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**DEPARTMENT OF COMMERCE**

**LEADERSHIP STYLES OF MANAGERS  
IN PRIVATE INSURANCE COMPANIES IN MYANMAR**

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**LEADERSHIP STYLES OF MANAGERS  
IN PRIVATE INSURANCE COMPANIES IN MYANMAR**

This thesis is submitted to the Board of Examiners in Partial Fulfillment of the  
Requirements for Degree of Master of Commerce.

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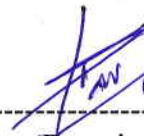
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## ABSTRACT

The purposes of this study were to explore the leadership styles of managers in Insurance Companies in Myanmar, to explore the outcomes of leadership styles of managers. Leadership styles included transformational leadership, transactional leadership and laissez-faire leadership. The outcomes consisted of extra effort, effectiveness, and organizational commitment. The data was collected from three private insurance companies that engaged in coinsurance agreement with the sample size of 50 managers and 125 subordinates. The managers responded about self-perceived leadership styles. The subordinates responded about their perception of managers' leadership styles and its effect on performance outcomes. The result showed that the insurance sector is a female dominant sector, echoed with the young and well-educated workforce. The results clearly found that managers are more inclined to transformational leadership style rather than transactional leadership style. Managers do active management-by-exception more than other transactional leadership characteristics. There exists such leadership outcomes as extra effort, effectiveness, satisfaction, affective commitment and normative commitment, however, continuance commitment is weak. In addition, it found that the more managers practice transformational leadership skills, the more employees' outcomes can be expected whereas transactional and laissez-faire styles could not help employees commit to their organization. If leaders remain unable to develop transformational leadership skills through experience, they can exhibit these skills through trainings.

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## LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
BC	Before Christ
FRD	Financial Regulatory Department
IBRB	Insurance Business Regulatory Board
JV	Joint Venture
MIO	Millions
MLQ	Multifactor Leadership Questionnaire
MMK	Myanmar Money Kyat
MOPF	Ministry of Planning and Finance
OCQ	Organizational Commitment Questionnaire
S&P (B+)	Standard & Poor Global Credit rating

## CHAPTER 1

### INTRODUCTION

Nowadays, leadership is a very popular topic in many sectors. Leadership has been a particular concern in democracies, which, by definition, cannot rely upon the accident of birth for the recruitment of leaders. Every man is potentially a leader, and society has to give thought to the identification and proper training of men who will be able to guide its institutions. Modern production methods and contemporary organizations have become more complex. These complex methods require greater coordination of effort and an increasingly high degree of specialization. This requires competent leadership. In organizations, there is a remarkable note that all managers are leaders, but all leaders are not managers. A manager has to perform all his five functions to achieve goals such as planning, organizing, staffing, directing, and controlling. Leadership is a part of these functions. By virtue of his position, manager has to provide leadership to his group. Leadership is therefore distinct from 'supervision' or 'headship'. Leadership is held to be oriented to tomorrow, to development, to direction, to purpose and vision, and to innovation. A manager can be a true manager only if he has got the traits of leader in him. "The leader is one who succeeds in getting others to follow him" (Cowley, In Hemphill, 1954). A true leader must have the ability of the leader to build relationships and influence people's behavior to achieve the vision by focusing on inspiring and motivating the relationship between leaders and followers. Therefore, Stogdill (1950) stated that leadership was the process of influencing the activities of an organized group in its efforts toward goal setting and goal achievement. Highly skilled leadership is required to reconcile and utilize constructively different abilities, viewpoints, attitudes, and ideas in the performance of group tasks and organizational missions.

Stogdill (1948), Gibb (1954), and Mann (1959) pointed to the conclusion that a man becomes a leader not only because of his personality attributes, but also on the basis of various situational factors (what job requires, who is available, etc.) and the interaction between the leader's personality and the situation. Many modern organizations are thinking about questions about the degree to which the leader should take major responsibility for the direction and administration of the group versus the degree to which the leader should be concerned primarily with personal relations, the

degree to which the leader should permit and encourage participation by members of his group, and the degree to which he should share planning and decision making with his associates. A number of investigators (eg. Pelz, 1952) have pointed out that different leadership situations require different leadership styles. Throughout the history to till now, there have been many well-known leadership styles theories starting from “the Great Man Theory” to till the latest popular leadership style called “the Charismatic Leadership”. But like said “Not everything old was bad and not everything new was good”, particular leadership approaches can be effective in accordance with different circumstances.

Leading an organization, large or small, is not an easy task. Meeting the varied needs of the people they serve is a continuing struggle. Leaders pulled in many different directions, yet must keep a clear vision of where they and their organizations are headed. Similarly, if we take a look at Insurance companies, insurance industry is highly regulated in which attention to detail is of the greatest importance. Each insurance policy they negotiate on behalf of their clients must be carefully constructed to cover a myriad of conceivable risk. One missing word or poorly constructed sentence will result in a potentially devastating claim rejection. Business owners depend on insurance companies to identify, root out and transfer risk in a number of ways. Nowadays, businesses face a problem of scarcity of skilled labor and a problem of qualified labor to be retained. For employees, being committed to a company is not an easy job. However, when an employee gets committed to its organization, it means he/she will put maximum efforts to make the company reach the top. Organizational commitment becomes an continual effort for management to settle gently. Organizational commitment requires strong leadership tactics. In order to pursue and protect the stakeholders’ interest, leadership in insurance companies becomes a main aspect of organizational growth and organizational commitment where employees’ loyalty stays with the organization.

## **1.1 Rationale of the Study**

Myanmar Insurance market had been monopolized by the government since 1965. The state-run Myanma Insurance has been the sole insurance company in Myanmar for 47 years. Liberalization in 2012 only allowed domestic players.

Insurance Business Regulatory Board announced its selection of the 11 private companies to be granted the license on 5<sup>th</sup> September, 2012, are currently offering nine types of insurance: life insurance, fire insurance, comprehensive motor insurance, cash-in-safe insurance, goods insurance, highway traffic insurance, health insurance and integrity insurance. Myanmar insurance market has not been accessed to foreign insurers yet. They are only allowed to open their representative offices in Myanmar to conduct business, except of a general liaison nature.

Myanmar insurance and private insurance companies are facing challenges including lack of public awareness on insurance, clarity of effective risk management, skillful labor, informational technology, highly detailed regulations, limitations of products creativity, weak capacity building against foreign companies and environmental changes. Insurance is a business that manages risk transferred by the insured effectively. Besides, processing underwriting operations, pooling premium from the insured, investing money, and insurance rate setting, e.tc, are challenging insurances companies. On the other hand, regulators, key stakeholders, investors are demanding a clearer, more timely and more precise accounting of all these risks. In order to minimize these risks, the management is the most important in every function of the insurance business. As the nature of service orientation, operating core is the critical value of insurance business. Therefore, the manager's role is prominent in the ways of directing, coaching, motivating, counseling, providing job opportunities, developing employee skills. Managers need to be authentic so that employees have increased trust in the managers and are more productive or communities improve their image of the organization. In addition, policies and procedures for predicting, evaluating, and managing insurance business risk are important. Without leaders asking the right questions, seeking out a diversity of opinions and perspectives, and without acting with integrity, these rules won't make any good result. Consequences of business decisions rest solely with leadership.

Moreover, today job hopping happens frequently among workforce and people seem not to hesitate to leave from one company and enter into another company due to many reasons. Employees' organizational commitment is a difficult problem to be settled for business. It is important for managers and leaders to pay more attention to retain the skillful labor since it has been difficult finding the right person in a short time. Organizational commitment requires strong leadership tactics. In order to build

high commitment of employees, the culture of organization needs the establishment of good communications channels, visible ethical standards, hiring people with belief and values systems, and reward systems that recognize individual achievement and commitment styles. The managers need voluntarily to help their employees and prevent the occurrence of work-related problems which ultimately enhances job satisfaction among employees. Then the employees become more committed and have less turnover intentions. Leadership is important on how the business can soundly operate effective risk management, how to influence employees to devote themselves to their work and long-term prosperity. Therefore, the study will focus on how the managers of private insurance companies practice leadership styles, and how the outcomes of leadership styles of managers will be.

## **1.2 Objectives of the Study**

The main objectives of the study are

1. To identify the leadership styles of managers of Insurance Companies in Myanmar
2. To explore the outcomes of leadership styles of managers in insurance companies in Myanmar

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

Descriptive research method was conducted. Simple random sampling techniques helped to select representative units from which data could be gathered. A survey was carried out to examine managers' leadership styles in selected three insurance companies including Grand Guardian Insurance Public, Global World Insurance, and Aung Thitsar Oo Insurance. The study focuses on such kinds of leadership styles as transactional, transformational, and laissez-faire. The leadership styles outcomes are measured by extra effort, effectiveness, satisfaction, affective commitment, continuance commitment, normative commitment. As primary data, the research surveyed 190 employee in total which include 60 for leaders and 130 for followers to analyze what leadership styles managers practice. Then 50 questionnaires

for managers and 125 questionnaires for subordinate were sent back to the researcher. Respondent rates were 83 % of managers and 96% of subordinates.

Therefore, final sample size was 175 respondents as approximately 28% of the total population 621 employees in these three insurance companies. Data collected from managers by interview questionnaire to discover how they lead their staff. Another Questionnaire set aims for subordinates to check up the reliability of leaders' statements of questions and about employee perception on results of leadership behavior and organizational commitment. In selecting the sample of manager respondents, the study chooses managers who can make decisions in accordance with organizational hierarchy. And data collected from subordinates among subsequent mid and functional level staff from the same company. Secondary data collects in previous thesis of leadership, leadership books by authors and from educational research papers and literature on Internet.

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

This thesis consists of five chapters in total. The first chapter presents the introductory of the study, why the study is conducted and its learning objective and in sequence showing the scope and method of the study. The second chapter greets the readers with the overview history of leadership styles, theoretical view of leadership styles the study emphasizes in general as well as leadership outcomes. The third chapter introduces origins of insurance, current trends in insurance, Myanmar Insurance, and its prospects and the business activities of Private insurance Companies. In chapter four, empirical part is presented in ways of results, and analysis of them shown by tables. As final, chapter five summarizes the general importance of leadership in organizations, research findings and discussion, suggestions and need for future research.



## CHAPTER 2

### LITERATURE REVIEW

This chapter includes the theoretical backgrounds of the study presenting concepts of leadership, characteristics of leadership Theories, essence of “full range of leadership” model which comprises three styles (a) transactional (b) transactional (c) laissez-faire, about effective leadership, organization commitment, and conceptual framework.

#### 2.1 Concepts of Leadership

200 years ago, the workers or employees in the enterprise were usually members of a family group. Membership ties were strong in this small group. Communications were immediate. The group members lived together every day for seven days of the week, they lived and worked and played together. There was little remoteness, no isolation of any members of the group. A warm social climate was natural to their life. Assumptions such as analyzing the nature of authoritative positions, positions held by men and passed from father to son, were taken. They believed that great leaders are born not made and great leaders will arise when there is great need at their calling differentiating leaders from non-leaders in consideration of personality, social, physical or intellectual traits.). While the term “leader” was noted as early as the 1300s, the term leadership has been in existence only since the late 1700s (Stogdill, 1974). Even then, scientific research on the topic did not begin until the twentieth century (Bass B.M, 1985). Later there has been intensive research on the subject. Over the last 50 years, leadership has been examined in terms of enduring traits, sets of behaviors or styles, situational prospects, and presumed cognitive processes.

As Cowley, In Hemphill, 1954 said that the leader is one who succeeds in getting others to follow him, people came to understand their goal achievements by influencing others’ activities. So leadership has been seen as the exercise of influence. Prentice (1961) defined leadership as- the accomplishment of a goal through the direction of human assistants and a successful leader as one who can understand people’s motivations and enlist employee participation in a way that marries individual needs and interests to the group’s purpose. And Katz & Kahn, 1978 define



that leadership is the influential increment over and above mechanical compliance with the routine directives of the organization. Leadership is the art or process of influencing people so that they will strive willingly towards the achievement of group goals (Koontz, 1984). Leaders serve as models for the followers (Gandhi). Fiedler (1967) state leadership as an act or behavior by the particular acts in which a leader engages in the course of directing and coordinating the work of his group members. This may involve such acts as structuring the work relations, praising or criticizing group members, and showing consideration for their welfare and feelings.

The role of followers is important in the leadership process. Leadership is not only a process of influence of the leader upon others but an interaction process that could be influenced by anyone involved. One of the foremost scholars of leadership, Barnard Bass (1985), has described leadership as “an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perception and expectations of the members. Leaders are agents of change—persons whose acts affect other people more than other people’s acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group; it should be clear that with this broad definition, any member of the group can exhibit some amount of leadership, and the members will vary in the extent to which they do so”.

Leadership is distinct from ‘supervision’ or ‘headship. Leadership does not involve the use of force, coercion or domination and can be seen difference from such titles as manager, supervisor, or superior. There is a conceptual distinction between leadership processes and motivational processes, the latter being the more appropriate domain for any discussion of the administration of discretionary rewards and punishments made possible by some formal authority structure (Jago, 1982). The conception of leadership is differentiated from management whereas managers are concerned with today, with delivery, targets, efficiency, utilization, and authority, focusing on internal organizational issues, on control and on doing things right, leaders are held to be oriented to tomorrow, to development, to direction, to purpose and vision, and to innovation. (Preece, 2006). Managers are leaders only when they take the opportunity to exert influence over activities beyond what has been prescribed as their role requirements (J.A. Miller 1973, and Jacobs & Jaques 1987).

## **2.2 Characteristics Of Leadership Theories**

Through centuries, there have been a great number of leadership definitions by different people from many academic, political and social fields. The following leadership theories are the most popular and well-practiced concepts out of many leadership concepts and are going to be briefly presented.

### **Traits Theory**

In the earlier leadership theories, the focus seems to be more on the inherent traits of leaders. Leaders were exceptional persons or heroes that were able to use their charisma, intelligence, wisdom, and political skill to have power and influence over other people (Carlyle, 1841). A trait can be defined as an inherent characteristic of a person including honesty & integrity, emotional maturity, motivation, self-confidence, cognitive ability, and achievement drive (Geddes & Grosset, 1998). But trait theories makes it an invalid theory for management and too many well-known leaders lacked necessary traits.

### **Behavioral Theory**

Competencies and behavior can change and can therefore be developed while inherent traits of a person are difficult to change. David McClelland (1940) attempts to explain and predict behavior and performance based on a person's need for achievement, power and affiliation believing that people behavior is motivated by their needs. Good leaders generally only a moderate need for achievement occupying high energy, self-confidence, openness to experience and being conscientious (McClelland, 1985). He also define that leaders essentially need power to influence their followers, peers, and higher-level managers. Effective leaders do show concern for followers by means of socialized power (McClelland, 1985). Those with a high need for affiliation are more concerned about what others think of them than about getting their own way by influencing others because they like to seen as one of the group rather than as its leader (Nicholson, 1998).

