

EFFECTS OF LEADER-MEMBER EXCHANGE ON
EMPLOYEE MOTIVATION: A CASE STUDY
IN MALAYSIA AND UK.

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ABSTRACT

This project deals with a case study in an engineering department in Tasco Electronic M'sia Sdn. Bhd., (pseudonym) where the department were poorly performing, employees are engaged in low motivation and increased resignation rate within the department, as a result of poor employee-manager relationship (Leader-Member Exchange, LMX). This cross-sectional research study was conducted in Tasco Electronic M'sia Sdn. Bhd, located in Chukai, Terengganu and in their sister company, located in Newcastle, United Kingdom. The objective of this study is to examine to what extent LMX has an effect on employee motivation and also to determine if there are any difference in the effect of LMX on motivation in a high social power distance region (Malaysia) compared in a low social power distance region (United Kingdom). The instrument that is been used in this study is questionnaire and the questionnaire of this study consist of three (3) reputable scales which tapped on LMX, Social Power Distance and Employee's Work Motivation. Through these scales, level of LMX, level of employee-manager social distance and employee's work motivation among the respondents were determined. Samples were picked conveniently making the sampling to be a non-probability sampling. Responses from the respondents were collected via online survey, SoGoSurvey and SPSS was used to perform the analysis. Independent samples t-test was conducted to investigate the difference between both companies and through three (3) level hierarchical moderation regression analyses, hypotheses were tested. It is shown that Tasco Electronic M'sia Sdn. Bhd., has higher manager-employee social gap (social power distance), weaker relationship between leader and employee (LMX), higher amotivation, higher controlled motivation and similar level of autonomous motivation in comparison to their sister company in United Kingdom. It can also be concluded that both the companies experience the similar effects of LMX on employee's motivation as social power distance was not found to moderate the relationship between LMX and employee motivation.

ABSTRAK

Projek ini adalah berkenaan satu kajian kes yang diselidik disebuah jabatan kejuruteraan di Syarikat Tasco Electronic M'sia Sdn. Bhd. (nama samaran), dimana prestasi kerja bertambah buruk, pekerja bermotivasi rendah dan kadar peletakan jawatan semakin meningkat, dimana faktor-faktor ini mungkin adalah akibat daripada hubungan buruk diantara pekerja dengan majikan (Leader-Member Exchange, LMX). Kajian kes ini dijalankan di Tasco Electronic M'sia Sdn. Bhd., yang terletak di Chukai, Terengganu dan cawangannya yang terletak di Newcastle, United Kingdom. Objektif kajian ini adalah untuk mengkaji sejauh mana LMX mempunyai kesan terhadap motivasi pekerja dan juga untuk menentukan sama ada terdapatnya perbezaan dalam kesan LMX terhadap motivasi pekerja dalam kerenggangan sosial yang tinggi di Malaysia berbanding dengan kerenggangan sosial yang rendah di United Kingdom. Instrumen yang digunakan dalam kajian ini adalah soal selidik yang berasaskan tiga (3) sekala bereputasi iaitu LMX, kerenggangan sosial dan motivasi pekerja. Dengan penggunaan skala ini, tahap LMX, tahap kerenggangan sosial dan tahap motivasi pekerja dikalangan responden dapat diketahui. Sampel dipilih secara mudah dan ini menjadikan persampelan ini sebagai suatu sampel yang tiada kebarangkalian. Kaji selidik dijalankan secara dalam talian (SoGoSurvey) dan perisian SPSS digunakan untuk menganalisis kajian. Ujian "independent sample t-test" dijalankan untuk mengkaji perbezaan diantara dua (2) syarikat dan tiga (3) tahap analisis "hierarchical moderation regression" dijalankan untuk mengkaji hipotesis. Keputusan menunjukkan bahawa Tasco Electronic M'sia Sdn. Bhd., mempunyai jurang sosial diantara majikan dengan pekerja yang tinggi, hubungan yang lemah antara majikan dengan pekerja, tahap "amotivation" yang tinggi, tahap motivasi berkawal yang tinggi dan tahap motivasi "autonomous" yang sama, berbanding cawangan di United Kingdom. Ia juga boleh disimpulkan bahawa kerenggangan sosial didapati tidak boleh mengubah hubungan LMX dengan motivasi pekerja, justeru kesan hubungan LMX dengan motivasi pekerja dikedua-dua syarikat adalah sama.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Tasco Electronic M'sia Sdn. Bhd. (pseudonym) a multinational corporation has been operating in the district of Chukai, Terengganu, since 1990. Tasco Electronic which produces resistive products used in the automotive, mobile equipments and computer system formed a new division called Magnetic division in the year 2006 that produces magnetic components. Their main customers are from United States, Japan, United Kingdom, Germany and Thailand.

