that the leader's style can have a push or pull effect on employees, which in the end can direct employees to positive or negative performance results. Leadership style can affect the association between employee and leader and significantly influence employees' performance (Dale & Fox, 2008). Leaders present the organisation's vision to their followers, enforce rules and regulations, and delegate the power to them (Chi, Yeh & Yu, 2008). Besides, Chi, Lan and Dorjgotov (2012) suggested that leaders have the capacity to offer comfortable and conducive work to encourage creativity and innovation.

Organisational Commitment

Organisational commitment is deemed to be an inclination to take on a consistent line of activity concerning a person's cost acknowledgment associated with discontinuation of activity. Previous studies highlight the influence of organisational commitment on employee performance. Based on their study of three companies, Suliman and Lles (2000) suggested that employee performance is positively and significantly affected by organisational commitment. Similarly, in a study on the Pakistani police force, Qaisar, Rehman, and Suffyan (2012) found that organisational commitment positively and significantly influences employee performance. Qaisar et al.'s (2012) findings were supported by Negin, Omid, and Ahmad (2013), whose study on bank employees showed that organisational commitment has a positive and significant effect on employee performance. Their results revealed that the continual, normative and affective dimensions of organisational commitment positively influence employee performance (Negin et al., 2013). Moreover, Hafiz (2017) suggested in his study on bank employees in Pakistan that organisational commitment and employee performance relationships are positively and significantly related. Kaplan and Kaplan (2018) found that affective commitment has a positive and significant influence on employee performance in their study on industrial enterprises in Turkey.

Employee Performance

According to Kamoche (2001), one of the management tools which is crucial to promote harmony and encourage the progress of the organisation is performance management. Employee performance must be managed effectively because it is an essential element to strengthen the performance and effectiveness of the organisation (Stanton & Nankervis, 2011; Stanton & Pham, 2014). Performance is viewed as efficiency that results from the quality, quantity, and contribution of the job. According to Hueryeren and Dachuan (2012), organisational performance is affected positively by high productivity. Whitmor (1997) defined performance as an individual's exhibition about skills and deeds. Employee performance is the result of work done by an individual connected with the position in the organisation (Muchinsky, 2003). According to Wall et al. (2004), employee performance is an important factor in studying organisational performance. Muchinsky (2003) proposed that employee performance is an act that can be measured, scrutinised and evaluated from the dimension of accomplishment at the individual employee level. Due to its significance and importance, many studies have been conducted to examine and search ways to strengthen employee performance (Kahya, 2009; Park, Mitsunashi, Fey, & Björkman, 2003; Thamrin, 2012).

After the above conceptual development was conducted, the following hypotheses were proposed for this study:

1. There is a positive and significant relationship between leadership style and organisational commitment among academicians in online distance learning institutions in Malaysia.
2. There is a positive and significant relationship between organisational commitment and employee performance among academicians in online distance learning institutions in Malaysia.
3. Organisational commitment positively and significantly mediates the relationship between leadership style and employee performance among academicians in online distance learning institutions in Malaysia.

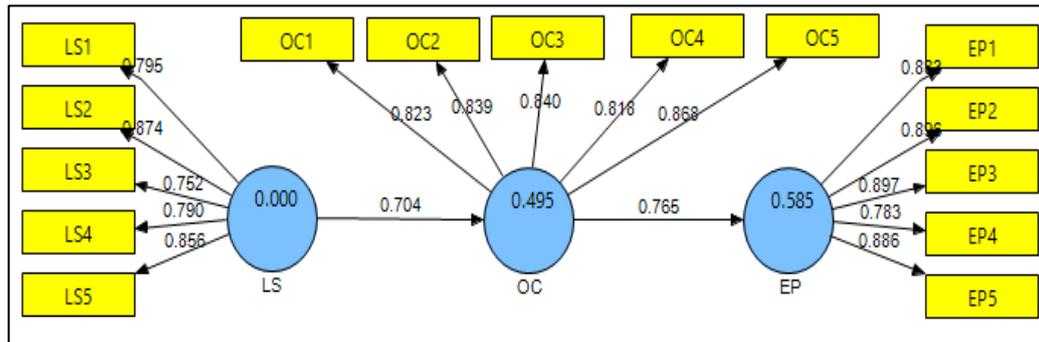


Figure 1. Research Model & Path Coefficient

Research Method

This study adopts a survey questionnaire that was designed by extensively evaluating literature to find suitable scales used in previous studies that have strong reliability and validity. A total of 15 observed variables made up the measurement of the independent variable of leadership style (5 items), organisational commitment (5 items), and the dependent variable of employee performance (5 items). A five-point-Likert scale was employed, with response options from strongly disagree to strongly agree. Employees of local online distance learning institutions were the main respondents. From 290 questionnaires distributed, 217 were returned. This made up a 75% response rate, which is adequate to do data analysis using Structural Equation Model (SEM) analysis. From the 217 returned questionnaires, 212 were complete and after screening and removing outliers, 206 questionnaires were used for analysis, which is adequate for data analysis using SEM analysis.