### **Style Theory of Leadership**

As style theory of leadership, Kurt Lewin and his associates (Lewin, Lippett&White, 1939) conducted studies that concentrated on leadership styles

identifying autocratic leadership style and democratic leadership style. The autocratic leader makes the decisions, tells employees what to do and closely supervises workers. The democratic leader encourages participation in decisions, works with employees to determine what to do and does not closely supervise employee (Lwein, 1939), (Likert, 1967). According to Tannenbaum and Schmidt (1973), the extent to which leaders should be boss-centered and subordinate-centered depended on organizational circumstances indicating the categories of initiating structure and consideration respectively (Nystrom, 1978). These behavior categories are independent of each other. In other words, a leader can display a high degree of both behavior types and a low degree of both behavior types. Additionally high consideration and low initiating structure, or low consideration and high initiating structure behavior. Research indicates that all four of these leader style combinations can be effective (Nystrom, 1978).

### **The Leadership Grid Theory**

Blake and Mouton (1978) developed a two-dimensional leadership theory called “the Leadership Grid” rating leaders on a scale of one to nine, according to the following two criteria: concern for people on Y axis and concern for results on X axis. Concern for People defines that the leaders emphasize people over results and are trying to do their best to further the careers of those they are leading. Concern for results is for the job getting done as successfully as possible. This leader is one who sets aside any level of focus on the individuals and only things about the bigger picture for the organization. Whatever tasks need to be assigned to specific people in order to get the job done right is what will be done. If the individuals within the group don't like it, that will be their problem to deal with. This leadership grid model develops five major leadership styles including Team management (interdependence through a “common stake” in organization purpose leads to relationships of trust and respect), Country Club management (thoughtful attention to the needs of people leads to comfortable, friendly work environment), Authority-compliance management (efficiency in operations results from arranging conditions of work in such a way that human elements interfere to a minimum degree), Middle-of-the-road management (adequate organization performance is possible through balancing the necessity to get work done while maintain the morale of people at a satisfactory level), and

Impoverished management (exertion of minimum effort to get required work done as appropriate to sustain organization membership).

### **Contingency Theory**

Different leadership styles are more effective in different situations (Jung & Avolio, 1999). This probably led to the paradigm shift towards contingency leadership theory. "Contingency Theory of Leader Effectiveness" was firstly developed by Fiedler (1951). Fiedler believed that leadership style is a reflection of personality (trait-theory) as well as behavior (behavioral-theory oriented), and that leadership styles are basically constant meaning that leaders do not change styles, they change the situation. Making up the other half of this leadership model has three components: Leader's position power, task structure, and leader-member relations. Leader's position power refers to how much power is the leader given in a situation. Task structure- structured tasks are detailed and clear as to what is expected from each of the team members, whereas unstructured tasks may be open ended or undefined in terms of the goals and missions for the team. Leader-Member relations refers to the relationship between the team members and the leader.

### **Path-Goal Theory**

Robert House (1971) attempted to explain how the behavior of a leader influences the performance and satisfaction of the followers, namely called the Path-goal leadership theory. According to the Path-goal Leadership Theory, the leader is responsible for increasing followers' motivation to attain personal and organizational goals. According to House (1971), the Path-goal Leadership Theory consists of such factors as situational factors (authoritarianism, locus of control and employee ability to perform tasks), environmental factors (task structure, formal authority and work group) and four leadership styles called directive, supportive, participative and achievement-oriented.

### **Situational Theories**

Situational theories suggest that it is the circumstances that face a leader that determine their behavior whether they alone or along with others share the knowledge needed to succeed. The situational leadership theory is used to determine which four leadership styles (telling, selling, participating, and delegating) matches the situation

(followers' maturity level to complete a specific task to maximize performance (Hersey & Blanchard 1969))

### **Servant Leadership**

Organizations came to accept that human beings are strategic resources with such characteristics as being valuable, rare, difficult intimate and non-substitutable (Barney, J.B 1991). "Being a servant first and next aspire to lead" or servant leadership style came to an interesting concept. Servant-leadership is an employee-focused form of leadership which empowers followers to make decisions and keep control of their jobs. Servant-leadership is leadership that transcends self-interest in order to serve the needs of others, by helping them grow professionally and emotionally (Daft, 1999). According to Spears (2002), ten competencies being critical for servant leadership include listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of people and building community.

### **Transactional and Transformational Leadership Theories**

Downton (1973) is believed to be the first person who used the terms transformational and transactional leadership and Transactional or exchange leadership features a defined transaction being made between a leader and his/her followers. Action is required when performance is above or below this agreed level. Transformational leadership concentrates on the links formed between a leader and his/her followers. This leader will inspire and motivate each team member to maximize their performance because they understanding the significance of the task overall.

Transformational leaders alter the beliefs and attitudes of followers and inspire the subordinates in their own interests parallel with the betterment of the organization (Burns, 1978). According to Burns (1978), transformational leadership is also based on four dimensions such as charisma, communication, intellectual stimulation and individualized consideration. Transformational leadership may be found at all levels of the organization: teams, departments, divisions, and organization as a whole. Such leaders are visionary, inspiring, daring, risk-takers, and thoughtful thinkers. A transformational leader is a person who stimulates and inspires (transform) followers



to achieve extraordinary outcomes (Robbins and Coulter, 2007). The leaders pay attention to the concern and developmental needs of individual followers, they change followers' awareness of issues by helping them to look at old problems in a new way, and they are able to arouse, excite and inspire followers to put out extra effort to achieve group goals. Transformational leadership theory is all about leadership that creates positive change in the followers whereby they take care of each other's interests and act in the interests of the group as a whole (Warrilow, 2012). It is also believed that transformational leadership is more prevalent at upper levels of management than at lower levels (Tichy and Uhich, 1984).

As contemporary literature on leadership along with transformational leadership, there is another main dimension namely called transactional leadership. Transactional leadership is centered on leader-follower exchanges. Followers perform according to the will and direction of the leaders and leaders positively reward the efforts. The baseline is reward which can be negative like punitive action, if followers fail to comply with or it can be positive like praise and recognition, if subordinates comply with the intent and direction settled by a leader and achieve the given objectives. Transactional leadership, also known as managerial leadership, focuses on supervision, organization, and performance. Unlike transformational leaders, those using the transactional approach are not looking to change the future, they look to keep things the same. Leaders using transactional leadership pay attention to followers' work in order to find faults and deviations. Therefore Vera & Crossan 2004 define that transactional leaders are expected to set goals, articulate explicit agreements regarding what the leader expects from organizational members and how they will be rewarded for their efforts and commitment, and provide constructive feedback to keep everybody on task. Besides transactional leaders focus on increasing the efficiency of established routines and procedures and are more concerned with following existing rules than with making changes to the structure of the organization.

Within the context of Maslow's hierarchy of needs, transactional leadership works at the basic levels of need satisfaction, where transactional leaders focus on the lower levels of the hierarchy by stressing specific task performance. Transactional leaders are effective in getting specific tasks completed by managing each portion individually. According to Bass's research, he came to conclusion that transactional leaders can be successful in a short period of time, but that they must focus on the

changes, if they want to continue to retain a leadership position. Transactional leadership style commonly used in conditions where the focus of leaders focused on the basic process control, organization and short-term planning.

James MacGregor Burns (1979) distinguished between transactional leaders and transformational by explaining that: transactional leaders are leaders who exchange tangible rewards for the work and loyalty of followers. Transformational leaders are leaders who engage with followers, focus on higher order intrinsic needs, and raise consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved. Transactional leaders tend to be more passive as transformational leaders demonstrate active behaviors that include providing a sense of mission. However, Bernard Bass (1985) further considered that transformational and transactional leaders are part of the same continuum of leadership that cannot be considered separately.

### **2.3 The Full Range of Leadership Model**

In order to better understand the process of leadership effectiveness, Bass and Avolio (1994) developed a leadership model called the Full Range Leadership (FRL) model. This model proposes that leaders use multiple behaviors to influence their followers. This model is based on the theory of transformational and transactional leadership and incorporates both transformational and transactional leadership behaviors. The Full Range Leadership model includes three leadership styles: transformational, transactional and laissez-faire leadership.

#### **2.3.1 Transformational Leadership**

The transformational style of leadership encourages and motivates the followers through a leader's persuasive vision, developing and promoting creativity, and empowering and sharing responsibility with the followers to achieve high aims (Avolio, 2011). The transformational leadership style includes five behaviors: idealized influence (attributed), idealized influence (behavioral), inspirational motivation, intellectual stimulation, and individual consideration.

### **Idealized Influence (attributed)**

It refers to charismatic aspect of transformational leadership in which leaders hold subordinates' trust, maintain their faith and respect, appeal to their hopes and dreams, and act as their role model. A transformational leader with idealized attributes displays a sense of power and confidence and is able to reassure others that they can overcome obstacles. Avolio (2011) considered the following essentials to represent idealized attributes: to instill pride in others, to go beyond self-interest, to build trust and respect, and to show a sense of command and confidence.

### **Idealized Influence (behavioral)**

Idealized influence is the characteristic of those charismatic leaders who motivate their followers and encourage creativity (Shin& Zhou,2003). They tend to talk about their most important values and beliefs and the importance of trusting one another. The essentials for the leaders to develop idealized behaviors are to emphasize the idea of collective aim and operation, showing dedication to followers, willing obedience to leaders by followers, and to show moral and ethical values through their own behaviors (Avolio, 2011).

### **Inspirational Motivation**

Inspiration is related to the behavior of leaders and efforts to inspire and motivate their followers in order to fulfill ambitious goals raise confidence in their own abilities. The leader develops an attractive vision for the future, using symbols and emotional arguments to persuade the followers to accept the vision with the full commitment, faith and optimism (Bass,1998). Inspirational motivation might be achieved through motivational speeches and conversations and other public displays of optimism and enthusiasm, highlighting positive outcomes and stimulating teamwork (Simic, 1998).

### **Intellectual Stimulation**

Intellectual stimulation involves arousing and changing followers' awareness of problems and their capacity to solve those problems (Bono & Judge, 2004, Kelly, 2003). Transformational leaders question assumptions and beliefs and encourage followers to be innovative and creative, approaching old problems in new ways



(Barbuto, 2005). They empower followers by persuading them to propose new and controversial ideas without fear of punishment or ridicule (Stone, Russell & Patterson, 2003). It helps to develop innovation and creativity in the followers.

### **Individualized Consideration**

Individualized consideration involves responding to the specific, unique needs of followers to ensure they are included in the transformation process of the organization (Semic, 1998). People are treated individually and differently on the basis of their talents and knowledge and with the intention of allowing them to reach higher levels of achievement than before (Shin & Zhou, Chekwa, Shone, Russell & Patterson, 2003). The leader through counseling and teaching, developing their individual needs, abilities and aspirations, listening carefully to followers, allows them to encourage themselves for future efforts needed to achieve the final goal of leadership.

### **2.3.2 Transactional Leadership**

Transactional leadership style is to exchange rewards or punishment for any positive work performance or lack of satisfactory performance with the followers. Transactional leadership is associated with three behaviors: contingent reward and management-by-exception (active), and management-by-exception (passive).

#### **Contingent Reward**

The possibility of reward, as a result of well-performed tasks and achieved goals that followers are expected to successfully complete the process. Goals must be specific, measurable, possible, realistic and timely manner (SMART). The type of leader who focuses on contingent reward, also known as contingent positive reinforcement, give rewards such as praise, incentives, bonus, prizes, returns, awards, benefits, gifts when the set goals are accomplished on-time, ahead of time, or to keep subordinates working at a good place at different times throughout completion. Often, contingent punishments such as suspension and demotion exist in which the exception is something going wrong.

### **Management-By-Exception (active)**

Actively engaging leaders in managing, gives consideration to any deviation from established standards and procedures by taking corrective measures in case of errors. The leaders continually monitors each subordinates' performance and takes immediate corrective action when something goes wrong. However, the followers are informed about the set standards, conditions of poor performance and its possible consequences by their leaders in advance.

### **Management-By-Exception (passive)**

Passive engagement leaders take action only when set standards or established regulations are violated (Northhouse.2004). followers are not actively monitored by leaders and passive management-by-exception leaders are a believer in "if it ain't broke, don't fix it". They wait for issues to come up before fixing the problems.

### **2.3.3 Laissez-Faire leadership**

Laissez-faire means the absence of leadership (Northhouse, 2004). It can be defined as the most inactive and the most ineffective leadership (Avolio, 2011). Laissez-Faire dimension provides the possibility of freedom in the choice of goals and behavior of organizational participants. According to Bass (1990), laissez-faire leadership is negatively correlated with followers' efforts, attitude and performance.

## **2.4 Effective Leadership Outcomes**

Stogdill (1974) affirmed that there are almost as many different definitions of leadership as there are persons who have attempted to define the concept. Leadership is an evolving concept since this term is mostly widely used in many areas of human activity, including armed forces, business, politics, religion, sports, etc. Many researchers of leadership have been discovering about different leadership titles with upgraded slightly difference meanings from each other as well as leadership effectiveness. This study will learn about multifactor leadership style outcomes and organizational commitment.

#### **2.4.1 Multifactor leadership styles outcomes**

Leadership effectiveness outcomes are measured using the three augmentation effects of transformational leadership as proposed by Bass (1995) which are individual extra effort, job satisfaction and perceived unit effectiveness.

##### **Extra effort**

Extra effort is related to extra roles made by the subordinates to fulfill a task or goal because of the leadership behavior of their superior. Extra effort means going beyond expectation, where subordinates are willing to do more than the expectations set by the superiors.

##### **Effectiveness**

The element of unit effectiveness means the capability of the superior in executing their tasks and leading the subordinates to meet the goal of the division. The subordinate perceived that their leaders as effective to them and to the unit as well.

##### **Job satisfaction**

Job satisfaction represents subordinates satisfaction towards their superior in approaching their day to day job. Bass (1995) explained the dimensions involved in measuring job satisfaction are the methods used in leading and working with subordinates in a satisfactory manner.

#### **2.4.2 Organizational Commitment**

It is said that these day it is much more common that people change jobs and companies during their career than it has been before. It is not certain that employees will stay within one company once hired for the whole work life. Now companies should pay more attention to retain the talents. When employee feels committed to the organization, he or she will not change the company easily.

Organizational commitment is the employees' state of being committed to assist in the achievement of the organization's goals, and involves the employees'

levels of identification, involvement, and loyalty (Caught & Shadur, 2000). It is an emotional response that can be measured through people's behaviors, beliefs, and attitudes and can range anywhere from very low to very high. It is a process in which employees think that it is their moral and ethical responsibility to think for the company's future and investing time in organizational development will eventually be helpful in meeting their personal goals as well.

