

THE IMPACT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE ENGAGEMENT IN MALAYSIA

Foong Sook Hwa
Genovasi University College, 46200 Petaling Jaya, Selangor

Mohd Taipor Suhadah
Genovasi University College, 46200 Petaling Jaya, Selangor

Abstract— This research paper investigates the impact of Transformational Leadership on three dimensions of employee engagement: affective, cognitive, and behavioral, within the Malaysian context. Using an online questionnaire-based method, data was collected from 126 respondents. The results indicate a significant positive relationship between Transformational Leadership and the levels of employee engagement across all three dimensions. This study underscores the importance of Transformational Leadership practices in enhancing and cultivating a deeply engaged workforce in Malaysia.

Keywords— Transformational Leadership, Affective, Cognitive, Behavioral

I. INTRODUCTION

In today's competitive business environment, employee engagement has been identified as a pivotal factor influencing organizational success. Engaged employees have been linked with improved productivity, innovation, and reduced turnover, resulting in a tangible advantage for companies (Harter, Schmidt, & Hayes, 2002). Nevertheless, many organizations, particularly in Malaysia's culturally varied setting, struggle with reaching and maintaining high levels of engagement despite the obvious advantages of having an engaged workforce.

Transformational leadership, characterized by its inspirational and motivational qualities, has been posited as a potent tool to foster employee engagement (Bass & Riggio, 2006). While global studies have underscored this relationship, there is a noticeable gap in research focused specifically on the Malaysian context. Given Malaysia's unique blend of cultures, traditions, and business practices, it is unclear how the dynamics of transformational leadership interplay with employee engagement.

Moreover, while prominent Malaysian success stories like Grab and AirAsia emphasize the potential of transformational leadership, a comprehensive study that captures a wider spectrum of organizations and sectors within Malaysia is absent. Such a study is essential to determine if these successful instances are anomalies or if transformational leadership truly holds the key to heightened employee engagement across the board in Malaysia.

The lack of knowledge and clarity regarding the effect of transformative leadership on employee engagement in Malaysia's complex business ecosystem is thus the main issue that this research aims to

solve. The goal of the research is to clarify this connection in order to offer organizations, leaders, and policymakers' practical advice on how to use transformational leadership to boost employee engagement.

II. LITERATURE REVIEW

A. *Transformational Leadership*

Transformational leadership, a concept initially introduced by James V. Downton and later developed by Bernard M. Bass, is characterized by the ability of leaders to inspire and motivate their followers to exceed their own expectations and performance for the organization (Bass & Riggio, 2006). It primarily encompasses four dimensions: Idealized Influence (leaders as role models), Inspirational Motivation (inspiring a shared vision), Intellectual Stimulation (encouraging creativity and innovation), and Individualized Consideration (attending to individual needs).

B. *Employee Engagement*

Employee engagement, a multidimensional construct, represents the involvement, commitment, and enthusiasm employees exhibit towards their jobs (Kahn, 1990). A high level of engagement indicates that employees are not only satisfied with their jobs but are also invested in contributing positively towards the organization's goals. Kahn's (1990) Personal Engagement Theory suggests that employees engage physically, cognitively, and emotionally at work only when they find meaning in their work, feel safe at work, and have enough personal resources at work to carry out their tasks. Psychological meaningfulness in the job is defined by skill variety, task autonomy, role status, role influence, dignified work relations; psychological safety is linked to not facing any negative consequences to self-image, status, or career; and psychological availability is associated with a sense of having the necessary physical, emotional, or psychological resources at work.

C. *Affective Engagement*

Affective engagement relates to the emotional bonds that employees form with their work and the organization (Macey & Schneider, 2008). Essentially, it emphasizes the feelings of enthusiasm, pride, and fulfilment associated with one's job. According to Macey & Schneider (2008), affective engagement shapes the emotional dimensions of one's involvement in the workplace. An employee who is affectively engaged experiences positive emotions, a profound sense of belonging, and a deep connection with their organization's mission and vision. This is not just about liking one's job, but also about resonating deeply with the organization's ethos, leading to a more profound and enriching work experience.