This study employed Smartpls to perform multivariate data analysis to facilitate the evaluation of the model and also to examine the hypotheses proposed for the study. The Partial Least Square (PLS)-SEM technique was used in the study due to its ability to estimate the overall model measurement and examine the relationship between the latent variables and their measures (Hair, Black, Babin, & Anderson, 2010). The study used the PLS-SEM approach to assess the measurement model via the PLS-SEM algorithm and then evaluated the structural model via Bootstrapping. PLS-SEM algorithm was utilised to evaluate the measurement model and the structural model was assessed by running a bootstrapping procedure before reporting the results. Test of significance for mediating relationship, bootstrapping procedure was employed as suggested by Preacher and Hayes (2004) by evaluating the lower level of the confidence interval and upper-level confidence interval.

Data Analysis and Result

Common Method Bias

One main concern in management research is the common method bias. This occurs when the variance is attributed to the measurement method rather than to the constructs the measures are supposed to represent in the study. Harman's single factor test was utilised to examine the bias of the measurement items in this study. Based on the principle components factor analysis, the principal factor indicated 28.15%. This signifies there is no common method bias because the principal factor did not hold the majority of variance explained. This is in line with Podsakoff and Organ (1986) who stated that if the variance

explained the percentage of principal component is not exceeding 50%, there is no issue of common method bias.

Measurement Model

This study utilises the measurement model to assess the validity and reliability of the construct measurement by using PLS-SEM Algorithm (Figure 1). Hair, Hult, Ringle, and Sarstedt (2014) suggested that reliability and validity are the two main criteria applied in PLS-SEM analysis to assess the goodness outer model. As shown in Table 1, the composite reliability ranged from 0.908 to 0.940 for the first-order constructs. Hence, this accomplished the requirement of 0.70 and above (Hair et al., 2014). Further, the result depicted that average variance extracted (AVE) ranged from 0.64 to 0.758, which were all higher than 0.50, and therefore proved the presence of convergent validity for all the latent constructs (Hair et al., 2014). In Table 2, the AVEs are shown on the diagonal side against the squared inter-construct correlations inside the table. The figures revealed that all the AVE square roots are greater than the correlations of each construct and gave a good reason for the presence of discriminant validity. To further validate the discriminant validity in this study, the cross-loading items were evaluated. The result showed that all the loading for the items were higher than their corresponding cross-loadings (Table 3). Therefore, this study proved the reliability and validity of the latent variables (Hair et al., 2014).

Table 1
Indicators loading, average variance extracted (AVE) and internal consistency

Construct	Item	Loading	AVE	CR
Employee Performance	EP1	0.883	0.758	0.940
	EP2	0.897		
	EP3	0.897		
	EP4	0.783		
	EP5	0.886		
Leadership Style	LS1	0.795	0.664	0.908
	LS2	0.874		
	LS3	0.752		
	LS4	0.790		
	LS5	0.856		
Employee Commitment	OC1	0.823	0.702	0.922
	OC2	0.839		
	OC3	0.840		
	OC4	0.818		
	OC5	0.868		

AVE = Average Variance Extracted, CR=Composite Reliability

Table 2
Square root of AVE against correlation of latent variables

	EP	LS	OC
EP	0.870		
LS	0.706	0.815	
OC	0.765	0.704	0.838

Table 3
Items Cross Loading

	EP	LS	OC
EP1	0.883	0.640	0.717
EP2	0.897	0.609	0.644
EP3	0.897	0.669	0.676
EP4	0.783	0.535	0.624
EP5	0.886	0.610	0.660
LS1	0.550	0.795	0.569
LS2	0.611	0.874	0.656
LS3	0.443	0.752	0.478
LS4	0.622	0.790	0.534
LS5	0.633	0.856	0.609
OC1	0.657	0.621	0.823
OC2	0.643	0.569	0.839
OC3	0.606	0.605	0.840
OC4	0.591	0.533	0.818
OC5	0.698	0.613	0.868

