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THE EFFECT OF LEADER-MEMBER EXCHANGE  
(LMX) ON THE RELATIONSHIP BETWEEN  
MOTIVATING LANGUAGE (ML) DIMENSIONS  
AND MANAGEMENT EFFECTIVENESS  
OF WAQF PROPERTIES BY WAQF  
INSTITUTIONS IN MALAYSIA



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SHARFIZIE BINTI MOHD SHARIP

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THESIS PRESENTED TO QUALIFY FOR  
DOCTOR OF PHILOSOPHY

FACULTY OF MANAGEMENT AND ECONOMICS  
SULTAN IDRIS EDUCATION UNIVERSITY

2020



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## ABSTRACT

This study empirically examines the effects of leader-member exchange on the relationship between the three dimensions of motivating language namely direction-giving language, empathetic language and meaning-making language and the management effectiveness of Waqf properties by Waqf institutions in Malaysia. Sullivan bases the dimensions of motivating language used in this study on the Theory of Motivating Language. This study employs a quantitative approach through the survey research design. A total of 168 employees out of the overall total of 216 employees in Waqf institutions throughout the country were randomly selected using the random cluster sampling technique for determining the sample size based on the Waqf institutions in each state in Malaysia. In terms of the research instrument, this study employed the Motivational Language Scale adapted from Mayfield and Mayfield the Leader-Member Exchange Scale adapted from Liden et al., and the Management Effectiveness scale adapted from Siti Alawiyah. The findings showed that the model was significant with the value of R squared is 0.443, and  $p < 0.05$ . Specifically, the effects of direction-giving language (DGL) ( $\beta = 0.435$ ,  $p < 0.05$ ) and meaning-making language (MML) ( $\beta = 0.180$ ,  $p < 0.05$ ) on management effectiveness (ME) are positive and significant. Meanwhile, the effect of empathetic language (EL) ( $\beta = 0.154$ ,  $p > 0.05$ ) is positive but not significant. The results of the moderating effect of LMX showed that only the path from empathetic language (EL) to management effectiveness (ME) ( $\beta = -0.171$ ,  $p < 0.05$ ) is statistically significant, but the coefficient showed a negative beta value, which indicates an adverse relationship. This means that higher mean of LMX does not lead to higher management effectiveness when the leader applies a high level of empathetic language usage. In conclusion, high power distance cultures such as that of Malaysia, only direction-giving language and meaning-making language usage among leaders, can lead to the creation of management effectiveness, whereas the usage of empathetic language is unsuitable due to the high social distance. Meanwhile, a higher dyadic relationship via leader-member exchange does not strengthen the effect of the three types of motivating language due to the higher social gap between the leader and the employee. Implications wise, leaders in Waqf institutions in Malaysia should consider developing a repertoire of language approaches to achieve positive organisational outcomes particularly in terms of management effectiveness.





## KESAN PERTUKARAN PEMIMPIN-PENGIKUT (LMX) KE ATAS HUBUNGAN DI ANTARA DIMENSI-DIMENSI BAHASA MOTIVASI (ML) DAN KEBERKESANAN PENGURUSAN HARTA WAKAF OLEH INSTITUSI WAKAF DI MALAYSIA

### ABSTRAK

Tujuan kajian ini untuk meneliti kesan pertukaran pemimpin-pengikut ke atas hubungan antara tiga dimensi bahasa motivasi iaitu bahasa arahan, bahasa empati dan bahasa bermakna dan keberkesanan pengurusan harta Wakaf oleh institusi-institusi Wakaf di Malaysia. Dimensi-dimensi bahasa motivasi yang digunakan dalam kajian ini adalah berdasarkan Teori Bahasa Motivasi oleh Sullivan. Kajian ini menggunakan pendekatan kuantitatif dengan kaedah tinjauan. Seramai 168 kakitangan daripada jumlah keseluruhan 216 kakitangan di institusi-institusi Wakaf telah dipilih secara rawak menggunakan teknik persampelan secara rawak kluster. Instrumen kajian menggunakan Instrumen Bahasa Motivasi yang diadaptasi daripada Mayfield dan Mayfield, Pertukaran Pemimpin-Pengikut yang diadaptasi daripada Liden et al. dan Keberkesanan Pengurusan yang diadaptasi daripada Siti Alawiyah. Dapatan kajian menunjukkan model adalah signifikan dengan nilai  $R^2$  adalah 0.443 dan  $p < 0.05$ . Khususnya, kesan Bahasa Arahan (DGL) ( $\beta = 0.435$ ,  $p < 0.05$ ) dan Bahasa Bermakna (MML) ( $\beta = 0.180$ ,  $p < 0.05$ ) ke atas keberkesanan pengurusan (ME) adalah positif dan signifikan. Manakala kesan Bahasa Empati (EL) ( $\beta = 0.154$ ,  $p > 0.05$ ) adalah positif tetapi tidak signifikan. Dapatan bagi kesan perantaraan LMX menunjukkan bahawa hanya Bahasa Empati (EL) mempunyai kesan signifikan ke atas keberkesanan pengurusan (ME) ( $\beta = -0.171$ ,  $p < 0.05$ ), tetapi berhubungan secara negatif. Ini bermaksud bahawa tahap LMX yang tinggi tidak menghasilkan peningkatan dalam keberkesanan pengurusan walaupun pemimpin menggunakan tahap Bahasa Empati yang tinggi, malah sebaliknya. Kesimpulannya, penggunaan Bahasa Arahan dan Bahasa Bermakna dalam kalangan pemimpin boleh membawa kepada keberkesanan pengurusan, manakala penggunaan bahasa empati adalah tidak sesuai disebabkan oleh jarak sosial yang tinggi. Sementara itu, hubungan diadik yang lebih tinggi menerusi pertukaran pemimpin-pengikut tidak memperkukuhkan kesan ketiga-tiga dimensi bahasa motivasi tersebut ekoran jurang sosial yang tinggi di antara pemimpin dan kakitangan. Implikasinya, pemimpin di institusi-institusi Wakaf di Malaysia harus mempertimbangkan penggunaan pelbagai pendekatan bahasa bagi mencapai hasil organisasi yang positif terutamanya dari segi keberkesanan pengurusan.



