

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**THE EFFECT OF LEADERSHIP STYLES ON**  
**EMPLOYEE COMMITMENT AND JOB PERFORMANCE**  
**OF FAIRDEAL CO., LTD**

**AYE AYE KHAING**

**EMBA II - 14**

**EMBA 16<sup>th</sup> BATCH**

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**ACADEMIC YEAR (2017-2019)**

**Supervised By:**

**Daw Nu Nu Lwin**

Lecturer

Department of Management Studies

Yangon University of Economics

**Submitted By:**

**Aye Aye Khaing**

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**A thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)**

**Supervised By:**

**Daw Nu Nu Lwin**

Lecturer

Department of Management Studies

Yangon University of Economics

**Submitted By:**

**Aye Aye Khaing**

EMBA II - 14

EMBA 16<sup>th</sup> Batch

2017-201

## ACCEPTANCE

This is to certify that the thesis entitled “**The Effect of Leadership Styles on Employee Commitment and Job Performance of FairDeal Co., Ltd**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

### Board of Examiners

-----  
(Chairman)

Dr. Tin Win

Rector

Yangon University of Economics

-----  
(Supervisor)

-----  
(Examiner)

-----  
(Examiner)

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(Examiner)

**DECEMBER, 2019**

**ABSTRACT**

This paper aims to study the effect of leadership styles on employee commitment and job performance of FairDeal Co., Ltd. This study is conducted through structured questionnaires with 120 respondents of FairDeal Co., Ltd. The study found that among three types of leadership styles: transformational leadership and laissez-faire leadership have positive effect on affective commitment and all leadership styles have positive effect on normative commitment whereas transactional leadership style has negative effective on affective commitment and positive effect on continuance commitment. The results show that all types of employee commitment have positive effect on job performance while normative commitment is the most dominant one among all types of employee commitment in FairDeal Co., Ltd. According to the findings, it is recommended that management of FairDeal Co., Ltd should focus on continuous practices of transformational leadership to enhance normative commitment of employees that lead to powerful job performance of employees for the success of the firm.

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## **LIST OF ABBREVIATIONS**

ASEAN	Association of Southeast Asian Nations
SPSS	Statistical Package for the Social Science

# **CHAPTER (1)**

## **INTRODUCTION**

An organization is a group of people, such as an organization or association with a specific purpose. Effective leadership is the most important factor in determining organizational success and corporate performance. Today's organizations are highly reliable because of ongoing changes in markets, customers and technologies. It needs to embrace, adopt and implement changes in the business model based on changing trends, technologies, customer preferences and future concerns. In addition, the organization's core business continues to be threatened by newcomers and markets with different business paradigms. Therefore, organizations cannot afford to rely on the leadership of individual or a small team of senior executives to solve this challenge. Organizations need to leverage the ideas, skills, energy and passion of the entire team to succeed. In order to meet new challenges, this new concept and practice of leadership has evolved, where line managers have played leadership roles with top executives and his small team of senior executives.

Leadership is an important factor for organizational success. It is the art or process that influences people to be willing to perform their assigned tasks efficiently, efficiently and competently. Without leadership, line managers simply can't be effective. Line manager's leadership turns potential into reality. Good leadership in an organization can be felt throughout the organization. With good leadership, organizational culture develops without being forced. Communication is effective and open. Everyone understands the vision and goals of the organization, and everyone has entered a way to improve the organization. People think that they are an important part of an organization and do their best to succeed.

Organizational leadership is about solving three challenges. The first challenge is to share a vision of where your organization is going and what its purpose is (mission). The second challenge is to set goals. In other words, it transforms the strategic vision and direction process into outcomes specific to each key area that leaders consider important to success. The third challenge in providing strategic direction is to create and develop a strategy that determines how to achieve the goal. Because organizations cannot always focus on everything, strategic direction is essential to identifying the systematic interventions that will be most helpful to the organization.

Line manager leaders are an organization's core human resource. These leaders develop better people under them and the two together develop better products that can effectively compete with what the competitors offer. We generally think of organizations that compete with their products, but today's organizations are more likely to compete through the quality of their line manager leaders than their products.

The high performance of people in the organization is the key to achieving success. This high performance can only be secured if the line manager has effective leadership qualities. Leadership is essential to the job performance because group effort and teamwork are essential to achieving the organization's goals. Line managers can use leadership to influence people underneath to be cooperative and sound in their efforts to succeed. Their leadership brings people to higher levels of performance through strong relationships.

This study was conducted to analyze the effect of leadership on the employees of FairDeal Co., Ltd. Currently, the company is engaged in pharmaceutical sales and marketing operations in all major cities of Yangon, Mandalay and all big cities in Myanmar.

## **1.1 Rationale of the Study**

The importance of leadership indicates that organizational success depends heavily on the quality of the leaders. Those leaders play an important role in making decisions that determine the organization's goals and how they can be achieved. Their behavior is important for influencing the behavior and potential of members of an organization. The promotion of globalization means that global organizations need managers with a global outlook. Next-generation managers need to work effectively with various constituencies inside and outside the organization. Not only does the diversity of the workforce increase depending on gender, age, ethnicity, and cultural background, but leaders also have to deal with a variety of embarrassing and disparate stakeholders locally, nationally and globally. Those factors combine to create a leadership-rich environment. Therefore, it needs to find leadership styles and several dimensions of components.

Effective leadership styles reinforce employee commitment. Khan (1990) recognized the effect of management styles, suggesting that supportive management styles have a positive effect on the level of participation. Khan (1990) described this as a support manager who allows trial and error and creates varying degrees of openness in the environment. One of the goals of this study is to determine the perceptions and expectations of employee leadership styles and how the heads behind them affect their commitment. Every leadership style influences an employee's dedication to recognize the full potential

of achieving their goals. Some leadership approaches are more effective than others to generate a high level of commitment and enthusiasm.

Myanmar, like the world, is facing changes in markets, customers and technology. It needs to embrace, adopt and implement changes in the business model based on changing trends, technologies, customer preferences and future concerns. As a result, an appropriate leadership style plays a big role in increasing Myanmar leaders' commitment to improving performance and achieving organizational goals. To understand the current leadership styles of Myanmar managers, this paper was written to observe the leadership styles of FairDeal Co., Ltd in Myanmar. By observing this, it will be beneficial to understand the exponential growth of Myanmar leadership performance in leadership roles that can affect the leadership climate and national economy.

## **1.2 Objectives of the Study**

The objectives of the study are

- (1) To examine the effect of leadership styles on employee commitment of FairDeal Co., Ltd
- (2) To analyze the effect of employee commitment on job performance of FairDeal Co., Ltd

## **1.3 Scope and Method of the Study**

This study only focuses on employee commitment and job performance affected by leadership style of FairDeal Co., Ltd Myanmar. It identifies and analyses the leadership styles - transactional leadership style, transformational leadership style and laissez-faire leadership style and it does not cover describing management style, management competencies, traits and skills. And, Researches are conducted during October and November, 2019.

Descriptive and analytical survey research method is mainly used. Study includes both quantitative and qualitative data. Primary data is collected from survey with structured questionnaires based on the facts of leadership styles of management of Fair Deal Co., Ltd which are affecting on employee commitment and job performance. Simple random sampling method is applied to find out the sample in this study. One-twenty respondents are selected from the total population of one hundred and seventy-three sales professionals. Sample size is determined by using Raosoft with confidence level of 95%. Structured questionnaires are used to collect data and information from employees. Secondary data are used to describe the current leadership practices of FairDeal Co., Ltd. Secondary data

is collected from previous research, internet, websites, published journals, relevant textbooks, international thesis and extracted from HR Department of Fair Deal Co., Ltd. Linear regression analysis is used in this study.

#### **1.4 Organization of the Study**

In this study, it includes five main chapters. Chapter one is the introduction section composed of rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two describes the theoretical background on the leadership styles. Chapter three is the leadership styles on job performance of FairDeal Co., Ltd. Chapter four is the analytical part of the effect of leadership styles on the job performance of FairDeal Co., Ltd. Chapter five is the conclusion part presenting the summary of main findings, suggestions and needs for further research.

## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

This chapter studies on theoretical background of various types of leadership styles. It first studies the importance of leadership in modern organization. It is followed by leadership theories and different leadership styles. The later section states the employee commitment and job performance of the organization. Moreover, the conceptual framework of the study is designed and presented at the end of the chapter.

