

Transformational leadership and turnover intention: Mediating role of overall job satisfaction

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Abstract

Turnover is one of the most critical issue in hotel industry. Turnover in front office department may somehow affect the hotel's service quality standard and operations that may jeopardize the hotel image and guest expectation. An effective leadership style implemented by the management plays an important role in monitoring and maintaining the service consistency. In hospitality industry, transformational leadership has seen to be the most suitable leadership style that can be implement by the leader. This research will be focusing on transformational leadership among front office employees in Malaysian hotels as independent variable, and overall job satisfaction as mediating variable; which may lead to turnover intention as the outcome variable. A judgmental sampling technique was employed in this study. A total of 250 questionnaires were distributed randomly to both front office employees and managers who are working in selected four and five-star Malaysian hotels. The results of this study showed that the mediating role of overall job satisfaction have significant relationship between transformational leadership and turnover intention. Careful consideration of the best leadership style implemented in the department will justify the level of overall job satisfaction and turnover intention among front office employee.

Keywords:

Turnover intention, hotel industry, transformational leadership, overall job satisfaction

1 Introduction

Employee turnover usually happens when staffs leave their jobs and management is required to find for replacement. It is predicted that one of the major reason of turnover are due to job dissatisfaction and external influences. The issue has seen to be difficult to control among hospitality industry especially hotels business. Front Office department in particular, is considered as a department that has the most contact with hotel guests. Ismail (2002) stated that the front office department is the first and often last points of hotel guest approach. Most of the hotel guests and visitors tend to liaise with front office staff for service and demand it to be delivered according to their expectation. Ford and Heaton (in Mohamad Abdullah, 2006) in their findings did mention that the level of service delivery might influence on how employees feel about their work environment. Thus, retaining the front office employee is very important as this may ensure sustainable service quality of the operation that leads to guest loyalty and hotels' operation success.

However, high turnover in front office department may jeopardize the service quality standard, which leads to inconsistent service delivery. The effect of turnover has force the existing employee to put more effort in delivering the hotel service and management may need to spend more in hiring new employee. According to Nor, Nor, Ahmad, Khalid, and Ibrahim (2017) in their studies mention that 'employee turnover is very costly and has become a crucial factor that can affect the organizational overall performance.' Deery (2008) did mention that the influence of additional daily stress to the already stressful work environments of frontline employees able to influence turnover intentions. The increase of additional workload may also influence job turnover due to stressful task and commitment, which may disturb their motivation level and focus due to poor management control towards the employee in the organization. Therefore, employees' overall job satisfaction is very important to ensure staff retention, which able to reduce employees' turnover intention.

An effective leadership style implemented by the management plays an important role in monitoring and maintaining the service consistency. Clark, Hartline, and Jones (2009) in their studies found that the 'leadership style employed by managers plays an important role in creating an environment that increases employee commitment to service quality'. Vasilagos, Polychroniou, and Maroudas (2017) also mentioned that 'hotel managers that comprehend the importance of emotional intelligence are in a position to identify the needs and the feelings of their subordinates, to actually express their interest and work collectively.' The practise may assist them in identifying and analysing issues related to employees' behaviour, job workload, working environment and service operation delivery in the hotel. Transformational leadership has seen to be the most suitable leadership style implemented by the leader in hotel industry. According to Brown and Arendt (2010), leaders who implement transformational leadership seen to have better performance outcomes in terms of overall organizational, task, and followers' performance. Implementing the

best leadership approach may assist the leader to organize and monitor the service operation and maintain hotel delivery standard. In addition, Nyberg (2010) in his research stated that many organizations are concerned with measuring the level of job satisfaction among employees in an attempt to envisage the important behaviour's such as leaving the company.

The purpose of this study is to investigate the relationship between transformational leadership, employee overall job satisfaction and turnover intention among front office employees in hotels. The main intention is to improve the leadership style particularly on transformational leadership that may influence employee's loyalty and improve service quality in the front office department. The idea of pursuing the research topic is because the researcher believes that the front office department is consider as the heart of the hotel, which able to creates first and last impression towards the hotel where the employees meet their guest directly in providing the hotel service. The researcher also hopes to give a significant both theoretical and practical contribution related to transformational leadership in reducing the turnover intention in front office department.

