

THE IMPACT OF LEADERSHIP ON TURNOVER INTENTION: THE MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT AND JOB SATISFACTION

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ABSTRACT

High undesirable employee turnover is a prevalent issue in today's contemporary business organisations which has resulted in both direct and indirect costs for organisations. This research was carried out in the Finance Shared Service Center (SSC) of a company where the employee turnover rate is increasing at an alarming rate over the past three years. This study was conducted to investigate the relationship between transformational leadership, job satisfaction, organisational commitment and turnover intention. In particular, this study focuses on the mediating effect of job satisfaction and organisational commitment on the relationship between transformational leadership and turnover intention. A total of 100 useable responses were collected from the total population in the Finance SSC of a company using survey method. The data collected were analysed by using SPSS version 22 and SMART PLS 3.0. Partial Least Squares Structural Equation Modelling (PLS-SEM) approach was deployed to validate the research model and the research hypotheses. Result reveals an insignificant negative relationship between transformational leadership and turnover intention. However, job satisfaction is demonstrated to fully mediate the relationship between transformational leadership and turnover intention. Transformational leadership indirectly influences turnover intention through mediating role of job satisfaction. This study provides both theoretical contribution and managerial recommendations. Limitation of this study relates to cross sectional design and small sample size. Hence, it is recommended that future research should consider longitudinal study and to conduct similar research for the entire industry or in other organisational contexts.

Keywords: *turnover intention, transformational leadership, organisational commitment, job satisfaction*

INTRODUCTION

Employee attrition and turnover issues are contemporary business issues facing global organisations today. In today's dynamic and uncertain global economy, organisations rely heavily on the quality of the human resources to create and sustain competitive edge (Reiche, 2007). Employee turnover, specifically undesirable turnover results in direct and indirect costs

and the loss of intellectual assets of an organisation (O'Connell & Kung, 2007). Hence, managing employee turnover and retention are critical priorities for organisations to enhance business growth and sustainability (Frank, Finnegan & Taylor, 2004).

This study is conducted on the Finance Shared Service Center (SSC) of a company which is a subsidiary of a US corporation established in Penang. The company has assembly and test site, design and development centre and global shared service centre supporting finance, IT, payroll and purchasing. Human capital is critical to support and sustain the growing business of Finance SSC. However, employee turnover rate of the Finance SSC is alarmingly high at 20% as compared to the industry average of 15%. In addition, employee turnover rate has been on an increasing trend for the past three years. High turnover has resulted in loss of valuable knowledge as well as decreased in organisational morale and effectiveness.

Prior research indicated that there is significant correlation between job satisfaction and organisational commitment with turnover intention of employees (Budhwar & Mellahi, 2007; Dole & Schroeder, 2001). The present study examines the relationship between transformational leadership, job satisfaction, organisational commitment and turnover intention in the context of the Finance SSC of a company. The objective of this study is to examine to what extent transformational leadership styles influence employee turnover intention and to investigate the mediating effect of job satisfaction and organisational commitment on the relationship between transformational leadership styles and turnover intention of employees. This study specifically focuses on turnover intention, rather than actual turnover.

LITERATURE REVIEW

Turnover and Turnover Intention

Employee turnover refers to the proportion of employees leaving an organisation before the anticipated end date of employment contract (Loquercio, Hammersley & Emmens, 2006). According to Ongori (2007), employee turnover is the movement of employees across different organisations and different jobs.

Turnover can be categorised as voluntary or involuntary, and functional or dysfunctional. Voluntary turnover is initiated by employees due to better career opportunities in another organisation (Rahman & Nas, 2013). Involuntary turnover refers to the process where an organisation dismisses employees due to performance issue, layoff and separation (Abbasi, Hollman & Hayes, 2008). Turnover can be dysfunctional and detrimental to the organisation when highly talented employees leave the organisation (Peachey, Burton & Wells, 2014). Conversely, turnover can be functional to the organisation if the organisation intends to lay off poor performers. In general, turnover has been proven to be costly and disruptive to any organisation (Harhara, Singh & Hussain, 2015).

Turnover intention reflects withdrawal behaviour and conscious desire of an employee to leave an organisation within the near future (Harpert, 2013). According to Azanza, Moriano, Molero and Mangin (2015), turnover intention is an individual's behaviour intention to leave the organisation. Khan (2015) further elaborated that turnover intention is the final cognitive decision making process before an employee decides to leave a job.