One of the biggest challenges faced by leadership research is that there are no agreed definitions since the underlying concepts have often changed and changed over time. Yukl (2002) also confirmed with Bass (1990) that the definition of leadership is almost as different as anyone who attempted to define the concept. Despite all the research conducted on leadership, it's essentially about how individual influences the behavior of another. The topic of leadership styles and organizational commitment has attracted worldwide attention, leading to many studies in this area, with the findings that leadership styles affect other types of employee commitment. The main reason for investigating leadership styles is the effectiveness of leadership, which is a key element for many organizations to succeed in identifying the key skills those leaders in today's world need. The success of an organization depends on the quality and performance of its managers. Companies without effective leadership can't leverage resources for their competitive advantage (Northouse, P. G. 2012). Many researchers have found a positive link between leadership styles and employee commitment.

## **2.1 Leadership Styles**

Modern organizations are highly unstable because of changes in markets, customers and technologies. It needs to embrace, adopt and implement changes in the business model based on changing trends, technologies, customer preferences and future concerns. In addition, the organization's core business continues to be threatened by newcomers and markets with different business paradigms.

Leadership is an important management function that helps to maximize efficiency and achieve the organizational goals. In fact, leadership is an essential and important component of effective management. Outstanding leadership behavior is focused on all employees developing and building a great environment. There is the potential to influence and drive the group's efforts to achieve its goals. Line managers should have the characteristics of a leader. They must have leadership qualities. Leadership qualities can



help executives develop and launch strategies to build and maintain a competitive advantage (Wilson, M. S., & Hoole, E. 2011).

Leadership styles give direction, implement plans, and motivate people. It is the result of leader's philosophy, personality and experience. Investigators also developed a model for understanding leadership (Daft, R. L. 2005). Different leadership styles depend on the situation. In emergencies where there is little time to converge on an agreement and the designated institution has much more experience or expertise than other teams, a dictatorship style of leadership can be most effective. But, in a motivated and coordinated team with a homogeneous level of expertise, a more democratic or laissez-faire style can be more effective. The style adopted should be the style that most effectively achieves the group's goals, while at the same time balancing the interests of the individual members. The area in which the leadership style is strongly attracted is the field of military science, expressing a holistic and integrated view of leadership, including how the physical presence of a leader in recent years determines how others perceive the leader. The elements of physical existence are military posture, physical health, confidence and resilience. Leaders' intellectual competencies help conceptualize solutions and gain the knowledge needed to do their job. Leader's conceptual skills apply agility, judgment, innovation, interpersonal relationships and domain knowledge. Domain knowledge for leaders includes tactical and technical knowledge, as well as cultural and geopolitical perceptions (Alkahtani, A. H. 2015).

### **2.1.1 Transactional Leadership**

Transactional leadership is part of a leadership style that focuses on supervision, organization and performance. This is an integral part of the full range leadership model. Transactional leadership is a leadership style in which leadership encourages followers' compliance through rewards and penalties. Transactional leaders motivate short-term followers through a reward and punishment system, and satisfy their subordinates and improve productivity. The transaction leader is very manageable. They work hard, are generous and have a fair heart. They are proud to keep things running smoothly and efficiently. Transactional leaders often emphasize aspects of inhuman performance such as planning, scheduling and budgeting. They have a commitment to organizational norms and values. Leaders who use transactional leadership as a model pay attention to the work of their followers to find defects and deviations. Unlike transformational leaders, people who

use the transactional approach try to keep things the same without trying to change the future (Pieterse, A.N., Knippenberg, D., Schippers, M., & Stam, D.2010).

### **2.1.2 Transformational Leadership**

Transformational leadership is a leadership theory in which leaders collaborate with a team to identify the necessary changes, create a vision to guide change through inspiration, and execute change with dedicated members of the group. This is an integral part of the full range leadership model. Transformational leadership serves to improve followers' motivation, morale and job performance through a variety of mechanisms. This includes linking followers' sense of identity and self to the collective identity of the project and the organization. To be a role model for followers to inspire followers and increase interest in the project, requiring followers to take greater ownership of their work and understanding their strengths and weaknesses allows leaders to align their followers with tasks that improve their performance. Transformational leaders make a significant difference for both followers and organizations (Horn-Turpin. 2009).

Transformational leaders can lead to changes in the organization's mission, strategy, structure, and culture, and promote innovation in products and technologies. Transformational leaders do not rely solely on practical rules and incentives to control certain transactions with their followers. Emphasis is placed on intangible traits such as vision, shared values, and ideas to build relationships, give greater meaning to various activities, and find common ground to engage followers in the change process (Irwin, T. 2014).

Research shows that transformational leadership has a positive effect on follower development and follower performance. In addition, they can learn transformational leadership skills and are not deep-rooted personality traits. However, certain personality traits make it easier for leaders to show transformative leadership behavior. For example, research on transformational leadership has shown that traits of agreeableness often relate to transformational leaders (Teshome, T. 2011). In addition, transformational leaders are generally emotionally stable, positively engaged with the world around them, and have a strong ability to recognize and understand the feelings of others. It is not surprising that these leaders achieve change by building a network of positive relationships. Transformational leadership can be better understood compared to transformational leadership.

### **2.1.3 Laissez-Faire Leadership**

Laissez-faire leadership emerges as the leader of the best form during the 21st century. The laissez-faire leader does not intervene in the issue of followers and shows little control over the group. Leader participation is very low in group members' activities. Laissez-faire leaders are not involved in the work of this unit. Leaders will not interfere with or participate in events determined by the group. The laissez-faire leader believes that employees can freely choose and can leave their followers alone and do whatever they want. Laissez-faire leadership can lead to confusion and inefficiency and can be dismissed as useless. Leaders using this style do not give a positive or negative direction and are always disturbed, ultimately losing their employees.

Laissez-faire leaders provide minimal information and resources. In practice, there is no participation or communication within the group. Understanding of job requirements, policies and procedures is usually exchanged between employees. As a result, many processes are out of control. No instruction is given and the laissez-faire leader function is in crisis or reaction mode. Although goals and objectives are shared, there are very few defined plans for achieving them. Comparing laissez-faire leadership and empowering leadership patterns, laissez-faire leadership is associated with reduced task motivation and decreased manager satisfaction. According to previous studies, laissez-faire leadership is associated with the highest rates of absenteeism and delinquency, and the slowest performance correction (Yukl, G. 1989).

Basically, the overall effect of laissez-faire leadership seems to be negative. But there can be aspects of a very positive leadership style. The laissez-faire leadership style can work best at certain skill levels, where employees are independent, do not need to maintain work control and do not need a push from their superiors.

## **2.2 Employee Commitment**

Employee commitment is the bond employees experience with their organization. Broadly speaking, employees who are committed to their organization generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organization. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support (Becker, H. S. 1960). The description above is a very good indicator of employee commitment, but does only offer a broad description. John Meyer and Natalie

Allen described the employee commitment in detail in the article “Dedication Model of Three Components.” Their insightful research shows that three types of employee commitment exist.

### **2.2.1 Affective Commitment**

Affective commitment is related to the degree to which employees want to stay in the organization. If employees are honestly committed to the organization, it means they want to stay in the organization. They generally identify the organization's goals, feel they are suitable for the organization, and feel satisfied with their work. An affectively devoted employee feels value, acts as an ambassador for the organization and is usually a great asset to the organization (Meyer, J. P., Bobocel, D. R., Allen & N. J. 1991).

### **2.2.2 Continuance Commitment**

Continuance commitment is related to the extent to which employees feel the need to stay in the organization. For employees who are constantly committed, the root reason for commitment must be with the organization. The reasons for staying in the organization vary, but the main reason is associated with the lack of work alternatives and remuneration. A good example of continuance commitment is if an employee feels the need to stay with the organization because moving to another organization do not improve the salary and fringe benefits. This can be a problem for organizations that are constantly devoted to employees who do not want to leave the organization while feeling dissatisfied with their work (Allen, N. J., & Meyer, J. P. 1994).

### **2.2.3 Normative Commitment**

Normative commitment relates to how much employees feel they should stay at their organization. Employees that are normatively committed generally feel that they should stay at their organizations. Normatively committed employees feel that leaving their organization would have disastrous consequences, and feel a sense of guilt about the possibility of leaving (Becker, H. S. 1960). Reasons for such guilt vary, but are often concerned with employees feeling that in leaving the organization they would create a void in knowledge/skills, which would subsequently increase the pressure on their colleagues. Such feelings do, negatively influence on the performance of employees working in organizations.

Meyer and Allen (1991) argued that one of the most important reasons for distinguishing between different forms of employee commitment was a very different effect on behavior. All three tend to tie employees into the organization, which negatively affects turnover, but their relationship with other types of business behavior can vary considerably. Indeed, research shows that affective commitment is most closely correlated with job performance, organizational citizenship behavior and attendance, followed by normative commitment. Continuance commitment tends not to be related or negatively related to these behaviors.