Due to high expertise demand required in the Magnetic division, many experienced and skilful staffs were moved from the Resistive division, into Magnetic division to manage this new division, being the pioneers in this new division. Products that were labour intensive and bounded to regulator conditions, were transferred from their sister companies located in United Kingdom, United States and China into Tasco Electronic M'sia Sdn. Bhd., Magnetic division. Over the years as the company grew, generating revenue over USD1 million monthly, most of the employees were recognised and promoted due to their performance and contribution.

Like any other manufacturing company, Magnetic division too were supported by Purchasing department, Engineering department, Production department, Materials department, Warehouse department, Human Resources department and Finance department. Resources from the Human Resources department and Finance department managed both the divisions (Resistive & Magnetic divisions), while resources from other departments only manage the division that they are responsible too. Since the

company did not manage to hire a manager to manage the Engineering department of the Magnetic division, the manager who managed the Engineering department of the Resistive division, managed both divisions.

The Engineering department of the Magnetic division was made up of Process Engineering section, Test Engineering section, Document Control section and Mechanical Engineering section, assisting the Production department to perform manufacturing. This department consists a total of thirteen employees, where seven (7) of the employees have been with the company ranging between twenty two (22) to thirty (30) years, while the balance six (6) of them were freshly hired.

Under the supervision of the shared Engineering manager, the department became strong, serving the production department. With their dedication, commitment, motivation and capabilities, the team successfully transferred products from their sister companies in United Kingdom, United States and China smoothly into Malaysia, fulfilling all transfer plans in the given time frame and delivering products to their customers, on time. Since the shared Engineering manager was handling two (2) divisions and was overloaded with work, leaders of each section in the Magnetic division took ownership of their sections and reported periodically their activities to their manager. With that, the department ran independently with minimal supervision and performs tasks without being told. Besides that, many improvements were introduced into the manufacturing to increase productivity and efficiency by this team. Through the dedication and team's hard work, the division also achieved many international quality standards, like ISO 9000 Quality Management System (QMS), ISO 14000 Environmental Management System, ISO 13485 Medical Device Standards and so on.

In the last quarter of 2009, the shared Engineering manager passed away due to terminal illness and no doubt his demise was a lost to the organisation; the department, nonetheless, continued their routine service without jeopardising any part of the service as each section was totally independent and committed. The department was operating without a manager and there were no signs of mismanagement and the department continued to grow, bringing in new projects from other sites. During this period of time,

the department also won the confidence of the management and was granted approval to purchase expensive machineries to improve manufacturing and increase manufacturing capabilities. All this was well managed and coordinated among the section leaders.

1.2 BACKGROUND OF THE STUDY

The department was running independently for about five (5) years and at the end of 2010 a superintendent from the Resistive division was promoted to assistant manager and was transferred into Magnetic division to manage the Engineering department. This newly promoted assistant manager served with the company in the Resistive division for about fifteen (15) years and grew through rank and file. Through his promotion as an assistant manager, his responsibility was to manage Engineering department of Magnetic division whilst a new manager was hired to manage the Engineering department of Resistive division.

As in third quarter of 2012, a total of six (6) employees from the Engineering department of Magnetic division left the company. Out of these six (6) employees, three (3) of them were with the company for more than twenty two (22) years, two (2) were with the company for about six (6) years and the balance one (1) served the company for less than a year and half. The department is left with nine (9) employees, where four (4) of them are with the company for more than twenty two (22) years, four (4) of them are with the company for about six (6) years and the balance one (1) is with the company for less than a year. Exit interview were conducted and due to confidentiality reasons, only a brief description of the exit interview was released, where majority of the employees left with the reason of unhappy at work and work pressure. The above information is gathered from a personal conversation with the Human Resources department of Tasco Electronic, when this study was conducted.

