



كلية التجارة – جامعة عين شمس

Faculty of Commerce-Ain Shams University

Business Administration Dept.

Ain Shams University

## **"The Impact of Organizational Commitment as a Mediator Variable in the Relationship between Transformational Leadership and Employees Voluntary Turnover"**

**"An Applied Study on Leoni Wiring Systems Organization"**

"تأثير الالتزام كمتغير وسيط في العلاقة بين القيادة التحويلية وانخفاض معدل الدوران الطوعي للموظفين"

Thesis Submitted for

The degree of Master in Business Administration

MBA

2016/2017

**إعداد: منة الله محمود احمد ابراهيم**

**المشرفين**

الدكتور المشرف بالاشتراك

د/ جازية زعتر

المدرس بقسم ادارة اعمال

كلية تجارة جامعة عين شمس

الاستاذ الدكتور المشرف

أد/ عمرو حسن خير الدين

استاذ ورئيس قسم ادارة اعمال

كلية تجارة جامعة عين شمس

## **Acknowledgment**

A few major accomplishments begin and end through the innovation and effort of one individual, thanks to God before and after.

As I begin this research, I would like to express my deepest gratitude to **Dr. Amr Hassan KheirElDin**, professor and Chief of business administration department, faculty of commerce, Ain Shams, University for his kind directions and persistent supervision through this work.

He is the one who encouraged and supported me in fulfilling my academic dream. He coaches and challenges me to think and write in a ways that I hadn't thought possible for myself.

He provided me with constructive feedback. I will always be grateful for having the opportunity to work with him.

Also I extend my sincere appreciation to **Dr. Gazia Zaatar**, Assistance professor, faculty of commerce, Ain Shams University.

She offered valuable insight and suggestion to the research, she provided me with constructive feedback and caring. I will be grateful for having the opportunity to work with her.

In addition to them, there is also my family ;I couldn't find enough words to express my gratitude and appreciation especially my father and my mother. They are pushing me in fulfilling this dream. They provided me with caring and spiritual inspiration. So I owe an incredible amount of gratitude to my family.

## CONTENTS

### **Chapter one: Introduction**

Introduction-----	1
Theoretical Framework-----	2
The Research Problem& Questions-----	3
Research objectives-----	8
Research Hypothesis -----	8
Research Methodology-----	9
Research Limitations-----	10
Previous Studies-----	11
Summary and conclusion-----	20

### **Chapter Two: Theoretical Framework**

Introduction-----	22
Aspects of Transformational Leadership-----	23
Transformational Leadership Dimensions-----	27
Employees` Voluntary Turnover-----	34
Organizational Commitment-----	
Summary and conclusion-----	

### **Chapter Three: Research Methodology**

Introduction-----	54
Measurement Model Assessment-----	58
Discussion-----	82

### **Chapter Four: Conclusions & Recommendations**

Introduction-----	85
Conclusion and Recommendation-----	85
Limitations-----	86
Recommendations for future studies-----	87
Summary and Conclusion-----	87

<b>References-----</b>	<b>88</b>
------------------------	-----------

<b>Figures</b>	<b>Page.</b>
<b><i>Figure(1): The relationship between Transformational Leadership, Organizational Commitment and Employees' Voluntary Turnover</i></b>	<b>6</b>
<b><i>Figure(2):Impact of organizational commitment on transformational leadership and employees voluntary turnover</i></b>	<b>7</b>
<b><i>Figure(3):Descriptive Statistics of Gender</i></b>	<b>62</b>
<b><i>Figure(4):Descriptive Statistics of age</i></b>	<b>63</b>
<b><i>Figure(5):Descriptive Statistics of Educational Level</i></b>	<b>65</b>

<b>Tables</b>	<b>Page.</b>
<i>Table(1):Reliability Analysis For Research variables</i>	<b>57</b>
<b>Table(2):Common Factor Analysis (CFA) for Transformational Leadership</b>	<b>58</b>
<b>Table(3): Common Factor Analysis (CFA)for Organizational Commitment</b>	<b>60</b>
<b>Table(4): Common Factor Analysis (CFA) for Employee Voluntary Turnover</b>	<b>61</b>
<b>Table(5):Descriptive Statistics of Gender</b>	<b>62</b>
<b>Table(6):Descriptive Statistics of Age</b>	<b>62</b>
<b>Table (7): Descriptive Statistics of Educational Level</b>	<b>64</b>
<b>Table(8): Mean, STD, deviation, importance rank for the average of idealized influence</b>	<b>65</b>
<b>Table(9): Mean, STD, deviation, importance rank for the average of individualized consideration</b>	<b>66</b>
<b>Table (10): Mean, STD, deviation, importance and rank for the average of inspirational motivation</b>	<b>67</b>
<b>Table (11): Mean, STD, deviation, importance and rank for the average of intellectual stimulation</b>	<b>68</b>
<b>Table (12): Mean, STD, deviation, importance and rank for the average of Organizational Commitment</b>	<b>69</b>
<b>Table(13): Mean, STD, deviation, importance and rank for the average of Employee Voluntary Turnover</b>	<b>71</b>
<b>Table (14):Regression analysis to show the impact of organizational commitment and transformational leadership</b>	<b>72</b>
<b>Table (15):Regression analysis to show the impact of organizational commitment and employee voluntary turnover</b>	<b>74</b>
<b>Table (16): The relationship between Organizational Commitment &amp;Employee Voluntary Turnover</b>	<b>76</b>

