



The Relationship Between Leadership, Span of Control, Perception of Islamic Products and Services, Perception of Internal Service Quality and the Agents' Job Satisfaction: A Case of Unit Trust Agents in Johor Bahru

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ABSTRACT

One major issue facing the unit trust industry in Malaysia is the job satisfaction of unit agents. Past studies have shown that job satisfaction could be influenced by a variety of factors. Therefore, this study determines to investigate the relationship between leadership, span of control, perception of Islamic unit trust products and services, perception of internal service quality and job satisfaction. The sample consisted of 303 respondents of unit trust agents. A total of four hypotheses was developed, and all were supported. The results showed all of these factors had a significant relationship with job satisfaction. These findings clearly imply that good leadership, low span of control, positive perception of Islamic unit trust products and services, and high internal service quality can lead to higher job satisfaction among the agents. Thus, they should assist policy makers, practitioners and marketers in their sustainability and growth efforts.

Keywords: Leadership, Span of Control, Job Satisfaction

JEL Classifications: D23, J28

1. INTRODUCTION

Job satisfaction is an issue that affects the lives of all workers (Sansgiry and Ngo, 2003; Yami et al., 2011), and unit trust agents are no exception. As salesperson turnover and job satisfaction are crucial issues, substantial research to examine the sales force turnover problem is therefore needed (Wotruba, 1990). The Malaysian unit trust industry has grown to be the fastest sector within the finance industry in the last 20 years, yet it lacks the critical attention in research (Choong, 2005). Despite this growth, it has often encountered various challenges and problems, such as high growth, high turnover rate and job dissatisfaction. Job satisfaction not only affects unit trust company agents alone but affects other organisational unit trust groups as well, namely (i) unit trust company agents, (ii) corporate unit trust agents or capital markets services agents, and (iii) bank agents ("Corporate unit trust advisors," 2007). As they all specialise in various types of trust, thus, it is necessary to investigate these groups since they

play very different critical roles in the industry. For that reason, this study is significant since it concerns public awareness and interest. Not only it involves product risks, public trust, and the impact that this work has on job satisfaction in the industry, the roles of the unit trust agents in the development of attitudes and behaviors have become much fundamental to the understanding of job satisfaction. It is, therefore, anticipated that this study would generate a lot of interest, not only among practitioners but also among academicians.

2. LITERATURE REVIEW

Research in the industry has shown that leadership is critical in affecting employees' job satisfaction (Bartolo and Furlonger, 2000). Robbins (2003) argued that leadership is mainly used to control employee behavior in the efforts to forecast employee productivity, resignation rates, and job satisfaction. Bennett (2009) reported that both leadership types help to forecast workers'

satisfaction with their leaders. Thus, from the above discussion, it is hypothesized that leadership has a significant relationship with agents' job satisfaction and the following hypothesis is, therefore, formulated as:

H1: The leadership of the supervisor significantly influences agents' job satisfaction.

Meier and Bohte (2000) indicated span of control as a formidable variable between managers and subordinates. Rizzo et al. (1970) further commented that it did not matter how many employees are involved, but it is the degree of role conflict and role ambiguity that exist in individuals which counts the most. Thus, by reducing role conflict, the amount of job satisfaction could also be reduced, resulting in more organisational commitment (Lankau et al., 2006). Therefore, it is postulated that span of control has a significant relationship with agents' job satisfaction, and the following hypothesis is formulated as:

H2: The supervisor's span of control significantly influences agents' job satisfaction.

The perception of customers for any product or service is linked to their expressed satisfaction level of that product or service, which is often assessed by the offered services of the providing organization (Ramdhani et al., 2011). Schneider and Bowen (1985) further postulated that perception is what customers experience in the overall external product and service quality, which can also be strongly felt by what employees perceive. Similarly, Lee and Park (2008) found employees, who perceived the external service quality, had a positive effect on customer satisfaction, and that the employees' job satisfaction had an indirect effect on external quality through their loyalty. Therefore, it is deduced that the next hypothesis would be:

H3: The perception of Islamic products and services significantly influences agents' job satisfaction.