Performance of the Engineering department apparently plunged as compared to their previous performance. This can be seen with the amount of complaints made by other departments against the Engineering department for the department's slow response in solving manufacturing problems and not regularly attending meetings, low level of determination or drive in performing troubleshoot or obtaining a solution for a

manufacturing problem, employees spending less time in the manufacturing floor than they used to, no improvement made to improve productivity or efficiency, failing to fulfil project deadlines, employees turnover has increased, there was reluctance in working extra hours, not meeting Key Performance Index (KPI) set for each sections and so on. In brief, it is observed that the remaining nine (9) employees were having low motivation, causing the performance of the department to plunge. A product of low motivation is employee's withdrawal behaviour and some of the behaviours are as described above (Robbins and Judge, 2013).

Since this was an Engineering department where employees are skilled in different engineering field and due to geographical location, obtaining skilled employees as a replacement for those employees who have left the company, can be challenging. This is because there is poor supply of skilled employees who are in the electronics sectors in this part of the region. Majority of the electronics companies are located in the west coast of Malaysia where there is high supply of skill employees and besides that, low salary scale offered in this region, hinders employees from west coast to move to the east coast. The company had to obtain services of recruiting agencies to provide assistance in obtaining the right candidate for the replacement, where services provided by recruiting agencies are expensive.

With the increased employee's resignation rate, Human Resources department faced hiring challenges and high expenses in acquiring the assistance of the recruiting agency, and the issue caught the management's attention. The management is keen to know why there is an increase in resignation rate especially from a particular department where many who left the company, had been loyal with the company for many years. As about the time the management was looking into the issue, headquarters of the company, located in the United Kingdom, decided to move the Magnetic division to China. The decision was made, based on the fact that the manufacturing cost in Malaysia has increased as compared to China, hence reducing the margin obtained. Besides that, since most customers were acquiring service from China due to the availability of raw materials and low manufacturing cost, moving Magnetic division to China was found to be the best choice. All products that ran in Magnetic division were moved to China, while the whole work force of the division was left redundant.

No doubt the decision of moving came as a relief to the Human Resource Department due to the challenges they faced in obtaining the replacement but the management of Resistive division is still in a dilemma state of not knowing what is to be done if similar situation arises in the future. The management is still interested to know why motivation decreased within the department and how low motivation can be addressed in the future, hence minimising high resignation rate.

1.3 PROBLEM STATEMENT

The situation described above exposed a problem and from there a study was carried out to determine the reason to why motivation decreased within the department and how low motivation can be addressed in the future. This is crucial as the company will lose human asset should the motivation factor is not addressed and this can cost the company a substantial amount to replace the employees. Besides that, low motivation can de-energize behaviour among employees, (Mohd-Shamsudin and Chuttipattana, 2012), where it would results in poor behaviour of the employees towards their work performance, hence causing declining of work performance. The level of employee's performance relies not only on their actual skills but also on their level of motivation (Burney and Widener, 2007). This can be seen in the outcome of the department's performance mentioned previously, where the remaining employees with low motivation, were performing poorly.

Through personal conversation with Human Resources Manager and discussion with employees from different departments, it is possible that the relationship between managers and employees (Leader Member Exchange, LMX) could be the reason to low motivation experienced by the Engineering department. The reason to this suggestion is because the declining motivation among the employees of the Engineering department only started occurring in the year 2011 onwards, soon after the superintendent from the Resistive division was promoted to assistant manager and transferred into Magnetic division to lead the Engineering department. On top of that, during this period of time the Engineering department's performance too started declining as detailed previously. There was also suggestion that the management intentionally created such situation in

the division so that the employee will be low in motivation and eventually leave the organisation on their own. This is suggested as the company will need to spend a substantial amount in paying employees when they are made redundant. However this suggestion was rejected as the employees in other departments within the division, were highly motivated.

This study motivated the researcher of this research to conduct the research as this situation faced in the company is found to be challenging and interesting. The researcher hopes that the outcome of this research will be useful in the future to those who are or may be concerned. As important as this research is to the researcher, the research is also important to the Human Resource Manager as the manager is also interested to find out whether or not relationship between manager and employees also has the same effect on employee's motivation in their sister company location in the Newcastle, United Kingdom.

Since both the companies are located in two (2) different geographical areas where they are culturally different, social power distance is expected to be different too. Social power distance is the social gap between managers and employees at workplace, and it is expected that the social gap is higher in Malaysia compared to United Kingdom. In other words, the managers and employees in Malaysia are with wider social relationship compared to managers and employees in United Kingdom.