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## LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CB	Covariance-Based
CFA	Confirmatory Factor Analysis
DGL	Direction-Giving Language
DV	Dependent Variable
EFA	Exploratory Factor Analysis
EL	Empathetic Language
HTMT	Heterotrait-Monotrait
IRTI	Islamic Research and Training Institute
IV	Independent Variable
JAWHAR	Jabatan Wakaf, Zakat and Haji
LMX	Leader-Member Exchange
ML	Motivating Language
MML	Meaning-making Language
NPO	Non-profit organization
PBUH	Peace Be Upon Him
PLS	Partial Least Square
SEM	Structural Equation Model
SIRC	State Islamic Religious Council
TRA	Theory Reasoned Action
VDL	Vertical Dyad Linkage
YWM	Yayasan Wakaf Malaysia

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## CHAPTER 1

### INTRODUCTION



#### 1.1 Introduction

The Islamic charitable act of Waqf is a significant driver of the Muslim community's economic, cultural and social development that also emphasizes on the promotion of the general public's welfare. Acknowledging the substantial impact of Waqf, the Malaysian government specifically through the Jabatan Wakaf, Zakat and Haji (JAWHAR) under the Prime Minister's Department had come up with the Waqf Property Development Master Plan which entails a series of effective strategies for developing Waqf lands in the country (Ismail, 2018). This plan requires Waqf institutions in the country to have efficient and effective management practices in place so as to ensure full accomplishment of the main objectives of Waqf. This primarily entails the core competencies of the institutions spearheaded by the leader who is responsible for guiding, assisting and influencing the members of the





institution towards achieving the set objectives (Barrett, 2006) in an efficient and competent manner. Effective leaders can influence such efficiency and competency within the organisation by motivating and inspiring the workforce with a clear strategic direction. Clarity of roles, tasks and objectives is crucial so that the entire organisation can move in harmony in the same direction towards achieving organisational effectiveness, productivity and profitability.

## 1.2 Background of Study

Waqf institutions in Malaysia are under the jurisdiction of their respective State Islamic Religious Council (SIRC). The SIRC ensures the efficient management and governance of all Waqf properties and assets so as to realise the intended benefits for the general public. Although each state has its own distinctive fatwas (Luqman & Muhammad Ikhlas, 2016) which thus causes the Waqf administration styles to differ from one state to another (Rohayu & Rosli, 2014), the primary goal of proper Waqf institution remains the same throughout the country.

Waqf institutions are fundamentally non-profit organisation (NPO) religious-based (Kahf, 2003; Thaker et al., 2016) which fall under the third sector organisation (TSO) that aims to uphold justice and human wellbeing. The TSO and the government have been building a solid relationship due to the sector's important societal contributions (Mohd Nahar & Mohamed Aslam, 2015)

However, the marginalisation of this sector is still rather apparent (Mohd Nahar & Mohamed Aslam, 2015) with continuous scrutiny over the effectiveness of





its role by several parties (Jun & Shiau, 2012; Lecy et al., 2012; Willems et al., 2014). The effectiveness of non-profit organisations has become a major concern over the years (Liket & Maas, 2013) with investors, stakeholders and donors increasingly demanding to know details of how effectively the sources are being managed and allocated (Carman & Fredericks, 2010; Lecy et al., 2012). This is mainly due to the general realization of the significance of management effectiveness in organisations (Drucker, 1986).

The survey by the Governor's Institutes of Vermont in year 2017 demonstrated a decline in public confidence towards charitable organisations with only 19 percent stating their trust and a whopping 49 percent stating zero confidence (GivingTuesday, 2018). For these organisations, trust is highly correlated to their ability to raise funds; hence, without trust, fundraising is a challenge. The same scenario has befallen Waqf institutions in Malaysia with the loss of substantial public trust leading to fewer donors and thus reduced economic significance (Rashedul & Siti Alawiyah, 2017). Public confidence was further affected when a high number of undeveloped Waqf properties was reported by Jabatan Audit Negara, (2017) as well as other Waqf property management issues in Malaysia.

One of such issues is the lack of skilled personnel in managing the institutions (Zuraidah et al., 2011). Most of the employees are inexperienced in handling Waqf properties (Rohayati & Rusnadewi, 2014) and lack the know-how related to planning, human resource and da'wah (Rabiatul Hasanah, Latifa Bibi, et al., 2017). The Waqf institution in Selangor has been reported to have insufficient number of employees. Existing employees thus have to take over more roles some of which that are not





within their area of expertise (Noor Aimi et al., 2014). This gives rise to unskilled workers who are inept in areas such as research and planning, financing and others (Che Zuina et al., 2015).

The direct effects of such ineptness are manifested in the delays of implementing and completing *istibdal*, the non-registration of property ownerships under the respective SICRs, the underutilization of Waqf properties, and un-gazetted Waqf lands (Dalila, 2018; Rohayati & Rusnadewi, 2014). Nor Asiah et al., (2012) further argued that when a Waqf land is not instantly gazetted, there is a high risk of losing documents of evidence of ownership due to poor data storage system.

Bangladesh also faces the issue of manpower shortage in its Waqf institutions, where there are merely 111 officers and employees managing over 100,000 Waqf properties throughout the country (Rashedul & Siti Alawiyah, 2016) with only 29 officers managing all 64 districts and only one supervisor for approximately 800 Waqf estates (Abu Umar & Mohd Fazlul, 2019). Whenever the supervisor has to conduct site visits, then the office will be closed for operations. Hence, the registration of Waqf lands is severely stalled with about 1,39,256 of Waqf lands remain unregistered (Md Shahnawaz, 2018). Making the situation worse is that more than 85,000 acres of land in Dhaka had been encroached by irresponsible individuals (Md Shahnawaz, 2018). Other reports stated that out of the total of 150,593 Waqf lands, only 97,046 had been registered with 53,547 remaining at risk of encroachment (Abu Umar & Mohd Fazlul, 2019). This shows that Waqf institutions in other countries are facing similar issues as that of Malaysia and that having incompetent





personnel managing the institutions would greatly affect their effectiveness and productivity.