### **2.3 Employee Job Performance**

Job performance assesses whether a person performs well. Academically researched job performance as part of industrial and organizational psychology also forms part of human resource management. Employee performance is an important criterion for organizational success. John P. Campbell described work performance as individual level variables or what one person does. This is what differentiates it from more comprehensive configurations and higher level variables such as organizational performance or national performance, Jing, F. F., & Avery, G. C. (2008).

Performance standards are designed to measure the performance activities that the company considers most important. To establish the performance standards of sales representatives in the evaluation process, it is necessary to take into account the characteristics of the sales task. In other words, sales job analysis is required to determine job objectives, duties, and responsibilities. Set performance standards that rely on sales channels and company marketing channels that rely on the company's product and reseller networks to market products. Whereas some unique sales job require some important skill to evaluate at the time selling so it is necessary to recognize the nature of selling jobs before selecting the standard of performance. Standards of performance also require considerable market knowledge such as total sales potential of each sales territory is capable of producing sales. Standards of performance facilitate the measurement of progress made towards sales organization objectives which may vary according to company's marketing situation but the general objective is to increase the sales volume, profit & growth. Performance standard can be done in two forms; they are quantitative and qualitative type. In quantitative terms, it is an absolute term for a particular area to measure progress by measuring the success of achieving profit goals, such as sales generated based on the quantity of customers created, including high user segments, low user and middle user

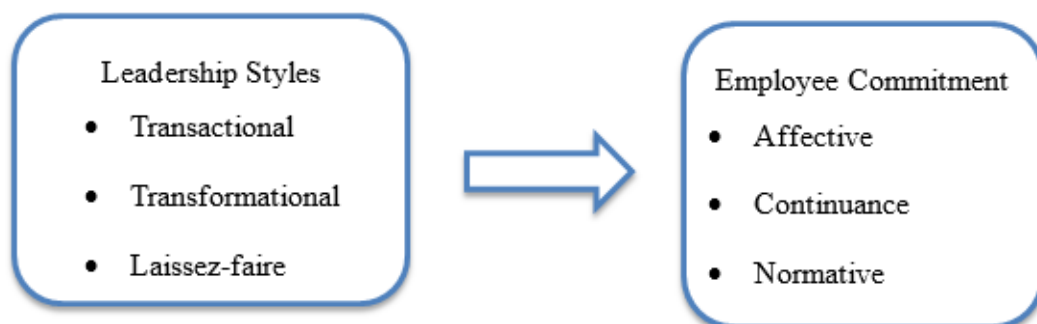
segments. Next, this sales/cost ratio is measured to determine the cost conditions and sales volume potential for each region. In the quantitative method, the number of factors to consider when considering the evaluation factors such as call/frequency ratio, daily currency, order currency rate, average cost per call, average order size, and non-sales activity while using the evaluation cycle (Zaccaro, S. J., Kemp, C. & Bader, P., 2004).

In qualitative terms, it includes the behavioral part of the sales representative, for example, handling customer relationship issues, customer satisfaction, and customer service. Next, each salesperson's excellence is checked through a detailed checklist of subjective factors such as product knowledge, customer needs awareness, customer relationships, service follow-up and timeliness, personal attitudes such as general attitude, dress and appearance. Diligence, cooperation, accuracy, adaptability and reliability are also rated while evaluating sales people.

## 2.4 Previous Studies

The conceptual framework is built from previous papers and created as own compilation. The effect of leadership styles on employee commitment was studied at “The relationship between Leadership Styles and Employee Commitment in Private Higher Education Institutions at Addis Ababa” by Temesgen Teshome which is based on Bass & Avolio (1993), Allen & Meyer (1990), Hunt & Morgan (1994), Meyer et al. (2004) and Avolio et al. (2004). The purpose of this study was to investigate the relationship between leadership styles (transactional, transformational, and laissez-faire) and employee commitments (affective, continuance, and normative commitment) in PHEIs at AAC.

**Figure (2.1) Effect of Leadership Styles on Employee Commitment**



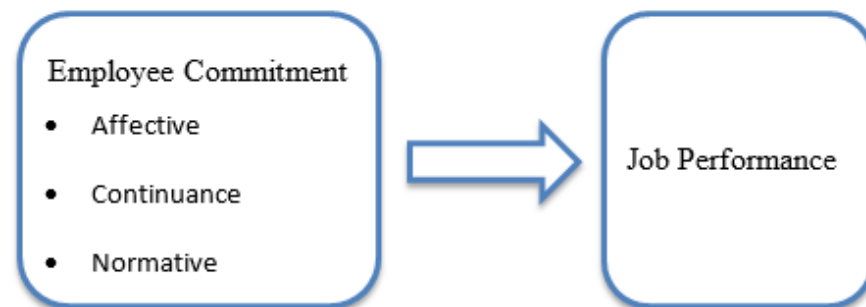
Source: [Teshome, T. \(2011\)](#).

Total participants in the research were 115, included 95 academic staff and 20 leaders, with a nonresponse rate of 27.7% from 12 PHEIs. Two separate instruments, namely multifactor

leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ), were used to measure leadership styles and employees organizational commitment respectively. In Figure (2.1), the effect of leadership styles on employee commitment conceptual framework is shown.

The effect of employee commitment on job performance was studied at “Effect of Employee Commitment on Organizational Performance in Coca Cola Nigeria Limited Maiduguri, Borno State” by Peace Irefin and Mohammed Ali Mechanic (Department of Sociology & Anthropology) University of Maiduguri which is based on Ali (2010), Ajila and Awonusi (2004), Akintayo (2010) and Tumwesigye (2010). This study examined the effect of employee commitment on organizational performance with special interest in Coca Cola Nigeria Limited. Much of the interest in analysing employee commitment stems from concern for the behavioral consequences that are hypothesised to result from it. This paper focused on the influence of employee commitment on job performance and employees’ turnover. Both descriptive and explanatory research methodologies were adopted in this study. A five point numerically scaled Likert-Type questionnaire was constructed and administered among selected Staff of Coca Cola Nigeria Limited. The research hypotheses were tested using the Pearson Correlation Coefficient. In Figure (2.2), the effect of leadership styles on employee commitment conceptual framework is shown.

**Figure (2.2) Effect of Employee Commitment on Job Performance**



Source: [Ekienabor, E. \(2018\)](#).

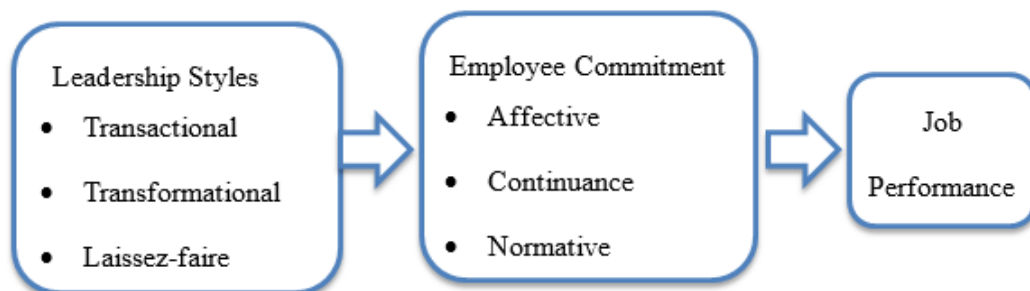
## 2.5 Conceptual Framework

By combining the relevant leadership styles with employee commitment and based on previous findings of the studies, the below figure states the own compilation of the conceptual framework for this study.

The purpose of this descriptive and cross-functional study is to express the effect of leadership styles on employee commitment and to analyze the effect of employee commitment on job performance of FairDeal Co., Ltd.

According to conceptual framework, there are three variables such as leadership styles, employee commitment and job performance. In this study, leadership style is measured by transactional, transformational and laissez-faire leaderships accordingly. Employee commitment is measured by affective, continuance and normative respectively.

**Figure (2.3) Conceptual Framework of the Study**



Source: Own Compilation (2019)

This study is to find out whether there is significant correlation between the use of leadership styles of managers on employee commitment. Firstly, it finds out the dominant leadership style of managers on employee commitment. Later the section, it analyzes the effect of employee commitment on employee job performance.



## **CHAPTER (3)**

### **PROFILE AND LEADERSHIP STYLES OF FAIRDEAL CO., LTD**

This chapter introduces the profile and organization structure of FairDeal Co., Ltd. Later on, general information about management teams and leadership practices of FairDeal Co., Ltd and demographic profile of respondents are described.

#### **3.1 Profile of FairDeal Co., Ltd**

FairDeal is the leading distribution company in Myanmar specializing in pharmaceutical and consumer products. It helped its partners build successful brands in Myanmar since 1991 and have continually invested in people, processes, technology and services to be the pioneer in the market expansion services for healthcare and consumer goods sector across Myanmar. They provide their clients with a full range of integrated market expansion services across multidimensional platforms. Their extensive in-house capabilities and best-in-class partners allow them to create custom, purpose-built distribution solutions that help drive their clients' businesses. The Pharmaceutical business was very firstly started in Myanmar by FairDeal Co., Ltd since 1991.