Tables	Page.
<i>Table (17): The relationship between Idealized Influence and Employee Voluntary Turnover</i>	<b>76</b>
<i>Table (18): The relationship between Inspirational Motivation and Employee Voluntary Turnover</i>	<b>77</b>
<i>Table (19): The relationship between Intellectual Stimulation and Employee Voluntary Turnover</i>	<b>78</b>
<i>Table (20): The relationship between Transformational Leadership and Organizational Commitment</i>	<b>79</b>

## **Abstract**

The study of transformational leadership behaviors has gained the interest of many researchers, however studies regarding its impact as a non monetary retention tool for employees still rare in the literatures. This research reports an empirical study that investigated the impact of transformational leadership and each of its behaviors on reducing employees' voluntary turnover.

Transformational leadership was measured through five behaviors: idealized influence attribute; idealized influence behavior; inspirational motivation; intellectual stimulation; individualized consideration. Leaders, self- rated their acquisitions of transformational leadership behaviors.

Results showed that there is a significant negative strong relationship between transformational leadership and each of its behaviors and employee voluntary turnover.

In addition, it empirically concluded that idealized influence attribute and individualized consideration are the transformational leadership behaviors that have the highest impact on employee voluntary turnover.

**Key words:** Transformational leadership, Idealized influence (Attribute and behavior), Inspirational motivation, Intellectual stimulation Individualized consideration, Voluntary turnover and Organizational Commitment, Affective Commitment, Continuance Commitment, Normative Commitment and Internalization.

# **Chapter one**

## **Introduction**

Employee turnover is a major challenge for nowadays organizations. Hom and Griffeth (2000) demonstrate that since employees are perceived to be essential authoritative resources ;organizational costs incurred due to employees quitting their jobs and the subsequent hiring of replacement personnel, new-hire training, and general costs for administration can be tremendous in terms of personal, work unit and organizational re-adjustments.

In this way, turnover of employees is a critical risk for organizations, which requires an exhaustive clarification of its belongings. Voluntary turnover is characterized as the procedure by which an employee intentionally and voluntarily ends membership of the organization.

Voluntary turnover certainly represents one of the most essential and recognized issues of critical worry to both managers and organizations. In this way, deciding the reasons for employees' turnover appears to have pulled in the consideration of behavioral researchers and administration specialists for several years (Bertelli, 2007; Feeley& Barnett).

There are several critical difficulties that can be distinguished among the results of employees' voluntary turnover. These include the lack of employee continuity and organizational stability, the high costs associated with the recruitment of new staff induction and training, and organizational productivity.



Organizational commitment could play a mediating role between transformational leadership and turnover intentions cited by **Wells & Peachey (2011)**. **Wells & Peachey (2011)** use job satisfaction as a mediator between leadership behavior and turnover intentions and suggested organizational commitment as a mediating variable for the future work, which this study will do.

## **Theoretical Framework**

This research supposes that Transformational Leadership has an effect on Employees Voluntary Turnover through Organizational Commitment which reacts rapidly for both internal and external environment at organization that has effect on manager decision.

### **1. Transformational Leadership**

Transformational leadership has become one of the most unique theories of organizational behavior. Its uniqueness rose up out of coordinating and moving employees' endeavors by raising their consciousness of the significance of authoritative qualities and results, rather than other leadership styles that depend on individual pick up and trade of rewards.

Transformational leadership is simply identified with moral properties, values, long term goals, and objectives. On the other side, it has nothing to do with any of the monetary aspects such as salaries and incentives.

Transformational leaders inspire employees to accomplish more by concentrating on their values and helping them to adjust these values with the values of the organization cited by **(Givens, 2008)**.

As indicated by **(Ramachandran and Krishnan 2009)**, employees in an organization are sincerely connected and they feel a feeling of

commitment to stay when they see their managers to be transformational leaders.

**As follows transformational leadership dimensions will be explained...**

### **A. Idealized influence**

These leaders are respected, build confidence and trusted. Followers look to imitate their leaders. Confidence in the leader will increase the level of approval of organizational change. The leaders have to consider followers needs over his/her needs.

