

UNIVERSITI TEKNOLOGI MARA

**THE MEDIATING EFFECT OF
WORKING ENVIRONMENT ON THE
RELATIONSHIP BETWEEN
LEADERSHIP STYLE, DIVERSITY,
AND EMPLOYEES' MORALE IN
MALAYSIA**

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PhD

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AUTHOR'S DECLARATION

I declare that the work in this thesis carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise being indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

High workplace morale is essential for obtaining success in business. As debated by most researchers, the root causes of low employee morale include job security issues, uncertain business conditions, a perceived lack of fair compensation and many other inefficient business practices. The negative impact of low employee morale is disconcerting as it affects both financial standing and productivity level. This would ultimately result in poor economic performance and if the condition persists, could deteriorate the sustainable development path of the country. Despite many programmes conducted by organizations to boost their employees' motivation and morale, these activities are sometimes unsuccessful due to mismanagement. The objective of this study is to analyse the mediating effect of the working environment on the relationship between leadership style, diversity, and the morale of employees in logistics companies in Malaysia. The Statistical Package for the Social Sciences (IBM-SPSS) was employed to analyse the preliminary data, descriptive analysis and Exploratory Factor Analysis prior to conducting the Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM). The Confirmatory Factor Analysis and Structural Equation Modelling were performed through the Analysis of Moments Structure (IBM-AMOS). The analysis revealed that working environment and diversity have a direct positive impact on employees' morale. However, leadership style does not have a direct influence on employees' morale. Leadership style in the logistics industry in Malaysia has a positive influence in creating conducive working environment. Furthermore, working environment is found to fully mediate the relationship between leadership style and employee morale. Awareness of the significant impact of employee morale should be further enhanced among the key industry players as morale is perceived to boost productivity. Recommendations for further research would include identifying other significant drivers to morale in order to improve and strengthen the employee-industry relationship. Finally, it is hoped that the findings of this study could assist the management of the logistics companies to formulate appropriate policies to boost their employees' morale.

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