Management effectiveness of Waqf property at Waqf institutions is also affected by land encroachment committed by irresponsible individuals (Ahmed & Khan, 1995; Chandran, 2017; Megat Mohd. Ghazali et al., 2006; Nadwi, 2012; Nur Farahiah et al., 2014; Rohayu & Rosli, 2014; Rusnadewi et al., 2015a; A. Singh, 2012). Some of the trespassers were also found to be committing forbidden activities on the Waqf lands (Che Zuina et al., 2015) which is against the aim of the donor (waqif) (Maznah et al., 2014) who had intended the lands to be used for the benefit of the community.



Encroachment hinders the development of the endowed land (Rohayati & Rusnadewi, 2014) as some of the trespassers would refuse to leave. This is what happened in the Abdual Cauder Waqf land in Kampung Mengkuang Butterworth, Penang when the 19 illegal residents refused to leave due to the excuse that they have been living there for generations (Nur Izzati, 2019). The land was supposed to be used for generating rental income but its development was halted due to the trespassing. Even worse, some Waqf lands have been rented out to non-Muslims (Che Zuina et al., 2015) who used the lands for other means than generating benefits for the community. In Johor Bahru for instance, instead of establishing facilities that would benefit the entire community such as schools and mosques, the occupiers of Waqf lands turned them into parking spots, shop lots, and landfills (Jabatan Audit Negara Malaysia, 2014a). The trespassers do not see this as an issue due to their lack of awareness about Waqf land rights and ownership. The problem is exacerbated with the rampant





ignorance within the Muslim society itself (Dahlia & Haslindar, 2013; Mohamad Zaim et al., 2015; Noor Aimi et al., 2014; Rabitah Harun et al., 2012).

Waqf land encroachment is also a big issue in India. According to Times of India, due to the failure of the country's Waqf institutions in protecting endowed lands, 89 percent of them had been encroached (Moulika, 2018). As of 31<sup>st</sup> October 2018, there are 5,74,491 registered Waqf properties in the country, but 24,906 of them are unresolved cases due to various issues (Pandit, 2019).

Rental income management is another issue with Waqf properties (Firoz Bakht, 2011; Jabatan Audit Negara Malaysia, 2014c, 2014b, 2014a, 2014d; Nurul Asykin & Ruzian, 2013; Rohayu & Rosli, 2014; A. Singh, 2012). The collection of rental revenue had been inconsistent due to the lack of a comprehensive and systematic rental agreement and regular monitoring of the Waqf lands (Che Zuina et al., 2015; Farah Nadia & Fauziah, 2018). Poor revenue collection on the Waqf lands is due to rental rates that are lower than the market rate as exemplified in the case of Malacca when an audit review discovered that Malacca Islamic Religious Council had maintained their rental rates for all their Waqf properties since before 2015 (Jabatan Audit Negara Malaysia, 2014b).

In the case of Kenya, the Waqf institutions there failed to keep appropriate records of the properties' income and expenditure (Kenya News Agency, 2017). Hashim, (2010) reported that certain Waqf land occupiers took advantage of the weak rental system and lack of serious repercussions to continue paying low rents.





Waqf institutions in Malaysia also have a weak data storage system (Che Zuina et al., 2015; Inayah, 2017; Jabatan Audit Negara Malaysia, 2014c; Rabitah Harun et al., 2012). Consequently, many Waqf lands in the country do not have proper records or land titles thus making way for rampant land encroachment as even the Waqf institutions could not identify the actual ownership of the lands. In the district of Johor Bahru for instance, about 40.2 percent of Waqf properties remain unregistered under the Johor SIRC (Jabatan Audit Negara Malaysia, 2014a). In the context of India, Khan (2014) reported that the lack of a proper data recording system had led to a substantial loss of information on the endowed lands whereby only 314,422 Waqf properties are available and only half registered. Proper data records are important as evidence of actions that have been taken on the properties and as reference materials for decision making.



The development of Waqf properties in Malaysia is also hindered by the lack of a standard operating procedure (Che Zuina et al., 2015; Hidayatul & Muhamad Akhyar, 2009; Mohamad Zaim et al., 2015; Rabitah Harun et al., 2012). In Selangor for instance, four (4) projects under the Waqf Selangor Corporation that were supposed to start in 2012 were delayed to March 31, 2015 due to the lack of a standard procedure (Jabatan Audit Negara Malaysia, 2014c). Such poor productivity leads to the poor performance of Waqf institutions in Malaysia, which not only affects the management of the Waqf properties, but also the wellbeing of the Muslim community as a whole. Table 1.1 summarizes the major issues in the governance and administration of Waqf property



