

THE STUDY ON INTERNAL MARKETING: TRANSFORMATIONAL LEADERSHIP  
STYLE AND LEARNING ORGANIZATION IN HEALTH ORGANIZATION

NURSYIFAA SYAHIRA BT RUSLAN

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Faculty of Technology Management and Technopreneuership (FPTT),  
Universiti Teknikal Malaysia Melaka

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## SUPERVISOR APPROVAL

I hereby declare that I have read this report and in my opinion this report is sufficient in terms of scope and quality for the award of the degree of Bachelor of or the award of the degree of Bachelor of Technology Management (High Tech Marketing)

Signature : .....

Supervisor Name : En. Amir Bin Aris

Date : .....

## DECLARATION

I hereby declare that this report is my own work, which has been duly acknowledge by the organization as one complete report within the project period

Signature : .....

Student Name : Nursyifaa Syahira bt Ruslan

Matric No. : B061010106

Date : .....

**This thesis is dedicated to my beloved parents and family**

For their endless love, support and encouragement,

To my friends,

and

To the person who always support me through ups and downs,

I love you guys.

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In the name of Allah, the Most Gracious and the Most Merciful.

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## ABSTRACT

This research tests a set of theoretical relationships between Transformational Leadership acts as independent variable and Learning Organization as dependent variable as the internal marketing focus on nurses in the research location. It ties the foregoing to the five dimensions of LO by Peter Senge (1990) to reveal how organizational learning related to specific TL style. The objectives of this study are 1) To identify the level of implementation on transformational leadership style and learning organization in the health industry. 2) To investigate the relationship between transformational leadership style and learning organization in the health industry. 3) To study the transformational leadership style and learning organization in different grades of nurses. This cross sectional research generated perceptual data from 400 staff in a health organization study located in Malaysia. A variety of previously validated survey instruments was used including Multifactor Leadership Questionnaire (MLQ). Questionnaire was developed by Bass (1985) rematched with questionnaire created by Tetrickset. al. (2000) used to measure Learning Organization Senge dimensions. The data from survey was analyzed by descriptive statistic and inference statistic. The result shows Transformational Leadership style and Learning Organization been implemented nicely in location studied. This study also shows a significant result between Transformational Leadership style and Learning Organization which is value  $r^2 = 0.34$ ,  $P < 0.05$ . Result also shows there are no differences in Transformational Leadership style and Learning Organization at different grade of nurses. Value P shows 0.261 for Transformational Leadership and 0.585 for Learning Organization.

Keyword: Transformational Leadership style and Learning Organization and Multifactor Leadership Questionnaire (MLQ)

## ABSTRAK

*Kajian ini bertujuan untuk mengkaji hubungan antara “Transformational Leadership” yang bertindak sebagai pembolehubah bebas dan “Learning Organization” bertindak sebagai pembolehubah bersandar. Ia dikaitkan dengan lima dimensi organisasi pembelajaran oleh Peter Senge (1990) mendedahkan bagaimana pembelajaran organisasi berkaitan dengan gaya kepemimpinan transformasi yang khusus. Objektif kajian secara khususnya adalah 1) Mengenal pasti tahap pelaksanaan gaya TL dan LO di organisasi. 2) Mengkaji hubungan antara gaya TL dan LO. 3) Mengkaji gaya TL dan LO di ikuti oleh grad jururawat yang berbeza. Penyelidikan keratin lintang ini menghasilkan data tanggapan dari 400 kakitangan di kajian organisasi kesihatan terletak di Malaysia. Pelbagai jenis dahulunya mengesahkan instrumen tinjauan digunakan termasuk “Multifactor Leadership Questionnaire” (MLQ). Soal selidik Bass telah digabungkan dengan soal selidik oleh Tetricket. al. (2000) digunakan untuk mengukur setiap dimensi LO Senge. Data dari tinjauan telah dianalisis oleh “descriptive statistic” dan “inference statistic”. Keputusan menunjukkan gaya TL dan LO pernah dilaksanakan dengan baik di lokasi kajian. Kajian ini juga menunjukkan satu hasil bernilai antara gaya TL dan LO yang merupakan nilai  $r^2 = 0.34$ ,  $P < 0.05$ . Keputusan juga menunjukkan tiada perbezaan di antara gaya TL dan LO di perbezaan gred jururawat. Nilai  $P = 0.261$  untuk TL dan  $P = 0.585$  bagi LO.*

*Kata kunci: Gaya “Transformational Leadership” dan “Learning Organization” dan “Multifactor Leadership Questionnaire” (MLQ).*

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## LIST OF ABBREVIATIONS

TL	=	Transformational Leadership
LO	=	Learning Organization
IM	=	Internal Marketing
%	=	Percentage
MLQ	=	Multifactor Leadership Questionnaire



## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction / Background of the Study

For service business such as health service organization, that is labor-intensive and high levels demand of personal contact between the service provider and the customer. There is no marketing plan can be considered completely unless it includes the strategies for reaching and winning its customers. In health services delivery, the pivotal role of the front-line worker in delivering service that is consistent and of high quality can be the organization's one step in front their competitors.