### **B. Inspirational Motivation**

These leaders attitude and behave in ways that inspire individuals around them and they do this by providing challenge and meaning to their followers work. These leaders motivate and encourage their followers to apply an attractive future imagine which finally will be imagined for themselves.

### **C. Intellectual Stimulation**

Leader stimulates effort of their followers to be more innovative and increase creativity by questioning assumptions, transfer old situational approach to new ways and reframing problems. Getting the new idea and problem creative solutions solicited form followers, these followers who manage the process of addressing problems and get the solutions.

### **D. Individualized Consideration**

By acting as a coach or mentor, leaders focus on individual requirements for development and accomplishment. Higher levels of potential followers are developed to success cited by (Sarros & Santora, 2001).

## **2. Organizational Commitment**

The degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.

### **Organizational commitment dimensions**

#### **A. Affective Commitment**

An emotional attachment to the organization and a belief in its values. Employees who are affectively committed to the organization will likely carry on working for it because they want to.

#### **B. Continuance Commitment**

The perceived economic value of staying with an organization compared to leaving it.

Continuance commitment “refers to the attention to the costs connected with leaving the organization”.

Individuals with high continuance commitment stay with their organizations since they see the expenses of leaving to be excessively incredible. This type of commitment indicates that employees stay because they have too much time invested.

#### **C. Normative Commitment**

An obligation to stay with the organization forethical or moral reasons.

In return for employment, employees feel compelled to respond with loyalty and commitment that get from morality and value-driven principles based on reciprocity standards and socialization practices cited by **(Meyer & Intangible Capital – Herscovitch, 2001)**.