Table 1.1

*Issues pertaining Waqf property management in Malaysia and other countries*

Themes	Effects	Scholar	Countries
Lack of professionalism and ambiguous roles	Delays in implementing and completing <i>istibdal</i> . Unregistered property ownerships under the SICRs. Underutilization of Waqf properties. Un-gazetted Waqf lands. Encroachment.	(Che Zuina et al., 2015; Farah Nadia & Fauziah, 2018; N. Hassan & Abdul-Rahman, 2018; Hidayatul & Muhamad Akhyar, 2009; Hidayatul & Shahul Hameed, 2011; Mohd Isa et al., 2014; Muhammad Fazlul, 2010; Noor Aimi et al., 2014; Rohayu & Rosli, 2014; A. Singh, 2012)	Indonesia, Bangladesh, Singapore
Encroachment of Waqf lands	Hindering the development of Waqf lands. Non-generation of rental revenues. Owner having trust issues towards the Waqf institutions.	(Ahmed & Khan, 1995; Chandran, 2017; Firoz Bakht, 2011; Megat Mohd. Ghazali et al., 2006; Mohamad Zaim et al., 2015; Rohayu & Rosli, 2014; Rusnadewi et al., 2015a; Shahabuddin, 2012)	India, Bangladesh,
Lack of awareness among Muslims	Non-emphasis on the issue of Waqf land encroachment. Non-emphasis on <i>istibdal</i> .	(Ahmed & Khan, 1995; Dahlia & Haslindar, 2013; Hashim, 2010; Mohamad Zaim et al., 2015; Zuraidah et al., 2011)	India, Kenya

(continues)

Table 1.1 (continued)

Themes	Effects	Scholar	Countries
Inefficient rental system	Increase in rental arrears. Unavailability and non-renewal of the lease agreement. No commissions received on leasehold. Extremely low rental rates, non-revised charges. Poor rental charge collection.	(Ahmed & Khan, 1995; Firoz Bakht, 2011; Hashim, 2010; Muhammad Fazlul, 2010; Nurul Asykin & Ruzian, 2013; M. Rahman, 2013; Rohayu & Rosli, 2014)	India, Bangladesh, Kenya,
Data storage problems	Poor record of the Waqf property. Untitled Waqf lands. Encroachment. Incomplete/non-updated Waqf properties list.	(Ahmed & Khan, 1995; Che Zuina et al., 2015; Rabitah Harun et al., 2012)	India, Kenya
No standard procedures	Encroachment. Poor identification of land ownership documents.	(Che Zuina et al., 2015; Hidayatul & Muhamad Akhyar, 2009; Mohamad Zaim et al., 2015; Rabitah Harun et al., 2012)	Indonesia



Based on the aforementioned arguments, it is believed that the major weaknesses of Waqf property management in Waqf Institutions in Malaysia are related to the aspect of leadership. Arsovski and Nikezić (2012) define leaders as individuals who guide, handle, empower and inspire others. Ngambi (2011) view leadership as a process of making others understand their maximum capacity in accomplishing a certain task and achieving organisational visions and objectives. Ngodo (2008) perceive leadership as a mutual mechanism of social control whereby leaders and employees control each other in order to achieve organisational objectives. Indirectly, the concept of leadership implies that leaders are individuals who, through their activities, encourage the development and growth of employees towards achieving shared objectives.



An effective and successful leader encourages his/her followers to attain certain desired objectives in a certain desired manner; the leadership style may affect organisational effectiveness and efficiency (Nanjundeswaraswamy & Swamy, 2014). Leadership style or management style entails what the leader does and says (Peters & Waterman, 2006), how leadership abilities and behaviours combine when interacting with the other members of the organisation (Mitonga-monga et al., 2011), how the leaders influence each other (Darmawan, 2018), and how the leader carries formal or informal interactions with his subordinates (Puccio et al., 2010). Thus, leadership relies on communication as asserted by Barrett (2006) that good communication skills enable the leader to foster and create understanding and trust, thus encouraging others to follow him/her.



Effective leader communication is undoubtedly one of the most significant elements affecting the workplace. Thus, leaders must be aware of the language and words that they use because words are metaphors for concepts that define their attitude and behaviour (Raffo & Clark, 2018). Huffaker (2010) further reiterated that a leader's language choice in his/her day-to-day communications with employees signify power and pose an indirect influence on the relationship between the leader and the members (Uhl-bien, 2006). Under the Motivating Language (ML) theory, J. Mayfield et al. (1995) claimed that a leader can motivate employees through the selection of language used which in turn will produce effective workers. The use of motivational language can result in improved job satisfaction, attendance, retention, innovation and performance among the employees (J. Mayfield & Mayfield, 2010) and ultimately produce positive organisational outcomes (J. Sullivan, 1988).

Additionally, prevailing studies have shown that employees may interpret directives and instructions differently depending on the quality of the leader-member relationship in the organisation, in spite of the shared macro environment (Kozlowski & Doherty, 1989). Generally, leaders develop close relationships with only a few subordinates and these relationships are characterized by high quality exchanges including mutual trust, respect and obligation through positive support, bonds and open communication (Epitropaki & Martin, 2005). Hence, the leader's behavior towards the individual subordinates help shape the quality of the exchange relationship with each of them (Yulk et al., 2009) and overtime, the behaviour influences the evolution of the relationship (Dulebohn et al., 2012). The behaviour of the leader plays a critical role in influencing the employees' perception about their leader's values, vision and leadership style.



A basic principle of the LMX theory is that employees will engage and perform well as a form of reciprocation for the encouragement, direction and motivating language given by their leader, or withhold it in case the leader fails to give clear instructions, stimulate and inspire them via a better language choice. Thus, the level of LMX quality is expected to affect the relationship between motivating language and management effectiveness.

Therefore, in addressing the problems faced by Waqf institutions, it is essential to properly examine the way leadership communication may affect organisational effectiveness and efficiency via motivating language. J. Mayfield et al. (1995) believed that a leader can inspire his/her employees by utilizing an effective range of oral correspondence with motivational components, as well as exploring the strength of leader behaviour via the leader-member exchange (LMX) theory. Liden et al., (2016) asserted that the functionality and effectiveness of an organisation can be achieved through a strong dyadic relationship.

