

Leadership Styles and Employees' Turnover Intention: Exploratory Study of Academic Staff in a Malaysian College

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Abstract: Employees' turnover intention has always been a key concern faced by organizations regardless of their location, size or nature of business. Base on a review of the literature, majority of the studies had identified a negative relationship between leadership style and employees' turnover intention in various fields of industries. This study was conducted on the academic staff in a community college in Malaysia. The results of this study did not support the outcome of previous research. Although, transformational and transactional leadership styles are found to have negative relationship to employee turnover intention but the correlation of these two variables are not significant.

Key words: Leadership style • Employees' turnover • Transformation • Transactional • Organization

INTRODUCTION

Staff turnover has been always a key concern issues faced by organizations regardless of its locations, sizes, natures of business, business strategy (profit or non-profit oriented). Chan *et al.* [9] also quoted staff turnover as a serious issue especially in the field of human resources management. Ali [2] also commented that high turnover brings destruction to the organization in the form of both direct and indirect cost. Studies have also been carried out regionally and globally to explore and to study the relationship between various variable(s) with staff turnover. These studied variables includes occupational content [28], leadership styles [14, 25] and job satisfaction [2, 23].

In a separate study by Batra and Tan [6], it was noted that World Bank had stated that small and medium enterprises (SMEs) in developing countries have recorded labour turnover ranging from 3% to 27% of total workers employed. SMEs in Malaysia, being a developing country has surprisingly recorded one of the highest numbers of turnover which is 19% for small enterprises and 22% for medium-sized enterprise [28].

Staff turnover is costly to all level of organizations regardless of its nature and usually the productivity and quality of the products or services are always negatively affected. Ali [2] has quoted that high turnover would

bring destruction to the organization in the form of both direct and indirect cost. Direct costs are referring to costs such as expenditures incurred on the selection, recruitment, induction and training of new employees [29]. Indirect costs are referring to cost of learning, reduced morale, pressure on the existing employees and the loss of social capital [12]. In addition, high staff turnover will jeopardize the progress on achieving organization pre-determined objectives and goals. In addition to monetary measureable cost, non-monetary cost such as deteriorated reputations and goodwill, lost of customer's loyalty, reduced branding trust, etc. may bring forward much more severe and detrimental long term impact than monetary cost instead.

The current era of 21st century are full of intense competition forces in this highly globalised and internationalized market environment, staff turnover costs is inevitably and expected to reduce and weaken the competitiveness of an organizations. The sustainability position and surveying abilities of an organization will be highly depended on the degree of its competitiveness strength among its competitors locally and globally. Therefore, the objective of this study is look at the impact of leadership styles on employee turnover intention. The authors try to determine if any specific leadership style is to be emphasized so that the organization can strive for excellence in future.

Literature Review Leadership Styles

Transformational Leadership: Transformational leaderships are defined as a leader who is able to stimulate, inspire and transform his or her subordinates to strive harder in order to achieve extraordinary outcomes [27]. Daft [11] states that this type of leadership inspires followers to believe in their own potential, so as to create a better prospect and future for the organization while believing in the leader personally. Transformational leader is expected to be able to provide a clear vision and mission, inspire self-esteem and gain trust and respect through charisma [4]. Bass [4] highlights the fact that a transformational leader will asks his or her subordinates to go beyond self-interest for the benefit of the team, the organization as well as society.

Transactional Leadership: Transactional leadership focuses on leader-follower exchanges in which subordinates are expected to carry out their duties and perform according to instruction. The followers in turn expect that they will be compensated positively in line with the results generated by them. This also includes negative actions such as punitive and penalties in the event that the followers or subordinates fail to perform as instructed [33]. Rewards include complimentary comments, praise and recognition upon successful compliance with the instructions from the leaders and the achievement of their objectives [26].

Turnover Intention: Turnover intention is defined as an employee's personal estimated probability that he or she has a deliberate intent to leaving the organization permanently in near future [31]. 'Employee turnover' as per Lucy *et al.* [18] is refers to an employee who are considering and thinking to quit a job. The word 'intention', [3, 15] is the main determinants of actual quitting from the job behavior. Turnover intention also cited as one's propensity to leave [13, 19]. Turnover are classified and categorized into voluntary or involuntary, as well as functional or dysfunctional, each will have varying degree of impact on the organization [32].

As cited in Wells *et al.* [32], voluntary turnover is defined as a process in which an employee makes decision whether to stay on or leave the organization [21]. Mobley [22] further commented that this type of turnover is usually dysfunctional and can be most detrimental to the organization. It is also warned

by Abbasi and Hollman [1] that those that most likely to leave the organization are those most talented and smartest employee within the group. Their valuable experiences, talent, skills and knowledge will leave with them and resulted in deteriorating efficiency [1].