One of the most widely used theories in organizational commitment is Allen and Meyer's (1990) three-conceptual model. It sees commitment as having three separable forms: affective commitment, continuance commitment and normative commitment.

### **Affective commitment**

Affective or moral commitment is employees' emotional attachment to organization, identification with organization and involvement in organization. Employees sometimes get emotionally attached to their company and this can be due to several reasons, for example, good internal relations, good atmosphere, friendly environment and peer motivation (Van Knippenberg & Sleebos, 2006). Employees feel personally responsible for the organization's level of success. These individuals usually demonstrate high levels of performance, positive work attitudes, and a desire to remain with the organization.

### **Continuance commitment**

Continuance or calculative commitment is more related to the risks and costs associated when one leaves an organization. This dimension measures the needs of the employees for which they are staying in an organization. An employee might not leave the firm because of the appraisal, salary, medical and other economic benefits or near future promotion. Therefore they will stay in the firm because they need those benefits (Powell & Meyer, 2004). These individuals put forth their best effort only when the rewards match their expectations.

## **Normative commitment**

Normative commitment occurs when individuals remain with an organization based on expected standards of behavior or social norms. These individuals value obedience, cautiousness, and formality. They consider it as an obligation to be loyal to their company if the company is doing something good for them (Gellatly, Meyer, & Luchak, 2006). Employees with this mind think they should consider their place as priority based on several factors and they should not waste the effort of the organization for their welfare and pay it back with their loyalty and commitment.

## **2.5 Conceptual Framework**

In order to better understand the impact of leadership styles on subordinates' attitudes, Bass and Avolio (1994) developed a leadership model called the Full Range Leadership (FRL) model proposing that leaders use multiple behaviors to influence their followers. This model is based on the theory of transformational and transactional leadership. The focus of the current study is to explore the leadership styles of managers at different departments from both manager's self- perception and subordinates perception about manager's leadership styles. Moreover, the research will identify leadership styles outcomes based on subordinate self- perceived results. The study will analyze the effect of managers' leadership behaviors on subordinates' outcomes being measured by extra effort, effectiveness, satisfaction, affective commitment, continuous commitment and normative commitment in Private Insurance Companies in Myanmar namely Aung Thitsa Oo Insurance Company Ltd, Global World Insurance Company Ltd and Grand Guardian Insurance Company Ltd. In order to better understand, the main theoretical framework is established as the following:

**Figure 2.1 Conceptual Framework about Leadership Styles and subordinate self-perceived outcomes**

**Leadership Styles**

**Transformational leadership style**

- Idealized Influence (IA)
- Idealized Influence (IB)
- Inspirational Motivation
- Intellectual Stimulation
- Individual Consideration

**Transactional leadership style**

- Contingent Reward
- Management by Exception (Active)
- Management by Exception (Passive)

**Laissez-Faire leadership style**

- Laissez-Faire leadership

**Subordinate Self-Perceived Outcomes**

**Results of Leadership behaviors**

- Effectiveness
- Extra Effort
- Satisfaction

**Organizational Commitment**

- Affective Commitment
- Continuance Commitment
- Normative Commitment

Source: Muhamard Asrar. (2014) Dissertation of congruence between self and subordinates' perception about leadership styles and performance in banking sector of Pakistan

## CHAPTER 3

### BACKGROUND INFORMATION OF INSURANCE IN MYANMAR

This chapter embraces the brief history of insurance occurrence, trends of insurance across the World, Origin of insurance in Myanmar, regulatory environment, about insurance companies in Myanmar and their services and prospects.

#### **3.1 Brief of Insurance Occurrence and Current Trends**

There are two types of economies in human societies: natural or nonmonetary economies monetary economies. Insurance in the former case entails agreements of mutual aid. E.g. if one family's house gets destroyed, the neighbors are committed to help rebuild it. The first methods of transferring or distributing risk in a monetary economy, were practiced by Chinese and Babylonian traders in the 3<sup>rd</sup> and 2<sup>nd</sup> millennia BC, respectively. Chinese merchants travelling treacherous river rapids would redistribute their wares across many vessels to limit the loss due to any single vessel's capsizing. The roots of insurance might be traced to Babylonia, where traders were encouraged to assume the risks the caravan trade through loans that were repaid (with interest) only after the goods had arrived safely. Rates for the loans differed according to safe or dangerous times of year, implying an intuitive pricing of risk with an effect similar to insurance. By the middle of the 14<sup>th</sup> century, as evidenced by the earliest known insurance contract (Genoa, 1347) marine insurance was practically universal among the maritime nations of Europe. In London, Lloyd's coffee house (1688) was a place where merchants, ship owners, and underwriters met to transact business. The Greeks and Romans introduced the origins of health and life insurance c.600 BC when they created guilds called "benevolent societies" which cared for the families of deceased members as well as paying funeral expenses of members. Hamburger Fire Office having started in 1676, is the first officially established fire insurance company in the world. Property insurance can be traced to the Great Fire of London, which in 1666 devoured more than 13,000 houses. The first joint stock companies to engage in insurance were established by charter in England in 1720 and in 1735. The first life insurance policies were taken out in the early 18<sup>th</sup> century. The first company to offer life insurance was the Amicable Society for a Perpetual



Assurance Office, founded in London in 1706. The workman's compensation act, 1897, in Britain required employers to insure their employees against industrial accidents, public liability insurance, fostered by legislation, made its appearance in the 1880; it attained major importance with the advent of the automobile. In the late 19<sup>th</sup> century, accident insurance began to become available and the first company to offer accident insurance was the Railway Passengers Assurance Company, formed in 1848 in England to insure against the rising number of fatalities on the nascent railway system.

The improved economic outlook is expected to boost demand for insurance. Insurance category has such 12 subcategories as Agricultural Insurance, Deposit Insurance, Flood Insurance, Health Insurance, Liability Insurance, Life Insurance, Mortgage Insurance, Property Insurance, Reinsurance, Self Insurance, Travel Insurance, Workers' compensation. There are totally 94 insurance policies in these 12 subcategories of Insurance. In a global context, the Western European insurance market has lost considerable ground over the past decade whereas the region's gross written premiums still accounted for a good 36% of the global premium volume before the outbreak of the global economic crisis, this figure had slid to only just under 28% by 2016. UK led the field with estimated gross written premiums of more than EUR 230 billion, followed by France (EUR 198 billion) and Germany (EUR 152 billion). All in all, the Eastern Europe insurance markets reported relatively robust growth averaging 5.8% a year between 2008 and 2016. In 2016, almost one-third of total global premium income was written by insurers in North America. In the period between 2008 and 2018, gross written ten premiums in North America showed an average annual growth rate of 1.9%. The Asian insurance market has been growing at an average rate of 7.5% a year since 2008 meaning that gross written premiums in Asia now account for 32% of total global premium income given that two-thirds of the total population living in the insurance markets. (ALLIANZ Research Trend Watch, July 2017)

In ASEAN region, annual insurance premiums in ASEAN doubled between 2009 and 2014 to over \$85bn. This reflects strong demand for non-life insurance, and a growing market for life insurance, as incomes rise sufficiently to fund it. The range of products varies between markets, as do distribution channels due to increasing lifespans, rising incomes and rising healthcare expenditure. While Singapore is



rapidly consolidating its status as the regional hub for specialist complex insurance and reinsurance products, the small insurance sectors of countries like Vietnam, Laos and Cambodia are overwhelmingly focused on the provision of primary simple products. In 2015, total insurance premiums in the ASEAN region are forecast to reach just over USD 87bn, more than double the amount generated in 2009. The increase has been seen across both life and non-life segments, but particularly the former, which has grown by 116 percent. Total premiums are expected to grow above 10 percent in each of the next two years. (Stephen Adams, Gregor Irwin & Daniewl Capparelli ASEAN Insurance Market, October 2015).

### **3.2 Origin of Insurance in Myanmar and Today Regulatory Environment**

After the country gained independence in 1948, there were over 100 private insurance companies in operation. All were later closed and the market monopolized by the government in 1965. The state-run Myanma Insurance has been the sole insurance company in Myanmar for 47 years. Liberalization in 2012 only allowed domestic players. Myanma Insurance, the state-owned insurance company, was founded in 1952 and started as a life insurer but later it underwrites both life and non-life insurance. Currently the Myanma Insurance underwrites 29 types of insurance services shown in Appendix I (A). Its head office is situated at Merchant Street, Yangon, Myanmar and it has 38 branch offices at cities and towns nationwide. Myanma Insurance has huge 148370 millions of reserve funds and has a substantial reinsurance cover. It has Marine Excess of Loss Reinsurance Treaty, Fire Excess of Loss Reinsurance Treaty and Motor Facultative Obligatory Treaty and Energy Treaty. These Reinsurance Treaties are placed with top-notch reinsurers. Furthermore, Myanma Insurance is backed by the Government, which assumes all the liabilities of it under the Myanma Insurance Law. So, Myanma Insurance is the insurer who will never be liquidated. Myanma Insurance, like all other insurers, is using agency system extensively and from time to time new agents are recruited and trained. Since Myanma Insurance is a state-owned insurer, the laws require that all the foreign investors must buy insurances only from it.

Over the years, the work of the IBRB has been carried out by Myama Insurance and so there was no separation between the regulator and the regulated. This changed in 2014 when Myanma Insurance was officially separated from the IBRB, and the Financial Regulatory Department under the Ministry of Finance was given the responsibility to oversee the functioning of the insurance sector.

The insurance sector is regulated by the Ministry of Planning and Finance's (MOPF) Financial Regulatory Department (FRD) established on 1<sup>st</sup> September 2014. The current regulations are quite restrictive and private insurance companies are only allowed to compete through their customer service, as premiums and coverage are set by the IBRB. The Insurance Regulation and Supervision Division is one of the six divisions of Financial Regulatory Department. It has been implementing the Myanmar Insurance Market development in accordance with policy, mission and objectives. The Insurance Business Supervisory Board is responsible for licensing insurers, underwriting agents and insurance broker. According to the Insurance Business Law (1996) and the subsequent rules mentions stipulations regarding the business license for the insurance company, such details are required to be submitted to FRD for procuring the business license as Letter addressing the FRD, application form (ah-ma-kha 1), and supporting documents for instance proposal, policy, premium rates and related papers. The FRD will grant relevant business license in Form within 15 days on submission of supporting documents evidencing the paid-up capital, deposit and license fee. An insurer may not transfer its license and shall provide information about its shareholders as and when required by the FRD.

#### Objectives of Financial Regulatory Department

- To strengthen the insurance market development in Myanmar
- To ensure the sustainable development of insurance sector
- To give the right protection to the insured public and
- To allow the State-owned insurance business and local private insurance companies, foreign insurance companies and foreign representative offices to be phased in the insurance operations.

#### Supporting documents for Insurance Companies' Licensing are

- Profile of the Company Group,

- Profile of the Principal Officer
- Organization of Insurance Company
- Draft policy Wordings
- Business Plan
- Reinsurance Plan
- Memorandum & Article
- Guarantee and
- Office Structure and location

### **3.3 Number of Private Insurance Companies in Myanmar**

The Insurance Business Regulatory Board has been phasing in the liberalization of insurance market to the private sector, therefore, Insurance Business Regulatory Board announced its selection of the following 11 private companies to be granted the license on 5<sup>th</sup> September, 2012. Five private companies were first issued the license on 25<sup>th</sup> May, 2013 and the other four private insurance companies were issued the license on 14<sup>th</sup> June, 2013 and 3 private insurance companies on 6<sup>th</sup> October, 2014 ([www.mof.gov.mm](http://www.mof.gov.mm)). Therefore, Insurance Business Regulatory Board has already granted eleven licenses in total to private companies up to now. Table of private insurance companies in Myanmar is shown in Appendix A.

### **3.4 FDI restrictions**

Until recently, foreign insurers have been limited to opening representative offices in Myanmar, registered offices of foreign companies not allowed to conduct business, except to establish contacts in Myanmar. To date, there are 23 foreign insurance companies having their representative offices in Myanmar and among them, three foreign insurance companies have been licensed to sell insurance in the Thilawa Special Economic Zone. These companies have been permitted to operate the 7 classes of insurance since May, 2015 which are:

1. Industrial All Risk
2. Contractor's All Risk

3. Comprehensive Motor Insurance
4. Property Insurance (Fire & Allied perils)
5. Cash in safe/ in-transit Insurance
6. Ocean Marine Cargo Insurance and
7. Bailee's Liability Insurance

Criteria for the application of foreign insurance companies include operation for at least thirty years in insurance industry, possession of the total asset or paid up capital at least thirty years, having Representative office in Myanmar at least for three years and rating shall not be less than S&P (B+) or its equivalent and operation license at least in two ASEAN countries. Foreign life insurance companies there will be allowed 100% foreign investment. There is no proposed limit on the number of licenses to be issued in the life insurance category. For composite insurance the foreign companies will require to form a JV with the existing 9 local companies that offer composite insurance. For such JV, a minimum shareholding of 35% has been fixed for the local partner, which means that the foreign company is allowed to have majority shareholding. Since there are 8 existing local companies that offer composite insurance, at present 8 licenses will be issued in this category to foreigners to form JV with the existing local companies. As and when more licenses are issued to local companies for composite insurance, foreign companies will also be issued licenses so that JV can be formed. Foreign companies looking to obtain license will require an existing representative office for insurance business in Myanmar. Without a representative office, foreign companies would not be allowed to participate in the tender or make bids for issuance of licenses. Upon commencing operations the representative office would be a branch office and subsequently a subsidiary company would be required to be incorporated to function as a foreign insurance company in Myanmar. The minimum capital requirement will be the same for local and foreign companies. The present minimum capital requirements are being reviewed and shall be reduced.

### **3.5 Co-Insurance Agreement**

From the point of view of the insured, insurance is defined as risk transfer for them. On the other hand, Insurance companies regard this risk transfer as risk sharing and risk undertaking. The more the insurance policies sold by an insurance company,

the more liabilities to the insured occurs and then it happens to being unable to settle claims. In order to protect from these conditions, co-insurance system or reinsurance system was established. Co-insurance is the splitting or spreading of risk among insurance companies within the country. It is a system in which an insurance company transfers the amount of a risk exceeding its retention limit to other insurance companies. The advantage of coinsurance is the sharing of premium income and claim payment among the insurers in accordance with the percentage of the policy they hold. The practice of splitting or spreading of risk among insurance companies is the essence of coinsurance which is an important factor in risk management. The good part of the insurance industry is the act of keeping in books the insured value up to the retention limit and distributing the excess amount to others. Coinsurance protects companies from collapse resulting from huge losses.