Researchers found that intention to leave has a direct causal influence on turnover decision (Rahman & Nas, 2013). Based on prior studies, turnover intention was found to be a strong precursor of actual employee turnover (Rosser & Townsend, 2006; Park & Kim, 2009; Wells & Peachey, 2011; Biron & Boon, 2013; Rahman & Nas, 2013; Harhara, Singh & Hussain, 2015).

Identifying and dealing with the antecedents of turnover intention has been widely acknowledged as an effective way to reduce actual employee turnover.

Prior studies showed that transformational leadership has a significant influence on turnover intention (Tse & Lam, 2008; Wells & Peachey, 2011). In addition to transformational leadership, other variables such as job satisfaction, organisational commitment, job performance, job search behaviour have been found to influence turnover intention (Zimmerman & Darnold, 2009; Chan, Yeoh, Lim & Osman, 2010; Wells & Peachey, 2011; Yucel, 2012).

Leadership

The common quote that people leave the job due to bad leadership signifies the importance of leadership in organisations today. The right type of leadership is vital to create and sustain a stable and effective workforce. Besides, good leadership contributes to improve organisational effectiveness and performance (Riaz & Haider, 2010). Leadership is an important management tool as leaders work through people to generate greatest outcome for the organisation with minimal inputs and resources.

According to Amankwaa and Anku-Tsede (2015), leadership is a process of influencing others to perform certain tasks in order to accomplish a defined organisational goal. Generally, leadership relationship refers to the relationship between leaders and followers (Hamidifar, 2010) while leadership styles refer to the process of interaction between leaders and followers (Bass, 1990). In order to achieve the desired performance outcome, leaders need to provide the right level of stimulation, encouragement, motivation and recognition to followers (Al-Hummadi, 2013).

The full range leadership theory developed by Bass and Avolio (1994) is comprised of transformational leadership, transactional leadership and laissez-faire leadership (Avolio, 2011). Laissez-faire leadership is a passive form of leadership where leaders avoid decision-making responsibility (Erkutlu, 2008). A chaotic environment may result if the organisation is led by a laissez-faire leader. Transactional leadership is a fairly traditional approach of leadership which focuses on cost and benefit exchange to achieve organisational goals and maintain stability of the workforce (Northouse, 2010). The transactional leadership style is less relevant in contemporary organisations today where change is the only thing constant in the business environment (Kirkbride, 2006). Majority of leadership research focused on transformational leadership since a decade ago and this study specifically examines the relationship between transformational leadership and employee's turnover intention.

Transformational Leadership

The concept of transformational leadership was originated from Burns (1978) and was turned into leadership theory by Bass (1985). Transformational leaders are leaders who inspire and motivate followers to achieve higher performance target. Mutual trust and loyalty are two important elements in the relationship between transformational leaders and followers (Khan, 2015). Transformational leaders serve as change agents who articulate the vision of the organisation, create awareness of the problems within organisation to the employees, challenge the status quo, inspire and motivate followers to be innovative in achieving greatest potential (Lussier & Achua, 2012).

Due to the vision, passion, enthusiasm and energy level that a transformational leader possessed, employees are committed to follow him or her towards achieving the shared vision of the organisation (Bass & Riggio, 2006). Transformational leaders care for the employees' well-

being and provide coaching and mentoring to the employees, which in turn inspire employees to place organisational goals above personal interest (Jones & George, 2004).

The four components of transformational leadership are: i) idealized influence, ii) inspirational motivation, iii) intellectual stimulation, and, iv) individual consideration (Avolio & Bass, 2004). According to Xirasagar (2008), a leader who possesses any of the four behaviours would be considered as a transformational leader. The four components of transformational leadership have been known to inspire followers to perform beyond expectations for the organisation (Guay, 2013).

Result of meta-analysis revealed that all the four components of transformational leadership have a positive relationship with leader effectiveness, organisational commitment, job satisfaction and negative relationship with turnover intention (DeGroot, Kiker & Cross, 2000; Judge & Piccolo, 2004; Guay, 2013).