### 1.3 Problem Statement

The effectiveness of non-profit organisations (NPOs) has long been a major debate among scholars (Jun & Shiau, 2012; Lecy et al., 2012; Willems et al., 2014). Over the past two decades, NPOs have been met with increased pressure to evaluate their operation and demonstrate their competence and credibility (Barman, 2007; Ebrahim & Rangan, 2010). This unresolved problem has led to tremendous pressure on NPOs including Waqf institutions in Malaysia to prove their accountability and integrity in





fulfilling their obligations. Moreover, doubts about the integrity and credibility of Waqf institutions continue to rise when Yayasan Wakaf Malaysia and Jabatan Wakaf, Zakat dan Haji (JAWHAR) reported that only 13 percent of Waqf lands under these institutions throughout the country had been developed whilst the remaining 87 percent remain underutilized (Bernama, 2019b). This gives a negative implication on these organisations as their survival is significantly determined by the confidence and trust of donors and stakeholders (Rashedul & Siti Alawiyah, 2017).

Most of the NPOs observed did not provide information or public goods in explaining their existence (Wallis & Dollery, 2006). In Malaysia for instance, there exists an information asymmetry between NPOs and the donors (Zainon et al., 2012). Malaysia does not have a uniformed framework for NPOs compared to other countries such as the US (Zainon et al., 2014). Besides that, Malaysia is also one of the countries of which the level of transparency, accountability and good governance of their NPOs is not prescribed by law (Ruhaya et al., 2012). According to Zainon et al. (2014), the disclosure of details by NPOs remain optional in Malaysia. All this indirectly affects the productivity and effectiveness of the Waqf institutions in managing Waqf assets or properties; additionally, the absence of any legal and legislative requirements means that the donors and stakeholders do not receive the necessary information which are mostly concealed (Zainon et al., 2014). Therefore, to ensure that Waqf institutions in Malaysia are able to give optimum service to the stakeholders and create management effectiveness, the leaders must apply the right practices and ethics. Herman and Renz (1999) stated that the effectiveness of NPOs suggest that the right practices are being applied, thus creating a more effective organization.





Furthermore, as a religious-based NPO, Waqf institutions reflect the principles of Islamic practices through their leader. Thus, the leader plays a critical role in promoting ethical thinking and practise among the organisational members; the leader needs to interact with and influence his/her followers and clarify the organisation's expectations in achieving mutual goals (Men, 2015). The employees' perception of their leader's value is created by the leader's behaviours or manner (O. Brown et al., 2018). However, relevant literatures have pointed out that there is a very shallow understanding and discussion about the leaders in these institutions (Farah Nadia & Fauziah, 2018). Therefore, leader behaviour that supports leadership communication must be negotiated seriously to enable the leader to achieve positive employee outcomes.



Positive leadership communication can result in organisational effectiveness,

as it enables the leader to inspire and motivate employees (Naile & Selesho, 2014). Thus, the language used by the leader is crucial in ensuring a clear delivery of information and reinforcing the leader-member dyadic relationship (Luthra & Dahiya, 2015) on top of ensuring mutual understanding of the organisation's objectives (Murphy & Clark, 2016). Although past studies have indicated that motivating language use by leaders can improve employee job performance, self-efficacy and team performance (J. Mayfield et al., 2017) the optimum effect of motivating language can only be achieved when all three of its dimensions are used simultaneously (J. Mayfield et al., 2015). However, (J. Sullivan, 1988) did not study the exact combination of motivating languages that could result in optimal employee and organisational outcomes. Due to the very few attempts at studying the types or dimensions of motivating language, it remains unclear about which of the dimensions





pose the best influence on employee performance and ultimately improve management effectiveness. Hence, this is a significant gap that needs to be addressed in order to gain a more comprehensive insight about the dimensions of motivating language and their effect on management effectiveness.

Meanwhile, M. Mayfield and Mayfield (2009) argued that leader communication must be congruent with leader behaviour. The leader-member exchange (LMX) theory offers a beneficial framework for examining the link between leader communication and behaviour due to the prominence of its leader behaviour theory that is naturally dyadic and congruent with motivating language. The quality of leader-member relationship could be improved if the leader practices motivational-driven communication (Brannon, 2011). Although the effect of motivating language on management effectiveness is well documented in literature, no previous studies had addressed the role of LMX in this relationship. And although past studies such as that of (Martinaityte & Sacramento, 2013; Sarti, 2018; C. Sullivan, 2017) had highlighted leader-member exchange (LMX) as a significant strengthening variable, very few studies had actually employed LMX as a moderator in the relationship between the dimensions of motivating language and management effectiveness, particularly in the context of Waqf institutions. This research gap hence warrants for a new study on the motivating language theory by examining the effect of the dimensions of motivating language on management effectiveness and the moderating effect of LMX in the context of Waqf institutions in Malaysia.





## 1.4 Research Objectives

- (a) To determine the level of the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language), Leader Member Exchange (LMX), and Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia.
- (b) To examine the effects of the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language) on the Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia.
- (c) To assess the moderating effect of Leader-Member Exchange (LMX) in the relationship between the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language) and the Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia.

## 1.5 Research Questions

Based on the aforementioned research problems, the following three (3) research questions (RQ) were formed:

- RQ1:** What is the level of the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language), Leader Member Exchange (LMX), and



Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia?

**RQ2:** What are the effects of the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language) on the Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia?

**RQ3:** Does Leader-Member Exchange (LMX) moderate the effect between the Motivating Language (ML) dimensions (i.e. Direction-Giving Language, Empathetic Language and Meaning-Making Language) and the Management Effectiveness of Waqf properties by Waqf Institutions in Malaysia?

## 1.6 Research Hypotheses

Six (6) hypotheses were developed to answer the aforementioned research questions:

**H1:** There is a positive effect of Direction-Giving Language (DGL) on the Management Effectiveness of Waqf property by Waqf Institutions in Malaysia.

**H2:** There is a positive effect of Empathetic Language (EL) on the Management Effectiveness of Waqf property by Waqf Institutions in Malaysia.

**H3:** There is a positive effect of Meaning-Making Language (MML) on the Management Effectiveness of Waqf property by Waqf Institutions in Malaysia.