Vision of FairDeal Co., Ltd is to be the distributor partner of choice in Myanmar and to expand its services into Indochina markets. Their mission is caring for Myanmar through their continuous improvements in investments made in operational efficiency, training, and empowering people, to provide state of the art infrastructure and facilities and being compliant to local bodies, achieving international certifications in quality, safety, and operations thus, ensuring their customers are happy and expanding.

Based in Myanmar, FairDeal has a deep understanding of local market conditions and how best to reach consumers with their products. FairDeal covers the length and breadth of Myanmar. Their footprints are in modern trade, clinics, wholesale traders, general trade outlets, hospitals, pharmacies, convenience stores, and traditional stores. They have offices in Yangon, Mandalay and other major cities across Myanmar. They also have appointed multiple dealers in smaller towns and cities. They are presently a 500 strong workforces working across Myanmar and Cambodia, distributing products to over 50 million people. FairDeal Co., Ltd has a product type divisional organizational structure. The organization

is divided into two components based on their products focus as a division for pharmaceutical products and another division for consumer products. This study focus on both divisions which are led by chief operating officer. Under chief operating officer, there are 2 national sales and marketing managers, 2 regional sales manager, 10 area sales managers, 37 supervisors and 123 medical representatives working as a strong team for the whole country.

**Figure (3.1) Organization Chart of FairDeal Co., Ltd**



Source: FairDeal Co., Ltd (2019)

Head office is located in Yangon and 11 branch offices are situated in Mandalay, Magwe, Pyay, Taunggyi, Lashio, Monywa, Myitkyina, Naypyitaw, Taungoo, Mawlamyine, Pathein. This study focuses on 120 respondents from different levels of employees in FairDeal Co., Ltd \_ 73 out of 123 medical representatives, 37 supervisors and 10 area sales managers.

### **3.3 Leadership Styles of FairDeal Co., Ltd**

FairDeal Co., Ltd is running its business with strong sales and marketing team. All management levels are conducting their individual responsibilities and accountabilities with each management style to achieve the organizational goal. All those leaders give

effective leadership guidelines to employees to meet their objectives based on leadership styles they adopt.

In terms of leadership styles, chief operating officer and top level managers are from well-experienced national and international organizations. Those leaders give effective leadership guidelines to middle managers conducting leadership trainings, discussing effective leadership skills and delegating tasks to respective leaders. However, as theorists have pointed out, all leaders may not have common leadership styles and so as the leaders from FairDeal Co., Ltd practice different leadership styles.

Transactional leaders believe that they have to make all the decisions and employees must follow their instructions. Management of FairDeal Co., Ltd allows employees to make monthly promotional activities as per their sales target; product focus and budget availability and the ideas are forwarded to respective managers to make final decision. So, transactional leadership is one of the leadership styles of FairDeal Co., Ltd in which management promotes compliance by followers through give and take approach and all employees receive incentives based on their sales target achievement.

According to the nature of pharmaceutical industry, all leaders need to adapt with the changing market conditions to keep moving forward. As team members have to take a more participative role in creative ways in the process of making decision and working competently in competitive market, transformational leadership style is necessary in FairDeal Co., Ltd. In this leadership style, the leader works with the subordinates to ascertain the desired change in the organization and lays emphasis on the values, ideals, morals and needs of the followers and works for changing the existing organizational culture.

On the other hand, the employees are trained well to practice the policies, procedures and guidelines developed by management levels so that the decision making styles are consistent. As most of employees are from operational level, to make sure that those employees follow the standard procedures and guidelines, management of FairDeal Co., Ltd also need to take rigorous control over subordinates and demand complete followership from them. The leader lays emphasis on his relation with followers and develops the existing organizational culture and attracts the followers by putting their own self-interest in the first place to achieve individual sales target. Therefore, laissez-faire leadership style is also practicing in FairDeal Co., Ltd.

**CHAPTER (4)**  
**ANALYSIS ON THE EFFECT OF LEADERSHIP STYLES ON**  
**EMPLOYEE COMMITMENT AND JOB PERFORMANCE**  
**OF FAIRDEAL CO., LTD**

This chapter presents three main parts. In the first part, demographic characteristics of respondents are described. In the second part, analysis on the effect of leadership styles on employee commitment is presented. In the third part, analysis on the effect of employee commitment on job performance is described. In this chapter, survey results are presented with frequency; percentage and mean scores based on the findings. Analysis is done using SPSS software and presented using linear regression results.

**4.1 Demographic Characteristics of Respondents**

Total of 120 employees from FairDeal Co., Ltd are included in this survey to examine the effect of leadership styles on employee commitment and job performance. All of the departments were informed about the objectives of the study and proposed to participate in this survey. All participants were informed that all the surveyed data will be kept confidential and used only for academic paper. This section describes the demographic characteristics of the respondents such as age, gender, educational level, job rank and service year. Table (4.1) presents the demographic data of the respondents. It is found that female employees are more than male employees in FairDeal Co., Ltd. More than half of the respondents are single while the rest are married. Most respondents are between 26 to 35 years old as employees in this age level carry out major tasks of this firm, working in the field and having management role. In terms of educational background, most respondents are graduates, followed by respondents who are below bachelor degree. Being a distribution industry, it is necessary for the company to expand to the network coverage and capacity and high speed of sales, marketing and distribution from time to time. Thus, the number of medical representatives comprise about 60.83 percents of the whole workforces. As for the service year, almost half of the respondents are found having less

than one year service while the rest of the respondents are found having above one year service ranging from one year to five years and above service.

**Table (4.1) Demographic Characteristics of Respondents**

Sr. No.	Particular	No. of Respondents	Percentage (%)
	<b>Total</b>	<b>120</b>	<b>100</b>
1	Age: 25 or younger	35	29.17
	26-35 years	76	63.33
	36-45 years	9	7.5
2	Gender: Female	67	55.83
	Male	53	44.17
3	Marital Status: Married	59	49.17
	Single	61	50.83
4	Educational Level: Lower than Bachelor Degree	31	25.83
	Bachelor Degree	81	67.50
	Master Degree	8	6.67
5	Job Rank: Medical Representatives	73	60.83
	Supervisors	37	30.83
	Area Sales Manager	10	8.34
6	Service Year: less than 1 year	23	19.17
	1 to 2 years	28	23.33
	2 to 3 years	12	10
	3 to 4 years	3	2.5
	4 to 5 years	12	10
	5 years and above	42	35
7	Length of Service with the Current Leader: less than 1 year	23	19.17
	1 to 2 years	34	28.33
	2 to 3 years	13	10.83
	3 to 4 years	11	9.17
	4 to 5 years	4	3.33
	5 years and above	35	29.17

Source: Survey Data (2019)

As the purpose of this survey is to find out the effect of leadership styles on employee commitment and job performance of FairDeal Co., Ltd. The respondents are asked how many years they have worked for their leaders to find out the length of leader-follower relationship. This particular demographic characteristic can highlight whether the respondents' opinions and judgments on their leaders are likely to be accurate or not. According to the findings, one-sixth of the respondents have worked for their leader less than one year. About one-fourth of the respondents have worked for their leaders one to two years. Those who have worked more than two years and up to five years are only a few in numbers. About one-third of the respondents have worked for their leaders five years and above. Therefore, it is found out that most of the total respondents have more than one

year and above leader-follower relationship with their leaders so their judgments on their leaders are likely to be accurate.

## **4.2 Analysis on Effect of Leadership Styles on Employee Commitment**

In this study, the effect of leadership styles on employee commitment in FairDeal Co., Ltd has been surveyed. All the respondents were asked by 5 points likert scaled questions (5= strongly agree, 4 =agree, 3 =neutral, 2 = disagree, 1= strongly disagree) in order to the find out the effect of leadership style on employee commitment in MPT FairDeal Co., Ltd. The standard deviation, percentage and mean scores of leadership styles and employee commitment are presented in the study based on findings.

### **4.2.1 Leadership Styles**

Leadership styles such as transformational leadership, transactional leadership and laissez-faire leadership have effect on employee commitment in FairDeal Co., Ltd. In order to find out employee perception on leadership style, structured questionnaire is given to the survey respondents. Each set of statements dedicates to each leadership style of transformational and laissez-faire leadership style with 8 statements and transactional leadership with 7 statements in each set. The results are shown in Table (4.2) based on survey findings.

