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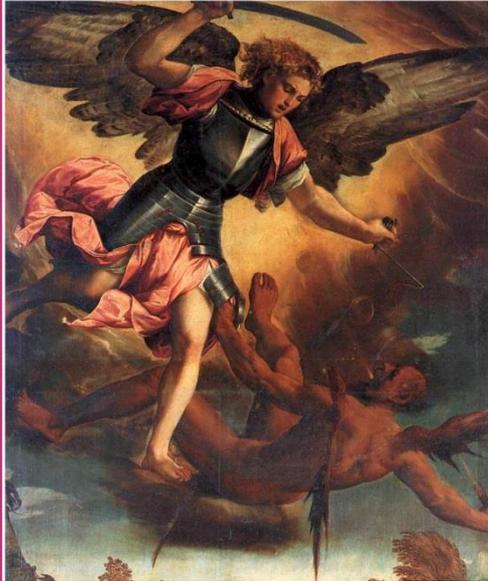
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# **Transformational and Paternalistic Leadership Styles Among Prominent Women Business Leaders**

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## **Abstract**

Today women have become a significant part of the global business environment. The main purpose of this study is to understand the leadership styles of prominent women business leaders and to illustrate the attributes of prominent women business leaders in Malaysia. The transformational and paternalistic leadership styles and the respective characteristics of prominent women business leaders were highlighted as one of the main findings in this research. The results showed different ways to encourage the spirit of women entrepreneurship to become a successful entrepreneur. A semi-

structured interview session was utilised with prominent women business leaders and their employees.

**Keywords:** Women business leaders, Leadership style, Transformational, Paternalistic.

## *Estilos de liderazgo transformacional y paternalista entre líderes empresariales de mujeres prominentes*

### **Resumen**

Hoy en día las mujeres se han convertido en una parte importante del entorno empresarial global. El objetivo principal de este estudio es comprender los estilos de liderazgo de las mujeres líderes de negocios prominentes e ilustrar los atributos de las mujeres líderes de negocios prominentes en Malasia. Los estilos de liderazgo transformacional y paternalista y las características de respeto de las mujeres líderes prominentes se destacaron como uno de los principales hallazgos en esta investigación. Los resultados mostraron diferentes maneras de alentar el espíritu de las mujeres emprendedoras para convertirse en un empresario exitoso. Se utilizó una sesión de entrevista semiestructurada con prominentes líderes empresariales y sus empleados.

**Palabras clave:** Mujeres líderes empresariales, estilo de liderazgo, transformacional, paternalista.

### **1. INTRODUCTION**

The prominent women entrepreneurs are highly growing in the economies of almost all countries around the world. Malaysia is in the process to improve its socio-economic growth through the transformational initiatives preserved in the Government Transformation Programme (GTP) and the Economic Transformation

Programme (ETP). The six National Key Result Areas (NKRAs) and the New Economic Model, with its eight Strategic Reform Initiatives, are the frameworks for the nation's economic transformation.

In achieving these transformation programmes, women's contributions cannot be denied as they have always played a decisive role in nation building (Azhimuratova et al., 2016). As a novel strategy, in this study characteristic of prominent women business leaders is quite limited in the context of Malaysia. These factors have pushed the researchers to reveal the strong characteristic of leadership styles of prominent women business leaders. Evaluation of literature reveals various types of leadership styles such as the authoritarian, the democratic, the laissez-faire, the transactional, the paternalistic, the participative and the transformational styles (Ingavale, 2013).

This paper focuses on the characteristics of transformational and paternalistic leadership style. Transformational leaders motivate followers by appealing to higher ideals and moral values. They define and articulate a vision for the firm, and inspire followers to carry it out (Bass et al., 2003; Yazdekhashti et al., 2015). Researches have shown that transformational leadership embodies four primary dimensions: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. These leadership characteristics are important because they invoke: (1) strong responses from followers, such as performance beyond expectations (Alam et al., 2011); (2) changes in the fundamental values held by followers and devotion to the leader and (3) a willingness on the part of subordinates to sacrifice their personal interests for the collective good.

Transformational leadership style may be associated with a leader's moral and ethical orientation. Transformational leaders tend to be fundamentally concerned with doing what is "morally right" and protecting the rights and dignity of individuals (Aronson, 2001). Consistent with this perspective, transformational leaders have been shown to demonstrate higher perceived integrity (Aronson, 2001; Parry & Proctor-Thomson, 2002); greater moral development (Bass et al., 2003) and a higher degree of ethical behavior (Aronson, 2001; Brown & Trevino, 2006). Given the link between moral development and diversity (Brown & Trevino, 2006), it is anticipated that transformational leaders will take actions that are more consistent with the spirit of inclusivity and social responsibility. Transformational leaders may also be better able to convince followers that managing diversity is an important moral obligation and not simply an issue of legal compliance with a government mandate.

Transformational leaders are inclined to place a strong emphasis on protecting the welfare of individuals in society and ensuring the fair treatment of all people in their actions. In this regard, transformational leaders may be drawn to managing diversity because it will enhance the well-being of the organization and its members.