- H4:** The effect of Direction-Giving Language (DGL) on Management Effectiveness is strengthened by a high LMX than a low LMX.
- H5:** The effect of Empathetic Language (EL) on-Management Effectiveness is strengthened by a high LMX than a low LMX.
- H6:** The effect of Meaning-Making Language (MML) on Management Effectiveness is strengthened by a high LMX than a low LMX.

## 1.7 Theoretical Framework

Figure 1.1 shows the two major underpinning theories that guide the formulation of the theoretical framework in this study namely the Motivating Language (ML) theory and the Leader-Member Exchange (LMX) theory.



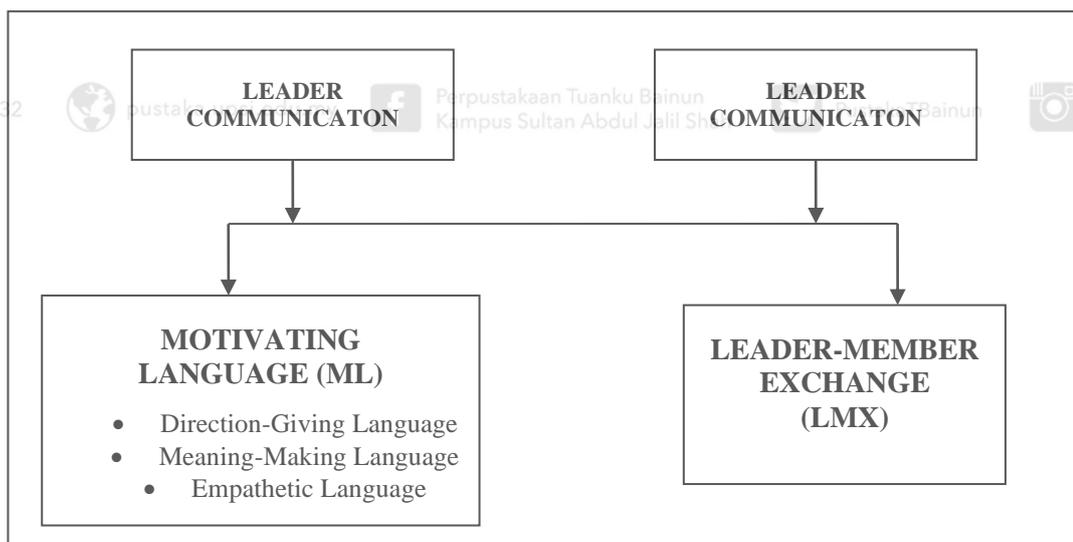
The research area addressed in this study falls under the umbrella of management effectiveness. Leadership is speculated to affect management effectiveness (Ardestani et al., 2016). Leaders prominently act as a role model, representing their behaviour towards the employees (Javed et al., 2020). Leaders use communication as a way to integrate all the managerial functions (Meraku, 2017).

The Motivating Language theory is a well-established leader communication theory which states that leaders must have the capability of assessing their employees in all conditions and building a communication strategy that can facilitate the achievement of organisational goals (Arsovski & Nikezić, 2012). The ML theory also explains the effect of leader communication on employee performance (M. Mayfield & Mayfield, 2009). The way a leader communicates is deemed as a crucial element in



driving employee motivation and other outcomes (J. Mayfield et al., 1995). This theory was derived from the Speech Act Theory in the linguistic spectrum developed by Austin (J. Sullivan, 1988). This theory was later explored by J. Sullivan, (1988) and developed further by (M. Mayfield & Mayfield, 2009).

ML theory proposes three (3) dimensions of communicative speech namely direction-giving language (DGL), empathetic language (EL) and meaning-making language (MML) (M. Mayfield & Mayfield, 2009). This theory links the leader's intention with the employees' understanding so as to positively affect employee outcomes (J. Mayfield et al., 1998)



*Figure 1.1.* Theoretical framework of Motivating Language (ML) and Leader-Member Exchange

ML is deemed as a strategic and powerful form of leadership communication that is linked to various positive outcomes (J. Mayfield, 2008). J. Sullivan, (1988) suggested that leaders who employ ML can encourage and inspire their employees to be more productive, trustworthy and responsible. The main assumptions of ML (J.



Mayfield et al., 1995) are that: (i) the three basic speech acts covering most verbal expressions can transpire between the superior and the subordinate, (ii) the superior's behaviour has a strong influence on the effect of ML on the subordinates' outcome, and (iii) maximum benefits can be attained by the superior when using all three speech acts.

Motivating Language was proven to underpin the leader communication theory (J. Mayfield, 2008). J. Sullivan, (1988) claimed that leader communication must be congruent with leadership behaviour. Thus, Leader-Member Exchange (LMX) offers a useful structure for examining the relationship between leader communication and behaviour as it is a highly regarded theory for leader behaviour with a dyadic nature that is consistent with the ML theory (Cashman et al., 1976; J. Mayfield et al., 1998). The Leader-Member Exchange (LMX) theory suggests that the leader-subordinate relationship develops due to workplace interaction and that the relationship entails an exchange whereby each party (i.e. leader and subordinate) must have something to offer to the other party who in turn must reciprocate in a fair and reasonable manner (Graen & Scandura, 1987).

The LMX theory is based on the Role Theory (Katz & Kahn, 1979) and the Social Exchange Theory (SET) (Blau, 1989). The former states that leaders can test their subordinates by giving them a series of assignments on role-making whilst the latter focuses more on the leader-subordinate interaction and exchange (Rasouli & Haghtaali, 2009). The LMX theory explains the leader-employee exchange that transpires based on work-related behaviours (Maslyn & Uhl-Bien, 2001). However, Liden et al. (1997) pointed out that the LMX theory is not only about work-related



exchanges, but also social-related interactions. According to Liden and Maslyn (1998), there are four dimensions to LMX namely: contribution (e.g.: doing more than what is expected), affect (e.g.: friendship and liking), loyalty (e.g.: loyalty and mutual obligation) and professional respect (e.g.: respect for professional capabilities). Leaders are typically more concerned about the dimension of contribution whereas the subordinates are more focused on social exchanges entailing the dimensions of affect, loyalty and professional respect (Maslyn & Uhl-Bien, 2001).