In order to substantially operate business activities for general insurance companies in Myanmar, the state-owned Myanma Insurance and six private insurance companies signed the Coinsurance System Agreement of IBRB on 30<sup>th</sup> May, 2013 including I.K.B.Z, Aung Thitsa Oo Insurance Company Limited, First National Insurance Public Co., Ltd, Ayeyar Myanma Insurance, Global World Insurance Co., Ltd, Grand Guardian Insurance Public Co., Ltd. According to the agreement,

1. For Fire Insurance, each insurance company takes responsibility for up to Kyat 500 million of premiums, and contributes the other premiums into Co-insurance Pool.
2. For Comprehensive Motor Insurance, each insurance company accepts at most Kyat 300 million of premiums and add the surplus to Co-Insurance System.
3. The essence of Co-insurance system encourages for insurance companies to implement effectively their Enterprise Risk Management and to move forward without limiting their lines of business.

### **3.6 Initial Paid-up Capital contribution of Private Insurance Companies**

Private insurance companies offering only life insurance policies will be required to have paid-up capital of Myanmar kyat 6 billion but composite insurance companies will require paid-up capital of Myanmar Kyat 46 billion. For only non-life insurance, there needs Myanmar Kyat 40 billion. The Insurance Business Rules set limits in principle the asset allocation of insurance companies: to ensure sound

financial condition, 10 percent of the total paid-up capital must be put into an interest bearing Myanmar Economic Bank account and to purchase government treasury bonds and bills at the 30% of the paid-up capital. The rest 60 percent of the total paid-up capital, which must be held in state-run banks will be refunded after one year. The paid-up capital levels had been set to control the number of companies operating in the soon-to-be privatized sector and prevent bankruptcy or insolvency issue. According to correspondence with FRD officials, a separate fund for each class of general business and for life assurance must be established. In addition to this, 10% of the net insurance premium generated shall be determined as the net worth of a life insurance business and the net worth of a general insurance business shall be determined in accordance by the FRD, 50% of the net premium income generated in the closed underwriting year immediately preceding the current year, 50% of the claim reserve provided for the closed underwriting year. In addition, the business license fee as stipulated under the rules is MMK 3 million and annual fees is fixed at MMK 1 million.

### **3.7 Nature of Organizational Structure of Private Insurance Companies**

Insurance is all about risks and is a safeguard against uncertainties as well. As underwriters, insurance companies are dealing with a riskier world with regard to both natural and man-made accidents. Since the insurance industry is risky, it is highly-regulated by the government agency. Regulators, key stakeholders, investors are demanding a clearer, more timely and more precise accounting of all these risks. Actively seeking and retaining risk, insurers have always emphasized effective risk management and capital management. Hence, the organizational structures of Insurance Companies in Myanmar reflect the nature of risky business. The structure displays corporate level including the Boards of Directors supported with Audit Compliance and Corporate Governance Committee, Compensation & Benefit Committee, Investment and Risk Management Committee and Business Development Committee and then followed below by executive management. In some companies' organization structures, executive management is contemporaneously provided by administrative team, risk assessment team and loss adjusting team.



There are commonly four main divisions in organizational structure of insurance company in Myanmar involving Operation Division, Commercial Division, Finance Division and Business Supporting Division. Operation Division is responsible for underwriting insurance policies, claims management and re-insurance. Operation includes risk management in some companies. In other companies, risk management can be seen as a separate division including risk management department, audit department, and branch supervisor department. And Internal Audit Department is seen separately from operation division in some companies due to large size of business. Commercial division is in charge with agency department, sale & marketing, commercial admin department, customer service and business development department that can be found as one main division in some companies. Moreover, in Finance Division, there are Operation Accounting for non-life insurance, and for life and for general accounting. The organizational structures of Insurance companies in Myanmar also include Business Supporting Division embracing admin department, Human Resource Department, Legal & Compliance Department, and Information Technology. In some insurance companies, Information Technology is separated as a main division including Application Set up & Support Department, Social Media & Website Department, and Network & Hardware Support Department. The figures of organizational structures of six composite insurance companies in Myanmar can be seen in Appendix I (B).

### **3.8 Types of Insurance Services**

The 11 private insurance companies are allowed to operate the nine classes of insurance which are:

#### **(1) Life Insurance**

Life Insurance includes public life insurance, group life insurance, snake bite insurance and sports-men life insurance.

- **Public Life Insurance**

Public life insurance covers age between (10) to (55) years. Term of insurance is at least 5 years. Sum insured includes minimum 50,000 MMK, and maximum

30millions MMK. The amount of premium depends on insurance term, age and sum insured.

- **Group Life Insurance**

Group life insurance limits age between (18) to (60) years. The insured person must be at least 5 persons. Term of insurance is one year. Premium rate is 1% on sum insured.

- **Snake Bite Insurance**

Snake bite insurance covers no limit of age. Term of insurance is one year. Sum insured includes Ks 500000 for one unit within one year and Ks 5 millions for 10 units within one year. Premium rate Ks 500 for one unit.

- **Sports-Men Life Insurance**

Age between 10 to 60 years of sports-men can be insured by Sports-men life insurance. Term of insurance is one year. Sum insured includes Ks 1 million for 1 unit. And premium rate is Ks 5000 for 1unit.

## **(2) Fire Insurance**

Fire insurance policy provides the insured with coverage for loss or damage of property (Buildings, machinery, furniture, goods) due to fire or lightning. Owners, joint owner, spouse of owner or joint owner of the property are entitled to purchase the policy. The insured period is from 10 days to 1 year. Before the end of the term of insurance the policy can be renewed. Premium can be paid by lump sum payment.

## **(3) Comprehensive Motor Insurance**

Comprehensive Car Insurance can cover accidental collision, overturning, fire or lightning, fire external explosion, impact damage caused by falling object, malicious act, self-Ignition, whilst in transit by road, rail, inland, water way, lift or elevator, and third-party liability. Act of flood, wind storm, earthquake, war risk and theft are also included. Insured period involves three months, six months, 9 months up to one year and policy can be renewed yearly. Premium calculation



depends on usage of car, value, car model, engine cubic capacity, seating capacity and market price and wind screen value.

#### **(4) Health Insurance**

Its objective is to provide all the cost of hospital allowances at a limited extent. Insured people include age between 6 years to 65 years on citizens and permanent residents and age between 6 years to 18 years can be insured by their parents/guardians. Term of insurance is one year. Its premium rate is 50,000 MMK for one unit and can buy up to 5 units.

#### **(5) Cargo Insurance**

Description of insurance includes Inland Transit Cargo Insurance, and Marine Cargo Insurance. Insurance covers total loss only. Term of insurance may be covered for one trip of the domestic cargo transportation from one place to another. Sum insured may be exceeded the insurance value by 10%.

#### **(6) Cash In Transit Insurance**

It defines as an insurance of cash against the theft and robbery during the physical transfer of cash from one location to another. Insured period is one day up to one year. Premium payment can be lump sum payment.

#### **(7) Cash In Safe Insurance**

It is an insurance of cash against burglary whilst locked in a safe. Insured period is one year. Premium can be paid by lump sum payment. Premium rate is one percent.

#### **(8) Fidelity Guarantee Insurance**

It can be defined as an insurance to indemnify the employer against any direct pecuniary loss that he may sustain through acts of fraud or dishonesty by an employee in the course of employment. Insured period is one year. Premium can be paid by lump sum payment. Premium rate include 1% for government and private bank and 2% for co-operative and private organization.

### **(9) Special Travel Insurance For High Way Road**

It is an insurance product for passengers who travel on highway road by private cars, express or hired vehicle. Premium rate includes MMK 300 per ticket per Special travel insurance unit. A passenger can purchase maximum 2 units MMK 600. It can cover one way trip or 24 hours and for both express/highway bus passengers and own car/hired vehicles passengers. Compensation is MMK 3 million per ticket.

### **3.9 Premium Income of Private Insurance Companies**

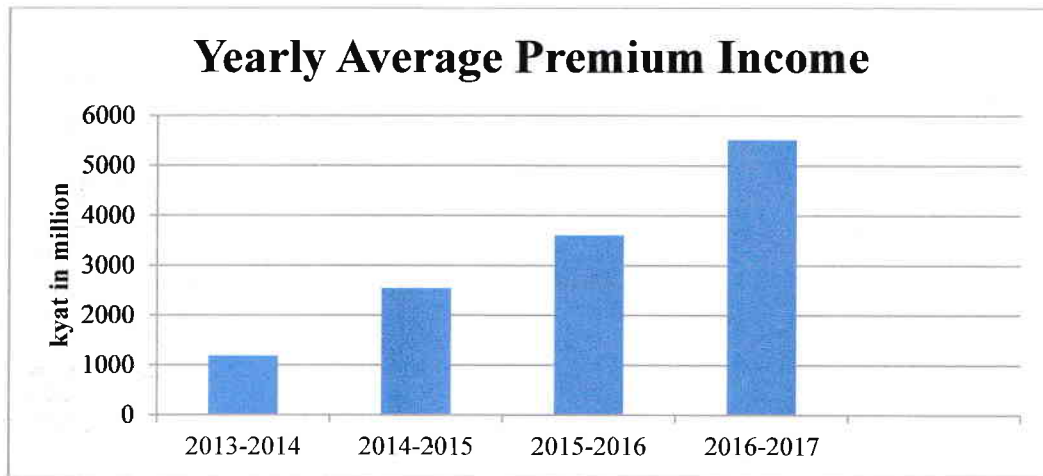
After liberalization of insurance sector by granting the operating license for local insurance companies since 2013, due to high rate of public awareness of risks, high income levels of citizens, improving people living standards, a greater number of businesses, lots of cash transactions, and high environmental threats, people put their trust in insurance by transferring their risks to relieve their worries of uncertainties. Hence, insurance market in Myanmar is growing and has many opportunities for investments. According to the insurance companies' annual reports, there was an enormous gain of premium income in local insurance companies in very first two years of starting business and then there has been a steady growth in premiums of insurance companies. In accordance with figures of annual reports of financial year 2014-2015, there was 116% higher in selling insurance policies than financial year 2013-2014. The financial year 2015-2016 displays 42% greater than year 2014 and previous financial year 2016-2017, the insurance companies averagely obtain a higher amount of premium incomes in percentage 53% than year 2015. Yearly average premium incomes from 2013-2017 of composite insurance companies in Myanmar can be seen in the following table and chart.

**Table 3.1 Yearly average premium incomes from 2013-2017 of composite insurance companies in Myanmar**

Financial years	Average Premium Income (kyats in million)
2013-2014	1178.4275
2014-2015	2543.53
2015-2016	3600.908
2016-2017	5510.458

Source: Yearly Financial Statements of Six Private Insurance Companies

**Figure 3.1 Yearly average Premium Income from 2013-2017 in composite insurance companies in Myanmar**



Source: Yearly Financial Statements of Six Private Insurance Companies

### **3.10 Learning and Development**

Continual development of Human Capital is a priority as an insurance organization is responsible for ensuring that its employees have the appropriate skills and knowledge to fulfill the organization's strategic and operational objectives. Employees must be learning constantly in order to acquire the knowledge and skills needed to be successful. At Insurance Companies, they have regular learning and development plans all year round not only for new employees but also for the

continuous development of existing employees. Programs conducted by professional trainers in-house or outsourced are tailored to meet employees at all level.

#### Technical & Skillful Training

- Motor Insurance Training
- Property Insurance Training
- Marine Insurance Training

#### Operational Efficiency Training

- Insurance Business Training Programme
- Finance & Budgeting Training
- Business Management & Executive Development Course
- IT and system development

#### Capacity Building Training

- Working in Effective Teams Training
- Results Based Leadership Training
- Managing External & Internal Customers Training
- Conflict Management Training

#### General Knowledge & Other

- Occupational Safety & Health Seminar
- Traffic Rules & Regulation
- Counterfeit Money For US Dollar Training
- CSR & Environmental Awareness Training
- Personal Grooming Training

## CHAPTER 4

### ANALYSIS OF LEADERSHIP STYLES OF MANAGERS IN PRIVATE INSURANCE COMPANIES IN MYANMAR

This chapter is concerned with the demographic characteristics of respondents, responding the results of the survey that includes exploration of leadership styles of managers in private insurance companies in Myanmar, outcomes of leadership styles, and effects of different leadership styles on leadership outcomes. Multifactor Leadership Questionnaire 360 (Bass, 1985) for exploring leadership styles and outcomes, is used. In order to examine the perception about organizational commitment, the shortened Organizational Commitment Questionnaire by Meyer and Allen (1997) is used. Descriptive statistics method is used in this study. Primary data were collected from 175 employees (50 managers and 125 subordinates) in Aung Thitsa Oo Insurance Company Ltd, Global World Insurance Company Ltd, and Grand Guardian Insurance Company Ltd as approximately 28 % of the total population 621 employees in these three insurance companies.

#### **4.1 Demographic Characteristics of Respondents in Private Insurance Companies**

Table 4.1 and 4.2 present the background information of the respondents who had participated in the survey. Two set of questionnaires are used to collect data from managers and their subordinates about this study. The manager respondents are working as divisional head and subordinate respondents work at subsequent mid and functional levels of three Insurance Companies namely Aung Thitsa Oo, Global World, and Grand Guardian Insurance Companies Limited. From 190 questionnaires sent, 50 questionnaires for managers returned and 125 questionnaires for subordinates sent back to the researcher. Respondent rates are 83 % of managers and 96 % of subordinates.

**Table 4.1 Frequency Distribution of the Sample Managers**

Particular	Respondents	Percentage
<b>Gender</b>		
Male	15	30
Female	35	70
<b>Age</b>		
<25	2	4
25-34	17	34
35-44	13	26
45-54	5	10
>54	13	26
<b>Educational level</b>		
Undergraduate	-	-
Graduate	41	82
Master	7	14
PhD	2	4
<b>Experience in Other Insurance Company</b>		
Yes	21	42
No	29	58
<b>Years of Experience in Insurance Field</b>		
<6	36	72
6-25	6	12
26-45	8	16
<b>Working Year in current insurance company</b>		
1-3	15	30
4-6	35	70
<b>Years of Current Position</b>		
1-3	43	86
4-5	7	14

Source: Survey Data 2018

Table 4.1 presents demographic analysis of managers. Survey manager respondents include 30 % males and 70 % females. Between 25-34 years of age showing 34 % of whole sample while ages less than 25 were 4%, between the age ranges 35-44, 45-54, and ages more than 54 are 26 %, 10 %, and 26 % respectively. Furthermore, 82 % of managers have graduate level of education while 14 % have Master level of education. Above master level are as low as 2%. 72 % of managers have experience in Insurance field less than 6 years and the other 28 % possess years of experience in Insurance field between 6-45 years. Moreover, since the period of establishment of private insurance companies in Myanmar was still young, 30 % managers have 1-3 years in current organization while the other significant figure 70 % can be seen as working together with their respective organization since establishment. Lastly, 86 % of managers can be seen they have received the current position between 1 year and 3 years when 14% of managers have above 3 years of current position.