It is estimated that over 65% of poor performance is from poor LMX which resulted to poor motivation (Conflict management: Keep disagreements healthy and productive, 2003). Fifteen (15) factors that would affect employee motivation, which is listed below, employee-manager relationship is one of the factors that would affect employee work motivation (Yang, 2011). The fifteen (15) factors that were listed by Yang (2011) are good pay, promotion, desirable work environment, good welfare package, good bonus system, good company policy, good interpersonal relationships, good supervisors, job security, the opportunity to use individual ability, a sense of challenge and achievement, positive recognition, autonomy, self-actualization and interesting job. This is also proven in Herzberg's two-factor theory, which is also called as motivation-hygiene theory where *relationship with supervisor* is the top third events

out of 1844 events in the job that leads to extreme dissatisfaction (Herzberg et al., 1959) and where dissatisfaction also causes low motivation as satisfaction relates positively to work motivation (Arshadia, 2010, and Burney and Widener, 2007).

1.4 RESEARCH OBJECTIVES AND QUESTIONS

The objective of this applied research is to examine to what extent LMX has an effect on employee motivation. This study will also determine if there is any difference in the effect of LMX on motivation in a company located in the high social power distance region (i.e, Chukai) compare with a company located in the low social power distance region (i.e, sister company in Newcastle, United Kingdom). The findings from this study shall also provide insights to better understand the exchange between leader and member in improving employee motivation and consequently uplifting work performance.

With the situation and problem stated, the purpose of the current study is to answer the following research questions:

- RQ1: What are the effects of LMX on employee motivation?
- RQ2: How will social power distance influences these effects?

1.5 SCOPE OF THE STUDY

The scope of this research is limited to concept of LMX in a company located in Chukai, Terengganu and also in their sister company located in Newcastle, United Kingdom. Besides that, the scope is also limited to the study on motivation of employees in a company located in Chukai, Terengganu and also in their sister company located in Newcastle, United Kingdom. The scope on social power distance is limited to the study on the social relation gap between managers and employees of both the companies.

1.6 SIGNIFICANCE OF THE STUDY

The outcome of this study will aid the local company in Chukai to comprehend the effect of LMX on employee motivation. On top of that, since the company is located in the geographical location where there is poor supply of skilled employees and locating replacement employee can be time consuming, expensive and the company may lose its competitiveness in the industry, so it would be cost effective to the company to improve motivation before employees takes the step of leaving the company. The research will help the company in identifying if indeed poor LMX is the reasons related to poor motivation quickly and to take necessary steps in preventing low motivation in the future. Managers need to investigate, diagnose and implement changes quickly and directly to improve working conditions that would improve motivation (Darren, 1998). Finally the study shall also provide some suggestions as to how the relationship between leader and member can be improved and provide knowledge to the local company if the similar problem is encountered in their sister company which is located in the low social power distance region, the United Kingdom.

1.7 STRUCTURE OF PROJECT REPORT

This research paper has been organised into five (5) chapters for easier reference. Firstly the paper will provide the literature concerning the study variables and the relationship between variables, where this shall be covered in chapter two. The variables that would be included in chapter two are on leader member exchange, employee's motivation, social power distance, relationship between leader member exchange and motivation, and social power distance as moderator of the relationship between leader member exchange and motivation. In chapter three, the methodology of the study shall be discussed. It includes description of the three (3) reputable scales used in the study to tap on leader member exchange, employee's motivation and social power distance. It also discusses on how data is collected to be tested and analysed. The test results that are obtained shall be analysed and discussed in chapter four. In chapter five, the conclusion of the study will be discussed, followed with some recommendation to the company in addressing the issues highlighted by the company and recommendation on how future study can be carried out.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter discusses on the literature and theoretical background which is in relevance to this study. There are three (3) variables that have been determined to this study, which are LMX, motivation and social power distance. Each of these variables will be discussed in detail with regards to the study. Besides that, the relationship between the three (3) variables will also be discussed.