Organisational Commitment

Organisational commitment is a desirable element in employees' behaviour at work place which has received growing attention in human resources management (Brian & Christopher, 2011). The most cited definition for organisational commitment is proposed by Allen and Meyer (1990), stating that organisational commitment is the psychological state that binds employees to the organisation. Organisational commitment is the strength of the employee's psychological attachment and identification to the particular organisation. According to the study carried out by Avanzi, Fraccaroli, Sarchielli, Ullrich and Dick (2014), social identity theory is associated with organisational commitment. If an employee can identify himself or herself to the organisation, it is likely that the employee will have higher level of organisational commitment and lower level of turnover intention. Organisational commitment contributes positively to organisational outcomes such as improved performance and productivity, improved quality and innovation, higher level of job satisfaction, lower level of absenteeism and turnover intention (Natarajan, 2011).

According to Allen and Meyer's three-component model, organisational commitment comprises of affective commitment, continuance commitment and normative commitment (Allen & Meyer, 1990). Different types of mind-sets are attached to each component of commitment (Greenberg and Baron, 2010). Desire mind-set is related to affective commitment; perceived cost mind-set is also known as continuance commitment while obligation mind-set is associated with normative commitment (Fabi, Lacoursiere & Raymond, 2015). Each component of commitment has different behavioural outcome which indirectly influences performance, absenteeism and turnover (Cohen & Golan, 2007).

For an organisation to be effective and productive, the organisation needs employees who are willing to stay with the organisation and to exert extra effort to accomplish organisational goals. Employees with affective commitment are likely to be more dedicated to the organisation as this group of employees have the willingness to remain with the organisation (Shurbagi, 2014). Due to the behavioural correlation between commitment and turnover, Allen and Meyer's model (1990) receives significant attention in management literature and research.

Job Satisfaction

The most cited definition of job satisfaction is by Locke (1976) which suggested that job satisfaction could be apprehended by studying the internal state and the overall well-being of an employee at work. The overall well-being of an employee includes psychological, physiological, emotional and environment circumstances which could result in the employee feeling satisfied or dissatisfied with the job.

In general terms, satisfaction describes the psychological state where an individual's needs are fulfilled (McShane & Glinow, 2010). Daft (2010) defined job satisfaction as the way an employee feels and perceives about the different aspects of a job as a result of the comparison between the actual outcome and desired outcome received from performing the job. In addition, job satisfaction is defined as the extent the actual rewards received exceed the fair and equitable rewards expected by the employee and thus, the employee feels satisfied.

Job satisfaction is best described as the positive or negative attitude an employee has towards his or her job, including the surrounding work environment and co-worker. This definition has been quoted by many researches in the study of job satisfaction (Park & Kim, 2009; Tian-Foreman, 2009; Lee, Back & Chan, 2015; Lu, Cheng, Gursoy & Neale, 2016). The recent contemporary study by Huang and Su (2016) on job satisfaction as a mediator in the relationship between job training satisfaction and intention to quit also adopted the similar definition.

Job satisfaction is a multi-faceted concept (Harpert, 2013). There are a few dimensions of job satisfaction which influence the interest of the employee, how well employees are performing and how much the employees enjoy the assigned tasks. Kabir and Parvin (2011) and Al-Hummadi (2013) stated that the five dimensions that commonly affect job satisfaction are pay, promotion, nature of work, supervisory relationship and co-worker relationship. Measurement of the level of satisfaction for each facet of job satisfaction helps organisations to identify specific job aspects that require improvement (Mueller and Kim, 2008).

According to Al-Hummadi (2013), an employee who has a positive attitude and feeling towards the job is likely to be highly satisfied with and this may create a positive reaction with the organisation. Positive reaction includes better performance and productivity, stronger organisational commitment, lower retention and turnover issues. Kreitner and Kinicki (2010) and Tian-Foreman (2009) revealed a negative relationship between job satisfaction and turnover intention.