Table 4.2 presents the majority of the respondents are made up of 32 male subordinates and 93 female subordinates as percentage 26% male and 74 % female respectively. They are classified into five age groups including age less than 25 years are 20 %, between age range 25-34 are 60. 8%, 35-44 years are 12 %, 45-54 age level are 4 %, and more than 54 years are 3.2 %. In the level of education, 12 % of subordinates are undergraduate, graduated subordinates are 81.6% and 6.4 % subordinates have Master educational level. It is attempted to collect responses from both levels, therefore, the responses are collected from managerial in percentage 35 and non-managerial levels in percentage 65. Furthermore, in accordance with subordinate experience, 33.6 % of employees are up to 1-3 years, 41.6 % of subordinates have experience years between 4 and 6, and 24.8 % of respondents have one less year of experience.



**Table 4.2 Frequency Distribution of the Sample Subordinates**

Particular	Respondents	Percentage
<b>Gender</b>		
Male	32	25.6
Female	93	74.4
Total	125	100
<b>Age</b>		
<25	25	20
25-34	76	60.8
35-44	15	12
45-54	5	4
>54	4	3.2
Total	125	100
<b>Educational level</b>		
Undergraduate	15	12
Graduate	102	81.6
Master	8	6.4
Total	125	100
<b>Position</b>		
Managerial	44	35.2
Non Managerial	81	64.8
Total	125	100
<b>Experience</b>		
Under 1 year	31	24.8
1-3 years	42	33.6
4-6	52	41.6
Total	125	100

Source: Survey Data 2018

## **4.2 Analysis of Leadership Styles of Managers**

In this study, the styles of leadership of managers are measured by transformational leadership styles, transactional leadership styles and laissez-faire leadership style. Transformational leadership styles include five items- idealized influence behavior, idealized influence attributed, inspirational motivation, intellectual stimulation and individual consideration. Transactional leadership styles consist of contingent rewards, management by exception (active), and management by exception (passive). And lastly there is laissez-faire leadership style. Questionnaire for leadership styles of managers were sent to both managers to be assessed by self and followers to perceive their managers' styles. Each factor has its own statements that the respondents describe their self-perceived level on these statements by Five-Point Likert Scale (1=Not at all, 2= once in a while, 3=sometimes, 4= fairly often, 5=frequently, if not always). The following tables describe mean score of each category of each leadership style and if mean value of each item of leadership styles indicates above 3, it can be assumed that managers practice this kind of leadership behavior in his work to supervise their followers. However, if mean value is below 3, managers seem not to use this kind of leadership behavior to lead their subordinates.

### **4.2.1 Transformational Leadership Style of Managers**

The transformational style of leadership encourages and motivates the followers through a leader's persuasive vision, developing and promoting creativity, and empowering and sharing responsibility with the followers to achieve high aims (Avolio,2011). Transformational leadership styles include five subscales as idealized influence behavior, idealized influence attributed, inspirational motivation, intellectual stimulation and individual consideration. The following tables describe means of each category of transformational leadership styles by manager self-perception and subordinate perception.

**Table 4.3 Level of Idealized Influence (behavior)**

Idealized influence (behavior)	Manger Mean	Subordinate Mean
Specifying a strong sense of purpose	4.88	3.67
Talking about the most important values and beliefs	5.12	4.20
Considering the moral and ethical consequences of decisions	4.32	3.98
Emphasizing the importance of having a collective sense of mission	4.64	4.18
Overall Mean	4.74	4.01

Source: Survey Data 2018

Table 4.3 describes the self- perception of manager and subordinate perception on idealized influence behavior. Idealized influence is the characteristic of those charismatic leaders who motivate their followers and encourage creativity. The overall mean value for idealized influence behavior is 4.74 by managers and 4.01 by subordinates. As a result, managers in private insurance companies apply idealized influence behavior since mean scores are above 3. According to manager self-perception, they do more talking about the most important values and beliefs to their subordinates as its mean score is the highest (5.12). According to subordinate perception, they perceived managers less specifying the importance of having a strong sense of purpose than other characteristics of idealized influence behavior since its mean is the lowest. However all mean scores of characteristic of behavior are above 3, therefore managers can be seen applying this kind of behavior.

**Table 4.4 Level of Idealized Influence (attributed)**

Idealized Influence (attributed)	Manager Mean	Subordinate Mean
Going beyond self-interest for the good of the group	4.52	3.90
Acting in ways that build others' respect for managers	3.92	3.84
Others are proud to be associated with leaders	4.00	3.63
Display a sense of power and confidence	4.20	4.19
Overall Mean	4.16	3.89

Source: Survey Data 2018

Table 4.4 describes the self- perception of manager and subordinate perception on idealized influence attributed. Idealized influence attributed refers to charismatic aspect of transformational leadership in which leaders hold subordinates' trust, maintain their faith and respect, appeal to their hopes and dreams, and act as their role model. The overall mean value is 4.16 by managers and 3.89 by subordinates. As a result, managers in private insurance companies apply idealized influence attributed since mean scores are above 3. According to manager self-perception, they go beyond self-interest for the good of the group as its mean is 4.52 the highest. According to subordinates' perception, they perceived their managers as a sense of power and confidence as the mean is 4.19. All mean scores of characteristic of attribute are above 3, therefore managers can be seen applying this kind of attribute behavior.

**Table 4.5 Level of Inspirational Motivation**

Inspirational motivation	Manager Mean	Subordinate Mean
Expressing with a few simple words what they could and should do	4.28	3.86
Providing appealing images about what they can do	4.20	3.69
Talking enthusiastically about what needs to be accomplished	4.48	4.23
Expressing confidence that goals will be achieved	4.44	4.22
Overall Mean	4.35	4.00

Source: Survey Data 2018

Table 4.5 presents the self- perception of manager and subordinate perception on inspirational motivation. Inspiration is related to the behavior of leaders and efforts to inspire and motivate their followers in order to fulfill ambitious goals raise confidence in their own abilities. The overall mean is 4.35 by managers and 4 by subordinates. As a result, managers in private insurance companies apply inspirational motivation due to mean scores being above 3. According to manager perception, they do more talking enthusiastically about what needs to be accomplished since its mean was 4.48. According to subordinate perception, they are less agreeable that managers providing appealing images about what they can do as its mean is the lowest (3.69). However all mean scores of characteristic of behavior are above 3, therefore managers can be seen applying this kind of behavior.

**Table 4.6 Level of Intellectual Stimulation**

Intellectual stimulation	Manager Mean	Subordinate Mean
Enabling others to think about old problems in new ways	3.92	3.94
Getting others to rethink ideas that they had never questioned before	4.08	3.98
Seeking differing perspectives when solving problems	4.16	3.72
Suggesting new ways of looking at how to complete assignments	4.16	3.25
Overall Mean	4.08	3.72

Source: Survey Data 2018

Table 4.6 describes the self- perception of manager and subordinate perception on intellectual stimulation. Intellectual stimulation involves arousing and changing followers' awareness of problems and their capacity to solve those problems. The overall mean value is 4.08 by manager self-perception and 3.72 by subordinate perception. As a result, managers in private insurance companies apply inspirational stimulation because mean scores are above 3. According to manager perception, they do more seeking differing perspectives when solving problems and suggesting new ways of looking at how to complete assignments as the mean scores are 4.16. According to subordinate perception, they are less agreeable that managers suggesting new ways of looking at how to complete assignments as its mean score is 3.25. And they are more agreeable that managers getting others to rethink ideas that they had never questioned before as its mean is 3.98. However all mean scores of characteristic of behavior are above 3, therefore managers can be seen applying this kind of behavior.

**Table 4.7 Level of Individual Consideration**

Individual consideration	Manager Mean	Subordinate Mean
Helping others develop themselves to reach higher levels of achievement than before	4.36	3.46
Giving personal attention to others who seem rejected	3.80	4.17
Spending time teaching and coaching	4.56	3.60
Considering an individual as having different needs, abilities, and aspirations from others	4.36	3.82
Overall Mean	4.27	3.76

Source: Survey Data 2018

Table 4.7 shows that the self- perception of manager and subordinate perception on individual consideration. Individualized consideration involves responding to the specific, unique needs of followers to ensure they are included in the transformation process of the organization. The overall mean value is 4.27 by manager self-perception and 3.76 by subordinate perception. As a result, managers in private insurance companies apply individual consideration due to mean scores being above 3. According to manager self-perception, they do more spending time teaching and coaching as the highest mean score is 4.56. According to subordinate perception, they are more agreeable that managers giving personal attention to others who seem rejected since the highest mean is 4.17 and they are less agreeable that managers helping others develop themselves to reach higher levels of achievement than before as the lowest mean is 3.46.



#### 4.2.2 Transactional Leadership Styles of Managers

Transactional leadership styles include three subscale as contingent reward, management by exception (active) and management by exception (passive). The following tables described mean and standard deviation of each category of transactional leadership styles by manager self-perception and subordinate perception.

**Table 4.8 Level of Contingent Reward**

Contingent Reward	Manager Mean	Subordinate Mean
Tell others what to do if they want rewards for their work	3.64	2.68
Provide recognition/rewards when others reach for their work	4.04	2.58
Warning or punishment to others when something expected is going wrong	3.60	3.68
Express satisfaction when others meet expectations	4.56	3.75
Overall Mean	3.96	3.17

Source: Survey Data 2018

Table 4.8 describes the self- perception of manager and subordinate perception on contingent reward. The overall mean value is 3.96 by manager self-perception and 3.17 by subordinate perception. As a result, managers in private insurance companies apply contingent reward because mean scores are above 3. According to manager self-perception, they do more expressing satisfaction when others meet expectations as the highest mean score is 4.56. They are agreeable that managers expressing satisfaction when they meet expectation as there is highest mean score of 3.75. Subordinates perceived that managers are moderately telling them what to do if they want to be rewarded for their work and sometimes providing recognition/rewards when others reach for their work as their mean scores are 2.68 and 2.58 respectively.

**Table 4.9 Level of Management by Exception (active)**

Management by exception (active)	Manager Mean	Subordinate Mean
Concentrate and direct full attention on mistakes, complaints and failure	4.56	4.07
Keep track of all mistakes	4.12	3.62
Continually monitor and take immediate corrective action when something goes wrong	4.16	4.18
Inform the subordinates about standards and conditions of poor performance and its possible consequences	4.24	4.07
Overall Mean	4.27	3.99

Source: Survey Data 2018

Table 4.9 describes the self- perception of manager and subordinate perception on management by exception (active). The overall mean value is 4.27 by manager self-perception and 3.99 by subordinate perception. As a result, managers in private insurance companies apply management by exception (active) due to mean scores being above 3. Among them, managers do more concentrating and directing full attention on dealing with mistakes, complaints and failure as its highest mean score is 4.56. Subordinates are more agreeable that managers continually monitor each subordinate's performance and take immediate corrective action when something goes wrong as its highest mean is 4.18. However all mean scores of characteristic of behavior were above 3, therefore managers can be seen applying this kind of behavior.

**Table 4.10 Level of Management by Exception (Passive)**

Management by exception (passive)	Manager Mean	Subordinate Mean
Wait for things to go wrong before taking action	2.48	2.31
A firm believer "If it ain't broke, don't fix it"	2.00	2.09
Fail to intervene until problems become serious	2.12	2.74
No actively monitor the subordinates' performance	2.28	2.14
Overall Mean	2.22	2.32

Source: Survey Data 2018

Table 4.10 presents the self- perception of manager and subordinate perception on management by exception (passive). The overall mean value is 2.22 by manager self-perception and 2.32 by subordinate perception. As a result, managers in private insurance companies do not apply management by exception (passive) because mean scores are below 3. They are against waiting for issues to come up before fixing the problems. Followers are also agreeable that managers are not passive engagement leaders as their mean scores are below 3.

#### **4.2.3 Laissez-faire Leadership Style Of Managers**

Table 4.11 describes the self- perception of manager and subordinate perception laissez-faire leadership style. Laissez-Faire dimension provides the possibility of freedom in the choice of goals and behavior of organizational participants. The overall mean value is 2.14 by manager self-perception and 2.02 by subordinate perception. As a result, managers in private insurance companies do not apply laissez-fare leadership style because mean scores are below 3.

**Table 4.11 Level of Laissez-faire Leadership Style**

Laissez-faire Leadership Style	Manager Mean	Subordinate Mean
Content to let others continue working in the same ways	2.40	1.81
Whatever others want to do is okay	1.85	1.92
Ask no more of others when not absolutely essential	2.56	2.51
Avoid getting involved when important issues arise	1.76	1.85
Overall Mean	2.14	2.02

Source: Survey Data 2018

Table 4.11 shows that subordinates agree that managers are against avoiding responsibility for decision-making and creating inefficient organizational relationships.

### **4.3 Analysis of Leadership Styles Outcomes**

In this study, leadership styles outcomes are measured by extra effort, effectiveness, and job satisfaction on leadership behaviors of managers. They are called multifactor leadership outcomes (Bass, 1985). Each factors has its own statements that the respondent subordinates describe their self-perceived level on these statements by Five-Point Likert Scale (1=Not at all, 2= once in a while, 3=sometimes, 4= fairly often, 5=frequently, if not always). Moreover, organizational commitment as other leadership outcomes, are measured by affective commitment, continuance commitment, and normative commitment. Each factors has its own statements that the respondent subordinates describe their self-perceived level on these statements include Five- Point Likert Scale (1= strongly disagree, 2= disagree, 3= neither disagree not agree, 4= agree, and 5=strongly agree). The following table describes mean score of each category of each leadership outcomes and if mean value of each item of leadership outcomes indicates above 3, leadership outcomes exist. However, if mean value is below 3, it can be assumed that subordinates outcomes are not influenced by leadership behavior of managers.