D. *Cognitive Engagement*

The concept of cognitive engagement is rooted in the idea of how employees think about their jobs and the broader goals of the organization. Schaufeli et al. (2002) posit that cognitively engaged employees not

only understand their roles clearly but also perceive a strong alignment between their personal goals and the organization's objectives. Such alignment often leads to a heightened sense of ownership and responsibility. In their seminal research, Rich, Lepine, and Crawford (2010) suggest that cognitive engagement is characterized by vigor, dedication, and absorption. Vigor points to the levels of energy and mental resilience an employee displays, dedication refers to the levels of significance, enthusiasm, and challenge perceived in one's job, and absorption is the degree to which an employee is engrossed in their work. This deep-rooted focus often makes them lose track of time, indicating high levels of concentration and immersion.

E. Behavioral Engagement

Behavioral engagement serves as the outward expression of an individual's intrinsic motivations and their alignment with organizational objectives. Saks (2006) articulates that behaviorally engaged employees demonstrate a higher level of initiative, exert additional effort in their tasks, and consistently go above and beyond their defined roles. This dimension of engagement stands as a testament to an employee's commitment and dedication to their role and the organization at large. Furthermore, Macey & Schneider (2008) postulate that behaviorally engaged employees play a pivotal role in fostering a positive work environment. Their active participation, enthusiasm, and commitment often serve as a beacon for other employees, promoting a culture of excellence and collaborative spirit.

III. RESEARCH METHODOLOGY

The research utilised quantitative research method. Using an online questionnaire-based method, data was collected from 126 respondents.

A. Theoretical Framework

The theoretical framework is presented in Fig. 1.

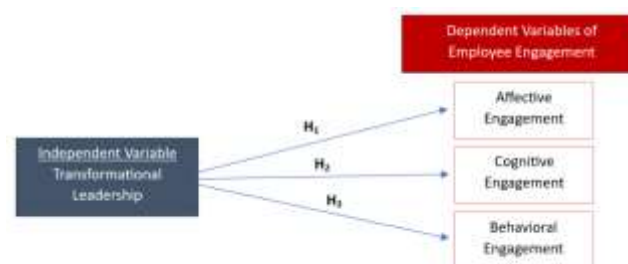


Fig. 1. Theoretical Framework

B. Data Analysis Method

After collecting the primary data from the questionnaires, the data will be analyzed through the Smart PLS 4 software. Smart PLS 4 is a leading software application specifically designed for Partial Least

Squares Structural Equation Modeling (PLSSEM), a method that allows researchers to examine complex interrelationships between observed and latent variables. Developed as an advancement from its preceding versions, Smart PLS 4 stands out for its user-friendly interface and ability to handle large datasets, making it particularly attractive for researchers working with primary data sourced from questionnaires.

IV. RESULTS

The data gathered from the questionnaire are computed using SMART PLS 4 Software.

A. Structural Model Path Coefficients

PLS-SEM analysis was done on the path coefficient after the model's validity and dependability were assessed. One technique for looking at the structural model is the path coefficient. In this study, the standard deviations, T-statistics, and P-values are all evaluated using bootstrapping.

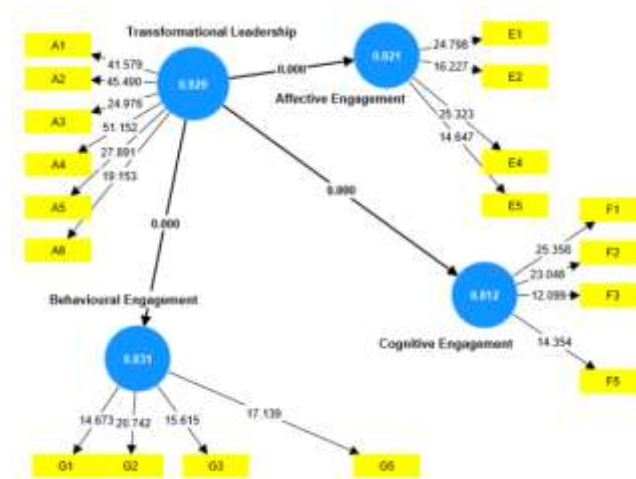


Fig. 2. Structural Model (Bootstrapping)

Fig. 2 presents the structural model of this study. This model is computed based on bootstrapping method, where it has bootstrapped up to 5000 samples.