UNDERLYING THEORY

This research framework is mainly exploring the turnover model to investigate the causes of turnover in the Finance Shared Service Center (SSC) a company in Penang. The initial turnover model was developed by March and Simon (1958), which was based on the organisational equilibrium theory. This model provided a solid foundation for the development of the two recent turnover models, which are Mobley's model and Price-Mueller's model (Khan, 2015). The turnover intention process starts with the cognitive process of evaluating existing job. Negative evaluation leads to job dissatisfaction and thought of quitting the job. Subsequently, employee will evaluate the cost of quitting followed by actual search for alternative, an evaluation of the alternative against the present job, and this leads to intention to quit and eventual employee turnover (Chang, Du & Huang, 2006). The causal determinants of turnover offered by Price-Mueller model (Khan, 2015), namely organisational commitment and intention to leave were deployed for investigating the relationship with turnover intention. On the other hand, it is crystal clear that leadership has the ability to influence and shape the intention of individual intention Robbins and Judge (2009), too, transformational leadership was deployed as an exogenous to understand the turnover intention in this study. According to the Burn (1978) and Bass (1985), transformational leaders are leaders who inspire and motivate followers to achieve higher levels of performance. In addition, the further investigation of Khan (2015) evidenced that transformational leadership is an important factor to build mutual trust and loyalty in an organization. In turn, it could influence the turnover intention of employees in an organization.

HYPOTHESES DEVELOPMENT

This study investigated the relationship between transformational leadership and turnover intention of employees. In addition, organisational commitment and job satisfaction were introduced as mediating variables to examine if these two variables have any mediating effect on the relationship between transformational leadership and turnover intention. A conceptual framework is depicted in Figure 1. The structural model of Smart PLS (Partial Least Square) was deployed to test the following hypotheses:

- H₁: There is a significant negative relationship between transformational leadership and turnover intention.*
- H₂: There is a significant positive relationship between transformational leadership and job satisfaction.*
- H₃: There is a significant negative relationship between job satisfaction and turnover intention.*
- H₄: There is a significant positive relationship between transformational leadership and organisational commitment.*
- H₅: There is a significant negative relationship between organisational commitment and turnover intention.*
- H₆: There is a mediating effect of job satisfaction in the relationship between transformational leadership and turnover intention.*
- H₇: There is a mediating effect of organisational commitment in the relationship between transformational leadership and turnover intention.*

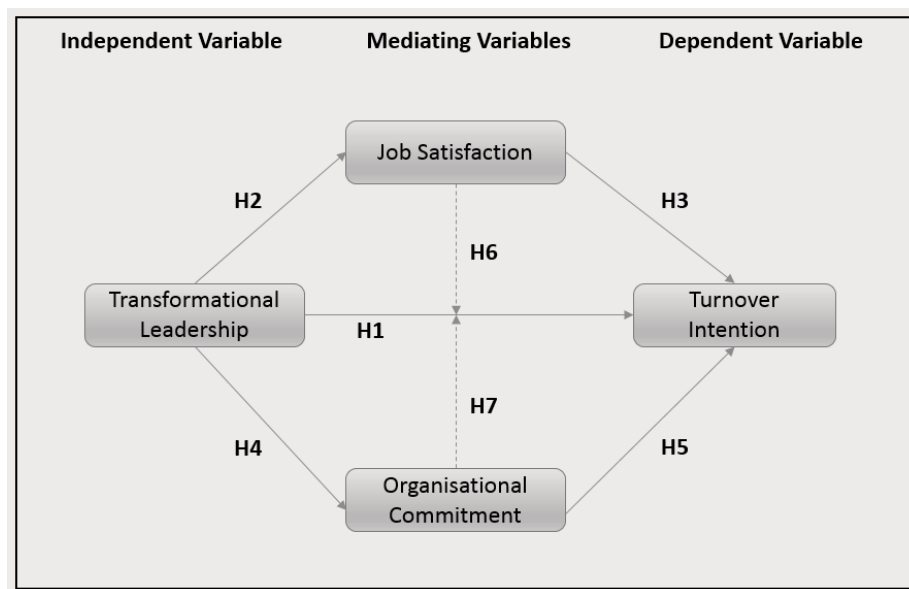


Figure 1: Conceptual Model

DATA ANALYSIS

The population consists of employees working in the Finance SSC. There are three teams in the Finance SSC, namely Close and Reporting Team, Accounts Payable Team and Fixed Assets Team. The total population of the Finance SSC is 120 employees. Employees working at different hierarchical level were targeted, comprising managerial and non-managerial levels. Sample size of data collection is 100 employees, which is determined based on Bartlett's table.