2.2 LEADER MEMBER EXCHANGE, LMX

A theory that best explains employee-manager relationship is leader member exchange (LMX) or formerly known as dyad theory (Srikanth and Gurunathan, 2013). LMX theory is defined as the reciprocal process of mutually defined exchange relationship between manager and employee, and through this relationship, many benefits are gained (Graen and Mary, 1991). Many researchers have tested the relationship by setting LMX into three (3) variables, namely follower, leader and relationship, and found that these three (3) variables in combination produces significant predictable variation in leadership outcome unless if any of these three are taken apart (Graen and Uhl-Bien, 1995). The basic of this theory is that leaders (managers) develop an exchange relationship with each member (employee) as the two individuals mutually define the members (employees) role (Graén et al., 1975). LMX which represent the quality of the relationship between a manager and an employee, differs from other leadership theories as it focuses on the dyadic relationship between a manager and an employee (Marc and Maryline, 2010) and according to Dansereau et al.

(1975), LMX theory was called the *Vertical Dyad Linkage* model of leadership for this reason. Contrary with other theories, LMX theory considers that each manager adapts their style to their different employees and the same behaviour is not shown towards all of their employees (Graen and Uhl-Bien, 1995), forming two (2) different dyadic groups, where it is called in-group (high exchange of relationship) and out-group (low exchange of relationship).

LMX theory describes that most managers develop in-group with small group of trusted employee where the relationship is formed gradually over a certain period of time, whereas the balance of the group will be left with out-group. Through a cycle process the relationship is formed in a reciprocal reinforcement of behaviour and the relationship will result to the stage where there is high level of mutual dependence, support, trust, obligation and loyalty, only if the cycle is not broken (Gary, 2013). Managers require investment of time to build in-group and since time is crucially limited to them, managers tend to have a few in-group (higher-quality exchange relationships) and the remainder of the relationship would be of out-group (lower-quality exchange relationship) (Graen and Uhl-Bien, 1995).

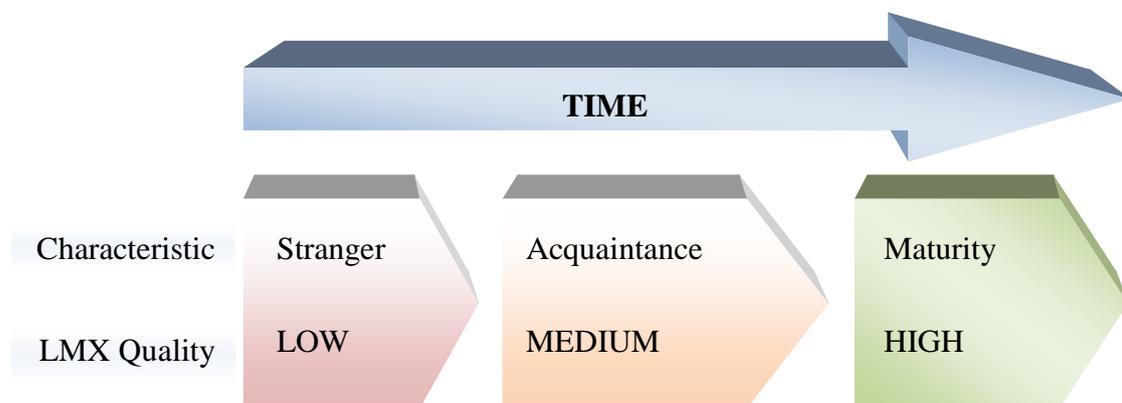


Figure 2. 1: Life Cycle Of Leadership Making

Note: Adopted from Graen and Uhl-Bien (1995)

The forming of the in-group is best explained with a model created by Graen and Uhl-Bien (1995), as shown in figure 2.1, above. During the first phase when the employee comes in contact with the manager the characteristic of the employee is

stranger and during this phase, the LMX quality between manager and employee is low. Interactions between manager and employee are formal, manager provided only the task the employee needs to perform and employee performed their prescribed job only. Through career-oriented social exchange made and accepted by both parties, working relationship improves and moves into *acquaintance* phase. During this phase the LMX quality between manager and employee is medium, besides increasing social exchanged between manager and employee, they begin to share greater information and resources. However the sharing is still limited as this is part of a testing stage for both parties. As the relationship grows, they move into *maturity* phase. During this stage, exchange between manager and employee is highly developed (LMX quality is high) where both parties count on each other for mutual dependence, support, trust, obligation and loyalty.