**Table 4.12 Level of Leadership styles outcomes**

Leadership styles outcomes	Mean
<b>1. Extra Effort</b>	
Getting others to do more than they expect to do	3.02
Heightens desire to succeed	3.74
Increase willingness to try harder	3.78
Overall Mean	3.51
<b>2. Effectiveness</b>	
Effective in meeting their job-relate needs	3.75
Effective in representing them to higher authority	2.68
Effective in meeting organizational requirement	3.98
Leading group that is effective	4.04
Overall Mean	3.61
<b>3. Job Satisfaction</b>	
Use methods of leadership that are satisfying	3.76
Work with them in a satisfactory way	3.78
Overall Mean	3.77
<b>Affective Commitment</b>	
Very happy to spend the rest of career with this organization	3.27
Enjoy discussing about organization with people outside it	4.06
Really feel as if this organization's problems are self- own.	3.98
Do not feel like 'part of the family at organization' (R)	3.70
Do not feel a strong sense of belonging to organization (R)	3.77
Easily become attached to another organization (R)	2.63
Overall Mean	3.56

Continuous commitment	
Not afraid of what might happen if quit job without having another one lined up(R)	2.72
Very hard to leave company right now even if a person wanted to	2.90
Wouldn't be too costly to leave organization now (R)	3.04
Staying with organization is a matter of necessity as much as desire	4.02
Leaving company would require considerable personal sacrifice	2.45
Too few options to consider leaving this organization (R)	3.08
Overall Mean	3.04
Normative Commitment	
People these days move from company to company too often	3.81
Not believe that a person must always be loyal to his or her organization (R)	3.95
Jumping from organization to organization does not seem at all unethical to me (R)	3.01
Believe that loyalty is important and feel a sense of moral obligation to remain	3.98
Not feel it was right to leave organization even got another offer	3.07
Wanting to be a "company man" is not sensible anymore (R)	4.00
Overall Mean	3.64

Source: Survey Data 2018

Table 4.12 describes that subordinates outcomes by leadership behaviors of managers including extra effort, effectiveness, job satisfaction, affective commitment, continuance commitment and normative commitment. As a result, subordinates are willing to insert extra effort into their work since the overall mean value of extra effort was 3.51. The overall mean value of effectiveness was 3.61 therefore subordinates are agreeable that there is effectiveness of manager leadership in executing their tasks and leading the subordinates to meet the goal of the division.

As the overall mean value of job satisfaction is 3.77, it means subordinates are agreeable that managers highly use methods of leadership that are satisfying and they

very satisfactorily work with managers. Moreover, the overall mean value is 3.56 meaning that employees' emotional attachment to organization, identification with organization and involvement in organization exists. The overall mean score is 3.04 meaning that there is slightly level of continuous commitment of employee in their current organization and their presence in organizations is a matter of necessity. According to data, the overall mean value of normative commitment is 3.64 meaning that individuals remain with an organization based on expected standards of behavior or social norms.

#### **4.4 Relationships between Leadership Styles and Leadership Styles Outcomes**

In this section, the relationships between leadership styles and leadership styles outcomes are described. To perform this analysis, Pearson correlation is used. A Pearson correlation coefficient will indicate the direction, strength and significance of the bivariate relationships among all the variables. The range of values for the correlation coefficient is -1.0 to 1.0. A correlation of -1.0 indicates a perfect negative correlation, while a correlation of 1.0 indicates a perfect positive correlation. Leadership styles include transformational, transactional and laissez-faire leadership styles. Leadership styles outcomes consist of extra effort, effectiveness, satisfaction, affective commitment, continuance commitment and normative commitment. To conduct the analysis and to find the relationship between these variables, average scale score is calculated for each scale. The following Table (4.15) shows the relationship between average scores of leadership styles and leadership styles outcomes.



**Table 4.13 Results of Correlation for Leadership Styles and Outcomes of Leadership Styles**

Leadership Styles outcomes	Leadership Styles		
	Transformational Leadership Style	Transactional Leadership Style	Laissez-Faire Leadership Style
Extra Effort	.488**	.303**	-.378**
Effectiveness	.653**	.218*	-.295**
Satisfaction	.701**	.208*	-.447**
Affective Commitment	.376*	.017	-.187*
Continuance Commitment	.128	.097	.158
Normative Commitment	.106	-.373*	-.347*

Source: Survey Data 2018

Note: \*\*, and \* indicate 1% and 5% significance level, respectively.

Table 4.13 describes the correlation coefficient for leadership styles and leadership styles outcomes. There is positive and fair relationship between transformational leadership style and extra effort because the transformational has a 0.5 positive correlation with the extra effort. The relationship between transformational and effectiveness has a positive and fair relationship due to 0.7 positive correlation value. There is a positive and fair relationship between transformational and satisfaction in accordance with 0.7 positive correlation value. The relationships between transformational leadership style and extra effort and effectiveness and satisfaction are significant at 1% level because their p-value (P=0.000) are less than the alpha value 0.01. The correlation coefficient between transformational and affective commitment is positive due to the 0.4 positive for correlation coefficient. Thus there is a weakly positive relationship and it is significant at 5% level because p-value (P=0.000) is less than the alpha value 0.05.

Moreover, it can be seen that the relationship of continuance and normative commitment with transformational are not significant at any level because their p-values 0.156 and 0.239 are greater than the alpha value 0.05 or 0.01.

There is a positive and weak relationship between transactional leadership style and extra effort due to 0.3 positive value. The relationship is significant at 1% level because p-value ( $P=0.000$ ) is less than the alpha value 0.01. Transactional leadership style has positive and weak relationships with effectiveness and satisfaction because they have 0.2 positive correlation values. The relationships are significant at 5% level due to their p-value ( $P=0.000$ ) being less than the alpha value 0.05. Moreover, the correlation coefficient between transactional and normative commitment is negative due to the negative value for correlation coefficient. The transactional leadership style has a 0.4 correlation with normative commitment. Thus, there is a negative and weak relationship between these two variables. The relationship is significant at 5% level because the p-value is less than alpha value 0.05. It can be seen that the relationship of affective and continuance commitment with transactional are not significant at any level because their p-values 0.85 and 0.28 are greater than the alpha value 0.05 or 0.01.

The relationships of extra effort, effectiveness and satisfaction with laissez-faire leadership style have negative correlation due to the negative value for correlation coefficient. The laissez-faire leadership style has 0.3, 0.3 and 0.4 with extra effort, effectiveness and satisfaction respectively. Thus there are negative and weak relationships among these variables with laissez-faire. The relationships are significant at 1% level because p-value ( $P=0.000$ ) is less than the alpha value 0.01. There is a negative and small relationship between laissez-faire and affective commitment due to a 0.2 negative correlation. Moreover, it can be seen as negative and weak relationship between laissez-faire and normative commitment because it has a 0.3 negative correlation. The relationship is significant at 5% level because p-value ( $P=0.000$ ) is less than the alpha value 0.05.

#### 4.5 Correlation between Leadership Styles Outcomes And Organizational Commitment

The following Table 4.16 considers whether there is any relationship between leadership styles outcomes and organizational commitment.

**Table 4.14 Results of Correlation between Outcomes and Organizational Commitment**

Leadership Styles Outcomes	Organizational Commitment		
	Affective commitment	Continuance commitment	Normative commitment
Extra Effort	.121	.195*	.037
Effectiveness	.058	.112	.032
Satisfaction	.152	.148	.043

Source: Survey Data 2018

Note: \*\*, and \* indicate 1% and 5% significance level, respectively

Table 4.14 describes the relationship between multi-leadership outcomes and organizational commitment. It can be seen that there is only one positive relationship between extra effort and continuance commitment due to positive value for correlation coefficient. It has a positive and small but definite relationship between extra effort and continuance commitment due to 0.2 positive correlation value. The relationship is significant at 5% level because p-value ( $P=0.000$ ) is less than alpha value 0.05.

#### 4.6 Regression Analysis of Leadership Styles on Three Types of Organizational Commitment

The Multiple Regression Analysis (MRA) treated the dimension of dependent variables and independent variables separately. From the table below, it shows sufficient explanation or the variance. The model sufficiently explained the variance, coefficient of determination, or the R Squared in the dependent variable. Three

components of independent variables are transformational, transactional and laissez-faire leadership styles. Dependent variables include affective commitment, continuance commitment and normative commitment.

**Table (4.15) Regression Result of Transformational Leadership Style on Three Types of Organizational Commitment**

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	4.19	0.673			
Affective	0.83	0.199	0.050	4.17	.000
Continuous	0.32	0.179	0.120	1.78	.150
Normative	0.210	0.146	0.131	1.44	.151
N= 125 $R^2 = 0.233$ $F = 117.91$ (p-value = .000)					

Source: Survey data, 2018

Independent variable: Transformational leadership

Dependent variables: Affective, Continuous and Normative commitment

Significance levels indicate that \*\* 0.01 (1%) and \* 0.05 (5%) respectively.

Table 4.15 shows that the coefficients in the model are significant in affective commitment at 1% level which is indicated by the value of F-statistic. In addition, individual coefficients have expected positive signs. Among all of three dependent variables in the model, affective commitment is significant. The magnitude of each coefficient indicates the amount how much the score of the dependent variable will change if the score of an independent variable increases by 1 unit while other things remain unchanged. That is, if the score of transformational factor increases by 1 unit, while other thing remain unchanged, level of affective commitment will increase by 0.83 units. As the performance of regression model, the model can explain about 23.3% of the variation of transformational leadership on organizational commitment.

**Table (4.16) Regression Result of Transactional Leadership Style on Three Types of Organizational Commitment**

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	2.935	0.462			
Affective	-.053	0.136	-0.041	-0.39	.697
Continuous	0.14	0.123	0.120	1.14	.259
Normative	-.612	0.100	-0.011	-6.12	.000
N= 125      R <sup>2</sup> = 0.093      F =36.81 (p-value = .000)					

Source: Survey data, 2018

Independent variable: Transactional leadership

Dependent variables: Affective, Continuous and Normative commitment

Significance levels indicate that \*\* 0.01 (1%) and \* 0.05 (5%) respectively.

Table 4.16 shows that the coefficients in the model are significant in normative commitment at 1% level which is indicated by the value of F-statistic. In addition, individual coefficients have expected negative signs except continuous commitment. Among all of three dependent variables in the model, normative commitment is significant. The magnitude of each coefficient indicates the amount how much the score of the dependent variable will change if the score of an independent variable increases by 1 unit while other things remain unchanged. That is, if the score of transactional leadership factor increases by 1 unit, while other thing remain unchanged, level of normative commitment will decrease by 0.61 units. As the performance of regression model, the model can explain about 9% of the variation of transactional leadership on organizational commitment.

**Table (4.17) Regression Result of Laissez- Faire Leadership Style on Three Types of Organizational Commitment**

Independent Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	3.483	3.415			
Affective	-0.850	0.812	-0.087	1.046	.250
Continuous	2.041	0.907	0.229	2.251	.260
Normative	-1.672	0.739	-0.202	2.262	.025
N= 125      R <sup>2</sup> = 0.074      F =3.245 (p-value = .025)					

Source: Survey data, 2018

Independent variable: Laissez- Faire leadership

Dependent variables: Affective, Continuous and Normative commitment

Significance levels indicate that \*\* 0.01 (1%) and \* 0.05 (5%) respectively.

Table 4.17 shows that the coefficients in the model are significant in normative commitment at 5% level which is indicated by the value of F-statistic. In addition, individual coefficients have expected negative signs except continuous commitment. Among all of three dependent variables in the model, normative commitment is significant. The magnitude of each coefficient indicates the amount how much the score of the dependent variable will change if the score of an independent variable increases by 1 unit while other things remain unchanged. That is, if the score of laissez- faire factor increases by 1 unit, while other thing remain unchanged, level of normative commitment will decrease by 1.67 unit. As the performance of regression model, the model can explain about 7 % of the variation of laissez- faire leadership on organizational commitment.



## CHAPTER 5

### CONCLUSION

This chapter presents the findings and discussions of the study on the basis of analyzing results and makes suggestions. The need for further research is also presented in this study.

#### 5.1 Findings and Discussion

This study analyzes the leadership styles of managers of private insurance companies in Myanmar. There are two objectives in this study; to explore the leadership styles of managers in Insurance Companies in Myanmar and to explore the outcomes of leadership styles of managers in terms of extra effort, effectiveness, satisfaction, affective commitment, continuance commitment, and normative commitment. To meet these objectives, the study was based on the primary data collected through sample of 50 managers and 125 followers from such three private Insurance Companies as Aung Thitsa Oo, Grand Guardian Insurance, and Global World by using simple random sampling method. By demographic data, the insurance sector in Myanmar is found a female dominant sector. The representation of the female group in the study was 70% at manager level and 74.4% at subordinate level. Although the inception of private insurance companies in Myanmar was in 2012, 70% of managers had working years around four to six with their current organization that indicates turnover rates of managers is low in insurance companies. In addition, 88.8% of subordinates are below 34 years old indicating that the insurance sector is echoed by a young generation and is challenged with young people enthusiasm about career development, adventurous and rebellious mind, superiority and goal instability. Moreover, the majority of employees are graduate holders. The results showed that the insurance sector is hiring young people with higher education.

The first objective of study is to explore the leadership styles of managers in private insurance companies based on manager self-perception and subordinate perception. Data collected through questionnaires showed that managers in private insurance companies are more inclined towards exercising transformational leadership style as compared to transactional leadership style since transformational mean score is higher than transactional mean score (2018 survey data). The managers encourages



and motivates the followers through a leader's persuasive vision, developing and promoting creativity, and empowering and sharing responsibility with the followers to achieve high aims rather than they share an exchange relationship with their employees. Among transformational characters, the managers exercise more idealized influence behavior. By findings, managers do intellectual stimulation but not frequently. Subordinates are agreeable that managers sometimes appreciate different ideas to resolve any issue and suggest different solutions for the same task to intellectually stimulate their followers.

Moreover, managers in private insurance companies do not neglect transactional leadership style. They more frequently do active management by exception that indicates the leaders continually monitors each subordinates' performance and takes immediate corrective action when something goes wrong. The followers are also informed about the set standards, conditions of poor performance and its possible consequences by their leaders in advance. It can be found that managers in private insurance companies don't exercise passive management by exception by waiting for issues to come up before fixing the problems.

The second objective of study is to explore the outcomes of leadership styles of managers in private insurance companies. The results of the study revealed that subordinates are willing to insert extra effort into their work, there is effectiveness of manager leadership in executing their tasks and leading the subordinates to meet the goal of the division, and managers highly use methods of leadership that are satisfying (survey data, 2018). Moreover, by organizational commitment results, affective commitment, continuance commitment and normative commitment of subordinates to their organizations can be found.

Subsequently, the study analyzed the effect of leadership styles of managers on leadership outcomes. The correlation results showed a positively strong relationship between extra effort, effectiveness, and satisfaction and transformational leadership style. This study agrees that transformational leadership had large influence on followers' extra effort, work unit effectiveness, and commitment than transactional leaders (Boerner et al., 2007, Stashevsky and Koslowsky, 2006; Lowe et al., 1996; Zagorsek et al., 2008). Transactional leadership style is found positively and weakly related to extra effort, effectiveness and satisfaction because the

transactional leaders tend to be highly directive and action oriented and their relationship with the followers tends to be transitory and not based on emotional bonds.

Moreover, the study found that transformational leadership style build a fair positively relationship with affective commitment. When managers practice more transformational leadership characteristic, the employees feel concrete sense of a family member of their organization and consider company problems as self-owned. The study also showed that the employees do not feel normative commitment to organization. The results showed that subordinates reported a significant but negative impact of laissez-faire leadership on leadership outcomes.