The respondents were predominantly females (66 percent) and male (34 percent), with 71 percent of the respondents in the age range between 21 to 30 years old, 21 percent in the age range between 31 and 40 years old, 8 percent in the age range between 41 to 50 years old. Approximately 63% of the respondents are single, 35% are married while two per cent are divorced. With regard to academic qualification, majority of the respondents (65%) have a bachelor's degree, 15% have professional degree, 14% have master degree and 6% have diploma certification. In terms of working experience, 56% of the respondents have one to five years of experience, 19% have less than one year experience, 12% have experience between six to ten years, 9% have experience between 11 to 15 years and 4% have working experience more than 15 years. Lastly, 71% of the respondents are rank and file, 19% are team leads, 3% are supervisors and 7% are managers.

This is a cross-sectional survey study which deploys a convenience sampling method to collect data. It is widely used by many researchers because it is less costly, easy to implement, and very efficient too (Rao, 2000). The unit analysis of the study is the individual employee of the Finance Shared Service Center (SSC). Identified respondents were invited to participate in the survey questionnaires through an introductory email. The introductory email outlined the purpose of the survey and the importance of their honest inputs in completing the survey. Besides, the introductory email provided assurance that survey information will remain anonymous and confidential. It was also made known to the respondents that the completion of the survey is voluntary and if they were willing to complete the survey, they can vote yes in the email response. Out of 105 introductory emails sent, there were three non-response. Hard copy survey questionnaires were delivered by hand in a pre-addressed envelope to the 102 respondents who accepted the invitation to complete the survey. Respondents were given seven days to complete the questionnaire. Upon completion, the questionnaires were collected personally from the respondents. Completeness check on the questionnaires found that two survey questionnaires were not completed with necessary information. Hence, there were only 100 usable survey questionnaires for this study.

Demographic information in the survey questionnaire was measured by using nominal scale. Responses for dependent variables, independent variables and mediating variables were measured on a five-point Likert scale (coded 1-5). Responses ranged from strongly disagree (1) to strongly agree (5). Turnover intention was measured by 3-item scale instrument developed by Mobley, Horner and Hollingsworth (1978). The internal consistency coefficient for turnover intention was measured at 0.90. This study has adopted six items from Avolio and Bass (2004) Multifactor Leadership Questionnaire (MLQ) to measure transformational leadership. Past studies have established that Cronbach's alpha for MLQ is found to be above 0.70 (Shurbagi, 2014). Nine measurement items for the different facets of job satisfaction were adopted from Spector's job satisfaction survey (1985). Cronbach's alpha for job satisfaction was 0.89. Five items were adopted from Allen and Meyer (1990) Organisational Commitment Questionnaire (OCQ) to measure organisational commitment. Cronbach's alpha for organisational commitment was 0.85.

Smart-PLS version 3.0 was deployed to conduct data analysis for this study. Partial Least Squares (PLS) approach to Structural Equation Modelling (SEM) was used to test the reliability and validity of the variables and to analyse the multiple regression relationship between the variables, namely transformational leadership, job satisfaction, organisational commitment and turnover intention. The two major parts of SEM are measurement model and structural model (Byrne, 2006). Harman’s single-factor test was used to assess the extent of common method bias in the research model. The results of Harman’s single-factor test indicated that there is no one single factor appears in the factor analysis. Besides, the first non-rotated factor does not explain more than 50% of the co-variance among the indicators. Hence, common method bias is not a concern for this study.

The measurement model for this study was validated by using partial least squares structural equation modelling (PLS-SEM) approach. The validity of the study construct was tested using convergent validity and discriminant validity. Convergent validity was assessed by examining factor loadings, average variance extracted (AVE) and composite reliability in order to establish the reliability and validity of this study. Based on the results of the measurement model (Figure 2), three items, namely JS 5, JS 9 and OC 4 were omitted from the model mainly due to low loadings of less than 0.6. All the remaining construct items exhibited loadings exceeding 0.6 with adequate AVE ranging from 0.512 to 0.839 and composite reliability value exceeding recommended threshold of 0.7. The results also indicated adequate discriminant validity as all the square roots of AVE were higher than the inter-correlation value between constructs (Table 1). Hence, reliability and validity of the research model were established.