The research tried to expose more on leadership management and learning organization as the internal marketing to most of the service organization. Transformational Leadership style found on basis of approach in 'human relation' said to be able to give paradigm shift in various aspects related to the organization in order to achieve advancement including learning organization formation.

Nowadays, attracting talented people and motivating them to work effectively to fulfill the organization's goal is one of the most important activities in an organization. Good leadership automatically attracts people and motivates these talented workers to work hard and smart on meeting the goals. So it is very clear to have good leaders within the organization as a quality of their leadership determines the up and down of the organization and the employees.

Transforming leadership theories were introduced by James McGregor Burns (1978) in his descriptive research on political leaders, but the term now been used in organizational psychology (Bass & Riggio, 2006). According to Burn (1978) transforming leadership is leaders and followers help each other to advance to a higher level of morale and motivation. While Bass (1985) introduced term “transformational” instead of “transforming” and added to the initial concepts of Burn (1978) to help explain how transformational leadership could be measured the influence of the leaders from the qualities of the transformational leader, together with how it effects follower motivation and performance. This might motivate or might not motivate the followers to work harder than originally expected in achieve the organization’s goals.

In general view, learning organization (LO) that everyone in the organization involve. Many scholars and theorists defined the meaning of learning organization differently. According to Peter Senge (1990) is related to enhancing capabilities, remaining competitive, understanding the complexities, basing on knowledge, and focusing on past and present experience ect. People in the learning organization collectively make an effort to develop their organization, and in order to that they continue their learning from each others in the organization. According to H. C. Silins & Mulford (2002), learning organization is identified as an organization where the group of people collectively committed tries to achieve the target and goals of the organization.

## 1.2 Problem Statement / Research Questions

The nature of internal marketing is where people are critical to the success of organizations. Organizations that select, develop, manage and motivate their workforce to produce outstanding business results have an extraordinary competitive advantage that others cannot copy (Nalbantian et al., 2004).

The use of marketing in the internal marketing context suggests an emphasis on the application of marketing techniques, approaches, concepts, and theories aimed at achieving customer satisfaction in the context of internal customers, in order to achieve success in the external market (Gronroos, 1985).

According to Philip Kotler and Gary Armstrong, “Internal marketing is orienting a motivating customer contact employees and supporting service people to work as a team to provide customer satisfaction”. Internal marketing has been defined as selling the firm to its employees (Gronroos 1981) or process of “attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs” (Berry and Parasuraman 1991).

In health industry, the service provide by hospital is depending on the nurses service more than other employee or staff in other department. In order to create a good reputation of the hospital, a high quality health care is needed by the hospital. Institute of Medicine (IOM) (1990) defined quality health as “the degree to which health services for individuals and populations increases the likelihood of desired health outcomes”. A good service from the nurses might increase or place the hospital in a good reputation. To provide a good service and gain good reputation of the organization, the management team should aware on the leadership management and learning organization in their environment on the nurses department more than other employee.

In Oxford Thesaurus says that "nurse" is both a noun and a verb. As a noun, it means: 1) Skilled nurses are careers, caregivers or informally known as Florence Nightingale; 2) Nanny, child minder, babysitter, governess. As a verb, it means: 1) Care for, take care of; 2) Treat, medicate, bandage, soothe or informally known as doctor; 3) Breastfeed; 4) Harbor; 5) Nurture.

Rapid changes in today's healthcare environment have placed a considerable focus on nursing leadership, where the concepts and practices remain as diverse as they are complex. A question that many nursing administrators ask is how their profession will ensure a steady, future supply of leaders, especially on few issues nursing management handle nowadays.

Organizations are social systems where human resources are the most important factors for effectiveness and efficiency. Organizations need effective managers and employees to achieve their objectives. Organizations cannot succeed without their personnel efforts and commitment. Job satisfaction is critical to retaining and attracting well-qualified personnel. This is especially an issue in medical institutions such as hospitals where specialist training and retention are highly important.

Nurse manager is the closest contact with the registered nursing staff and are often the people toward whom most complaints are directed. They are charged with the responsibility to lead their staffs to provide quality nursing care and ensure the satisfaction of their patients, staff, physicians, and hospital executives. Nurse managers are pivotal together with the individual awareness in this effort. All the organization or company is important to have a good leader to lead or supervise them in order to growth.

There are many researches on leadership style such as transformational leadership with the other factor. For example Transformational Leadership, Job Satisfaction, Organizational Commitment, and Non-Supervisory Nurses' Intention to Leave by Audrey Gregory (2011), Transformational Leadership and Level of Education Among Nurse by Debra J. Drake (2010), Transformational Leadership and Its

Relationship To Trust and Behavioral Integrity by W. Harrison Childers (2009), The Effects Of Transformational Leadership On Academic Optimism Within Elementary Schools by Richard Dean Rutledge Ii (2010), and Transformational Leadership and Organizational Effectiveness by Robert S. (Steve) Woodsmall (2012).