LMX also focuses on developing the relationship between the leader and individual subordinates, postulating that the leader does not develop the same type of relationship with each subordinate (Rockstuhl et al., 2012). A previous study showed that LMX has a significant link to leader communication (O. Brown et al., 2018).

Rockstuhl et al. (2012) added that LMX generally results in positive outcomes including increased performance and higher employee commitment. Therefore, LMX is likely to increase the effect of the relationship between leader communication and positive employee outcomes in high LMX condition. In short, those who experience high LMX are more likely to experience more favourable outcomes.

Nevertheless, the question of how leader behaviour via the Leader-Member Exchange (LMX) theory strengthens leader communication via Motivating Language (ML) and affects management effectiveness still needs to be examined. Thus, it is a suitable leadership framework for testing the role of leader behaviour in the ML leader-employee relationship towards producing management effectiveness. Furthermore, the value and quality of the leader-member relationship can be improved with the use of ML by the leader, thus leading to positive job performance outcomes.



The development of a high quality leader-member exchange can effectively be facilitated by the use of motivating language in daily conversations (Brannon, 2011).

As a summary, the formulation of the current research framework concerning the multidimensional effects of motivating language on management effectiveness is based on the basic foundation of leader communication via the Motivating Language Theory. The ML theory postulates that an effective leader who leads his/her employees in the right manner and direction aligned with the organization's mission and objectives will indirectly motivate the employees and affect their performance. This shows that motivation may arise from good leadership communication delivered via direction-giving language, empathetic language and meaning-making language (J. Sullivan, 1988). According to J. Mayfield and Mayfield, (2018) and J. Sullivan, (1988), leader communication that is not supported by leader behaviour will lead to adverse outcomes. Thus, Leader-Member Exchange (LMX) is deemed as the most suitable theory as it is dyadic in nature and does not rely completely on leadership skills. Miner (2005) claimed that leaders and employees negotiate their work relationship which remains intact throughout the existence of the dyad.

Despite the limited number of studies, it was highlighted that the effect of leader communication via Motivating Language on management effectiveness is likely to be moderated by the existing leader behaviour or LMX. Hence, by incorporating the recent findings, the current framework extends the Motivational Language theory by predicting the moderating effect of leader behaviour via the Leader-Member Exchange (LMX) on management effectiveness.





## 1.8 Significance of Study

There is a glaring lack of studies on the effectiveness of non-profit organisations particularly those that are religious/faith-based (Jacobs & Polito, 2012). Hence, this current study intends to address that gap and enrich the existing literature by investigating the effectiveness of religious-based non-profit organisations.

Existing studies on leader communication in the non-profit organization (NPO) setting are highly vague with no clear explanations of its implications (Osula & Ng, 2014; Parsehyan, 2017) on the employee and the organisation. Clutterbuck and Hirst (2002) suggest that communication is a core leadership competency and the failure to communicate effectively would render the leader to be deemed as ineffective. Accordingly, this current study adopts the leader communication theory via the Motivating Language (ML) and leader behaviour theory via the Leader-Member Exchange (LMX) to measure the effect of leader language and how workplace exchanges can contribute to effectiveness and success of the management. ML is a language theory that applies motivational elements in the leader-employee interaction (J. Mayfield et al., 2015) and a leader who effectively uses this language can drive management effectiveness within the organisation (O. Brown et al., 2018; J. Mayfield & Mayfield, 2012; Minjeong & Sung, 2017). Additionally, the effective use of ML by the leader can also result in a higher LMX. This is because communication is a dyadic process that involves the leader-employee relationship and interaction. Miner (2005) claimed that this relationship remains stable throughout the existence of dyads. Since the link between LMX and leader communication has been proven to be strong, leader behaviour via LMX is the most suitable for testing the role



of leader behaviour in the leader-follower relationship. Hence, this study offers a better insight of how a high-quality leader-employee exchange can affect the motivating language used by the leader to improve management effectiveness as a whole.

This study also investigates the role of the leader communication and leader behaviour theory and how it affects management effectiveness in the context of religious-based non-profit organisations in Malaysia. Previous studies on the topic had mainly focused on US-based organisations (Holmes & Parker, 2017; J. Mayfield et al., 2017; J. Mayfield & Mayfield, 2010). Although research on leader communication among NPOs had examined the effects of workplace supervisor communication (Usadolo & Usadolo, 2018), it was carried out in the context of non-religious organisations in South Africa. Meanwhile, although Pearce (1993) had highlighted that leadership communication style in NPOs deliver positive employee and organisational impacts, it failed to specify the exact communication style that would produce such positive outcomes. Dalila, (2017) outlined the significance of Islamic governance practices in Waqf institutions in Malaysia using the leadership style of Umar Al-Khatab as an example; however, it failed to explain the effect of leader communication style on the management effectiveness of Waqf institutions in Malaysia. Likewise, a comprehensive search on Scopus and World of Sciences revealed that there has yet been any study examining the effects of motivating language on non-profit organisations specifically in Malaysia.

Despite being highly visible, non-profit religious-based institutions in Malaysia including Waqf institutions are mired with numerous management-related



challenges exacerbated by the findings of audit reports that indicate the unsatisfactory performance of these institutions. It is hoped that by highlighting the elements of leadership communication, employee motivation can be stimulated (J. Mayfield et al., 1995) and thus lead to organisational improvements.