Table 1: Measurement model for PLS ($n = 100$)

Construct Variables	Type	Construct Items	Outer Loadings	AVE	Composite Reliability	R Square
Transformational Leadership	Reflective	TL1	0.747	0.627	0.909	-
		TL2	0.721			
		TL3	0.782			
		TL4	0.837			
		TL 5	0.828			
		TL6	0.827			
Job Satisfaction	Reflective	JS1	0.715	0.512	0.880	0.292
		JS2	0.704			
		JS3	0.709			
		JS4	0.642			
		JS6	0.701			
		JS7	0.734			
		JS8	0.796			
Organizational Commitment	Reflective	OC1	0.865	0.549	0.827	0.063
		OC2	0.783			
		OC3	0.624			
		OC5	0.667			
Turnover Intention	Reflective	TI1	0.922	0.839	0.940	0.491
		TI2	0.907			
		TI3	0.919			

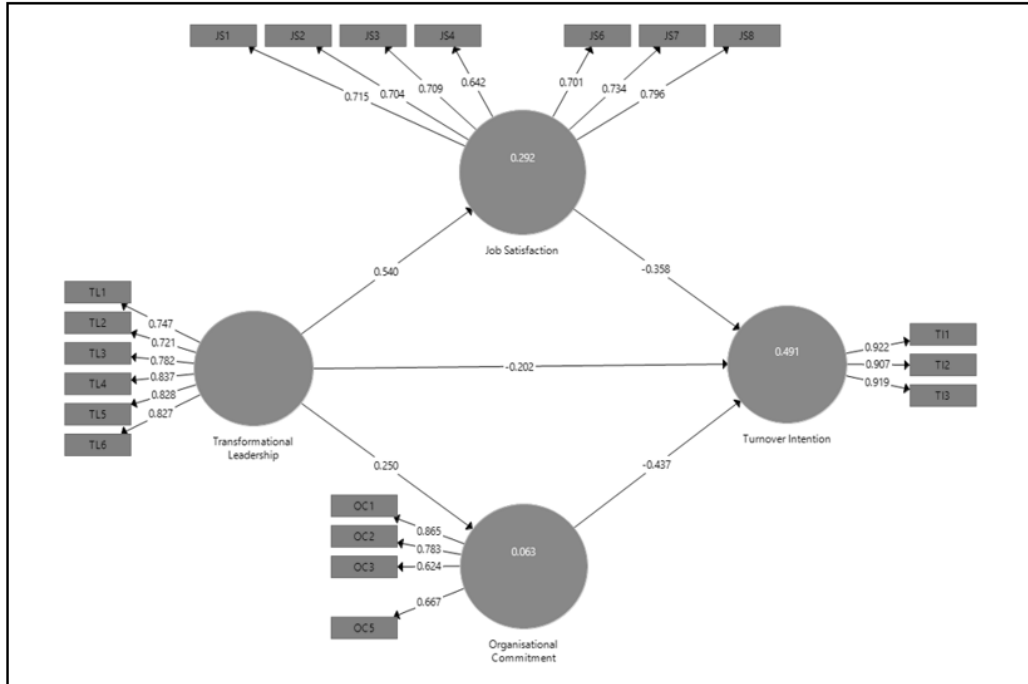


Figure 2: PLS-Path Analysis after Assessment of Convergent and Discriminant Validity ($n = 100$)

Structural model assessment was deployed to test the hypothesised theoretical relationship in the proposed conceptual framework, which is the relationship between transformational leadership (independent variable), turnover intention (dependent variable), job satisfaction and organizational commitment (mediating variables). Structural model assessment consists of i) path coefficients; ii) explained variance and iii) effect sizes (Hair, Ringle & Sarstedt, 2013).

PLS path-analysis of bootstrapping was used to find the path correlation between the study variables in order to determine whether the path coefficient for the hypothesised relationship is significant or not significant (Shang and Marlow, 2005). Structural model for this study is shown in Table 3, 4 and Figure 3. Mediator calculator was used to obtain the t statistic value for the mediating effect of job satisfaction on the relationship between transformational leadership and turnover intention (Hayes, 2009).

