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The dissertation is satisfying in terms of scope and quality to be awarded with  
Bachelor of Technopreneurship with Honor’

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**THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP  
AND INNOVATIVE WORK BEHAVIOUR**

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**Report submitted in fulfilment of the  
requirements for the Bachelor Degree of Technopreneurship with Honor**

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**JUNE 2018**

## DECLARATION

“I admit that this report is my original work except for the summary  
and each passage that I had described the sources”

Signature : .....

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Date : .....

**This thesis is dedicated to my beloved parents,**

my father Shaari bin Mohd Noor and my mother Ku Maizan binti Che Ku Muda, thank you for always being there for me when I need help and support. Thank you for the endless love and encouragement from my siblings and my whole family and not forget all my friends who involve either directly or indirectly in completing this research. This research could not be completed without the help from all of you guys.

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## ABSTRACT

This study focusing on the relationship between Transformational Leadership acts as independent variable and Innovative Work Behaviour acts as dependent variable. This study was conducted in Universiti Teknikal Malaysia Melaka (UTeM). There are three main objectives for this study which are i) To identify the frequent transformational leadership behaviour in organization, ii) To identify the level of innovative work behaviour in organization and iii) To study the relationship between transformational leadership and innovative work behaviour in organization. For this study, the sample was collected from 300 respondents that are working at UTeM by using the survey method. Questionnaire sample was developed by Bass (1985) and rematches by Dong I. Jung and John J. Sosik (2002) used to measure Transformational Leadership and Innovative Work Behaviour. The data from the survey was analysed by using the descriptive statistics and inferences statistic. Result show Transformational Leadership style and Innovative Work Behaviour not be implemented nicely in Universiti Teknikal Malaysia Melaka (UTeM). But, this study show significant result between Transformational Leadership and Innovative Work Behaviour which value  $r^2 = 0.134, P < 0.05$ .

Keywords: Transformational Leadership (TL), Innovative Work Behaviour (IWB) Universiti Teknikal Malaysia Melaka (UTeM), and Multi-Factor Leadership Questionnaire (MLQ).

## ABSTRAK

*Kajian ini memberi tumpuan kepada hubungan antara tindakan Transformational Leadership sebagai pembolehubah bebas dan Perilaku Kerja Inovatif bertindak sebagai pemboleh ubah yang bergantung. Kajian ini dijalankan di Universiti Teknikal Malaysia Melaka (UTeM). Terdapat tiga objektif utama dalam kajian ini iaitu i) Mengenal pasti tingkah laku kepimpinan transformasi yang kerap dalam organisasi, ii) Mengenalpasti tahap tingkah laku kerja inovatif dalam organisasi dan iii) Untuk mengkaji hubungan antara kepimpinan transformasi dan tingkah laku kerja yang inovatif dalam organisasi. Untuk kajian ini, sampel telah dikumpulkan dari 111 responden yang bekerja di UTeM dengan menggunakan kaedah tinjauan. Sampel soal selidik telah dibangunkan oleh Bass (1985), Dong I. Jung dan John J. Sosik (2002) yang digunakan untuk mengukur Kepimpinan Transformasi dan Kelakuan Kerja Inovatif. Data dari kaji selidik dianalisis dengan menggunakan statistik deskriptif dan inferens statistik. Keputusan menunjukkan gaya Kepimpinan Transformasi dan Kelakuan Kerja Inovatif tidak dilaksanakan dengan baik di Universiti Teknikal Malaysia Melaka (UTeM). Tetapi, kajian ini memperlihatkan hasil yang ketara antara Nilai Transformasi Kepimpinan dan Inovasi Kerja dengan nilai*

*$r^2 = 0.134, P < 0.05$ .*

*Kata kunci: Kepimpinan Transformasi (TL), Kelakuan Kerja Inovatif (IWB), Universiti Teknikal Malaysia Melaka (UTeM) dan Kepimpinan Multi-Faktor (MLQ)*