Paternalistic leaders, on the other hand, act like a father or mother figure, where they portray complete concern for their followers and workers. In this work culture, relationships are arranged hierarchically. The leaders retain all information and decision-making authority; and managers closely supervise employees, giving employees little flexibility. The leaders provide their subordinates

with good working conditions and fringe benefits. It is assumed that employees will work harder out of gratitude, and leaders receive the complete trust and loyalty of their people. However, this leadership style has been criticized for generating antagonism and resentment among the subordinates, particularly those who do not like their interests to be looked after by a ‘godfather’. A semi-structured interview session was utilised with prominent women business leaders and their employees.

## **2. FINDINGS**

Previously, the Late Datuk Dr Maznah Hamid was the Group Chairman of Securiforce Group. She was popularly known as the Iron Lady of Malaysia for her involvement in a male-dominated industry, i.e., the security business. She started her business in September 1980 after seeing the opportunity in the field. With a small amount of capital and no permanent staff, she was still very determined to venture into this business. With her hardwork and support of the family, Securiforce now is a leading security company in Malaysia, in an industry that has more than 400 companies. She is now monitoring 65 branches with over 6,000 employees. Her company has spread its wings internationally, to Singapore, Thailand, China, Korea, Turkey and Germany. Late Datuk Dr Maznah has now ventured into property development and logistics businesses as well.

Due to her great interest in human capital, she has successfully set up the Maznah Motivational Centre (MMC) which conducts entrepreneurship seminars and human development training series. She coined the ‘Zero to Hero’ and ‘Awaken the Spirit of Entrepreneurship/Intrapreneurship’ terms and used them in seminars to spur and instill the entrepreneurial spirit in every individual. The interview conducted with Late Datuk Dr Maznah shows that she is a very determined person. This is clearly seen in a number of occasions. For instance, her decision to move to Kuala Lumpur in order to succeed at a very young age of 17 years. At that time, she did not have her Malaysian Certificate of Education (MCE) results yet, but her drive to change her life from a village girl to a successful person compelled her to take that leap.

She took the Administrative Business Executive course at Stamford College with the intention of migrating. She studied International Marketing, Business English and Mandarin Language, which she felt it would be an advantage to her. Her steely determination once again surfaced when she decided to venture into the security business despite knowing that it is a male-dominated industry and very challenging business. She learned from scratch and even undertook the tasks of a guard when there was a need to replace her staff who took leave.

For Datuk Dr Maznah, integrity is crucial in her business. When clients entrust her with their property and wealth, it is her responsibility to safeguard them. She feels that integrity is the main reason for the sustainability of her business.

From her employees' perspective, Late Datuk Dr Maznah is a person with a vision and specific goals. She makes sure her employees understand the vision and are working in congruence towards its achievement. She is aware that the vision of Securiforce cannot be achieved without the help and support of her employees. Hence, teamwork is very much emphasised in the company. In Securiforce, everyone needs to pull his or her own weight and contribute all that it takes to ensure the achievement of the vision and mission.

From the eyes of her employees, Late Datuk Dr Maznah is a hardworking employer and highly disciplined. She only has two to three hours of sleep a day but always appears fresh in the morning. She expects all her staff to be particular about their appearance too and they have to not only work smart but dress smartly because they are the front-line staff who will meet customers and win over their confidence towards the services rendered by the company. Hence, Late Datuk Dr Maznah is meticulous about the whole package - smart, confident and capable staff that can communicate, negotiate and make clients feel like they are dealing with a company par-excellence. Should any of her staff members have slack in these qualities, she would talk and advise them sincerely.

Though being known as an iron lady, Late Datuk Dr Maznah has a personal touch and is quite friendly with her staff. She treats her employees as family members and makes frequent visits to company branches to meet the staff. Late Datuk Dr Maznah is liked by her staff as she would show her appreciation and gratitude by approaching and thanking them in person for their contribution and efforts. She is also

regarded as a caring employer when she enquires into the welfare of her staff and their family members. Staff or family members who are ill feel touched when Late Datuk Dr Maznah takes her time to visit them.

For Datuk Dr Maznah, staff must care for their health; otherwise, it would affect their performance (Yang et al., 2019; Soo et al., 2019). All managers in Securiforce take after Late Datuk Dr Maznah in showing care and concern for the staff's well-being. Late Datuk Dr Maznah exhibits a transformational leadership style. She wholeheartedly trusts her employees. Late Datuk Dr Maznah likes to promote from within. One of the examples is her Director cum CEO, Mr Jalil. He started as a junior officer at the Cash-in-Transit Department. Late Datuk Dr Maznah saw the potentials in him and transferred him from one department to another to enable him to learn about the company as a whole. After some time, he was promoted and is now highly regarded in the Securiforce Group. Another example is Mr Azdi. He started as Operations Manager and now is a regional manager.