Manager's control over the out-come that is desirable to the employee is the basis of in-group relationship. Manager chooses employee who are competent, trustworthy and skilful, to be in the in-group and a few studies conducted reveals that managers tends to choose employees of the same gender to be in the in-group where high-exchange relationship is expected (Robert and Donna, 2007). Managers' feel that by choosing the right employee whom they can trust, greater responsibility can be assigned to them that would ease the heavy work load of managers or provide relief to managers when they are not around (Srikanth and Gurunathan, 2013). Managers' expect the in-group employees to work harder, be more committed, be loyal to manager, and execute additional responsibilities to the extent of helping the managers with their administrative chores (Gary, 2013). With the expectation of the manager, employee gains greater access to resources and support, and with that, employees are willing to go an extra mile by engaging in activities that are not even prescribed by the company (Graen, 1989). Employees recognise that by satisfying the manager's interest they also can fulfill their own interest, so in return employees rely on manager for support, encouragement, career investment (Graen and Mary, 1991), interesting and desirable task, and tangible rewards (Gary, 2013). According to Gary (2013), high-exchange relationship creates obligation and constrain to managers and to maintain these relationship, managers must provide attention to employees and remain alert to employee's need and feeling.

Gary (2013) found that the out-group (low-exchange relationship) is by less mutual influence and they only comply with formal role requirement, receiving nothing more than their standard benefits for their job. Similarly to the model created by Graen and Uhl-Bien (1995), shown in figure 2.1, the out-group would remain in the *stranger* characteristic where interactions between manager and employee are formal, manager provided only the task the employee needs to perform and employee performed their prescribed job only. Besides that, the relationship would reflect a low level of emotional support, low level of respect, low level of obligation, low level of trust and limited benefits (Dienesch and Liden, 1986). As an outcome, employees of the out-group responded with more negative work attitudes and higher level of withdrawal behaviour (Erdogan and Bauer, 2010).

2.3 MOTIVATION

Varieties of motivation theories are available and all of these theories taps on different perspective of employee's motivation (Gagné and Deci, 2005), for instance Herzberg's two factor theory measures the motivation of employee of either being satisfaction, no satisfaction, dissatisfaction or no dissatisfaction, McClelland's Theory of Needs measures the motivation of employee from the perspective of *need to achievement*, *need to power* and *need for affiliation* (Steven and Timothy, 2013) and many others.

One theory which is crucial in this research that offers a multidimensional conceptualisation of motivation and allows measuring of the level and quality of motivation is Self-Determination Theory (SDT; Gagné et al., 2014). Gagné and Deci (2005) as well as Gagné et al. (2014), suggests that SDT is made of three (3) types of motivation that guides employee's behaviour. The three (3) types of motivations are intrinsic motivation, extrinsic motivation and amotivation. The dimensions of the SDT are clearly seen in figure 2.2, below.

Intrinsic motivation is described as doing an activity for pleasure or enjoyment derived from the activity (Deci and Ryan, 2000a). Considering as the highest self-determined type of motivation, employee with intrinsic motivation performs activities to

achieve personal satisfaction because the activity is interesting and enjoyable to the employee. For instance a manufacturing operator produces more parts than others and does not look forward for praises, prides or even tangible incentive, as they are participating internal satisfaction with the performed activities.

Extrinsic motivation is described as doing an activity for instrumental reason, for instance a manufacturing operator performs activities merely for praises, pride, avoiding reprimands or material incentive that they may gain as a return for the activities done or in other words doing an activity because of external forces (Gagné and Deci, 2005) without participating in any internal satisfaction derived from the performed activity.

As shown in figure 2.2, Gagné et al. (2005) suggest that SDT further breaks the extrinsic motivation into four (4) types, which are external regulation, introjected regulation, identified regulation and integrated regulation, that lie from lowest to highest self-determination. External regulation describes when employees are motivated because of material incentives, recognition, rewards or even avoiding punishment. This type of extrinsic motivation influence employee's motivation based on external factors and not internalised in the self, like other three (3) types of extrinsic motivation (Frédéric et al., 2013). Introjected regulation describes when employees are motivation to avoid feeling ego, shame or guilt (Deci and Ryan, 2000b). According to Frédéric et al. (2013) introjected regulation behaviour are partly internalised in the self as employee only involves in activities to avoid feeling shame, guilt or ego. Identified regulation describes when employees are motivated because of the value they have seen in the activity that they are doing, for instance an employee is motivated to perform the task for the reason that the action is personally important. Employee acts based on "want" to perform the activity as opposed to feeling that they "ought" to perform the activity, as how employee with introjected motivation would react (Gagné and Deci, 2005). Integrated regulation describes when employees are motivated because of the engaged behaviour with the activity. Employees are motivated based on their personal values and behaviours in particular manner, avoid being disrespected by others or criticised. This type of extrinsic motivation is the most internalised form of extrinsic motivation (Gagné and Deci, 2005).