## TABLE OF CONTENTS

CHAPTER	CONTENTS	PAGE
	<b>DECLARATION</b>	<b>iii</b>
	<b>ACKNOWLEDGEMENT</b>	<b>v</b>
	<b>ABSTRACT</b>	<b>vi</b>
	<i><b>ABSTRAK</b></i>	<b>vii</b>
	<b>TABLE OF CONTENTS</b>	<b>viii</b>
	<b>LIST OF FIGURES</b>	<b>xii</b>
	<b>LIST OF TABLES</b>	<b>xiii</b>
	<b>LIST OF SYMBOLS</b>	<b>xiv</b>
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	
1.1	Introduction	1
1.2	Background of Study	1
1.3	Problem Statement	2
1.4	Research Questions	5
1.5	Research Objectives	5
1.6	Scope of Study	6
1.7	Limitation of Study	6
1.8	Significance of the Study	7
	1.8.1 Practical Views	7
	1.8.2 Knowledge Views	8



1.9	Conceptual and Operational Definition	8
1.9.1	Innovative Work Behaviour	8
1.9.2	Transformational Leadership	9
1.10	Summary	11
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	
2.1	Introduction	12
2.2	Innovation	13
2.2.1	Innovative Work Behaviour	14
2.2.2	Transformational Leadership Theory	17
2.3	Previous Research	20
2.3.1	The Relationship between Transformational Leadership and IWB	20
2.4	Research Framework	22
2.5	Summary	23
<b>CHAPTER 3</b>	<b>RESEARCH METHODOLOGY</b>	
3.1	Introduction	24
3.2	Research Design	24
3.3	Research Location	25
3.4	Research Sample	25
3.4.1	Sampling Size	26
3.4.2	Time Horizon	27

3.5	Instrument	27
	3.5.1 Questionnaire Survey Method	27
3.6	Data Collection Method	29
3.7	Data Analysis	30
	3.7.1 Descriptive Analysis	30
	3.7.2 Frequency Analysis	30
	3.7.3 Regression Analysis	31
3.8	Scientific Canons	32
	3.8.1 Reliability	32
	3.8.2 Validity	32
3.9	Summary	33
<b>CHAPTER 4</b>	<b>DATA ANALYSIS</b>	
4.1	Introduction	34
4.2	Descriptive Statistics on Demographic	35
4.3	Frequency Analysis	35
	4.3.1 Gender	36
	4.3.2 Academic Qualification	37
	4.3.3 Position	38
	4.3.4 Working Experience	40
4.4	Reliability Analysis	42
4.5	Objective 1: To identify the level of TL	47
4.6	Objective 2: To identify the level of IWB	48
4.7	Objective 3: The Study the Relationship	50

	Between TL and IWB in Organization.	
4.8	Hypothesis and Result	51
4.9	Summary	54
<b>CHAPTER 5</b>	<b>DISCUSSION AND CONCLUSION</b>	
5.1	Introduction	55
5.2	Respondents Demography	55
5.3	Objective 1: To identify the level of TL	56
5.4	Objective 2: To identify the level of IWB	58
5.5	Objective 3: The Study the Relationship Between TL and IWB in Organization	59
5.6	Limitation of Study	59
5.7	Recommendations for future research	60
5.8	Conclusion	61
<b>REFERENCES</b>		62
<b>APPENDIX A GANTT CHART</b>		67
<b>APPENDIX B QUESTIONNAIRE</b>		68

**LIST OF FIGURES**

<b>NO</b>	<b>TITLE</b>	<b>PAGE</b>
2.1	Research Framework	22
4.1	Gender	36
4.2	Academic Qualification	37
4.3	Position	39
4.4	Working Experience	40

## LIST OF TABLES

NO	TITLE	PAGE
3.1	Section of Questionnaires	28
3.2	List of 4D's TL Items	28
3.3	Likert Scale	29
3.4	Analysis Method	30
3.5	Mean Score table	31
3.6	A Level of Relationship Strength	31
4.1	Gender	36
4.2	Academic Qualification	37
4.3	Position	38
4.4	Working Experience	40
4.5	Case Processing Summary	42
4.6	Reliability Analysis	42
4.7	Descriptive Analysis Idealized Influence	43
4.8	Descriptive Analysis Inspirational Motivation	44
4.9	Descriptive Analysis Intellectual Stimulation	44
4.10	Descriptive Analysis Individualized Consideration	45
4.11	Descriptive Analysis IWB	46
4.12	Mean Score Table	47
4.13	Descriptive Statistics for IV	47
4.14	Mean Score Table	48
4.15	The Level of IWB in Organization	48
4.16	Linear Regression	50
4.17	Anova	50
4.18	Coefficient	50
4.19	Hypothesis and Result	54