Methodologically, this study enriches the existing literature by employing LMX as the moderator in the relationship between the dimensions of ML and management effectiveness (ME). This is to substantiate that the strength of the LMX relationship can predict organizational outcomes including performance (Gerstner & Day, 1997). This study also addresses the lack of empirical support proving the moderating effect of LMX in the relationship between ML and ME by further examining the concept of leader-employee exchange. A prior study on ML in the context of profit-based organisations had examined the mediating role LMX (M. Mayfield & Mayfield, 2009). Hence, the use of LMX as a moderator in this study provides more comprehensive findings by incorporating a new context i.e. Malaysian Waqf institution.

Meanwhile, past studies on ML suggest that maximum positive organisational outcomes can be derived when the leader uses all three types of ML simultaneously on a daily basis (J. Mayfield et al., 2015). Nevertheless, this study focuses on the multidimensional aspects of ML in testing the hypotheses which could help in generating more varied results. This study intends to address the research gap left by previous studies by attempting to determine the most effective type of ML in influencing the management effectiveness of Waqf properties by Waqf institutions.



Table 1.2

*Summary of the contributions of this research*

Level of Contribution		
	Replication	Extension
Conceptual	Discusses and deliberates on the concept of leader communication, Motivating Language (ML) and leader behaviour Leader-Member Exchange (LMX), and effectiveness of non-profit organisations.	
Empirical	Motivating Language (ML) was applied in other organizational settings, rather than solely on a religious-based NPO setting. Clarifies the concept of language use among leaders.	Applying Motivating Language (ML) in an NPO setting (religious-based). Verifying the concepts.
Methodological	Confirming the interaction between Motivating Language (ML) and management effectiveness.	Testing the effect of Motivating Language (ML) on management effectiveness and testing the effect of the moderator.
	Confirming LMX as multidimensional.	Testing LMX as unidimensional.
	Confirming Motivating Language (ML) as unidimensional.	Testing Motivating Language (ML) as multidimensional.
Managerial	Providing direction on how to produce effective leader communication towards establishing management effectiveness.	Providing a method of language used by a leader in producing management effectiveness.



## 1.9 Operational Definitions

Relevant terms used throughout the study are defined as follows:

- a) *Waqf property* refers to properties, lands, buildings, or any fixed assets given by the *Waqif* of which generated benefits are used for the welfare of the Muslim *ummah*. It is also considered as the property that God reserved for the benefit of the poor (Abbasi, 2012).
- b) *Waqf Institution* refers to the organisation that manages Waqf properties. Noor Aimi et al., (2014) stated that Waqf institutions are empowered to administer Waqf properties using the best standard of practices and contemporary management system to project the excellence of Islam.
- c) *Effectiveness* is the degree to which the organisational objectives and aims have been achieved. In this study, the term is interchangeable with several others including 'productivity', 'profitability', 'growth', 'success', 'efficiency', 'higher performance', 'higher commitment' or other terms that indicate positive improvements.
- d) *Management Effectiveness* refers to the ability of the organisation in performing its key functions by applying strong practices, procedures, and policies to achieve the desired or positive outcomes and to fulfill the expectation of the stakeholders (contributor/donor/waqif) (Herman & Renz, 2004; Kaplan, 2001; Roshayani & Norzaihan, 2017).
- e) *Istibdal* entails the replacement of an existing Waqf property with another either by sale or purchase, with a value that is either higher or similar to the original.



- f) *Leader Communication* entails the needed leader-employee interaction to get things done and keep everyone engaged. Leadership communication is defined as “the controlled and purposeful transfer of meaning by which leaders influence a single person, a group, an organization, or a community” (Barrett, 2006, p. 386).
- g) *Leader Behaviour* entails the leadership style that fosters a high exchange of relationship. According to Yukl et al. (2009), leader behaviour refers to the leader’s ability to lead by example and to set exemplary behaviour for the subordinates which reflect the leader’s values and standards.
- h) *Leader-Member Exchange (LMX)* entails the leader-subordinate relationship and the reciprocal exchange between the two parties, in which both must deem a valuable and fair exchange. In this study, LMX is treated as unidimensional.
- i) *Motivating Language (ML)* is the language used by the leader that can pose a direct positive effect on critical employee outcomes associated with motivation such as job satisfaction, performance, innovation and retention (J. Sullivan, 1988). It comprises Direction-Giving Language, Meaning-Making Language and Empathetic Language, all of which contribute to positive organisational outcomes.
- j) *Direction-Giving Language* is the language used by the leader for clarifying the employees’ duties and responsibilities and reducing role ambiguity. This kind of language is believed to reinforce goal achievement and elucidate what, how, and when certain tasks need to be done (J. Mayfield et al., 2017).

- k) *Meaning-Making Language* is used by the leader for sharing the organisation's culture, values and norms (J. Mayfield et al., 1995). This type of language is powerful for constructing schemas and guiding the work behaviour of employees.
- l) *Empathetic language* refers to the leader's language that facilitates human bonding and interpersonal relationship such as praises (Sarros et al., 2014). This bond is developed through the leader's practice of humanity towards the employees.
- m) *Non-Profit Organization (NPO)* refers to institutions/bodies/organisations that are not intended for making profit. This study focuses on religious-based NPOs since Waqf institutions are religious-based.
- n) *Waqif* is the waqf donor or founder, which can be an individual or an entity, which had contributed a certain property for charitable purposes. This study focuses on the individual donor.
- o) *Leader* in this study is the head of the Waqf institution that is responsible for managing and handling Waqf properties.

## 1.10 Chapter Summary

This chapter elucidates the background of Waqf properties management in Malaysia and related issues that hamper the development of Waqf properties such as the lack of competent personnel, the issue of encroachment, problems with rental collection and management, poor data or book record and issues with the staff's knowledge. This chapter explicates the significance of leader communication in driving the



productivity of Waqf institutions. Also presented is the need for a leader-employee exchange so as to strengthen the leader's use of Motivating Language (ML). By highlighting the Motivating Language (ML) and Leader Member Exchange theories, better solutions and alternatives for addressing the abovementioned issues can be identified. Three research questions and six hypotheses were developed to guide this research. Finally, the significance of the study were presented.