TABLE I. SUMMARY OF STRUCTURAL MODEL PATH COEFFICIENT

	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
TL → AE	0.569	0.067	8.379	0.000
TL → BE	0.502	0.061	8.13	0.000
TL → CE	0.532	0.063	8.266	0.000

The summary of the structural model was shown in Table I, and the significance level was selected at 0.05 (5%). This suggests that the result is unsupported when the P-value exceeds the significant level of 0.05. The provided table showcases the results of a statistical analysis evaluating the relationships between

Transformational Leadership and three different types of engagement: Affective, Behavioral, and Cognitive.

For the relationship between Transformational Leadership and Affective Engagement, the sample mean is slightly higher at 0.569. With a standard deviation (STDEV) of 0.067, the T statistics—which is computed by dividing the original sample value by its standard deviation—amounts to 8.379. Intriguingly, the corresponding P value is 0. Such a low P value typically signifies that the observed relationship is statistically significant, indicating that Transformational Leadership likely has a notable influence on Affective Engagement.

For Behavioral Engagement, the relationship with Transformational Leadership yields an original sample coefficient of 0.494, with a marginally higher sample mean of 0.502. This relationship bears a standard deviation of 0.061, and a resulting T statistic of 8.13. Once again, the P value is recorded at 0, pointing to a statistically significant relationship. This implies a strong likelihood that Transformational Leadership has a discernible impact on Behavioral Engagement.

Lastly, for Cognitive Engagement, the association with Transformational Leadership results in a sample mean of 0.532, exhibiting a small variance from the original sample. The relationship's standard deviation measures at 0.063, culminating in a T statistic of 8.266. Mirroring the previous patterns, the P value for this relationship is also 0. This reinforces the notion that the relationship between Transformational Leadership and Cognitive Engagement is statistically significant.

In summary, the data suggests that Transformational Leadership holds a statistically significant influence over Affective, Behavioral, and Cognitive Engagements.

B. Coefficient of Determination (R^2)

Table II delineates the R-square and R-square adjusted values for three distinct types of engagement: Affective, Behavioral, and Cognitive.

TABLE II. R-SQUARE RESULTS

	R-square	R-square adjusted
Affective Engagement	0.317	0.311
Behavioural Engagement	0.244	0.238
Cognitive Engagement	0.273	0.268

Affective Engagement presents an R-square value of 0.317, suggesting that approximately 31.7% of the variance in Affective Engagement is explained by the independent variables in the model. However, it is essential to consider the R-square adjusted value, which considers the number of predictors in the model and offers a more precise measure. For Affective Engagement, the R-square adjusted value is 0.311, meaning that after adjusting for the number of predictors, about 31.1% of the variance is explained by the

model. The slight reduction from the R-square value accounts for any potential inflation due to the addition of predictors.

Secondly for Behavioral Engagement, the R-square value is 0.244, indicating that the model explains around 24.4% of the variance in Behavioral Engagement. The R-square adjusted for this engagement type is 0.238, showcasing a slight decrement and implying that after adjusting for the predictors, the model elucidates approximately 23.8% of the variance.

Lastly, for Cognitive Engagement, the model presents an R-square value of 0.273. This suggests that the predictors in the model account for about 27.3% of the variance in Cognitive Engagement. Its R-square adjusted value is 0.268, revealing that after accounting for the number of predictors, the model clarifies nearly 26.8% of the variance in Cognitive Engagement.

In summation, the data provides insight into the explanatory power of independent variables over three types of engagement. While the R-square values offer a preliminary understanding, the R-square adjusted values provide a more nuanced and accurate representation, accounting for the number of predictors in the model. Among the three, Affective Engagement has the highest explained variance, followed by Cognitive Engagement, with Behavioral Engagement having the least.

C. Effect Size

The f^2 (f-square) statistic is a measure used to assess the effect size in the context of structural equation modeling, specifically for path models.