Transactional leadership has the lowest mean scores. Some of the respondents believe that their leaders are developing the existing organizational culture and they lay emphasis on their relations with the followers by rewarding for employee motivations. Being service providing firms, there are specific guidelines and procedures that employees must consistently follow to have transparency. Level of authority and decision making power is defined well for respective employees, supervisors and managers depending on the task requirements and to avoid role ambiguity. The respondents also agree that their leaders decides what and how shall be done to complete the tasks, assign them to particular tasks and maintain definite standards of performance.

Table (4.2) Leadership Styles

Sr. No.	Leadership Styles	Mean	Standard Deviation
	Transactional Leadership		
1	Asking for ideas and inputs on upcoming plans and projects	3.80	1.185
2	Trying to include one or more team members in determining what to do and how to do it	3.11	0.951
3	Compromising through give and take tactics	3.44	1.121
4	Being satisfied when others meet agreed-upon standards	3.94	1.079
5	Focused attention on irregularities	3.54	1.377
<b>Overall Mean</b>		<b>3.57</b>	
<b>Transformational Leadership</b>			
1	Leader and all team members vote for major decision	3.06	1.349
2	Getting to do more than normal expectation to do	4.30	0.940
3	Suggesting new ways of doing things	3.34	1.452
4	Preferring to work others by making them feel valued	3.54	1.340
5	Helping others develop themselves	3.65	1.394
<b>Overall Mean</b>		<b>3.58</b>	
<b>Laissez-Faire Leadership</b>			
1	Freedom in decision making and problem solving	3.99	1.226
2	Freedom to set own goals and monitor own performance	3.89	1.222
3	Avoiding him/herself from goal setting and decision	3.42	1.332
4	Lack of control, direction and explanation	3.98	1.021
5	Hesitating to involve in important issues arise	4.09	1.061
<b>Overall Mean</b>		<b>3.88</b>	

Source: Survey Data (2019)

Attracting followers by putting their own self-interest in the first place and motivating by rewarding to the followers are given to employees to perform accordingly and systematically. Top level leaders make long term goal settings while followers are required to achieve monthly targets and are given required support and guidelines to achieve those targets. According to overall mean score, it is found out that transactional leadership style is the least dominant one in FairDeal Co., Ltd.

Transformational leadership style has the second highest mean scores because most of the respondents think that their leaders are working with the subordinates to ascertain the desired change in the organization. In hyper-competitive industry like pharmaceutical sales and marketing, leaders are trained to be service-minded. Being friendly to clients, colleagues and leaders are some distinct characteristics of employees in FairDeal Co., Ltd. Respondents also agree their leaders as those who like to encourage initiatives from them assigning particular tasks first and giving them freedom to handle on their own. When new

employees join, their leaders give them various kinds of training so that they can apply well in the field. Once they have received enough training and experiences, the employees in every line department, are encouraged to use their own initiatives and make effective loan decisions. According to overall mean score, it is found out transformational leadership style is also dominant in FairDeal Co., Ltd.

Laissez-faire leadership has the highest mean scores among the three types of leadership styles. Most of the respondents agree that their leaders give them complete freedom in decision making and problem solving. Moreover, they agree that their leaders lack control, directing and explanation to the followers. Pharmaceutical sales and marketing activities are carried out by small teams which are controlled by their own results. Therefore, close supervision and step by step monitoring is heavily practiced by their performance only. The respondents also agreed that their leaders avoid decision making and getting involved when issues arise; delay responding to urgent questions and waits for things to go wrong before taking action. According to the overall mean score, it is found out that laissez-faire leadership style is dominant in FairDeal Co., Ltd.

#### **4.2.2 Employee Commitment**

To find out dominant commitment factor in FairDeal Co., Ltd, respondents are asked to choose the most likely answer from three sets of employee commitment questionnaire; affective commitment, normative commitment and continuance commitment, with five statements in each set. The results are shown in Table (4.3) based on survey findings.



Table (4.3) Employee Commitment

Sr. No.	Employee Commitment	Mean	Standard Deviation
<b>Affective Commitment</b>			
1	Happy to spend the rest of career with this organization	3.79	1.114
2	Feeling as if organizational problems as their own	3.03	0.874
3	Feeling like part of a family at the organization	3.10	0.782
4	Strong sense of belonging to the organization	2.82	0.879
5	Being proud to tell others for working at the organization	3.41	1.049
<b>Overall Mean</b>		<b>3.23</b>	
<b>Normative Commitment</b>			
1	Belief that leaving organization for a better job is wrong	2.86	1.015
2	Feeling guilty for leaving organization now	3.14	0.964
3	Belief in being loyal to one's organization	3.21	0.660
4	Sense of moral obligation to remain in the organization	3.68	1.427
5	Jumping from organization to organization does not seem	3.54	0.829
<b>Overall Mean</b>		<b>3.29</b>	
<b>Continuance Commitment</b>			
1	Being hard to leave current organization	3.38	0.566
2	Belief that leaving current job will bring personal sacrifice	3.39	0.639
3	Belief that life will be disrupted if they quit their jobs	3.77	0.896
4	Being afraid of what might happen if they quit their jobs	3.58	0.875
5	Right now, staying with the organization is a matter of ne-	3.62	0.769
<b>Overall Mean</b>		<b>3.55</b>	

Source: Survey Data (2019)

Affective commitment has the least mean scores because the respondents do not believe that they feel a strong sense of belonging to their organization and they are proud to tell others that they work at their organization. Employees from FairDeal Co., Ltd fairly take pride in participating in their daily tasks and respective projects because their organization

is highly acknowledged. Respondents do not feel much that they are personally attached to their organization and they think that working at their organization has fair personal meaning to them. Those employees do not agree that their organization has the same goal with them. At one hand, employees get income by working at the organization. On the other hand, employees moderately believe that they are doing good deeds helping their community. That belief gives them not much of personal meaning to them to work at their organization. As a result, those employees feel that they are not much personally attached to their organization. According to the overall mean score, it is found out that affective commitment is not very strong in FairDeal Co., Ltd.

Continuance commitment has the highest mean scores compared to the remaining two. Most respondents agree on the statement that their life are disrupted if they decide to leave their organization now. The respondents also agree well that they continue to work for their current organization because leaving would require considerable personal sacrifice as another organization may not match their current organizations. Moreover, most respondents strongly agreed on the facts that they are afraid of what might happen if they quit their job without having another job lined up and they think that it would be very hard for them to leave their organization right now, even if they wanted to. They also feel that staying with their organization is a matter of necessity rather than desire. Even if it seems easy to look for another job elsewhere, respondents have their daily work load to complete. They may need to take leave, spend some time and money to find another job. Especially, they need to negotiate with their current organization if they get job offer from another organization. If all above risks are calculated, respondents believe that remaining at their current organization is a requirement. According to the overall mean score, it is found out that continuance commitment is strong in FairDeal Co., Ltd.

Normative commitment has the second highest mean score. Most of the respondents moderately believe that a person must always be loyal to his or her organization. The respondents also fairly agree that jumping from one organization to organization does not seem ethical to them. Moreover, the respondents moderately agreed more on the points that they were taught to believe in the value of remaining loyal to one organization and have a sense of moral obligation to remain. However, most respondents agree with the statement that it is not right to leave their current organization if they get another offer for a better job elsewhere. Although loyalty is considered as an important moral obligation to remain at one organization, employees also feel that it is not wrong to take better job offer elsewhere

as long as they keep their former organization's critical data and information confidential. According to the overall mean score, it is found out that normative commitment is not very strong in FairDeal Co., Ltd.

#### **4.2.3 Effect of Leadership Styles on Employee Commitment**

In this study, linear regression is used to find out the effect of independent variables (transactional leadership, transformational leadership and laissez-faire leadership) on dependent variables (affective commitment, continuance commitment and normative commitment) in FairDeal Co., Ltd.

##### **a) Effect of Leadership Styles on Affective Commitment**

Table (4.4) shows the effect of leadership styles of management on affective commitment of employees in FairDeal Co., Ltd. The specified model explains very well about the variation of the affective commitment in FairDeal Co., Ltd since the value of R square is 69.1 percent. The model can explain 69.1 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.683. The value of F test the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid.

Laissez-faire leadership variable has the highest positive sign and significant coefficient value at 1 percent level. The positive relationship indicates that the increase in laissez-faire leadership factors of management lead to more affective commitment of medical representatives of FairDeal Co., Ltd and an increase in laissez-faire leadership factor by 1 unit also raise the effect on affective commitment by 0.796 units. This means that laissez-faire leadership behavior that have brought about being independent individuals, understanding job requirements, exchanging policies and procedures from employee to employee affect how employees want to stay in the organization and how they are affectively committed in their need to stay in FairDeal Co., Ltd.