According to the American Association of Colleges of Nursing (2008), the significance of the problem is revealed by a predicted shortfall approaching 340,000 nurses by the year 2020. The same situation happens in Malaysia. Where in the News Strait Time published on October, 2012 the title of news is “Private college nursing grads to fill gap”. Besides according to Deputy Health Minister Datuk Rosnah Abdul Rashid Shirlin (2012) to news from The Star, there were many areas within the public services that needed nursing services.

*“Besides, sending them for the existing posts, we have discussed with the PSD on having more new posts allocation within the ministry because there are many areas that still need nurses. Nursing service is always wanted because of increasing number of patients and healthcare facilities,”*  
*- Datuk Rosnah Abd. Rashid Shirlin (2012); The Star*

Besides shortage problem, Malaysia also has issue on male nurses. There are few new on Malaysia’s newspapers state the issue related with male nurses. Some new title such as “Are you man enough to be a nurse?” in News Strait Time 2012 issue. Other than that, in the same newspaper, there is new title “Male Nurses: They're here to stay, get used to it”. Patients still prefer female nurses also one of the reason regarding the male nurse issue. According to Malaysian Nurses Association president Dame Ramziah Ahmad, male nurses are definitely growing in numbers but they are still a minority in the profession. She also said “Frankly, many patients prefer female nurses because women have a tender, nurturing, and maternal side. Men are, however, better at keeping their emotions in check”.

There are might have some issue on the service especially on the nurses during the patient get the service or relative who come and visit the patient at the hospital. Suggestion box that usually seen at hospital lobby is the one way to find it out complained or suggest by those people. For example issue normally hears, the new nurse may lack of experience or the nurse do not serious while working. Regarding the issue, the new nurse has a good education level, but because their lack of experience may have a negative respond from the patient or relative.

There are many way to overcome this problem. Such as Led- Educational Program to Improve the Quality of Life of Women with Epilepsy, idea by Kristine A. Twomey (2008). Early Referral for Nurse Case Management Services in Hospitalized Adults: Electronic Health Record Decision Support by Maureen T. Greene (2010) also supports in order to give a better service among nurses. Other than that Laura Ann Fillmore (2007) comes out with research title Walking Nursing Rounds to Improve Nurse Morale and Patient Satisfaction. Applying Process Analysis and Discrete Event Simulation to Improve Access and Customer Service Times at the Ronald Reagan UCLA Medical Center by Catherine Irene Duda (2011) also help to overcome health industry in order to give a better service to the patient.

In this research, the learning organization is another way to overcome the problem. The nurse should create awareness and the management should create a learning organization environment among them. This is because learning is an important part where the implementation of new knowledge can be merging to produce a value added for existing products or services to the organization. The learning processes are normally happen in human daily life. To ensure that the organization growth in aspect to the organization to gain more profit from it.

The manner by which organizations value their workforce has been shown to impact learning within organizations (Confessore, 1997; Marsick & Watkins, 2010; Weldy & Gillis,2003).With evolving technology, changing business models, and the constant reevaluation of workforce needs, learning on one's own is becoming more

common and more of a necessity (Artis & Harris, 2007; Cho, 2002; Confessore, 1997; Ellinger, 2004; Robotham, 1995; Smith, Sadler-Smith, Robertson, & Wakefield, 2007).

For many organizations to sustain in the 21<sup>st</sup> century, it is critical for employees to be proactive in their view of learning in the workplace, and an organization's commitment to fostering an environment in which a learning organization can emerge is becoming more of an imperative (Cameron & Quinn, 2006; Confessore & Kops, 1998). Bui and Baruch (2010) conducted a recent study developing a model that found "wide areas of relevance to the learning organization [pointing] out significant interdependences and interactions among the various constructs associated with Senge's (1990) five disciplines of the learning organization".

Besides that, learning organization is a situation where the organization will motivate the workers to expand their capability and work harder than before by their intention to achieve the goals. Subsequently, this motivate will produce the members of the organization with new style of thinking and more advance until the goals that fixed will be implemented.

Nowadays, learning organization concept was said capable to give the positive effects to the organizations that implement them frequently be discussed by few authorities. From that, learning organization concept was being focused by researchers and as the result was presented in the seminar, forum or training that has been held around the world, until it will be the substance and topic in learning all about management area.

Based on dimensions of leadership style transformation by Bass and Avolio (1994) and the Model of the five main activity in the learning organization which developed by Garvin (1993), this research seeks to answer the statements that relate to the problems. The main questions for this research are:

1. What are the level of transformational leadership and learning organization implementation in the organization?
2. What is the significant on the relationship between transformational leadership and learning organization?
3. Are there any different between transformational leadership and learning organization according to different grades of nurses?

### **1.3 Research Objective**

Based on the problem statement that has been discussed, the objectives of the research are:

1. To identify the level of implementation on transformational leadership style and learning organization in the organization.
2. To investigate the relationship between transformational leadership style and learning organization.
3. To study the transformational leadership style and learning organization in different grades of nurses.

### **1.4 Research Hypothesis**

Based on the objective and the research problem, researcher was made some Null Hypothesis ( $H_0$ ) for test. The hypothesis is:

1. There is no significant relationship between transformational leadership style and learning organization.
2. There is no different of transformational leadership style according to the different level of nurses.
3. There is no different of learning organization according to the different level of nurses.