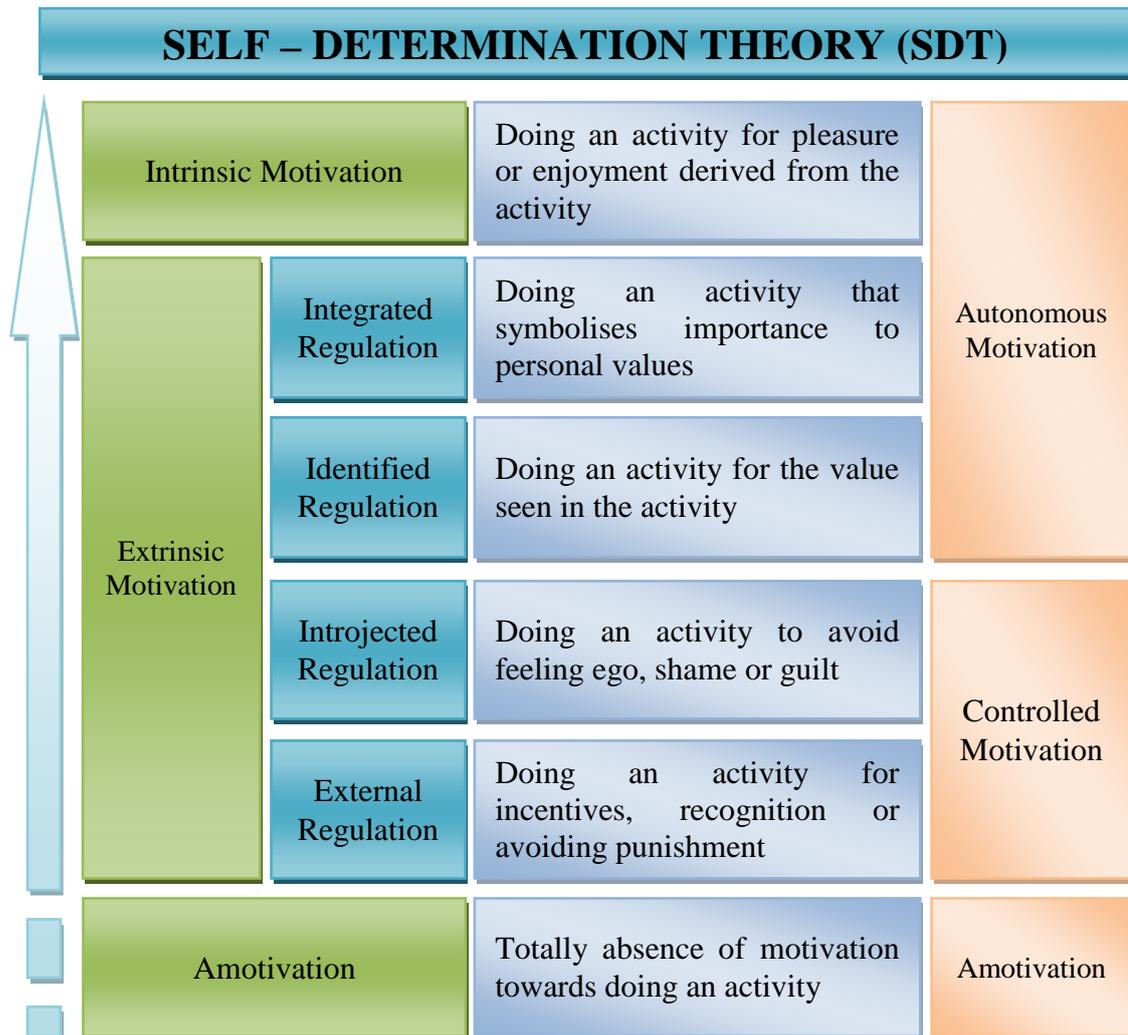


Figure 2. 2 : Self-determination Theory (SDT) chart

Among the four type of extrinsic motivation mentioned above, external regulation is the highest form of extrinsic motivation and followed by introjected regulation, the second highest form of extrinsic motivation (Ntoumanis, 2002). A combination of these two (2) high forms of extrinsic motivation are known as controlled forms of motivation as shown in figure 2.2, because these two (2) types of external forces controls employee doing an activity (Sheldon and Elliot, 1998). According to Baard et al. 2004, activities that are not interesting, require extrinsic motivation is a prototype of controlled motivation. Employee engaged with controlled motivation performs activities out of pressure, intention of being rewarded or avoiding any undesirable consequences but not performing activity out of own willingness and they