**LIST OF SYMBOL**

(	=	Open parenthesis
)	=	Close parenthesis
'	=	Apostrophe
“	=	Quote
,	=	Comma
.	=	Full Stop
N	=	Number
n	=	Number
%	=	Percentage
sig.	=	Significant
H <sub>1</sub>	=	Hypothesis Alternative

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

The point of this research is to find out the related between transformational leadership that used in the organization towards innovative work behaviour. The researcher want to see how far transformational leadership can give effect to innovative work behaviour. In this chapter, the researcher stress on background of study, problem statement, research questions and research objectives. Rather than that, the researcher also include the scope of the research, definitions of key terms, significance of the study and limitations face by researcher during the research occur.

#### **1.2 Background of Study**

Thakur and Hale (2013) saying that in today's world's emerging with progressive economies showed tendency toward services rather than products, where over 70 percent of the gross domestic product (GDP) generated via service sector only (Ostrom et al., 2010)

According to Scott and Bruce (1994) and Van de Ven (1986), innovative work behaviour includes set of activities aimed at recognition, development, modification, adoption and implementation of ideas. Plus, based on the research by

Bilal Asfar et al. (2014), different from creativity, innovative work behaviour has apparent applied component and is expected to yield some kind of innovative output and benefit. Besides, a productive and positive nature of interaction and exchanges among workers may bring to a feeling of commitment that in turn improve sharing of technical knowledge among team members which may change into creative outputs and higher project performance, (Liu et al. 2011).

For innovation to occur in an organization, not enough with only an incentive idea or knowledge but something more than that development is required. The knowledge need to be put into action to make an authentic difference, and the result achieve will be in new or transform in the products and services provided. Plus, leadership is an important factor to improve innovative work behaviour in the organizations. Madzar (2010) explains that leadership style affects followers' satisfaction and a high level of satisfaction was especially important in non-profit organizations. Other than that, the leadership style practiced in the non-profit organization has a profound impact on the followers, both psychological and motivational (White, 2010). In this case, transformational leadership behaviour is introduced in order to results in a type of organization where the leadership style produces a general sense of purpose, family, and commitment, where the leaders and followers share an interest in corporate mission (Kathrins, 2007).

However, Pieterse et al., (2010) said that empirical discovery for the relationship of transformational leadership with innovative behaviour are less clear cut implying that this relationship become more complex. Besides, there is a lack of study on the effect of transformational leadership towards innovative behaviour of employees, and it not received so much attention from the researchers (e.g., Basu & Green, 1997; Mumford, Scott, Gaddis, & Strange 2002, Pieterse et al, 2010). As such, this research will further study the relationship between transformational leadership and innovative work behaviour in public organization.



### 1.3 Problem Statement

The Public Service Department (PSD) was first adopted on 15 August 1968. One of the objective of PSD is to rationalize the size of the Public Service through structured and systematic human resource planning by undertaking a comprehensive projection of human resource requirements. Public sector functions include planning, development and management (Official Portal of PSD, 2017).

In order to realize the National Transformation Agenda to become a high-income developed country by 2020, the Public Service Department (PSD) has been mandated to lead the transformation of public services. During the 2014 Budget Speech, YAB Prime Minister has announced that the government will implement a transformation plan in every ministry in order to meets the expectations of the people and to ensure that the public service delivery system still related. Furthermore, the KSN meeting with the Secretary-General and Head of Service on 4 February 2014 has agreed that each ministry / agency initiates the initiative to implement the transformation beginning with the presentation of their respective transformation plans. The next PSD has taken the initiative to implement the Public Service Transformation Lab (PSTL) with all ministries to guide the development of transformation plans based on Public Service Transformation Framework (PSTF). The PSD is committed to the high performance, dynamic, effective, efficient and fair human resource management and development of the public sector to create an excellent and public-facing public sector.

PSD as the leader in public service transformation has identified a total of 123 JPA transformation initiatives in 2014 known as TI-100. This initiative was developed to benefit the public service as a whole as well as to ensure that the public service could play a greater role. All transformation efforts should be aimed at the public service that is ready to meet the challenges of the current and future challenges and to realize the goal of the transformation of public services. Attest the potential of innovation in changing government into high-performance government, the

Malaysian has intensified their commitment through implementation of various initiatives and policy to the public sector innovation (Razul Ikmal et al, 2017).