## 5.2 Suggestions

It is clearly found that managers are more inclined to transformational leadership style rather than transactional leadership style. This is efficient since they are operating business in highly regulated and emerging insurance industry. In order to achieve business substantial growth, employees are needed to be effective in risk management, promoting public awareness, offering insurance services, and paying claims timely and correctly since they are critical operating core. According to Berson and Avolio (2004), transformational leaders tend to have higher agreement on the strategic goals of the organization and it is a good sign that private insurance managers' leadership is in congruence with their strategic goals. In addition, people nowadays move very often from one organization to another organization so that it is important to help skillful employees committed to their organization and remain in the organizations. Based on the findings, this study would like to suggest the following points to private insurance companies in Myanmar.

The study found that managers practice transformational leadership, however, there needs some effort for managers to do better in some factors of transformational leadership style. Private insurance company managers should do more arousing and changing followers' awareness of problems and their capacity to solve those problems because subordinates perceived they are sometimes suggested new ways of looking at how to complete assignments. The managers should more help followers develop

themselves to reach higher levels of achievement than before so that employees become more talented and knowledgeable. The managers in private insurance companies are suggested to clearly and honestly reveal recognition or rewards to subordinates when they reach for their work because the subordinates sometimes feel they are not appreciated for their performance. In addition, the managers should often guide followers what to do if they want to be rewarded for their work. It is a good sign that managers do more active management by exception and it can be assumed that the companies are well doing their effective risk management. They are suggested to do always as they do.

It is gladly seen that employees in private insurance companies are willing to exert extra effort, and they think that leadership of manager is effective and they feel satisfactory in dealing with managers. In addition, it is inferred that if managers want their subordinates to exert job effort and develop their affective commitment, they should adopt and practice transformational leadership style more frequently. If leaders remain unable to develop transformational leadership skills through experience, they can exhibit these skills through trainings. Other suggestions for private insurance companies include management actions that are useful developing an organizational culture of high commitment embracing the establishment of good communications channels, visible ethical standards, hiring people with belief and values systems similar to the organization, and reward systems that recognize individual achievement and commitment styles.

### **5.3 Need for Further Study**

This study was emphasized on the leadership styles of managers in private insurance companies in Myanmar. The findings of this study could be shared with insurance companies and other organizations. It may help the leaders to adopt appropriate leadership style according to need and context of the situation and organization. The findings of this study showed that the insurance sector of Myanmar is a female dominant sector. The future study might include gender as the main focus. The difference in gender might have totally different results. The future research could be to discover the influencing factors of leadership styles of managers in insurance companies or other organization. There are many leadership theories with

different factors that affect different outcomes, such as motivation, engagement, well-being, organizational behavior and organizational performance and labor turnover. Future research studies may be designed to examine the effect of leadership styles on some other performance outcomes described above.

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## APPENDIX A

### Types of insurance services underwritten by Myanmar Insurance (state-owned)

1. Life Assurance
2. Group Life Assurance
3. Seaman Life Assurance
4. Shore Job Life Assurance
5. Sportsman Life Assurance
6. Snake Bite Life Assurance
7. Health Insurance
8. Farmers Life Assurance
9. Fire & Allied Perils Insurance
10. Burglary Insurance
11. Fidelity Guarantee Insurance
12. Cash in Safe Insurance
13. Cash in Transit Insurance
14. Personal Accident & Disease Insurance
15. Workmen's Compensation Insurance
16. Liability Insurance
17. Contractor's & Machineries Insurance
18. Deposit Insurance
19. Marine Cargo Insurance
20. Marine Hull & Machinery Insurance
21. Aviation Hull Insurance
22. Aviation Liability Insurance
23. Travel Insurance
24. Ship Owner and Ship Operator's Liability Insurance
25. Tiger Fishing Barge Owner's Liability Insurance
26. Oil & Gas Insurance
27. Third Party Liability Insurance
28. Comprehensive Motor Insurance
29. Credit Guarantee Insurance



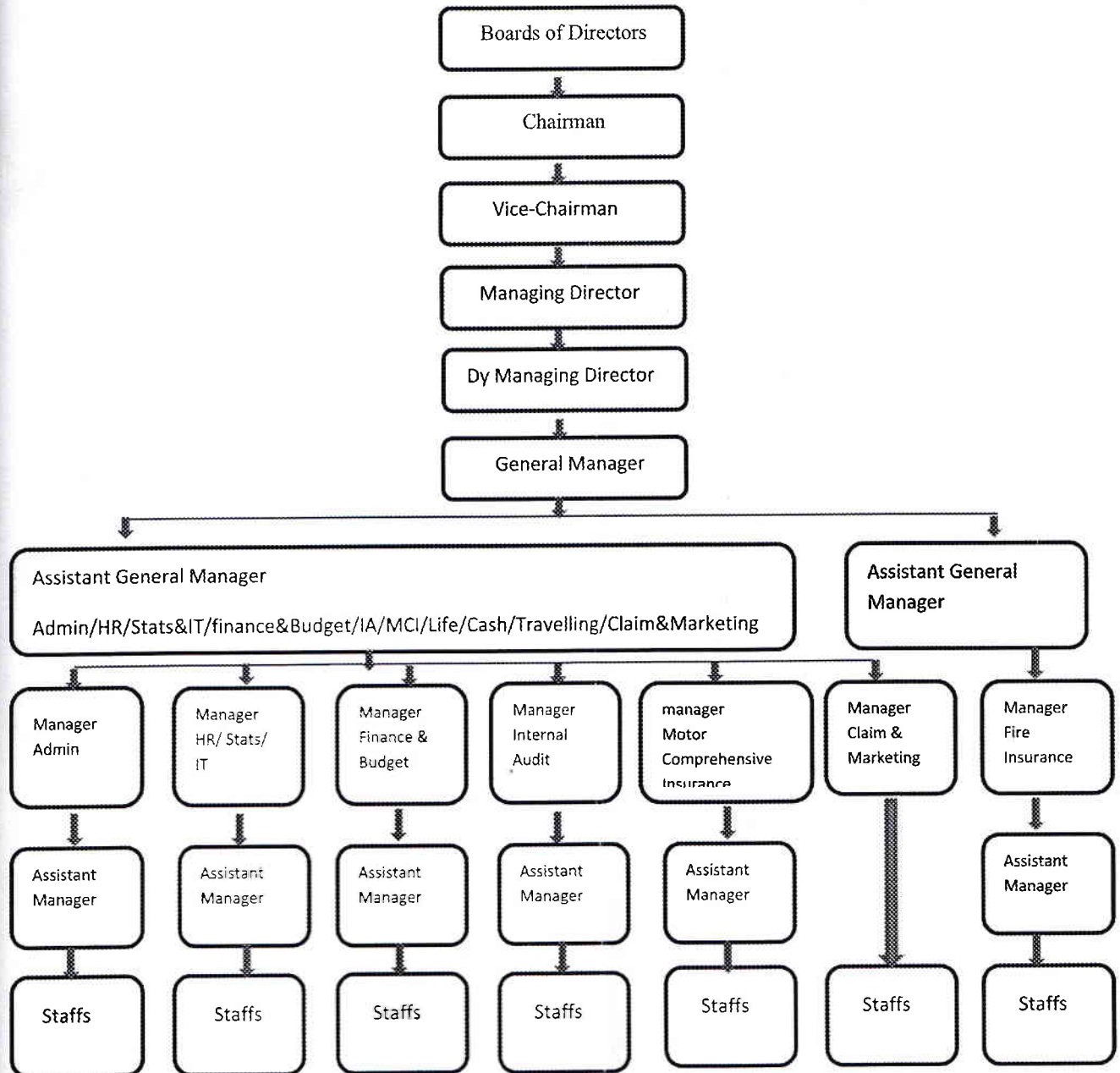
Private Insurance Companies List

Sr.	Company Name	Address	Remarks
1	First National Insurance Public Co., Ltd	No.400/406, Merchant Street, Botahtaung Township, Yangon	General Ins.+Life Ins.
2	I.K.B.Z Insurance (Public) Co.,Ltd	No.608, Bo Sun Pat St., Pabedan Township, Yangon	General Ins.+ Life Ins.
3	Young Insurance Global Co., Ltd	No.647 (A), Pyi Road, Kamayut Township, Yangon	General Ins.+Life Ins.
4	Grand Guardian Insurance Public Co., Ltd	No.19/20 (A,B,C&D) Junction Square, Pyi Road, Kamayut Township, Yangon	General Ins.+Life Ins.
5	Global World Insurance Co.,Ltd	No	General Ins.+Life Ins.
6	Excellent Fortune Insurance Co., Ltd.	No.53/54, Sat Sayar U Tun Street, Shwe Pyi Thar Industrial Zone, Insein Township, Yangon	General Ins.+Life Ins.
7	Aung Thitsar Oo Insurance Co.,Ltd	Room 602/604, Myawaddy Bank Luxury Complex, No.151, Bogyoke Road, Lanmadaw Township, Yangon	General Ins.+Life Ins.
8	Ayeyar Myanmar Insurance Co.,Ltd	No.480, Lower Kyeemyindine Road, Kyeemyindine Township, Yangon	General Ins.+Life Ins.
9	Capital Life Insurance Co.,	No.277/285, Middle of Bo Aung Kyaw Street, Kyauktada Township, Yangon	Life Ins.
10	Citizen Business Insurance Public Ltd.	No.5, Sayar San Plaza First Floor, Bahan Township, Yangon	Life Ins.
11	Aung Myint Moh Min Insurance Co., Ltd	No.28, Corner of Shwedagon Pagoda Road and Pantra Street, Dagon Township, Yangon	Life Ins.

