



Investigating the Mediating Role of Organizational Commitment on the Relationship between Leadership Styles and Turnover Intention: A Conceptual Framework for a Chinese Capital Management Firm

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Abstract. This study investigates the affect of transformational and servant leadership styles on organizational commitment and turnover intentions within the capital management firm in Guangxi, China. Through a comprehensive literature review, the paper constructs a theoretical framework that elucidates the mediating effect of organizational commitment betwixt leadership styles and turnover intentions. Addressing a gap in existing research, particularly in the Chinese context, this research highlights the strategic importance of leadership in enhancing employee retention.

Keywords: Servant Leadership, Transformational Leadership, Organizational Commitment, Turnover Intention, Capital Management Firm.

1 Introduction

The interplay of leadership styles and employee turnover intentions presents a complex dynamic in the capital management firm, particularly within the Chinese economic context. Transformational leadership, with its visionary and motivational attributes, has been associated with increased employee engagement and adaptability, which are crucial in today's volatile business environment [1]. Servant leadership, emphasizing empathy and the prioritization of employee needs, has been linked to flat organizational hierarchies and stakeholder-centric models, aligning with modern expectations of organizational structure [2].

Organizational commitment, characterized by an employee's psychological bond to their workplace, emerges as a pivotal factor in understanding turnover intentions. Studies indicate that a heightened sense of organizational commitment can serve as a buffer against the propensity to leave, thus reducing turnover rates [3]. In the context of China's evolving economic landscape, these relationships assume additional complexity due to the blending of traditional values with modern workforce trend.

Transformational leadership, by enhancing employee participation and adaptability, reduces turnover intentions, while servant leadership emphasizes employee-

centric approaches and promotes flat organizational structures [1][2]. The blend of rapid industrial growth and the integration of values in China makes the interplay between transformational leadership, servant leadership and organizational commitment particularly crucial in reducing employee turnover [4]. Given the high costs linked with employee turnover, including recruitment costs and the loss of expertise [5], fostering organizational commitment and producing an environment where employees feel valued and understood becomes essential.

Within the unique socio-economic context of China, this study investigates the impact of transformational and servant leadership on employee turnover intentions, with a particular concentration on the role of organizational commitment as a mediator.

2 Literature Review

The core of transformational leadership and servant leadership theories within the framework of organizational behavior emphasizes the strategic utilization of leadership to foster an environment conducive to innovation and learning. These leadership styles are instrumental in leveraging the firm's intangible assets—namely, the collective knowledge and skills of its employees. Transformational leadership, as posited by Bass (1985), and servant leadership, rooted in the principles set forth by Greenleaf (1970), serve as critical catalysts for nurturing an organizational culture that values continuous learning and innovation [6].

Furthermore, the Social Exchange Theory (SET), created by Blau in 1964, provides a strong theoretical framework for comprehending the ways in which leadership affects organizational learning and creativity. SET suggests that the quality of exchanges between leaders and followers can significantly impact the development of a learning-oriented and innovative organizational culture. Transformational leaders, by motivating and encouraging thought in those who follow them, and servant leaders, by prioritizing their growth and well-being, cultivate a climate of trust and mutual respect. This climate fosters organizational commitment, a vital mediating variable that enhances employees' willingness to engage in knowledge-sharing behaviors and to contribute to the organization's innovative endeavors.

In essence, the interplay of transformational and servant leadership within an organization acts as a strategic mechanism for enhancing employee retention. By virtue of organizational commitment's moderating function, these leadership styles successfully lower intentions for turnover., underscoring the importance of leadership in the management of an organization's human capital. This theoretical exploration, grounded in the principles of SET, illuminates the pathways through which leadership influences organizational outcomes, specifically through the lens of commitment and turnover intentions [7].

2.1 Proposed Conceptual Framework and Hypotheses

The study proposes a conceptual framework to explore the dynamics between these variables within the context of the capital management industry in Guangxi, China

(Figure 1). The conceptual framework is Social Exchange Theory (SET)-based, which serves as the main theoretical underpinning to elucidate the relationships among the variables.

2.2 Transformational Leadership

Transformational leadership, since its conceptualization, has been a focal point of leadership research, emphasizing leaders who surpass self-interests for the sake of the company as a whole, inspiring and motivating others to do the same [8]. This leadership style is multifaceted, incorporating aspects like intellectual stimulation, inspirational motivation, idealized influence, and individualized consideration. Research has revealed that positive transformational leadership got the potential to greatly increase both organizational commitment and work satisfaction, fostering an environment where employees feel understood and valued, which in turn may improve organizational outcomes [9].

2.3 Servant Leadership

Servant leadership centers upon the growth and well-being of communities and individuals within the organization [10]. It is characterized by traits such as empathy, listening, and the empowerment of followers. Servant leaders prioritize the needs of their team members, fostering an organizational culture of trust, ethical behavior, and personal development. Research indicates that servant leadership contributes to creating supportive organizational environments that enhance employee engagement, job performance, and team effectiveness [11].