TABLE III. EFFECT SIZE RESULTS

	f-square
Transformational Leadership -> Affective Engagement	0.463
Transformational Leadership -> Behavioural Engagement	0.323
Transformational Leadership -> Cognitive Engagement	0.376

Looking into the provided data, we can interpret the effect sizes for the influence of Transformational Leadership on different forms of engagement:

Transformational Leadership -> Affective Engagement: With an f^2 value of 0.463, the effect of Transformational Leadership on Affective Engagement can be classified as large. This suggests that Transformational Leadership plays a substantial role in explaining the variance in Affective Engagement, even after accounting for the influence of other potential predictors in the model.

Transformational Leadership -> Behavioral Engagement: The f^2 value here is 0.323, falling into the medium effect size category. While still a considerable influence, the impact of Transformational

Leadership on Behavioral Engagement is slightly less pronounced compared to its effect on Affective Engagement, but it remains significant.

Transformational Leadership -> Cognitive Engagement: Holding an f^2 of 0.376, the effect of Transformational Leadership on Cognitive Engagement is between medium and large, leaning more towards a large effect. This means that Transformational Leadership is a potent predictor for Cognitive Engagement.

In summary, Transformational Leadership exhibits strong influence on all three forms of engagement, with the most pronounced effect on Affective Engagement, followed closely by Cognitive Engagement, and then Behavioral Engagement.

D. Hypotheses Testing

a) *H1: There is a significant impact of transformational leadership on affective engagement of employees in Malaysia:* With a resulting p-value of 0.000, the statistical evidence is overwhelmingly in favor of a significant association between transformational leadership and affective engagement in the Malaysian context. H1 is supported in this study. Bass and Riggio (2006) identified transformational leadership as a potent influencer in promoting motivation, morale, and performance outcomes among employees. Furthermore, a meta-analysis by Wang et al. (2011) discovered that transformational leadership was positively associated with employee task performance and organizational citizenship behavior, key facets of employee engagement. Given this compelling evidence, both from our study and the broader academic literature, it is evident that transformational leadership is a potent catalyst for fostering affective engagement, particularly in diverse cultural settings, possibly extending to regions like Malaysia. Thus, organizations operating within this region might benefit significantly from nurturing transformational leadership practices.

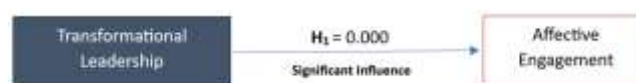


Fig. 3. H1: There is a significant impact of transformational leadership on affective engagement of employees in Malaysia

b) *H2: There is a significant impact of transformational leadership on cognitive engagement of employees in Malaysia:* Based on Fig. 4, the results of the study underscore a significant impact of transformational leadership on cognitive engagement of employees in Malaysia, as evidenced by the p value of 0.000. This is consistent with the wider literature on the subject. For instance, Bass (1985) elucidated the profound influence transformational leaders have on their followers, motivating them to perform beyond their perceived limits. More contemporary studies, such as Tims, Bakker, &

Xanthopoulou (2011), have highlighted how these leaders can heighten daily work engagement, including cognitive engagement, by fostering a positive work environment. Furthermore, Zhu, Avolio, & Walumbwa (2009) posited that the individual characteristics of followers can either enhance or mitigate the positive effects of transformational leadership. Even outside Malaysia, the consistency in the correlation between transformational leadership and increased cognitive engagement suggests a universal trend. Macey & Schneider (2008) expanded on this by elucidating the intricate relationships between leadership styles and various facets of employee engagement, emphasizing the pivotal role transformational leadership plays across different cultural and organizational settings.