There are many of previous studies have proven the importance of innovation. According to Ashkan Khalili (2016), if an organization want to remain competitive and sustainable in today's rapid changing and highly competitive business environment, organizations need and have to invest in innovation and creativity. He also state that in order to get the desired results such as innovation and creativity, noticeable attention need to be given to how employees as variable of innovative and creative issues experience their firms' policies, practices and leadership that promote or restrict innovation and creativity in the organization. Other previous research by Rubera and Kirca (2012) has linked employees' innovation and creativity to the contributing of the firm's success.

There are several definition of innovation from many perspective. Based on Gault (2013), he state the definition of innovation as the implementation of new or significantly improved products or services by whether they are "made available to potential users". However, according to Razul Ikmal et.al (2017), innovation refers to the implementation of the product whether good or services, process, organizational, policy, conceptual innovation, communication methods and come out with the goal to enhance the performance of the public sector. However, they also give the opinion that the insight from innovation system theory may be related to understanding the structure on innovation performance of public sector. Then, they continue with the statement which innovation systems theory broadcasted that the players and process involved in innovation could be identified and characterised. Plus, based on Anderson et al. (2004), organizations getting more relied on employees' innovative contributions to maintain or improve effectiveness, continuous and competitiveness advancement in dynamic and uncertain environments. Based on the statement above, it is clearly show how important innovation to be implemented in the organization especially in the public sector because it is very closely related to the country.

However, to keep survive in the fierce competition in the business world today, organizations always need to make innovations in their services (Kindstrom et al., 2013). Even so, not much is known about these important factors which normally influence employee yield such as job characteristics, employee motivation and leadership style in an organization. Furthermore, Suk Bong Choi et al. (2016) state that the seeking of previous studies show that transformational leadership empowers employees' working capacity and motivates innovation behaviour. So, the information of the relationship between transformational leadership and employee innovative behaviour remains underdeveloped.

However, the leader seen to be as an essential factor in the process of developing of the human resources within the organization (Rohana Ahmad et al., 2017). They also said that the role of a leader affects both micro environment and also provides input to the development of national macro. Furthermore, the impact of leadership does not only improve the performance of the organization, but more essential, reflects on the employee career development. Sosik et al. (1997) said that transformational leadership was chosen from all available leadership theories, as it has been documented to nurture and improve creativity and innovation. This was supported by Bass (1985) defined a transformation leaders as people who give encouragement and inspiration to subordinates to do more than they expected to do. Moreover, transformational leaders are dynamic and also proactive which able to lead themselves and also their subordinates in order to embrace the change (Ahangar, 2009).

To address problems within the organization, some studies focus on innovative work behaviour with the identification multi-dimensions and steps within the process. For example, Scott and Bruce (1994) and (Janssen, 2000) differentiated between idea generation, idea promotion and idea realization, while de Jong and den Hartog (2010) concluded on idea exploration, idea generation, idea championing and idea implementation. As the research only done on private organization and focused on knowledge employees only, the current research will provide a further study on

the measurement of IWB in lower level employees focusing in public organization which is at Universiti Teknikal Malaysia Melaka (UTeM).

#### **1.4 Research Questions**

This research explores the following key questions:

- i. What are the level of transformational leadership behaviour practices in organization?
- ii. What are the levels of innovative work behaviour in organization?
- iii. What are the relationship between transformational leadership and innovative work behaviour in organization?

#### **1.5 Research Objectives**

Based on the research questions, the research objectives have been constructed as follows:

- i. To identify the level of transformational leadership behaviour practice in organization.
- ii. To identify the level of innovative work behaviour in organization.
- iii. To study the relationship between transformational leadership and innovative work behaviour in organization.

## **1.6 Scope of Study**

This study focus on the transformational leadership behaviour practices as the probable determinants of innovative work behaviour. This research study covers two variables which are transformational leadership (TL) as an independent variable and innovative work behaviour (IWB) as dependent variable. Transformational leadership practices in Bass and Avolio (1994) is selected as the variables in this research while innovative work behaviour is based on the study done by De Jong & Den Hartog (2010). Hence, the relationship between transformational leadership and innovative work behaviour will be determined in this research. The scope of the research is at a university which is Universiti Teknikal Malaysia Melaka (UTeM). The location of the research will be in Melaka. Questionnaires were distributed among staffs in several main departments for achieving the desired objectives.