Moreover, transformational leadership variable also has the expected positive sign and significant coefficient value at 1 percent level. The positive relationship indicates that the increase in transformational leadership factors of supervisors and managers lead to more affective commitment of medical representatives of FairDeal Co., Ltd. An increase in transformational leadership factor by 1 unit also raises the effect on affective commitment

by 0.365 units. This means that transformational leadership behavior that have brought about identifying needed change, being innovative, creating a vision to change, enhancing the motivation, morale and job performance of FairDeal Co., Ltd affect how employees want to stay in the organization and how they are affectively committed in their need to stay in the organization. The more supervisors and managers demonstrate and practice these transformational leadership behaviors, the more employees feel that they want, need, or need to stay.

**Table (4.4) Effect of Leadership Styles on Affective Commitment**

Variable	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	.948	.506		1.873	.064
Transactional	-.593 ***	.096	-.327	-6.172	0.000
Transformational	.365 ***	.050	.408	7.328	0.000
Laissez-Faire	.796 ***	.060	.758	13.383	0.000
R	.832				
R Square	.691				
Adjusted R Square	.683				
F Value	86.646***				

Source: Survey Data (2019)

Notes: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

On the other hand, transactional leadership factors have a negative relationship with affective commitment. This means that transactional leadership behavior like asking for ideas and inputs on upcoming plans and projects, but, making the final decision making authority, compromising through give and take tactics, satisfying in meeting agreed-upon standards and paying attention on irregularities, mistakes, exceptions and complaints have a negative impact on affective commitment. This explains some variations of affective commitment such as strong sense of belonging to the organization, feeling like part of a family and feeling as if organization's problems as their own are not agreed by the employees of FairDeal Co., Ltd. So, transactional leadership behavior of supervisors and

managers negatively affect how employees want to stay in the organization and how they are affectively committed in their need to stay in FairDeal Co., Ltd.

Correlation coefficient (R) between the leadership styles and affective commitment is 0.832 which lies between 0 and 1. It indicates that the level of affective commitment reported by respondents and the level of leadership styles are significantly correlated. The standardized coefficient (Beta) of laissez-faire leadership factor has the largest value (0.758) among three explanatory variables indicating that laissez-faire leadership factors have the greatest contribution to the effect on affective commitment when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in commitment attitude of the employees well because the estimation produced expected signs with significant coefficients for most variables. The increase of laissez-faire leadership factors has significant and positive effect on affective commitment attitude.

In summary, the results show that the main determination of affective commitment is the laissez-faire leadership factors and affective commitment of employees of FairDeal Co., Ltd is mostly affected by laissez-faire leadership factors.

#### **b) Effect of Leadership Styles on Continuance Commitment**

Table (4.5) shows the effect of leadership styles of management on affective commitment of employees in FairDeal Co., Ltd. As shown in Table (4.5), the specified model explains very well about the variation of the continuance commitment of employees of FairDeal Co., Ltd since the value of R square is 37.6 percent. The model can explain 37.6 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.360. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid.

As shown in Table (4.5), transactional leadership variable has the highest positive signs and significant coefficient value at 1 percent level. The positive relationship indicates that an increase in transactional leadership factor by 1 unit raise the effect of continuance commitment by 0.773 units. This means that transactional leadership behavior that have brought about improving productivity, short-term motivation and satisfaction of employees by promoting compliance through rewards and punishments affect how much employees feel the need to stay in the organization and how they are continuance-committed in their need to stay in the organization. The more supervisors and managers of FairDeal Co., Ltd demonstrate and practice these transactional leadership behaviors, the more employees feel that they want, need, or need to stay.

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**Table (4.5) Effect of Leadership Styles on Continuance Commitment**

Variable	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	.713	.520		1.371	.173
Transactional	.773 ***	.099	.590	7.841	0.000
Transformational	.047	.051	.073	.922	.359
Laissez-Faire	-.024	.061	-.032	-.395	.693
R	.613				
R Square	.376				
Adjusted R Square	.360				
F Value	23.318***				

Source: Survey Data (2019)

Notes: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

According to Table (4.5), transformational leadership variable has weak positive signs and coefficient value is also not significant. This means that transformational leadership behavior like promoting change and innovation in products and technologies do not significantly enhance the effect of how employees want to stay in the organization and how they are continuance-committed in their need to stay in FairDeal Co., Ltd.

Moreover, laissez-faire leadership factor is negatively related with continuance commitment, but, still weak and not significant. This means that laissez-faire leadership behavior like being uninvolved in the work of employees and freedom of control are not agreed by most of the employees and the more supervisors and managers demonstrate and

practice these laissez-faire leadership behavior, the less employees feel that they want, need, or need to stay.

Correlation coefficient (R) between the leadership styles and continuance commitment is 0.613 which lies between 0 and 1. It indicates that the level of continuance commitment reported by respondents and the level of leadership styles are correlated. The standardized coefficient (Beta) of transactional leadership factor has the largest value (0.590) among three explanatory variables indicating that transactional leadership factors have the greatest contribution to the effect on continuance commitment when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in commitment attitude of the employees well because the estimation produced expected signs with significant coefficients for most variables. The increase of transactional leadership factors has significant and positive effect on continuance commitment attitude. In summary, the results show that the main determination of continuance commitment is the transactional leadership factors and continuance commitment of employees of FairDeal Co., Ltd is mostly affected by transactional leadership factors.

#### **c) Effect of Leadership Styles on Normative Commitment**

Table (4.6) shows the effect of leadership styles of management on normative commitment of employees in FairDeal Co., Ltd. As shown in Table (4.6), the specified model explain very well about the variation of the normative commitment of FairDeal Co., Ltd since the value of R square is 76.1 percent. The model can explain 76.1 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.755. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid.

All leadership variables have the expected positive signs and significant coefficient value at 1 percent level. Among them, transformational leadership variable has the highest positive sign. The positive relationship indicates that the increase in transactional, transformational and laissez-faire leadership factors lead to more normative commitment of employees in FairDeal Co., Ltd.

An increase in transformational leadership factor by 1 unit raise the effect on normative commitment by 0.730 units, an increase in transactional leadership factor by 1 unit will raise the effect on normative commitment by 0.551 units and an increase in laissez-faire leadership factor by 1 unit also raise the effect on normative commitment by 0.534 units. This means that all leadership behavior of supervisors and managers of FairDeal Co., Ltd

enhance the normative commitment of the employees. Thus, the more management of FairDeal Co., Ltd demonstrate and practice any of three leadership behavior, the more normative commitment is enhanced and the more employees feel that they want, need, or need to stay.

Correlation coefficient (R) between the leadership styles and normative commitment is 0.873 which lies between 0 and 1. It indicates that the level of normative commitment reported by respondents and the level of leadership styles are correlated. The standardized coefficient (Beta) of transformational leadership factor has the largest value (0.850) among three explanatory variables indicating that transformational leadership factors have the greatest contribution to the effect on normative commitment when the variance explained by other variables is controlled for.

**Table (4.6) Effect of Leadership Styles on Normative Commitment**

Variable	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	-3.365	.427		-7.874	.000
Transactional	.551 ***	.081	.317	6.806	0.000
Transformational	.730 ***	.042	.850	17.349	0.000
Laissez-Faire	.534 ***	.050	.530	10.635	0.000
R	.873				
R Square	.761				
Adjusted R Square	.755				
F Value	123.396***				

Source: Survey Data (2019)

Notes: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

The overall evaluation reveals that models explain the variation in commitment attitude of the employees well because the estimation produced expected signs with significant coefficients for most variables. The increase in transformational leadership factors has significant and positive effect on normative commitment attitude.

In summary, the results show that the main determination of normative commitment is to be the transformational leadership factors. Normative commitment in FairDeal Co., Ltd is mostly affected by transformational leadership factors.

### **4.3 Analysis on Effect of Employee Commitment on Job Performance**



In this section, the impact of employee commitment on job performance in FairDeal Co., Ltd is analyzed. The standard deviation, percentage and mean scores of employee commitment and job performance are presented in the study based on findings.

### 4.3.1 Employee Job Performance

Employee commitment such as affective commitment, normative commitment and continuance commitment have impact on employee's job performance.