are energised to act only when the action is required. Employee's degree of controlled motivation depends on the degree of the employee feeling persuaded by external circumstances (Baard et al., 2004). A classic example of this type of motivation is office staffs, performing their job only when their bosses are around or watching them.

No doubt identified regulation and intrinsic motivation are different as in identified regulation an activity is performed for the instrumental value it represents whereas in intrinsic motivation an activity is performed out of inherent satisfaction, a combination of both regulations, with integrated regulation, results in autonomous motivation (Deci and Ryan, 2008), which is shown in figure 2.2. The initiatives of employee's experiencing high autonomous motivation are based on choice rather than pressure or obligation (Adam et al., 2011). Research on SDT in motivation has discovered that autonomous motivations produce the most desirable behaviour and effectiveness than controlled motivations. The degree to autonomous motivation of an employee depends on the degree that the employee internalised behaviour and experience choice (Deci and Ryan, 2008). As mentioned, when employee experience their behaviour is regulated internally than they are experiencing autonomous motivation where a determination to perform based on interest in, enjoyment of or placing value on the activity (Gagné and Deci, 2005). To sum up, an employee engaged with autonomous motivation is the kind of employee which will turn to be a human asset to the company, high performer in the company, totally independent, produces positive outcomes, high job satisfaction, high involvement (Goroizidis and Papaioannou, 2014), negatively with burnout and turnover intentions, and highly motivated (Baard et al., 2004).

Amotivation is described as the absence of motivation towards doing an activity (Gagné et al., 2014). When employee does not relate their experience with the outcome of their activity, amotivation may occur. Employees with amotivation are lack of control and feel detached from activities (Gro et al., 2013). This eventually leads to boredom, lack of interest and lack of effort to perform activities at workplace.

Autonomous motivation and controlled motivation are different in their regulatory and accompanying experience. Both these motivation are engaged with

present of motivation and standing together comes in strong contrast to amotivation, where amotivation is engaged with absence of motivation (Gagné and Deci, 2005).

2.4 SOCIAL POWER DISTANCE

Social power distance is one (1) of the five (5) dimensions of Hofstede's culture dimensions theory, where the remaining four (4) are *individualism versus collectivism*, *masculinity versus femininity*, *uncertainty avoidance* and *long-term versus short-term orientation*. Hofstede's culture dimensions theory is a framework that describes the effects of culture across the country toward employee, from five different perspectives. Professor Gert Hofstede surveyed about 60,000 employees in each seventy (70) countries in his study (Hofstede, 1980). He created five dimensions and linked the dimensions with demographic, geographic, economic and political to all nations. His survey concluded that all five value dimensions of national culture varied among managers and employees across the culture. According to Gary (2013), these five values dimensions of national culture are related to leadership beliefs, leadership behaviour and leadership development practices. Through his continuous research, each country is indexed against the dimensions (Hofstede, 1980). The mean of social power distance Index (PDI) for 101 countries is 64. Malaysia scores the highest PDI among 101 countries which is at 100 whereas PDI for United Kingdom is 35, 89th ranking (Hofstede, 2003). With this, it is clear that with comparison to the mean, United Kingdom is in low social power distance and Malaysia obviously is in high social power distance.

Social power distance is described as the degree to which people in a particular country accept that power in institutions and organisation is distributed unequally (Steven and Timothy, 2013). The indicator of social power distance indicates social distance between managers and employees in a work place (Prajya et al., 2014). High index ratings on social power distance signify wider social distance between manager and employee, larger inequalities of power and wealth exist, the inequalities are tolerated in the culture and strong vertical hierarchy (Hofstede, 1980). Lower indicator of social power distance, indicates narrow social distance between managers and employees, and narrower inequalities of power (Prajya et al., 2014), stress equality and