With the belief that success cannot be created alone, Late Datuk Dr Maznah has groomed her staff to succeed together with her. As a transformational leader, the continuous development of her staff is of the utmost importance to her. Her leadership quality is admired by not only her staff and their family members but also the public at large when she makes public appearances. These examples exhibit the transformational leadership style of Datuk Dr Maznah, including her

ability to be visionary, inspiring and recognising her employees' potential.

Datuk Khatijah Ahmad graduated with a Bachelor in Monetary Economics (Honours) from The London School of Economics (LSE) before coming back to perform her first job at the Bank Negara Malaysia. Other than Bank Negara, she also served the government and semi-government organisations, such as the Lembaga Padi dan Beras Negara (LPN) for seven years and Malaysia Airlines System (MAS). During that time, she held managerial positions in the human resource, finance and government-relations departments.

In 1973, Datuk Khatijah decided to start her own business. She established KAF, a foreign exchange and money broking licensed company. A year later, in 1974, Datuk Khatijah set up a KAF investment bank, known as KAF Discount Berhad. Her business did so well that in 1984, she was able to buy Seagroatt & Campbell, a UK stock broking company, which was renamed KAF Seagroatt and Campbell Securities Sdn. Bhd. In 1990, she ventured into fund management or wealth management and established KAF Fund Management Sdn. Bhd.

Datuk Khatijah believes that being among the pioneers in the industry has given her an added advantage. When she started her business, the Malaysian capital market at that time was very small. As the capital market expanded (for instance, Islamic banking), her business also grows. For her, in order to succeed, the company has to grow with the industry, and there is no point in overshooting the industry. Also, she always advises her staff to focus on their niche and

to know their strengths and limitations. For example, since they know their company is relatively small, they must not try to compete with big companies.

Datuk Khatijah is not pleased with the proposition to have a quota for women in higher positions and feels insulted by it. Datuk Khatijah firmly believes that it requires the same skills-set and talent for men or women to succeed. To her, setting a quota for women on corporate boards is pointless if they simply sit there without a feel for the business. That is why when she herself needs to identify board members, she will choose women who really can add value and can contribute to the company, and not simply because they are ex-government servants or public figures. She is proud that Malaysia has so many clever women who can be selected to be directors on corporate boards.

Datuk Khatijah Ahmad is an example of a paternalistic leader, as she treats all her employees as family members. In fact, KAF Group is short for Khatijah & Family Group. Hence, she inculcates closeness among employees. She wants them to feel that they are part of the KAF Group family. She believes that the sense of belonging would make them protected and care about their family name and the company as a whole.

Datuk Khatijah is also a leader who ultimately has decision-making authority. Since she has been in the finance industry for more than 40 years, she knows much about the industry, where the problems are, where the opportunities are and what and when decisions have to be made. She would make split-second decisions after obtaining the

necessary up-to-date information. Being a game player in this industry, she believes that decisions need to be made fast; so, up-to-date information is crucial. As Datuk Khatijah mentioned herself, the business they are in is very much driven and dependent on the market, and the market waits for nobody.

As a leader, Datuk Khatijah provides her employees with a conducive working environment as well as attractive fringe benefits and expects them to work hard. In return she expects the staff to give her their complete trust and loyalty. One unique aspect of Datuk Khatijah is that she expects staff to follow the CNBC or Bloomberg news at night as the market is global and new information becomes available round the clock. In this way, staff can furnish her with the latest information, but it is Datuk Khatijah herself who would make all the final decisions. In other words, Datuk Khatijah has a big picture of the market while staff may have only isolated pieces of news.

Everybody would have access to Datuk Khatijah as their leader. She believes that if the employees are treated well, they will remain loyal. That is the reason why her employees have been working with her for 20 to 30 years. She respects them for their talent and gives them credit when it is due. As a leader, Datuk Khatijah shares the success of the company by giving out lucrative annual bonuses. She believes that profit must be shared and not amassed just by her. As a paternalistic leader, Datuk Khatijah encourages her staff to develop their organisational skills. She has even permitted them to organise a company trip to Japan as a form of reward for their hard work and to learn more from the Japanese.

### **3. CONCLUSION**

Research has shown that transformational leadership embodies four primary dimensions: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration such as the prominent women business leader highlighted Late Datuk Dr Maznah Hamid. Late Datuk Dr Maznah idealized influence among her employees and she always provide inspirational motivation to her employees during the morning prayer in the company. On the other hand, paternalistic leaders act like a father or mother figure, where they portray complete concern for their followers and workers. In this work culture, relationships are arranged hierarchically. Paternalistic leader, Datuk Khatijah always had the decision-making authority.

Since she has been in the finance industry for more than 40 years, she knows much about the industry, where the problems are, where the opportunities are and what and when decisions have to be made. She would make split-second decisions after obtaining the necessary up-to-date information. This revelation of prominent women business leadership styles is hoped to provide encouragement to the Malaysian women business leaders to maximize the opportunity offered by conducive businesses environment in Malaysia. It is hoped that the findings would add to the existing literature on leadership attributes and styles of women business leaders, particularly in the ASEAN region.

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