[Table (4.7) Job Performance

Sr. No.	Job Performance	Mean	Standard Deviation
1	Effectively achieving monthly sales target	3.42	1.081
2	Keeping in mind that they have to achieve their targets	3.88	0.769
3	Maintaining high standard of work	3.84	0.987
4	Collaborating with all colleagues	3.36	0.986
5	Performing well to mobilize collective intelligence for effective team work	3.50	0.979
6	Actively participating in group discussion meetings	3.55	1.012
7	Trying to find potential new customers in respective areas	3.43	0.923
8	Increasing customers list month by month	3.78	1.348
9	Always finding ways to meet new customers	3.63	1.414
10	Effective interaction with customers by mutual respect	3.87	1.107
11	Managing customers' queries and complaints effectively	3.70	1.142
12	Dealing appropriately with customers' confidential information	3.29	0.980
	<b>Overall Mean</b>	<b>3.60</b>	

Source: Survey Data (2019)

In order to find out employee's job performance, structured questionnaire is given to the survey respondents. The questionnaire includes 12 statements and each statement seeks answer on how far the respondents agree or disagree with the statements. As presented in Table (4.7), employee job performance has high mean scores. The respondents strongly agree that they achieve monthly sales target, they collaborate with all colleagues and participate in group discussions and meetings. Moreover, they strongly agree that they always try to increase customer-base and maintain strong relationship with existing customers by powerful customer relationship management like solving queries and

complaints, effective interaction by mutual respect and dealing appropriately with customers' confidential information. According to the overall mean score, it is found out that employee job performance is strong in FairDeal Co., Ltd.

### 4.3.2 Effect of Employee Commitment on Employee Job Performance

To analyze the effect of employee commitment on job performance of FairDeal Co., Ltd, 120 employees are surveyed and linear regression is used. According to Table (4.8), the specified model could explain well about the variation of employee job performance of FairDeal Co., Ltd since the value of R square is 35.8 percent.

**Table (4.8) Effect of Employee Commitment on Job Performance**

Variable	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	1.485	0.293		5.068	0.000
Affective Commitment	0.151**	0.048	0.252	3.120	0.002
Normative Commitment	0.272***	0.051	0.436	5.367	0.000
Continuance Commitment	0.129*	0.065	0.156	1.975	0.051
R	0.599				
R Square	0.358				
Adjusted R Square	0.342				
F Value	21.607***				

Source: Survey Data (2019)

Notes: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

The model can explain 34.2 percent about the variance of the independent variable and dependent variable because adjusted R square is 0.342. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid.

Normative commitment factor variable has the highest positive sign and significant coefficient value at 1 percent level. The positive relationship indicates that an increase in normative commitment factor by 1 unit raise the effect on employee job performance by 0.072 units. This mean that normative commitment is the most dominant factor for employees job performance of FairDeal Co., Ltd in achieving monthly sales target, collaborating with colleagues, creating new customers, effectively managing customers'

queries and complaints and performing any assigned tasks. Thus, the more normative commitment is promoted, the better job performance of FairDeal Co., Ltd is achieved.

Affective commitment and continuance commitment variables have the expected positive signs and significant coefficient at 5 percent and 10 percent levels respectively. The positive relationship indicates that the increase in affective and continuance commitment factors lead to more employee job performance of employees in FairDeal Co., Ltd. An increase in affective commitment and continuance commitment factor by 1 unit raise the effect on employee job performance by 0.151 units and 0.129 units respectively. This means that affective commitment and continuance commitment are also influencing factors for job performance of FairDeal Co., Ltd in achieving monthly sales target, collaborating with colleagues, creating new customers, effectively managing customers' queries and complaints and performing any assigned tasks. Thus, the more affective commitment and continuance commitment are promoted, the better job performance of FairDeal Co., Ltd is achieved.

The standardized coefficient (Beta) of normative commitment factor has the largest value (0.436) among three explanatory variables indicating that normative commitment factors have the greatest contribution to the effect on employee job performance when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in job performance of employees well because the estimation produced expected signs with significant coefficients for all variables. The increases of the all three commitment factors have significant and positive effect on employee's job performance.

In summary, the results show that all employee commitment factors have significant values and the main determination of employee's job performance is found to be the normative commitment factors and, so employee's job performance of FairDeal Co., Ltd is mostly affected by normative commitment factors.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter is organized with findings and discussions, suggestions and recommendations from the study of the paper. This chapter also includes the suggestions for the further study needs for FairDeal Co., Ltd.

#### **5.1 Findings and Discussions**

The pharmaceutical and consumers' distribution company exists in an intensely competitive market as new companies are entering one after another. Compared to the last few years since the distribution sectors have been liberalized in 2012, the pharmaceutical companies started operating in the competitive environment in Myanmar, bargaining power of prescribers and purchasers is getting huge year after year. Moreover, entrance of new pharmaceutical companies creates job opportunities and challenges the existing firms to maintain their employees. In these circumstances, leadership effectiveness to persuade and motivate their followers, existence of committed workforce and employees' outstanding job performance has become critical points to consider. In this study, totally 120 employees are taking part in the survey questionnaire. Descriptive research method and quantitative method are conducted to analyze the data; simple statistical method (mean calculations) and linear regression analysis are practiced.

In an evaluation of studies of leadership styles, employee commitment and job performance, it emerged that some evidence exists of links between leadership styles and employee commitment, and between job performance and employee commitment. According to the leadership styles of management in FairDeal Co., Ltd, it can be discussed that respondents highly perceive their leaders as those who are strong in laissez-faire leadership. To be more precise, respondents believe that their laissez-faire leaders have encouraging, monitoring and friendly behavior. Respondents also believe that their laissez-faire leaders believe in freedom of choice for the employees, leaving followers alone so they can do as they want.

The regression results show that laissez-faire leadership factors have positive effect on affective commitment in FairDeal Co., Ltd. Increased practices of laissez-faire leadership styles have positive effects on affective commitment. According to the survey result, transformational leadership behavior has positive effect on affective commitment. Increased practices of transformational leadership styles have positive effects on affective commitment. To be concluded, it can be assumed that laissez-faire leadership and transformational leadership are influencing on affective commitment of employees in FairDeal Co., Ltd. According to the survey result, transactional leadership behavior has negative effect on affective commitment. To be concluded, it can be assumed that transactional leadership style are negatively influencing on affective commitment of employees in FairDeal Co., Ltd.

According to the survey result, transactional leadership factors have the positive effect on continuance commitment in FairDeal Co., Ltd. Increase practices of transactional leadership styles have increase effects on continuance commitment. Transactional leadership style is influencing on continuance commitment of employees in FairDeal Co., Ltd.

Furthermore, transformational leadership factors have the positive effect on normative commitment in FairDeal Co., Ltd. Increase practices of transformational leadership styles have increase effects on normative commitment. Transformational leadership style is influencing on normative commitment of employees in FairDeal Co., Ltd.

The normative commitment has the greatest contribution to the effect on employees' job performance according to the regression results regarding the effect of employee commitment on job performance. The increases in normative commitment have the positive effects on job performance of employees of FairDeal Co., Ltd. Moreover, it is found out

that affective and continuance commitment factors also have positive effects on job performance of employees of FairDeal Co., Ltd.

It is found out that employees have good job performance in FairDeal Co., Ltd from the survey findings regarding employee's job performance. Key performance indicators of employees are arriving to work on time, meeting the deadlines of targeted tasks, taking appropriate actions when problems are found, setting priorities on tasks to complete appropriately, using time effectively, working with supervisors and colleagues as necessary, collaborating effectively with cross departments and dealing with information and data appropriately and effectively.

It is concluded that among three types of leadership styles; transformational leadership and laissez-faire leadership have positive effect on affective commitment and all leadership styles have positive effect on normative commitment whereas transactional leadership style has negative effective on affective commitment and positive effect on leadership style has negative effective on affective commitment and positive effect on continuance commitment. The results show that all types of employee commitment have positive effect on job performance while normative commitment is the most dominant one among three types of employee commitment in FairDeal Co., Ltd. According to the findings, it can be concluded that management of FairDeal Co., Ltd should focus on continuous practices of all three types of leadership styles to enhance commitment job performance of employees for the success of FairDeal Co., Ltd.

## **5.2 Suggestions and Recommendations**

Based on the findings mentioned above, it is recommended to continue practicing transformational leadership and laissez-faire leadership to improve affective commitment of employees in FairDeal Co., Ltd. To continue and improve transformational leadership, managers should encourage their employees to be strong in motivating and transforming to be more aware of task outcomes, activating their highest order needs for the benefit of the organization. To improve laissez-faire leadership, managers should encourage their employees to use their own ideas in getting job done and solving the problems. Leaders should give them complete freedom in decision making and monitoring their own performance. Transactional leadership style has negative effect on affective commitment. To improve affective commitment of employees, managers should not ask for ideas and inputs on upcoming plans and projects and managers should compromise through give and

take tactics for team target achievement, not for individual target achievement in FairDeal Co., Ltd.

According to survey result, managers should continue and practice transactional leadership style to improve continuance commitment of employees. To improve transactional leadership, managers in FairDeal Co., Ltd. should focus attention on irregularities, mistakes, exceptions and complaints of employees.

It is recommended to practice all three types of leadership styles; transactional leadership, transformational leadership and laissez-faire leadership to improve normative commitment of employees in FairDeal Co., Ltd.