Structural Model

This study assessed the structural model by using the path coefficient and the R2 value (Hair, Sarstedt, Ringle, & Mena, 2012). PLS bootstrapping utilised 500 sub-samples to ascertain the significance of the path coefficients in the study. Table 4 shows the hypotheses test results, path coefficients, and t-values. As shown in Table 4, hypothesis 1 predicts a positive relationship between leadership style and organisational commitment and the result shows that there is a positive and significant influence of entrepreneurial education on attitude ($\beta = 0.704$, $t = 26.676$); as a result, *H1* is supported. The result of hypotheses 2 also reveals a significant and positive relationship between organisational commitment and employee performance ($\beta = 0.765$, $t = 39.351$), thus supporting *H2*. The hypotheses 3 result also shows that there is a positive and significant mediating effect of organisational commitment on leadership style and employee performance relationship, where the lower level of the confidence interval is 0.483 and the upper level of the confidence interval is 0.594 (indirect effect = 0.539, $t = 14.69$); therefore *H3* is supported.

Table 4
Path coefficients and hypotheses testing Results

Hypothesis	Path	Beta	T-value			Decision
<i>H1</i>	LS -> OC	0.704	26.676			Accepted
<i>H2</i>	OC -> EP	0.765	39.351			Accepted
		Indirect Effect	S.E.	T-value	95% LLCI	95% ULCI
<i>H3</i>	LS -> OC -> EP	0.539	0.0281	14.69	0.483	0.594

LS = Leadership Style OC = Organization Commitment EP = Employee Performance
 LLCI = Lower level Confidence Interval
 ULCI = Upper level Confidence Interval

Discussion

Theoretical Implications

The results of this study have proven that the relationship between leadership style and employee performance among academicians in Malaysian online distance learning of higher institutions is positively and significantly influenced by organisation commitment. This study also shows an interesting point that academicians are willing to trust the leader in their organisations to overcome any problem in their organisation which is found to be true. This may be due to their high level of trust towards their leader in solving problems in their organisations. This is demonstrated by the respondents who put this statement higher than other statements with the loading of 0.874. The second most influential item in leadership style is the academicians believe opinion from their leader with a loading of 0.856 and they consider it is very useful in performing their job. Evaluating the organisational commitment construct, it was found that most academicians believed they should not leave their organisations, with a loading of 0.868. The results also revealed that academicians happily and willingly share information about their organisations with outsiders to their organisations. Based on the findings, this study has succeeded in establishing the understanding of the impact of organisational commitment on the relationship between leadership styles and academic employee performance and its importance

Managerial Implications

As mentioned above, the findings show that organisation commitment has a positive and significant influence on leadership style and employee performance among academicians in ODL higher institutions in Malaysia. There are plentiful repercussions from this finding. Firstly, ODL institutions in Malaysia need to emphasise and build their leadership style stronger. At the same time, effort must be taken to strengthen organisation commitment, specifically in building the employees' trust in the leadership style. This is a very important aspect that can affect employee performance greatly through organisational commitment. Focusing on leadership style alone is not enough. The strategy needs to be developed and implemented to enhance organisational commitment. By doing so, there will be a great impact of leadership style on employee performance and it will produce an effective and positive result. Early analysis of this study shows that leadership style has a positive and direct influence on employee performance.

However, after the introduction of organisational commitment, the relationship was further strengthened. The total indirect effect of leadership style to organizational commitment and from organization commitment to employee performance was $0.704 \times 0.765 = 0.539$. Because of this, ODL institutions must ensure that the academicians in their organisations are led with an effective leadership style, where the trust in that leadership style can be built upon it. Information, opinion; and free idea sharing must be promoted to the academicians. Academicians must be convinced by the leader in the organisations that their organisations are the best place to work. Leaders must also ensure the academicians that their organisations will guide and support them in improving their performance at the workplace.

Conclusion

This study was limited by the use of convenience sampling in collecting data for analysis. Even though there are some advantages to using this technique, such as ease of recruiting respondents, there are some shortcomings. By using convenience sampling, the findings of this study cannot be generalised. Another limitation of this study was the time

constraint to meet the paper's academic requirements. This paper was done based on academic research effort; therefore, there was a time limit. The collection of data was limited to a minimum time to allow the compilation of data and data analysis. It is suggested that in the future, a longitudinal study should be done to accommodate a longer period for the collection of data so that better conclusion and in-depth implications can be drawn out. Future studies also should consider other broader constructs that influence employee performance such as self-efficacy and organisational culture.

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