## APPENDIX B

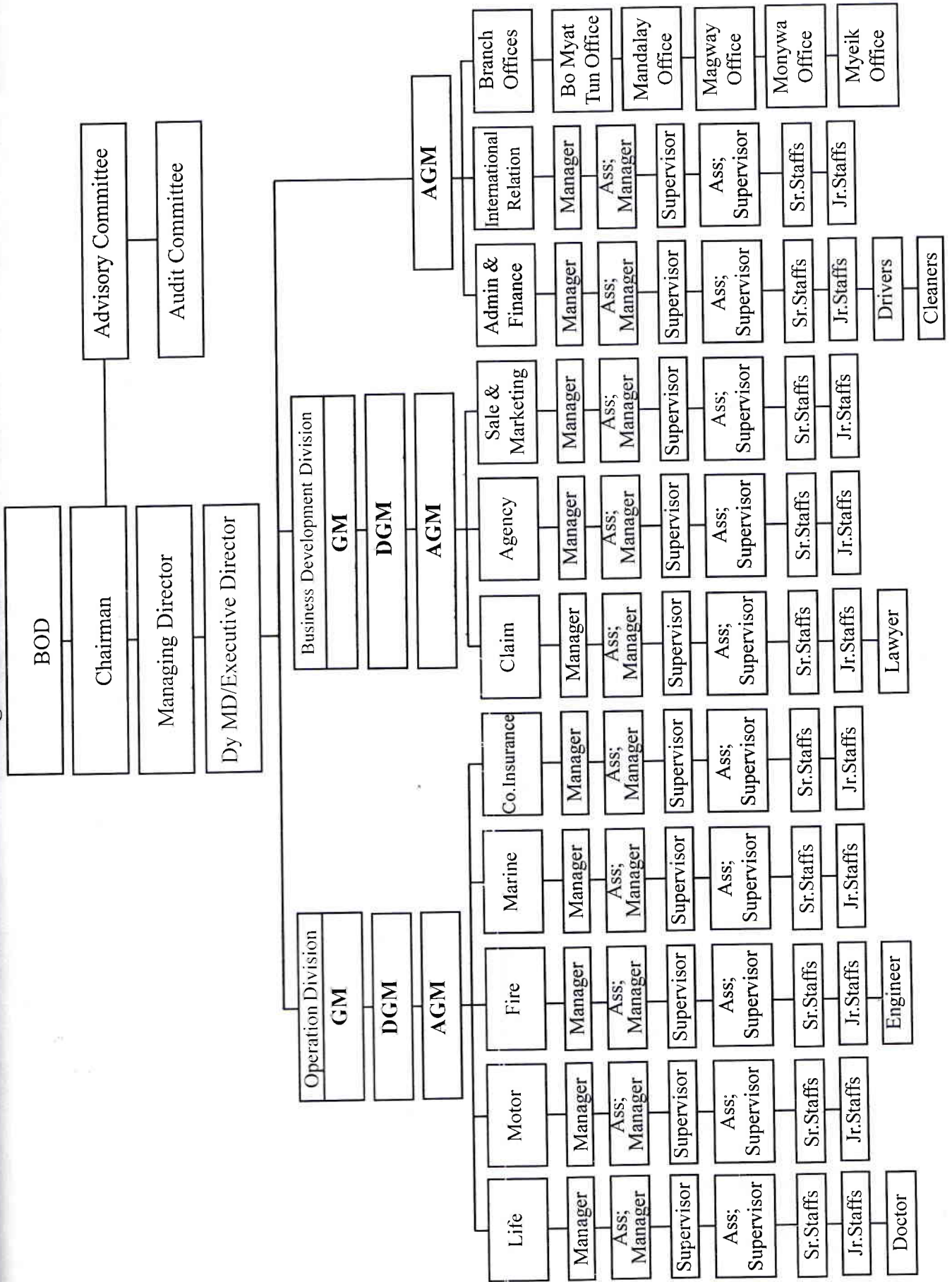
### ORGANIZATIONAL STRUCTURES OF PRIVATE INSURANCE COMPANIES

#### The Current Organization Structure of Aung Thitsar Oo Insurance Company Limited

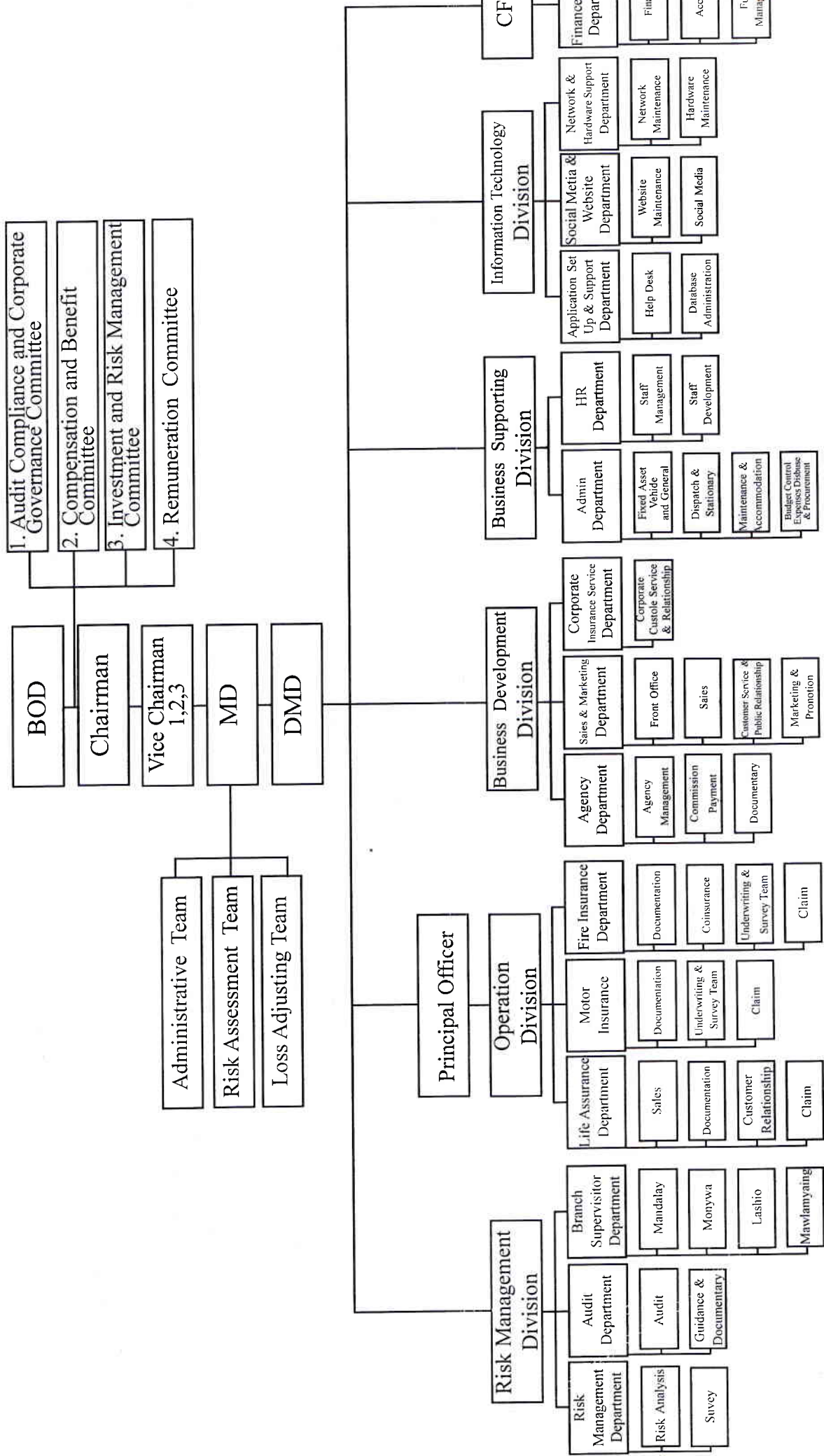


Source: Annual Report 2017, Aung Thitsa Oo Insurance Company Limited

# Organization Chart



# The Organization Chart (Head Office) Of GGI



## APPENDIX C

### Multifactor Leadership Questionnaire (For Managers)

This survey will help you describe your leadership style as you perceive it. From item A1 to 10 indicate to your profile. For items B1 through 36, indicate what you actually do. If an item is irrelevant, or if you are unsure or do not know the answer, leave it blank.

A

1. Gender:            Male       Female

2. Age:                <25                25-34                35-44  
                               45-54                >54

3. Educational Level (Name of Degree)

Bachelor \_\_\_\_\_

Master \_\_\_\_\_

Doctor \_\_\_\_\_

Any Other            1. \_\_\_\_\_

                              2. \_\_\_\_\_

                              3. \_\_\_\_\_

4. Current Organization \_\_\_\_\_

5. Current Designation \_\_\_\_\_

6. Total Experience (years) \_\_\_\_\_

7. Tenure of current organization \_\_\_\_\_

8. Tenure of current position \_\_\_\_\_

9. Number of subordinates (next immediate lower level) \_\_\_\_\_

10. Total number of employees in organization \_\_\_\_\_

Not at all	Once in a while	Sometimes,	Fairly often	Frequently, if not always
1	2	3	4	5

B

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. I specify the importance of having a strong sense of purpose.....                          | 1 | 2 | 3 | 4 | 5 |
| 2. I go beyond self-interest for the good of the group.....                                   | 1 | 2 | 3 | 4 | 5 |
| 3. I express with a few simple words what we could and should do .....                        | 1 | 2 | 3 | 4 | 5 |
| 4. I enable others to think about old problems in new ways.....                               | 1 | 2 | 3 | 4 | 5 |
| 5. I help others develop themselves to reach higher levels of<br>Achievement than before..... | 1 | 2 | 3 | 4 | 5 |



- |     |   |   |   |   |   |   |
|-----|---|---|---|---|---|---|
| 6.  | I tell others what to do if they want to be rewarded for their work.....  | 1 | 2 | 3 | 4 | 5 |
| 7.  | I concentrate and direct my full attention on dealing with mistakes, complaints, and failure.....                         | 1 | 2 | 3 | 4 | 5 |
| 8.  | I wait for things to go wrong before taking action.....   | 1 | 2 | 3 | 4 | 5 |
| 9.  | I am content to let others continue working in the same way always.....   | 1 | 2 | 3 | 4 | 5 |
| 10. | I talk about my most important values and beliefs.....  | 1 | 2 | 3 | 4 | 5 |
| 11. | I act in ways that build other' respect for me.....   | 1 | 2 | 3 | 4 | 5 |
| 12. | I provide appealing images about what we can do .....   | 1 | 2 | 3 | 4 | 5 |
| 13. | I get others to rethink ideas that they had never questioned before.....  | 1 | 2 | 3 | 4 | 5 |
| 14. | I give personal attention to others who seem rejected.....  | 1 | 2 | 3 | 4 | 5 |
| 15. | I provide recognition/rewards when others reach their goals.....  | 1 | 2 | 3 | 4 | 5 |
| 16. | I keep track of all mistakes.....   | 1 | 2 | 3 | 4 | 5 |
| 17. | I show that I am a firm believer "If it ain't broke, don't fix it".....   | 1 | 2 | 3 | 4 | 5 |
| 18. | Whatever others want to do is OK with me.....   | 1 | 2 | 3 | 4 | 5 |
| 19. | I consider the moral and ethical consequence of decisions.....  | 1 | 2 | 3 | 4 | 5 |
| 20. | Others are proud to be associated with me.....  | 1 | 2 | 3 | 4 | 5 |
| 21. | I talk enthusiastically about what needs to be accomplished.....  | 1 | 2 | 3 | 4 | 5 |
| 22. | I seek differing perspectives when solving problems.....  | 1 | 2 | 3 | 4 | 5 |
| 23. | I spend time teaching and coaching.....   | 1 | 2 | 3 | 4 | 5 |
| 24. | I do warn or give punishment to others such as suspension or demotion when something expected is going wrong.....         | 1 | 2 | 3 | 4 | 5 |
| 25. | I continually monitors each subordinates' performance and take Immediate corrective action when something goes wrong..... | 1 | 2 | 3 | 4 | 5 |
| 26. | I fail to intervene until problems become serious.....  | 1 | 2 | 3 | 4 | 5 |
| 27. | I ask no more of others than what is absolutely essential.....  | 1 | 2 | 3 | 4 | 5 |
| 28. | I emphasize the importance of having a collective sense of mission.....   | 1 | 2 | 3 | 4 | 5 |
| 29. | I display a sense of power and confidence.....  | 1 | 2 | 3 | 4 | 5 |
| 30. | I express confidence that goals will be achieved.....   | 1 | 2 | 3 | 4 | 5 |
| 31. | I suggest new ways of looking at how to complete assignments.....   | 1 | 2 | 3 | 4 | 5 |
| 32. | I consider an individual ass having different needs, abilities, and aspirations form others.....                          | 1 | 2 | 3 | 4 | 5 |
| 33. | I express satisfaction when others meet expectations.....   | 1 | 2 | 3 | 4 | 5 |
| 34. | I inform the subordinates about the set standards an conditions of poor performance and its possible consequences.....    | 1 | 2 | 3 | 4 | 5 |
| 35. | I do not actively monitor the subordinates' performance.....  | 1 | 2 | 3 | 4 | 5 |
| 36. | I avoid getting involved when important issues arise.....   | 1 | 2 | 3 | 4 | 5 |

## APPENDIX C (i)

### Subordinate Questionnaire

1. Gender:            Male       Female
2. Age:                <25     25-34     35-44     45-54     >54
3. Education level -
4. Current designation (Department)-
5. Present working Experience-

To describe the leadership style of your supervisor as you perceive it.

Not at all	Once in a while	Sometimes,	Fairly often	Frequently, if not always
1	2	3	4	5

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. S/He instill pride in others for being associated with him/her.....   | 1 | 2 | 3 | 4 | 5 |
| 2. S/he talks about his/her important values and beliefs.....  | 1 | 2 | 3 | 4 | 5 |
| 3. S/he talks optimistically about the future.....   | 1 | 2 | 3 | 4 | 5 |
| 4. S/he re-examine critical assumptions to questions<br>whether they are appropriate.....                        | 1 | 2 | 3 | 4 | 5 |
| 5. S/he spends time for teaching and coaching.....   | 1 | 2 | 3 | 4 | 5 |
| 6. S/he provides others with assistance in exchange for their efforts.....                                       | 1 | 2 | 3 | 4 | 5 |
| 7. S/he keeps a focused attention on irregularities, mistakes,<br>exceptions, and deviations from standards..... | 1 | 2 | 3 | 4 | 5 |
| 8. S/he fails to interfere until problems become serious.....  | 1 | 2 | 3 | 4 | 5 |
| 9. S/he avoids getting involved when important issues rise.....  | 1 | 2 | 3 | 4 | 5 |
| 10. S/he goes beyond self interests for the good of the group.....   | 1 | 2 | 3 | 4 | 5 |
| 11. S/he specifies the importance of having a strong sense of purpose.....                                       | 1 | 2 | 3 | 4 | 5 |
| 12. S/he talks enthusiastically about what needs are to be accomplished.....                                     | 1 | 2 | 3 | 4 | 5 |
| 13. S/he seeks different perspectives when solving problems.....   | 1 | 2 | 3 | 4 | 5 |
| 14. S/he treat others as individuals rather than just a member of a group.....                                   | 1 | 2 | 3 | 4 | 5 |
| 15. S/he discuss in specific terms that who is responsible for achieving<br>performance targets.....             | 1 | 2 | 3 | 4 | 5 |
| 16. S/he concentrates his/her full attention on dealing with<br>mistakes, complaints and failure.....            | 1 | 2 | 3 | 4 | 5 |
| 17. S/he waits for things to go wrong before taking actions.....   | 1 | 2 | 3 | 4 | 5 |



18. S/he is absent when needed.....	1	2	3	4	5
19. S/he acts in a way that build other's respect for him/her.....	1	2	3	4	5
20. S/he considers the moral and ethical consequences of decisions.....	1	2	3	4	5
21. S/he articulates a compelling vision of the future.....	1	2	3	4	5
22. S/he get others to look at problems form many different angles.....	1	2	3	4	5
23. S/he considers an individual as having different needs, abilities an aspirations from others.....	1	2	3	4	5
24. S/he makes clear what one can expect to receive when performance goals are achieved.....	1	2	3	4	5
25. S/he keeps track of all the mistakes.....	1	2	3	4	5
26. S/he shows that he/she is a firm believer in 'if it ain't Broke, don't fix it'.....	1	2	3	4	5
27. S/he avoids making decisions.....	1	2	3	4	5
28. S/he displays a sense of power and confidence.....	1	2	3	4	5
29. S/he emphasizes the importance of having a collective sense of mission.....	1	2	3	4	5
30. S/he emphasizes the importance of having a collective sense of mission.....	1	2	3	4	5
31. S/he expresses confidence that goals will be achieved.....	1	2	3	4	5
32. S/he suggests new ways of looking at how to complete assignments.....	1	2	3	4	5
33. S/he helps others to develop their strengths.....	1	2	3	4	5
34. S/he continually monitors your performance.....	1	2	3	4	5
35. S/he demonstrates that problems must become chronic before he/she takes actions.....	1	2	3	4	5
36. S/he delays in responding to urgent questions.....	1	2	3	4	5
37. S/he is effective in meeting my job-relate needs.....	1	2	3	4	5
38. S/he uses methods of leadership that are satisfying.....	1	2	3	4	5
39. <b>S/he gets me to do more than I expected to do.....</b>	1	2	3	4	5
40. <b>S/he is effective in representing me to higher authority.....</b>	1	2	3	4	5
41. <b>S/he works with me in a satisfactory way.....</b>	1	2	3	4	5
42. <b>S/he heightens my desire to succeed.....</b>	1	2	3	4	5
43. <b>S/he is effective in meeting organizational requirements.....</b>	1	2	3	4	5
44. <b>S/he increases my willingness to try harder.....</b>	1	2	3	4	5
45. <b>S/he leads group that is effective.....</b>	1	2	3	4	5

## Organizational commitment

Please indicate your Agreement or Disagreement with the following statements about your feeling toward your organization.

1= Strongly Disagree, 2= Disagree, 3= Neither Agree or Disagree, 4= Agree, 5= Strongly Agree.

An "(R)" denotes a negatively phrased and reverse-scored item.

1. I would be very happy to spend the rest of my career with this..... 1 2 3 4 5  
organization.
2. I am not afraid of what might happen if I quit my job without..... 1 2 3 4 5  
having another one lined up. (R)
3. I think that people these days move from company to company..... 1 2 3 4 5  
too often.
4. I enjoy discussing my organization with people outside it..... 1 2 3 4 5
5. It would be very hard for me to leave my organization right..... 1 2 3 4 5  
now, even if I wanted to.
6. I do not believe that a person must always be loyal to his or ..... 1 2 3 4 5  
her organization.
7. I really feel as if this organization's problems are my own..... 1 2 3 4 5
8. It wouldn't be costly for me leave my organization now.(R)..... 1 2 3 4 5
9. Jumping from organization to organization does not seem ..... 1 2 3 4 5  
at all unethical to me.
10. I think that I could easily become as attached to another ..... 1 2 3 4 5  
organization as I am to this one. (R)
11. Right now, staying with my organizations is a matter of ..... 1 2 3 4 5  
necessity as much as desire.
12. One of the major reasons I continue to work for this ..... 1 2 3 4 5  
organization is that I believe that loyalty is important  
and therefore feel a sense of moral obligation to remain.

13. I do not feel like “part of the family “ at my organization.(R)..... 1 2 3 4 5
14. I feel that I have too few options to consider leaving this ..... 1 2 3 4 5  
organization.
15. If I got another offer for a better job elsewhere I would not ..... 1 2 3 4 5  
feel it was right to leave my organization.
16. I do not feel a strong sense of belonging to my organization(R)..... 1 2 3 4 5
17. One of the major reasons I continue to work for this organization..... 1 2 3 4 5  
is that leaving would require considerable personal sacrifice-  
another organization may not match the overall benefits I have.
18. I do not think that wanting to be a “company man” or ..... 1 2 3 4 5  
“company woman” is sensible anymore. (R)