Regarding to organizational commitment of employees, managers should continue the leadership styles to maintain and improve all three types of commitment - affective commitment, continuance commitment and normative commitment of employees. Managers should persuade their employees to have a strong sense of belonging to their organization, create opportunities for their employees to satisfy for spending the rest of career at the organization and encourage them to be part of a family at the organization. Managers should continue their leadership styles to improve employee commitment in FairDeal Co., Ltd.

In summary, transactional leadership style, transformational leadership style and laissez-faire leadership style enhance employee commitment in FairDeal Co., Ltd. Therefore, transformational leadership and laissez-faire leadership should be practiced strongly and continuously to develop high affective commitment and normative commitment of employees who have strong sense of belongingness and loyalty to the organization. Transactional leadership style should be practiced to enhance continuance commitment of employees and and transformational leadership to enhance high normative commitment which have the positive contribution to the job performance of employees in FairDeal Co., Ltd.

### **5.3 Needs for Further Research**

This study only focuses to analyze on three types of leadership styles; transformational, transactional and Laissez-Faire leadership styles and emphasizes on employees' perception on leadership styles, employee commitment and job performance in FairDeal Co., Ltd. So, this study does not cover other leadership styles such as democratic style and autocratic leadership style.

If further studies on the effect of democratic leadership and autocratic leadership styles are made, it will be more beneficial for FairDeal Co., Ltd to find out which leadership style is the best to practice. In addition, it is more fruitful for FairDeal Co., Ltd to do further studies on employee commitment and job performance of employees in different levels separately. Finally, it can be worthwhile to conduct further research on the factors affecting the employee commitment and job performance of FairDeal Co., Ltd like rewards systems, training and development and career planning and development.

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## **APPENDIX (B)**

### **Importance of Leadership in FairDeal Co., Ltd Questionnaire**

I am conducting a quantitative study regarding leadership within organizations. I would appreciate if you could take the following survey, all responses will be confidential with absolutely no information shared with other business purpose or the university. Please kindly answer the following questions. Thanks to give your valuable time.

#### **SECTION (A) Demographic Profile of the Respondents**

Age (Completed year)

- Lower than 25 years
- 26~35 years
- 36~45 years

Gender

- Male
- Female

#### Marital Status

- Married
- Single

#### Educational Level

- Lower than Bachelor
- Bachelor Degree
- Master Degree

#### Job Rank

- Medical Representatives
- Supervisors
- Area Sales Manager

#### Service Year

- Less than 1 year
- 1 to 2 year
- 2 to 3 years
- 3 to 4 years
- 4 to 5 years

#### Length of Service with the Current Leader

- 1 to 2 years
- 2 to 3 years
- 3 to 4 years

## SECTION (B) Leadership Styles Survey on FairDeal Co., Ltd

This questionnaire contains statements about leadership style of FairDeal Co., Ltd. Please tick (•) in the box to indicate how agreeable you are with the following statements.

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

### Transactional Leadership Style

No	Characteristics	1	2	3	4	5
1	Leader asks for ideas and input on upcoming plans and projects.					
2	Leader tries to include one or more team members in determining what to do and how to do it. However, Leader maintain the final decision making authority.					
3	Leader compromises through give and take tactics.					
4	Leader is always satisfied when other meet agreed-upon standards.					
5	Leader focuses attention on irregularities, mistakes, exceptions and complaints.					

### Transformational Leadership Style

No	Characteristics	1	2	3	4	5
1	Leader and our team members vote whenever major decision has to be made.					
2	Leader gets me to do more than I am normally expected to do.					
3	Leader suggests new ways of doing things.					

4	Leader prefers to work others by making them feel valued.					
5	Leader helps other develop themselves.					

### **Laissez-faire Leadership Style**

No	Characteristics	1	2	3	4	5
1	Leader gives subordinates complete freedom to solve problems on their own.					
2	Leader lets subordinates to set their own goals and monitor own performance.					
3	Leader avoids him/herself from goal setting and decision making.					
4	Leader is lacking of control, direction, and explanation.					
5	Leader hesitates to involve the important issues arise.					

## SECTION (C) Employee Commitment Survey on FairDeal Co., Ltd

Please tick (·) in the box to indicate how agreeable you are with the following statements.

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

### Affective Commitment

No	Characteristics	1	2	3	4	5
1	I would be very happy to spend the rest of career with this organization.					
2	I really feel as if this organization's problems are my own.					
3	I feel like "part of a family" at this organization.					
4	I feel a strong sense of "belonging" to this organization.					
5	I am proud to tell others that I work at my organization.					

### Continuance Commitment

No	Characteristics	1	2	3	4	5
1	It would be very hard for me to leave my organization right now, even if I wanted to.					
2	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice, another organization may not match.					
3	Too much in my life would be disrupted if I decided I wanted to leave my organization now.					

4	I am afraid of what might happen if I quit my job without having another one lined up.					
5	Right now, staying with my organization is a matter of necessity as much as desire.					

### **Normative Commitment**

No	Characteristics	1	2	3	4	5
1	If I got another offer for a better job elsewhere, I would not feel right to leave my organization.					
2	I would feel guilty if I left my organization now.					
3	I feel very loyal to my organization.					
4	I feel a sense of moral obligation to remain in this organization.					
5	Jumping from organization to organization does not seem ethical to me.					



## SECTION (D) Job Performance of FairDeal Co., Ltd

Please tick (·) in the box to indicate how agreeable you are with the following statements.

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

No	Characteristics	1	2	3	4	5
1	I effectively achieve my target monthly.					
2	I kept in my mind that I had to achieve sales target in my work.					
3	I use to maintain high standard of work.					
4	I am collaborating with my colleagues to carry out any assigned tasks.					
5	I use to perform well to mobilize collective intelligence for effective team work.					
6	I actively participate in group discussion and work meetings.					
7	I always try to find potential new customers in my coverage area.					
8	My customers list are increased month by month.					
9	I always find the way to meet new customers.					
10	I always perform effective interaction with customers by mutual respect.					

11	I manage customers' queries and complaints effectively.					
12	My customers are loyal to my organizations.					

## APPENDIX (C)

### STATISTICAL OUTPUTS

#### The Effect of Leadership Styles on Affective Commitment

##### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.832 <sup>a</sup>	.691	.683	.381	.691	86.646	3	116	.000

a. Predictors: (Constant), LFLTotal, TLTotal, TFLTotal

b. Dependent Variable: Affective Commitment Total

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.686	3	12.562	86.646	.000 <sup>b</sup>
	Residual	16.818	116	.145		
	Total	54.504	119			

a. Dependent Variable: Affective Commitment Total

b. Predictors: (Constant), LFLTotal, TLTotal, TFLTotal

##### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics



1	(Constant)	.713	.520		1.371	.173		
	TLTotal	.773	.099	.590	7.841	.000	.948	1.054
	TFLTotal	.047	.051	.073	.922	.359	.858	1.166
	LFLTotal	-.024	.061	-.032	-.395	.693	.829	1.206

a. Dependent Variable: Continuance Commitment Total

## The Effect of Leadership Styles on Normative Commitment

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.873 <sup>a</sup>	.761	.755	.321	.761	123.396	3	116	.000

a. Predictors: (Constant), LFLTotal, TLTotal, TFLTotal

b. Dependent Variable: Normative Commitment Total

### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	38.233	3	12.744	123.396	.000 <sup>b</sup>
Residual	11.980	116	.103		
Total	50.213	119			

a. Dependent Variable: Normative Commitment Total

b. Predictors: (Constant), LFLTotal, TLTotal, TFLTotal

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics

	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-3.365	.427		-7.874	.000		
TLTotal	.551	.081	.317	6.806	.000	.948	1.054
TFLTtotal	.730	.042	.850	17.349	.000	.858	1.166
LFLTtotal	.534	.050	.530	10.635	.000	.829	1.206

a. Dependent Variable: Normative Commitment Total

## The Effect of Employee Commitment on Job Performance

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.599 <sup>a</sup>	.358	.342	.328	.358	21.607	3	116	.000

a. Predictors: (Constant), NCTotal, CCTotal, ACTotal

b. Dependent Variable: Job Performance Total

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.994	3	2.331	21.607	.000 <sup>b</sup>
Residual	12.515	116	.108		
Total	19.509	119			

a. Dependent Variable: Job Performance Total

b. Predictors: (Constant), NCTotal, CCTotal, ACTotal

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	1.485	.293		5.068	.000		
	ACTotal	.151	.048	.252	3.120	.002	.845	1.183
	CCTotal	.129	.065	.156	1.975	.051	.887	1.127
	NCTotal	.272	.051	.436	5.367	.000	.836	1.196

a. Dependent Variable: Job Performance Total