Table 2: Path Coefficients for Hypothesis Testing

Hypothesis	Path	Beta value	SE	t-value	p-value	Confidence Intervals		Decision
						2.50%	97.50%	
H1	TL -> TI	0.101	0.102	0.987	0.324	-0.09	0.31	Not Supported
H2	TL -> JS	0.540	0.076	7.127	0.000	0.39	0.69	Supported
H3	JS -> TI	-0.358	0.121	2.949	0.003	-0.61	-0.13	Supported
H4	TL -> OC	0.250	0.111	2.250	0.024	0.03	0.47	Supported
H5	OC -> TI	-0.437	0.116	3.776	0.000	-0.65	-0.19	Supported

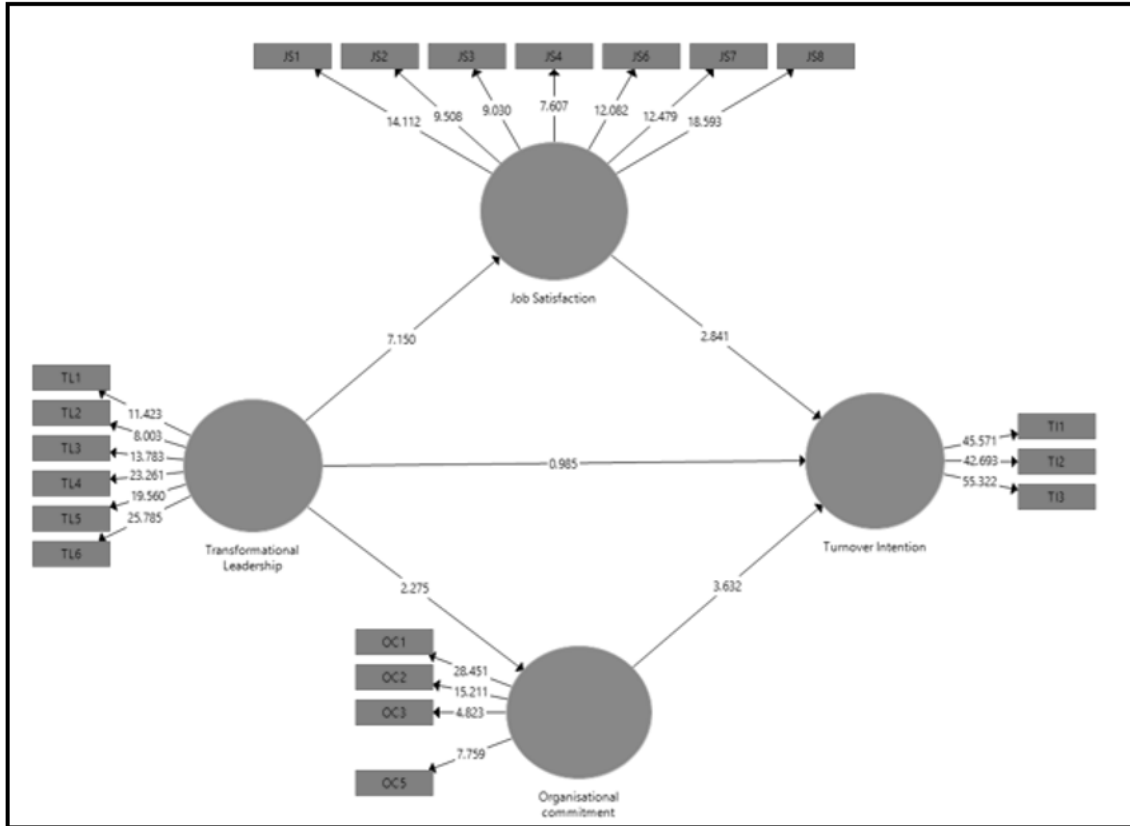


Figure 3: PLS-path Analysis of Bootstrapping ($n = 100$)

Table 3: Significance of Indirect Effects - Path Coefficients

Hypothesis	Relationship	Indirect Effect	SE	t-value	95% LL	95% UL	Decision
H1	TL->JS->TI	-0.193	0.07720	-2.504	-0.345	-0.042	Supported
H2	TL->OC->TI	-0.109	0.05620	-1.944	-0.219	0.001	Not Supported

DISCUSSIONS AND RECOMMENDATIONS

This study suggests that transformational leadership has a significant direct impact on employee’s turnover intention. Transformational leadership influences employees’ turnover intention indirectly through mediating variables of job satisfaction and organisational commitment. Turnover intention correlates directly with job satisfaction and organisational commitment while correlates indirectly with transformational leadership. Hence, improved transformational leadership will result in better job satisfaction and organisational commitment, which in turn reduces employees’ turnover intention. The recognition of job satisfaction as mediators in the relationship between transformational leadership and turnover intention help the management team of Finance SSC to develop appropriate strategies to improve transformational leadership behaviours within the organisation.