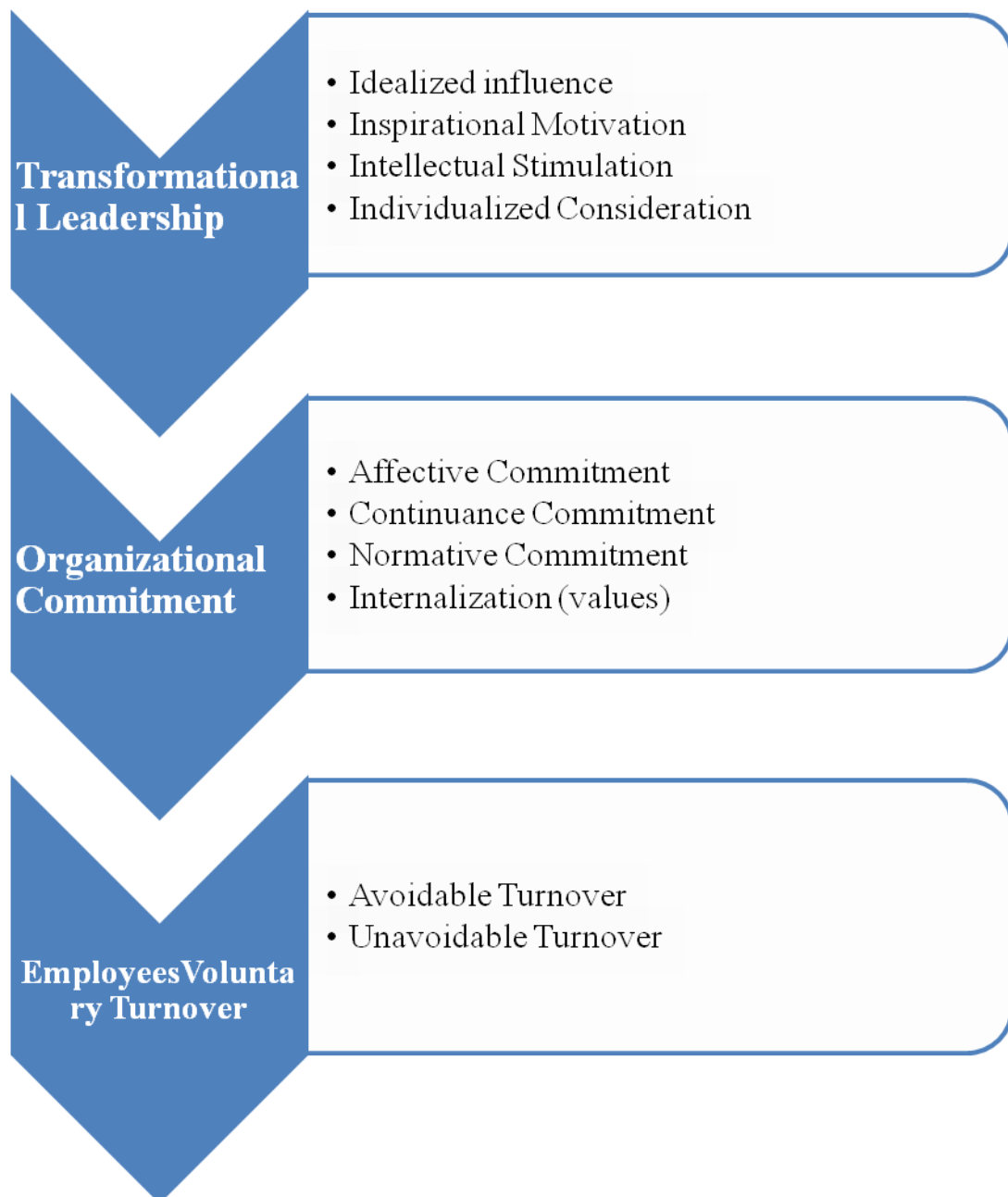
### **3. Voluntary Turnover**

Employee turnover intention has received substantial consideration in industrial and organizational psychology. Turnover intentions are the thoughts of the employee regarding voluntarily leaving the organization.

It has been found according to **Abbasi&Hollman (2000)** and **Watrous, Huffman&Pritchard (2006)** that with respect to the organization is concerned employee turnover can result in terrible negative concerns.

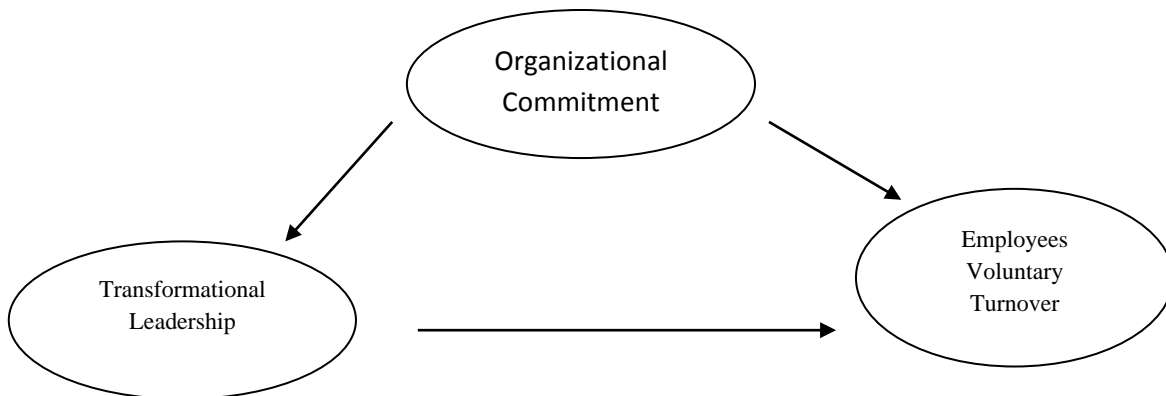
Similarly as indicated to **Watrous et al., (2006)** the impact of turnover on performance of organizations must be reduced. Turnover intentions, or intentions to quit a job, have been found to be one of the best predictors of actual quitting.

There are many components to make employees produce turnover intention such as job satisfaction, organizational commitment, and environment and so on. The best predictor of actual turnover according to **Griffeth et al., (2000)** was found to be intent to turnover. A person's intention to quit seems to be negatively related to organizational commitment.



**Figure (1)**

## The relationship between Transformational Leadership, Organizational Commitment and Employees' Voluntary Turnover



**Fig2. Impact of organizational commitment on transformational leadership and employees' voluntary turnover**

### 4. The Research Problem and Questions

Voluntary turnover is one of the well-recognized issues of critical concern to both managers and organizations.

When people decide to voluntarily leave an organization, the overall effectiveness of the organization may suffer for several reasons:

- The organization loses the knowledge and skills that the departing employee possesses.
- The organization must expend time, money and resources to recruit and select replacements.
- These same investments in time, money and resources must be made to train those replacements.

## Questions

- How can transformational leadership influence employees quitting decision?
- What is the impact of applying any of the components of transformational leadership on employees' voluntary turnover?
- What is the impact of organizational commitment on reducing employees' voluntary turnover?
- What is the impact of organizational commitment as a mediator between transformational leadership and employees' voluntary turnover?

## 5. Research Objectives

- To identify the main factors of transformational leadership that influences the commitment and turnover intention.
- Develop a set of recommendations which will help to enhance the employee's commitment and reduce the intention to leave the organization.
- Investigate the nature of relationship between organizational commitment and voluntary turnover.
- To identify the impact of organizational commitment on the relationship between transformational leadership and employees voluntary turnover.

## 6. Research Hypothesis

**H1:** There is a significant relationship between organizational commitment as a mediator between transformational leadership and employees' voluntary turnover.