## **1.7 Limitations of Study**

There are few limitations that the researcher find out in this research. First of all, this study has problems in finance and time. This makes it impossible for researchers to get information from various respondents where the study period is less than one year. Second, limitations in data collection. Data taken through an unauthorized survey questionnaire as the respondents may be misunderstood by the exact meaning of the question and thus wrongly cause them to answer it based on their own interpretation of the questionnaire. Third, in term of honesty, the data taken from the respondents may not get an honest response from them. They may not be serious in filling out a questionnaire and only fill in just to satisfy the researcher. So, the data collected does not fit the exact result of the research conducted.

## **1.8 Significance of the Study**

This research is important to identify the relationship between transformational leadership and innovative work behaviour among public organization. The importance of this research can be dividing into two categories which are in term of practical perspective and in term of knowledge.

### **1.8.1 Practical View**

This research can be beneficial to both employees and employers among public organization where innovative employees show an independent behaviour, able to take challenge and ready to solve problems in many ways. Based on that attitude, of course public organization really need this type of employees so that they will be able to compete with private sector which is moving faster and growing rapidly. Employee's behaviour actually depends on transformational leader who creates an opportunity to keep enhance and motivate the employees. Moreover, this study provides empirical data to give further understanding to the leader in order to create awareness among employees and encourage creative and innovation workplace in public organization. According to Jung et al. (2003), to manage change, creative processes and supporting innovative work practices, it all depend on the role by the leader itself. Plus, leaders can also influence structure, culture of organizations and resources (Mojgan Afshari et al., 2013). He also stated that these may undermine the generation and implementation of new ideas within an organization. Furthermore, Ashkan Khalili (2016) exposed a significant and positive relationships between transformational leadership and employees' innovation and creativity. It is proven that support, consideration and empathy shown by transformational leaders for employees. These qualities help employees to surpass their fears of challenging the status quo, which leads to higher creativity (Jeevan Jyoti & Manisha Dev, 2015).

### **1.8.2 Knowledge View**

Besides that, this study also adds particular knowledge to the scholarly literature in this field since not much research between transformational leadership and IWB have been done before. Based on (J. P. J. De Jong & Hartog, 2007), the purpose of the study is to contribute to the literature on individual innovation by providing an inventory of leader behaviours that may influence employees' innovative behaviour.

The researcher put a very high expectations that this study will contribute as a reference for future research in further identifying the relationship between TL and IWB.

## **1.9 Conceptual and Operational Definition**

This section provide the definition of concepts and operational according to (De Jong & Den Hartog, 2010) and (Bass and Avolio, 1994). The major constructs involve in the conceptual and operational definitions are innovative work behaviour and transformational leadership.

### **1.9.1 Innovative Work behaviour**

Innovative work behaviour is influence by effective leaders who can encourage employees to do things better and improve result. De Jong & Den Hartog (2010) defined innovative work behaviour as individual's behaviours aim to achieve the intentional and initiation introduction of new and useful ideas, processes, products and procedures.

Participation in decision-making and autonomy encourage employees to generate and implement ideas. Participants' leadership may increase the natural

motivation of employees and their sense of responsibility, effectiveness and control. IWB employees are important to today's majority organizations. The research conducted and presented here aims to increase understanding of IWB and to improve its measurement. Despite a lot of work, attempts to verify the IWB measures are lacking. To overcome this shortfall, this study aims to identify the relationship between TL and IWB.

In this research, the conceptual and operations definition used by the researcher is from (De Jong & Den Hartog, 2010) to define innovative work behaviour.

### **1.9.2 Transformational Leadership**

Based on Bass and Avolio (1994), transformational leadership can change the culture by understanding it and then reorganize the culture with another vision and a revision of its shared assumptions qualities and standards. Effective organizations need a creative leader to build a new culture for organization's future.

Transformational leadership has been categorized into four dimensions which include:

#### **i. Idealized influence**

This character explains how a leader can be an example to their employees and helps inspire them to achieve the goals and vision of the organization. Transformational leaders are able to motivate and inspire their workers to achieve greater results than previously planned. In addition, effective leaders serve as mentors, trainers and role models to encourage employees to strive to achieve organizational success. Ideally influenced to make leaders admire, respected and trusted by workers.