

ABSTRACT

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Study Program : MM-MBA
Title : The Leadership Style and Its Effect on Performance –
A Case of STAR MOTOR Company

Leadership is the main factor that leads to a business success in general and automotive workshop business specifically. Previous study stated that there was a relationship between transformational and transactional leadership and employee performance in producing extra effort attitude and effectiveness. This study seeks to investigate this relationship using Multifactor Leadership Questionnaire Form-5X from Bernard Bass. A total of fifty respondents from STAR MOTOR company, comprising of two groups, were used to see the results. Simple regression analyses were used to measure the relationships between the leadership factors and the measured outcomes of extra effort and effectiveness.

The results showed transactional leadership style was positively associated with employees' extra effort. Additional analysis between dimensions of transactional leadership and extra effort showed significant relationships between contingent reward and management by exception active with extra effort. Moreover, there is significant relationship between transformational leadership with extra effort. Additional analysis between dimensions of transformational leadership and extra effort showed significant relationships between individual consideration and inspirational motivation with extra effort.

The results also showed transactional leadership style was positively associated with employees' effectiveness. Additional analysis between dimensions of transactional leadership and effectiveness showed significant relationships between contingent rewards and management by exception active with effectiveness. Furthermore, there is significant relationship between transformational leadership with effectiveness. Additional analysis between dimensions of transformational leadership and effectiveness showed significant relationship between individual considerations with effectiveness.

The result showed transactional is the dominant leadership in STAR MOTOR company. However, laissez-faire is more dominant than transactional leadership.