In contrast, involuntary turnover is referred to the situation in which the organization undertaken the control over the employee's decision to stay or leave the organization [21]. The reason why it is classified as functional turnover [31] is due to the often removal of under-performing employees [24].

Direct Relationships among Research Variables The Relationship Between Transformational/ Transactional Leadership and Employees' Turnover Intention:

The relationship between transformational and transactional leadership and turnover intention has been explored by a number of researchers [2,7,20]. Their studies have generally shown that transformational leadership is the key factor in reducing and mitigating turnover intentions. In the studies undertaken by Martin and Epitropaki [20], it was found that transformational leadership was contrary related to turnover intentions among employees for several commercial and profit-oriented based businesses. In another study carried by Bycio *et al.* [7] in the nursing profession, it was found that higher degrees of transformational leadership were associated with lower intention to leave. This supports the outcome of the earlier study by Bass [4].

Wells *et al.* [32] has conducted a separate study to investigate the relationship between leadership behaviors (transformational and transactional), satisfaction with the leaders and voluntary turnover intentions on 200 participants from National Collegiate Athletic Association Division I softball and volleyball assistant coaches in the USA. The study result revealed significant negative associations between transformational leadership behavior and voluntary organizational turnover intentions as well as the correlation between transactional leadership behavior and voluntary organizational turnover intentions. Wells's study further explained on why transactional leadership behavior was related to reduce voluntary organizational turnover intentions by quoting justice theory of Cobb *et al.* [10]. Another study conducted by Sellgren [30] on exploring the relationship between leadership behavior of nurse managers and staff turnover has revealed a weak correlation between leadership behavior and staff turnover.

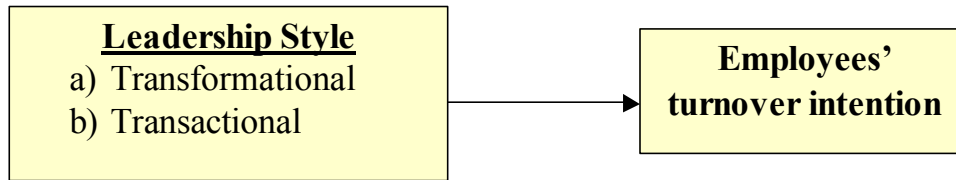


Fig. 1: Conceptual Framework

Base on the above conceptual framework, two research hypothesis are developed as below;

H1: Transformational leadership style is significantly related to employees' turnover intention.

H2: Transactional leadership style is significantly related to employees' turnover intention.

Research Methodology

Research Design: This study investigates the effect of leadership style on job satisfaction by means of a descriptive and analytical methodology. This is a quantitative study that has adopted a survey type design. The survey method using a structured questionnaire was utilized to obtain primary data from the participants. The data has been analyzed using Statistical Package for Social Sciences Version 16 (SPSS 16). The collected data is then analyzed using descriptive statistics and Pearson correlation analysis. Lastly, a multiple regression analysis has been used to test the hypotheses.

Research Respondents and Data Collection: A (non-profit) community college has been selected in the state of Johor, the southern most state in West Malaysia. The population of this study consisted of all the full time academic staff. The primary tasks of the participants are teaching and tutoring, which involves the provision of in-depth knowledge that educates the students in compliance with the subject's syllabus materials approved and accredited by the Ministry of Higher Education Malaysia for the respective programs conducted by the college. The name of the college is withheld for the purpose of confidentiality. The college has been established 20 years ago and now has more than 1000 students. The college offers certificate, diploma and twinning degree programs. As it is a non-profit organization, it is funded by the community through public donation and the collection of course fees. It has a total of 51 academic staff members including those on a part time basis. Thirty two of them are full time staff.

The overall response rate of the survey exercise conducted is 84% (27 completed forms have been returned to the authors).

Research Instruments: The distributed structured questionnaire comprised of three main parts:

Demographic Profile: Demographic data are collected for seven items which include gender, age, marital status, education background, position and tenure of status.

Measurement of Leadership Styles: The Multifactor Leadership Questionnaire (MLQ) [25] has been used to measure transactional and transformational leadership styles. The earlier version of the MLQ was originally developed by Bass [4] and was developed for interviews conducted by him and his associates on 70 senior executives in South Africa.

Transformational leadership style is measured using 5 factors: (a) Idealized Influence (attributed), (b) Idealized Influence (behavior), (c) Inspirational Motivation, (d) Intellectual Stimulation and (e) Individual Consideration.

Transactional leadership style is measured using 3 factors: (a) Contingent Reward, (b) Management-by-Exception (passive), (c) Management-by-Exception (active) and Laissez-Faire.

The MLQ consists of 45 items or questions each using 5 Likert scale (0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly open and 4 = frequently, if not always) and have been set into each of the nine factors.