2.4 Organizational Commitment

The psychological attachment and loyalty a worker feels to their employer is known as organizational commitment. Three important aspects of this term are emotional, continuation, and normative commitment, according to the three-component model of organizational commitment by Meyer and Allen (1991). Servant and transformational leadership styles have been associated with higher levels of organizational commitment, indicating that the way leaders interact with and support their employees plays a crucial role in fostering a committed workforce [12].

2.5 Turnover Intention

An employee's turnover intention is a representation of their desire to leave their current position or organization. Job satisfaction, organizational fairness, leadership style, and organizational commitment are factors that impact the desire to leave an organization [13]. Research has demonstrated that both transformational and servant leadership styles can mitigate turnover intentions by enhancing organizational commitment and creating a positive organizational culture [14].

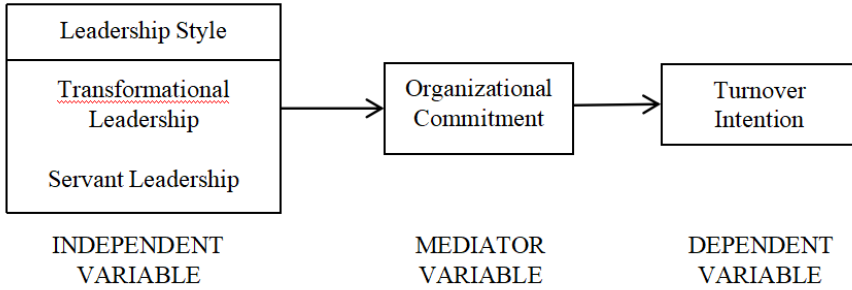


Fig. 1. Conceptual Framework

Review and the underpinning theoretical perspectives, the following hypotheses are posited.

Hypothesis 1 (H1). Organizational commitment mediates the relationship between transformational leadership and turnover intention.

Hypothesis 2 (H2). Organizational commitment mediates the relationship between servant leadership and turnover intention.

3 Research Methodology

Using a positivist methodology, the study attempts to identify how transformational and servant leadership influence turnover intention through quantitative analysis, mediated by organizational commitment. This approach allows for objective measurement and analysis, employing statistical methods to explore causal relationships.

In this study, leadership styles were assessed using Avolio and Bass's (2015) MLQ (20 items) [15] and Liden et al.'s (2015) SL-7 (7 items) [16], while Meyer et al.'s (1997) revised OCQ (18 items) [17] and Bothma & Roodt's (2013) Turnover Intention Scale (6 items) [18] measured organizational commitment and turnover intentions. Specific item counts for these questionnaires should be determined by subsequent researchers based on their study's scope, objectives, and contextual requirements.

The study will employ structural equation modeling (SEM) to analyse the relationships between variables. SEM will be used to examine the proposed proposition, with organizational commitment acting as a mediator in the connection between turnover intention and leadership styles. Preliminary data analysis will address missing values and outliers, while the main analysis will focus on assessing the measurement model for reliability and validity, followed by evaluating the structural model to confirm the hypothesized relationships.

4 Conclusions

Expanding on the initial conclusion, this study's exploration into the effects of transformational and servant leadership within the capital management sector of China

underscores a significant pathway through which leadership impacts employee retention. The integration of these leadership styles with organizational commitment provides a nuanced understanding of the mechanisms that underlie turnover intentions, highlighting the adaptability and relevance of these leadership approaches across diverse cultural landscapes. This research not only addresses a gap in the existing literature by focusing on a unique industrial and regional context but also paves the way for a strategic approach to leadership development aimed at enhancing employee loyalty and organizational stability.

Organizations can apply these insights by training leaders to adopt transformational and servant leadership behaviors, thereby enhancing organizational commitment and reducing turnover intentions. Additionally, the findings could inform recruitment and selection processes, emphasizing the importance of leadership qualities that align with these effective styles.

Limitation lies in its theoretical nature, lacking empirical validation of the proposed relationships. Future research could address this gap by conducting empirical studies within the same or similar contexts to test the hypotheses and validate the findings. Moreover, exploring the influence of cultural differences on the effectiveness of leadership styles and their effect on organizational commitment and turnover intentions could provide deeper insights into the applicability of these findings across various settings.

Moreover, the study proposes a call to action for future empirical research to validate these relationships and explore the potential cultural influences on the effectiveness of different leadership styles.

In summary, this research not only sheds light on the theoretical underpinnings of how leadership influences organizational commitment and turnover intentions but also offers practical insights for enhancing employee retention. The emphasis on organizational commitment as a mediator provides a valuable framework for understanding and leveraging leadership dynamics for organizational success, highlighting the importance of this study for both academic inquiry and practical application in the field of organizational behavior and management.

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