In order to improve transformational leadership, management team can develop programs and activities to build confidence and trust among the employees. Followers who trust the leaders

and love their jobs are less likely to have any intention to leave the company. Besides, management team should role model the fundamental organisational values to help employees to learn and internalise and to have sense of involvement and achievement. Role modelling at the management level helps to gain respect and trust from the employees. Transformational leadership is a desirable leadership behaviour which significantly improves employees' organisational commitment and job satisfaction while indirectly reduce turnover intention.

Besides focusing on enhancing transformational leadership, management team should also pay attention to all precursors of higher job satisfaction and higher organisational commitment in order to reduce turnover intention. In order to foster better commitment and engagement, management team should help employees to align personal goals to organisational goals by using Management by Objective. Job engagement can also be used as a tool to fuel positive emotions and motivations towards the organisation. Managers should find a suitable job-fit for the employees in order to instil a sense of purpose at work. Coaching and mentoring session also play a role in improving organisational commitment and job satisfaction. Empowering employees in goal setting and decision making helps to improve employees' commitment and satisfaction. Management team should also consider adopting 360-degree feedback program to provide employee with a voice in the organisation. Employees who are affectively committed to the job are less inclined to consider leaving the job and the company.

Pay and promotion are the two facets of job satisfaction that management should prioritise for actions of improvement. Management team can leverage external consultant to perform industry benchmarking on the Compensation and Benefit (CnB) packages and decide if any salary adjustment needed to remain competitive within the industry and to retain employees. Open communication of the benchmarking result to employees is crucial to make employees aware of the improvement actions taken by the management and to send positive signal to the employees that the company values employees' contributions. Besides, management team should clearly communicate performance evaluation criteria, promotion and grade level expectations upfront to employees so that employees are aware of how performance is assessed and how promotion is decided at the management level. Roles and responsibilities should be clearly spelt out to reduce role ambiguity and role conflict. In addition, fair performance appraisal must be done at the management level. Delivering constructive feedback and performance improvement suggestion to employees also contribute to higher level of employees' job satisfaction, which in turns reduce employees' turnover intention. Other than pay and promotion, managers must be diligent in managing the different facets of job satisfaction such as work design, management supervision, and relationship with superiors and peers, which negatively correlate with turnover intention.

Theoretical contribution

There is no precedent in the previous literature that examines the mediating effects of both job satisfaction and organisational commitment in the relationship between transformational leadership and turnover intention in a same conceptual model. This study has established that both job satisfaction fully mediate the relationship between transformational leadership and employee's turnover intention. Organisational commitment, however, does not mediate the relationship between transformational leadership and turnover intention. Transformational leadership correlates directly with job satisfaction and organisational commitment, while correlates indirectly with employees' turnover intention.

Implications for Practitioners

Future research can focus on other organisational context besides the finance shared service industry to determine if result findings may differ by organisational context. Similar study can be extended to the payroll and IT shared service centre in the global financial services industry.

Similar studies can be replicated by focusing on specific management hierarchy level to investigate if the management team is more inclined towards transformational or transactional leadership. Other dimensions of leadership such as transactional leadership and laissez-faire leadership should be considered for future research. Demographic variables such as gender and age can be factored into future study. For example, future research can examine how gender or age influences turnover intention. Future study can also be conducted to examine the mediating effect of other variables such as perceived organisational support and job security in the relationship between transformational leadership and turnover intention.

Limitations

This study focused on transformational leadership. Other types of leadership such as transactional leadership and laissez-faire leadership styles were not investigated. These type of leadership behaviours may also affect job satisfaction, organisational commitment and turnover intention of employees. Besides, the study did not examine all the different facets of job satisfaction. The influence of the study variables on turnover intention may vary in different organisational context and in different industry. The conceptual model depicted the study variables which are of interest for this study and may not include all the variables that influence turnover intention. Besides, the sample size for this study was not huge and this may affect the validity of generalisation. Appropriate survey design and reliable measurement scales have been used to minimise single source bias.

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