Measurement of Turnover Intention: Staff's turnover intention will be measured using three-item measure by Mobley [22]. These three items are (1) I think a lot about leaving quitting my present job, (2) I will probably look for a new job in the next year and (3) As soon as possible, I will leave the organization. 5-point Likert Scaling was used ranging from 1= "Strongly disagree" to 5= "Strongly agree".

Content Validity of the Research Instrument: A content validity of the research instrument has been conducted with the help from three full time senior lecturers from the college. Cooper *et al.* [8] comment that content validity is used to measure the degree to which the content of the items in the instrument adequately represents the universe of all relevant items under study Lecturers participating in this content validity exercise were requested to complete a “Research Instrument Validation” form which was attached to the research instrument. There is no major change on the questionnaires base on the feedback from the participants. The questionnaires are deemed to be clear, suitable and in a language understandable by the participants.

Results

Reliability Analysis: A reliability analysis was conducted to test the reliability of the research instrument. Cronbach alpha value has been use to analysis the instrument. The Cronbach alpha values for all the variables are above 0.7. Measurement instrument should have reliability value more than 0.70 [16]. These statistical results therefore confirm the reliability of measurement scales used for this study.

The Cronbach alpha value obtained for the items measuring transformational leadership is 0.92. A reliability analysis was also conducted on each of the 5 factors examined under transformational leadership style. These included idealized influence - behavior (0.83), idealized influence – attribute (0.72), inspirational motivation (0.92), intellectual stimulation (0.86) and individual consideration (0.73).

Cronbach alpha value obtained for the items measuring transactional leadership is 0.86. A reliability analysis was also conducted on each of the 3 factors examined under transactional leadership style. These included contingent reward factors (0.83), management-by-exception (active) factors (0.76) and for management-by-exception (passive) factors (0.85).

Reliability statistics (Cronbach alpha) for items measuring the turnover intention is 0.95.

Demographic Profile Information: Table 4.1 below summarizes the demographic profile of the respondents which include gender, age, marital status, education qualifications, position, tenure status and salary scale. A total of 27 respondents have been collected and included in the data analysis.

Table 4.1: Demographic Profiles of Respondents (N=27)

Demographic variables	Categories	Frequencies	Percentages
Gender	Male	13	48.1
	Female	14	51.9
Age	21-30 years old	8	29.6
	31-40 years old	7	25.9
	41-50 years old	7	25.9
	> 51 years old	5	18.5
Marital Status	Single	12	44.4
	Married	15	55.6
Education	Bachelor	9	33.3
	Masters and above	18	66.7
Position	Lecturer	24	88.9
	Lecturer and Head/Dean	3	11.1
Tenure	< 2 years	11	40.7
	2 to 5 years	10	37.0
	>5 years	6	22.3

Table 4.2: Descriptive Statistics for Leadership Styles

	N	Mean	Std. Deviation
Transformational	27	2.2537	.78261
Transactional	27	1.9136	.73033

Table 4.3: Descriptive Statistics for Turnover Intention

	N	Mean	Std. Deviation
Turnover Intention	27	2.8519	1.05948

Leadership Style Measurement: The descriptive statistical measurements for leadership styles are shown in table 4.2. Transformational leadership styles scored highest with a mean of 2.25 among two leadership styles.

Turnover Intention Measurement: Turnover intention was measured using instrument by Mobley [22] which consisted three items and using 5-point Likert scale ranged from 1 (‘strongly disagreed’) to 5 (‘strongly agreed’). Higher score shall reflecting higher intention to leave the job. It was noted from Table 4.3 shows that the mean for the overall turnover intention is 2.85 with standard deviation of 1.06. Table 4.3 has reflected the itemized descriptive statistics for each individual item in the measurement instrument. Item 2 “I will probably look for a new job in the next year” had scored highest mean among the three items. Item 3 “As soon as possible, I will leave the organization” had scored lowest mean of 2.63 while item 1 “I often think about quitting my present job” scored a mean of 2.81. It is noted that both item 1 and 2 of the instrument reflected maximum scores of 5 from the some respondents in the survey. This result had raised an alarming signal to the management due to the highest score in item 2 of the measurement instrument.

Table 4.4: Item Descriptive Statistics for Turnover Intention

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
TI-Q1: I often think about quitting my present job.	27	1.00	5.00	76.00	2.8148	1.11068
TI-Q2: I will probably look for a new job in the next year.	27	1.00	5.00	84.00	3.1111	1.18754
TI-Q3: As soon as possible, I will leave the organization.	27	1.00	4.00	71.00	2.6296	1.04323

Table 4.5: Pearson's Correlation Analysis of Leadership Styles and Turnover Intention

Variables	1	2	3
1. Transformational Leadership	1		
2. Transactional Leadership	.251	1	
3. Turnover Intention	-.196	-.339	1

* Correlation is significant at the 0.05 level.