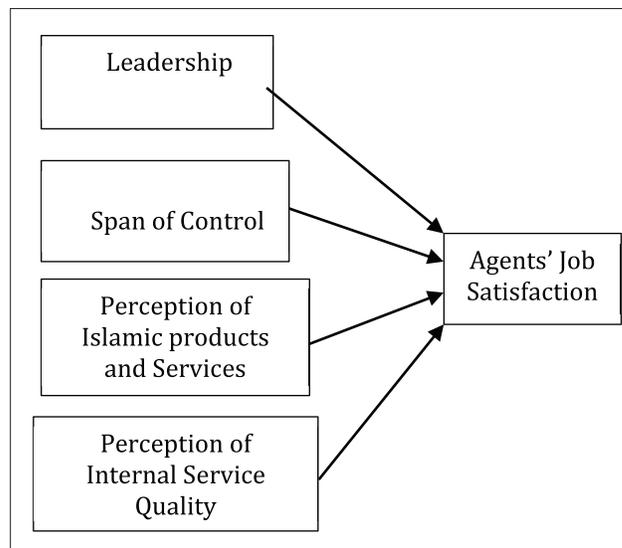
Heskett et al. (1997) reiterated that organizations must stress not only external customer satisfaction but also internal customer satisfaction as well. Thus, customers' or employee perception is paramount and needs to be looked into and measured (Hirmukhe, 2012). In the same way, whether an employee was satisfied or not, also depended on how the customer perceived of him/her or the customer's contact centre too (Van Dun et al., 2011). Gupta and Vajic (2000) reported that a customer's assessment of the employee's meeting performance might or might not affect his or her satisfaction and the employee's satisfaction. Therefore, it is deduced that the following hypotheses would be:

H4: The perception of internal service quality significantly influences the Agents' job satisfaction.

3. THEORETICAL FRAMEWORK

Figure 1 shows the possible relationships between leadership, span of control, perception of Islamic products and services, perception of internal service quality, and job satisfaction.

Figure 1: Theoretical framework



4. METHOD

The sampling design consisted of a deductive approach to draw inferences about the population that contained a sample of unit trust agents, who were licensed to sell unit trusts in Johor Bahru, Johor. Johor Bahru was chosen for three valid reasons. First, it is the second largest cosmopolitan city and the largest urban area in the country, with the Malays forming 47.5%, Chinese 34.2%, and Indians 0.9%, and other minorities 0.6%, out of a total of 1,386,569 inhabitants ("Taburan dan Ciri-ciri Asas Demografi," 2010). Second, it is also close to Singapore and receives more than 60% of the country's annual 16 million foreign tourists and is also an important tourism, commercial, and industrial hub or southern Malaysia (Corporate unit trust advisors, 2007). Third, according to Department Director-General, Datuk Sheikh Yahya Sheikh Mohamed, there were about 300,000 Malaysians working in the Republic (The Star, 2010), commuting to and from it, and the number is growing. Most importantly, the perceptions of unit trust agents who work in Johor Bahru could differ significantly from other agents who live and work in other areas of the country, as they tend to be easily influenced by external factors, such as those from Singapore and the perception of Malaysian workers, who travel to Singapore to work. Hence, the sample consisted of unit trust agents from unit trust management companies, institutional unit trust as well as wealth unit trust organisations that are located in Johor Bahru.

The list of these organisations was obtained from FIMM's Annual Report (2013). The list comprising unit trust agents, who worked in Johor Bahru, was identified as sampling elements. To collect vital information, banks, their affiliated branches, unit trust management companies and wealth creation companies were targeted. Using the purposive sampling technique, this method involved going to those people, who in the researcher's opinion, were most likely to have the required information and be willing to share with them.

Part 1 of the questionnaire collected personal information that includes gender, company name, age group, marital status, race, education, and other related information about the respondents. The

other sections in Part 2 consisted of questions on job satisfaction, multi factor leadership, span of control, perception of Islamic products and services, perception of internal service quality, which were based on a five-point scale ranking. Respondents were requested to rate their level of satisfaction, and Likert ratings were given as a score out of 5 where 1 is equated to “strongly disagree” and 5 being “strongly agree” (Norman, 2010).

5. RESULTS

326 questionnaires were distributed, and 303 questionnaires were returned, yielding a response rate of 92.9%. A reliability analysis conducted showed Cronbach alphas for leadership - 0.898, span of control - 0.902, Islamic products and services - 0.889, internal service quality - 0.870 and agents' job satisfaction - 0.963. Since all the results showed values exceeding the ideal Cronbach's alpha of above 0.7 (Pallant, 2005), the scales used were all deemed reliable. Pearson's correlation coefficient values of the study variables also exhibited values between 0.338 and 0.429. They exhibited a moderate correlation between the independent variables and agents' job satisfaction, with leadership showing a $r = 0.416$, span of control a $r = 0.387$, perception of Islamic products and services a $r = 0.408$, and perception of internal service quality a $r = 0.338$.