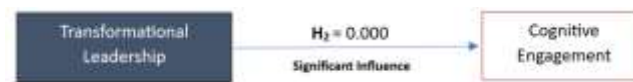


Fig. 4. H2: There is a significant impact of transformational leadership on cognitive engagement of employees in Malaysia

c) H3: There is a significant impact of transformational leadership on behavioral engagement of employees in Malaysia: As shown in Fig. 5, the results supported H3, in which the value shows 0.000, lower than 0.05. This indicates that transformational leadership significantly affect the behavioral engagement of employees in Malaysia. This finding resonates with existing literature. For instance, Judge & Piccolo (2004) consolidated various studies to reveal that transformational leadership often correlates with superior employee outcomes, including their behavioral engagement. Breevaart et al. (2014) took this discussion further, examining the daily interactions between supervisors and subordinates, noting a clear uptick in employees' behavioral engagement in the presence of transformational leadership. This is not a trend restricted to Malaysia. In a cross-cultural study, Den Hartog et al. (1999) illustrated that despite some variations based on cultural nuances, the essence of transformational leadership—motivating and inspiring employees— often translates into heightened behavioral engagement globally. In another broad sweep, Podsakoff et al. (1990) examined the mechanisms through which

d) transformational leaders affect employee outcomes, emphasizing behaviors such as role modeling that led to enhanced employee engagement.

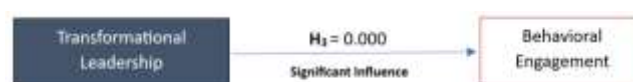


Fig. 5. H3: There is a significant impact of transformational leadership on behavioral engagement of employees in Malaysia

V. CONCLUSION

In this study, there is a significant impact of transformational leadership on various forms of employee engagement in Malaysia, as supported by a p value of 0 for each of the engagements analyzed, namely affective engagement, cognitive engagement, and behavioral engagement.

The study shows that there is a significant positive impact of transformational leadership on employee engagement in the Malaysian context. However, potential implications might include:

Transformational leadership, which emphasizes inspiration, motivation, and the creation of a shared vision, proves to be a vital determinant of employee engagement in the Malaysian workplace context. Managers and leaders in Malaysian organizations should recognize the significance of this leadership style in enhancing employee motivation, commitment, and overall job satisfaction. By adopting transformational leadership strategies, such as articulating a compelling vision for the future, fostering a culture of innovation, recognizing individual employee contributions, and leading by example, organizations can foster an engaged workforce.

Furthermore, training and development programs should be geared towards equipping leaders with the skills and knowledge to practice transformational leadership. Given the cultural and societal nuances of Malaysia, it is essential for organizations to tailor their leadership development initiatives to resonate with local values and aspirations. Additionally, companies should focus on promoting open communication, encouraging feedback, and creating an environment where employees feel valued, understood, and part of the organization's bigger picture.

Lastly, organizational policies should reflect the emphasis on transformational leadership, and performance metrics should include assessments of leaders based on their ability to engage and inspire their teams. Recognizing and rewarding leaders who effectively employ transformational tactics could create a ripple effect, leading to higher levels of overall organizational engagement, productivity, and retention in the Malaysian business environment.

REFERENCES

- Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Free Press
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership (2nd ed.)*. Psychology Press.
- Den Hartog, D. N., House, R. J., Hanges, P. J., Ruiz-Quintanilla, S. A., & Dorfman, P. W. (1999). Culture specific and cross-culturally generalizable implicit leadership theories: Are attributes of charismatic/transformational leadership universally endorsed? *The Leadership Quarterly*, *10*(2), 219-256.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, *87*(2), 268-279.
- Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: a meta-analytic test of their relative validity. *Journal of Applied Psychology*, *89*(5), 755-768.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of management journal*, *33*(4), 692-724.
- Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and organizational Psychology*, *1*(1), 3-30.
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *The Leadership Quarterly*, *1*(2), 107-142.
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of management journal*, *53*(3), 617-635.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of managerial psychology*.
- Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two-sample confirmatory factor analytic approach. *Journal of Happiness studies*, *3*(1), 71-92.
- Tims, M., Bakker, A. B., & Xanthopoulou, D. (2011). Do transformational leaders enhance their followers' daily work engagement? *The Leadership Quarterly*, *22*(1), 121-131.
- Zhu, W., Avolio, B. J., & Walumbwa, F. O. (2009). Moderating role of follower characteristics with transformational leadership and follower work engagement. *Group & Organization Management*, *34*(5), 590-619.