Table 4.6: Multiple Regression Analysis between Leadership Styles and Turnover Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
	.358 ^a	.128	.055	1.029			
	F	Sig.	Standardized Coefficients	t	Sig.	Collinearity Statistics	
	1.760	.194	Beta			Tolerance	VIF
1	(Constant)		5.569	.000			
	Transformational Leadership		-.118	-.599	.555	.937	1.067
	Transactional Leadership		-.309	-1.570	.129	.937	1.067

a. Predictors: (Constant), Transformational Leadership, Transactional Leadership.

b. Dependent Variable: Turnover Intention

Correlation among the Variables: The relationships between the variables of the study were analyzed using Pearson's correlation coefficient analysis and the results are tabulated in Table 4.5.

Table 4.5 above demonstrated the correlation data between leadership styles and turnover intention. Apparently, no significant correlation was found between leadership styles and turnover intention.

Multiple Regression Analysis: The result of multiple regression analysis between leadership styles and turnover intention was demonstrated in Table 4.6 above. R² which recorded value of 0.13 had indicated weak influence between leadership styles and turnover intentions. Low beta value also noted in this model which indicated low impact of leadership styles on turnover intention. No collinearity statistics was found between the independent variables of the model.

Base on the above result, both hypotheses (H1 and H2) are not supported. Both leadership styles have not shown significant relationship with turnover intentions of academic staff in this study.

DISCUSSION

Firstly, the result revealed direct negative relationship between transformational and transactional leaderships and turnover intention and is consistent to

the previous research conducted [7,20,32], for instance, both transformational and transactional leaderships had revealed direct negative relationship on turnover intention of assistant coaches in USA. Similar to Wells *et al.*, justice theory can be applied to explain on the rationale as to why direct negative relationship also observed for transactional leadership. The theory said that if the followers or staff are satisfied and felt that the organizational processes are fair with clear work instructions and task objectives given with systematic comprehensive reward and incentive policies in place, then the followers or staff are less likely to search or look for other employment opportunities elsewhere [32].

Secondly, the absent of significant correlation found between transformational leadership styles and turnover intention is again similar with Wells *et al.* [32] and Sellgren [30] findings. For instance, in the research conducted by Sellgren [30] on exploring the relationship between leadership behavior of nurse managers and staff turnover has revealed a weak correlation between leadership behavior and staff turnover.

These observed results can conclude that that these listed leadership styles have no direct significant effect on the staff turnover intention. This result contradicts with several previous studies [4,7,20].

This may be due to the work nature of the academic staff in an institute of higher education. Most of the time, academic staff works independently in imparting

knowledge to their students. Amount of contact hours with their superiors are minimal because academic staff normally have high autonomy on executing their task.

Management of the college should look into other variables which are expected to have direct significant impact on the academic staff turnover intention. Other factors that worth to explore are human resource management practices such as compensation scheme, general policy, training and career development opportunities. All this factors can affect the level of job satisfaction of employees and create organization culture that may trigger employees' turnover [17].

Implication for Research: As cited by Brooke [5], limited studies have explored the relationship between leadership style and turnover intention in non-profit organizations when compared to profit organizations or industry. Further research of this kind is therefore highly recommended and should be carried out on non-profit organizations, particularly non-profit and community-funded education institutions, which have the objective of cultivating knowledgeable and upright citizens for their country. It would also be beneficial if similar studies were conducted on profit-orientated and government funded education institutes within the region for the purpose of useful comparisons.

Given the small population size of this research, future research should be carried out at larger scale education institutes of a similar nature (e.g. community-funded and non-profit orientated universities) in order to enable more useful generalizations. Similar research might be considered beyond the state level and extended to the national level.

Limitations of the Study: The study was conducted on a small geographic area and the size of the population may affect the degree of generalization of the research result to other community-funded college or education institutions. Such result generated may therefore not adequately represent the population of other community-funded college or education institution within the country. The adopted cross-sectional research design which involves the collection of data at a single point of time may not strong in internal validity.

The economic condition during the period of the conduct of this research may have an influence effect on the emotion of the participants in responding to the items asked in the research instrument. The hot debated gloomy "Euro-zone financial crisis" (during the distribution of these research instruments) which may affect the economy condition in the South East Asia region had

raised concern of many financial analysts and investors with pessimistic commendatory statements on potential global financial crisis may emotionally affect participants' responses especially in the items such as 'turnover intention'. The periodical year-end bonus and yearly appraisal exercises of the college may also posted the same emotional influence on participants' responses to the items asked in the structured questionnaire.

CONCLUSION

Although many previous studies conclude that leadership styles can affect the followers intention of leaving the organization, this notion is not supported in this study. Perhaps, this is due to the choice of industry chosen in this study. Therefore, this study concludes that leadership styles have no significant effect on turnover intention of the academic staff in the education industry.

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