Using a significant level, $\alpha = 0.05$ (5%), the regression results showed the model could only explain 27.9% of the portion of the variance in the dependent variable. Perception of Islamic products and services had the most significant positive impact (20.2%) on job satisfaction. However, while leadership and perception of Islamic products and services also correlated positively with job satisfaction, they had lower impacts with Betas of 19.9% and 20.26% respectively. This made leadership the second most unique contributor which could explain the dependent variable, when the variance explained by all other variables in the model was controlled for. Similarly, while perception of internal service quality also showed a positive relationship with the agents' job satisfaction with a beta of 12.6%, span of control had a negative relationship with it, resulting in -18.3% (Table 1).

6. DISCUSSION AND CONCLUSION

One of the proposed relationships in the theoretical model is whether there is an influence of leadership on the job satisfaction

Table 1: Leadership, span of control, perception of Islamic products and services and perception of internal service quality and job satisfaction

Variable	Standard coefficient Beta (β)	P value
Leadership	0.199	0.001
Span of control	-0.183	0.001
Perception of Islamic products	0.202	0.001
Perception of internal service quality	0.126	0.24
R ²	0.279	
Adjusted R ²	0.269	
F	28.772	
Sig.	0.000	

outcome. The study results indicated leadership has a significant impact on the agents' job satisfaction. This could be because most sales agents come from a direct sales industry, and could have preferred their own type of leadership to reduce their job dissatisfaction and obtain their desired goals. In this regard, money is a great motivator, and thus a leader who practices transactional leadership could have provided the motivation. Fishbein's expectancy-value theory (EVT) can explain why such people want to have control over their choices based on quality information and value presented to them. In the same way, agency theory illustrates how a principal-agent relationship can make an agent make a decision that affects the principal, and in so doing, the principal uses all sorts of methods to control the agent. Thus, it can be concluded that these factors, as discussed, could have influenced the type of leadership on the agents' job satisfaction.

Another proposed relationship in the theoretical model is whether there is an influence of span of control on the job satisfaction outcome. The study's findings revealed that the supervisor's span of control and the agents' job satisfaction are significantly related. One probable reason for this could have been the preference for hierarchy. In Malaysia, there always exists a strong status orientation among the racial groups, and relationships are, therefore, hierarchically organised into levels of superiors and subordinates. This generally makes the younger ones respect and obey seniors, superiors or elders. Consequently, spans are allowed to grow in such a way that a narrower and organized span seems very acceptable to all, despite growing calls for wider spans to obtain higher commissions. Moreover, businesses in Malaysia are home-grown, hence they tend to be much focused on costs and not employee welfare (Lee, 2009). Thus, it can be concluded that a narrow span always tends to exist, even though growing tendencies can be seen to opt for a wider span.

Another proposed relationship in the theoretical model is whether there exists an influence of perception of Islamic unit trust products and services on the job satisfaction outcome. The study's findings show perception of Islamic unit trust products was significantly positively related to job satisfaction. One probable reason for this could have been the government's strong stance in the last two decades to promote Islamic unit trusts. This has strengthened the Muslims' craving to practice Islamic tenets, and Islamic banking seems to have permitted them to accept the *Halal* way. Also, two aspects of Fishbein's EVT may also have accounted for this adherence and perception. Expectancy theory reinforces people's beliefs and probability to come up with decisions that are directly related to a desired and particular outcome. In this case, it is the Islamic products and services that give the intrinsic value to them. Thus, people will do things to obtain the desired outcome they want. Thus, it can be concluded that these factors, as discussed above, could have accounted for this significant relationship.

Another proposed relationship in the theoretical model is the influence of internal service quality on the job satisfaction outcome. The result findings show internal service quality was significantly positively related to job satisfaction. One probable reason for this could have been the existence of the quality of cooperation, teamwork, and support given by internal staff to

each other in the company. These pro-social behaviors could have formed part of a corporate culture to support and encourage the work, welfare, and happiness of the individual or organization. However, pro-social behaviors can be bad if they are not directed at all groups in the workplace and do discriminate. The study findings show a weak relationship and this could have been due to each racial group tending to be “sticking” together (racial polarization problem) and protecting each other’s interests. Job dissatisfaction can inevitably result if internal services are also discriminated. In addition, the kind of favorable settings, where social preferences matter, can also play an important part, where peer effects and cooperation are likely to occur. Some Malaysian customers like to hold discussions in a friendly and trendy office environment. Thus, how customers and agent peers alike perceive the ambience of the office, the cooperation existing among the internal staff, friendly advice, customer friendliness and support is paramount. Consequently, it can be concluded that these issues, as discussed above, could have accounted for this significant relationship.

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