2 Literature Review

2.1 Turnover intention

Turnover is a common ongoing issue in any industry. Turnover may not happen without an intention to leave the company. Cotton and Tuttle (1986) mention that turnover intention is define as an employee who does have the estimated probability of leaving their organization. The definition of turnover intention suggested that this might happen due to voluntary or involuntary (Altarawmneh & Al-Kilani, 2010). According to Thomas (2009), Voluntary turnover refers to an employee's choice to leave the organization. Whereas, involuntary turnover refers to an employee is that been discharge or asked by the organization to leave. An employee's decision to quit an organization is an undesirable outcome for the organization and the employee as it affects both of them in many ways. This may jeopardize the service quality and performance as both parties are trying their level best delivering the hotel service. Therefore, it is crucial to understand the consequence and factors that influence turnover in the organization is important to assist the employer to justify and develop a proper planning in reducing the turnover issue in their organization.

In Front Office department, if an employee in the department leaves their job, it is not easy for the management to find for a replacement and train them in a short-term period as hotels do have their own standard operating procedures (SOP) in delivering hotel service. Masdek, Aziz, and Awang (2011) in their study even did stated that frontline hotel employees do face problems in relation to low salary, low job security,

lack of training and development opportunities, as well as high turnover. All these insecure feeling will somehow influence them to find another job placement or organization that could provide better benefits for them. Even Wood and Maculary (in Singh, 2017) stated that 'when there is no motivation among the employees and they are not satisfied; the level of service provided suffers and ultimately lead to dissatisfaction of guests'. The conflicts may jeopardize the hotel's image due to experience guest review and complaint towards the hotel.

2.2 Transformational leadership

The leader's approach will somehow determine the success or failure of the team which may influence employees overall job satisfaction or dissatisfaction. A transformational leader is a vision person, who shared with followers their ideas, intellectually stimulates followers, and pays attention to individual differences (Al-Ababneh, 2013). Even (Long, Thean, Ismail, & Jusoh, 2012) mention that transformational leadership can consider as the major influences in reducing turnover intention. This leadership style is suitable for frontline hotel employees as the leaders may train their subordinates to follow in their footsteps and continue leading the organization in future.

To apply transformational leadership skill in the organization, it is crucial for the leaders to have high trust towards the employees. According to Avolio and Bass (2004) there are four dimensions of transformational leadership including idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation, which each dimension has its own characteristic.

2.2.1 Idealized influence

An Idealize influence is an adoption that a leader could apply by demonstrating a high charismatic and self-esteem toward the employees in the workplace.

2.2.2 Inspirational motivation

This skill allows the leader to use inspirational and motivation methods align with high expectation in return through communication skill towards their followers.

2.2.3 Inspirational motivation

The leader itself should be able to identify and recognize their capabilities and talent. Once a potential employee been identified for their talent, he or she will be train, guided and observe accordingly. The employee will see the leader as a coach or mentor that guided them to improve and achieve their highest potential in the organization.

2.2.4 Intellectual stimulation

This approach allows the leader to observe and evaluate their employees in intellectual and creativity skills related to current issue and problem solving. Leaders may encourage their subordinates to share their ideas and opinions on a specific topic or issue that may assist them in developing critical thinking skills.

2.3 Job Satisfaction

Job satisfaction is very important in retaining employees in the organization as many researchers discovered that work productivity and self-improvement are actually link to employee's satisfaction in the organization. Locke did mention that job satisfaction is be defined as 'a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience' (Vangel, 2011). It is crucial for the operation industry like hotel employees to feel satisfied in order to deliver good services towards the guests. This is also has been agreed by Heskett, Jones, Loveman, Sasser, and Schlesinger (1994) saying that 'the inseparability of guest and employees in hospitality industry do has a strong influence by the employees' job satisfaction that is closely related to customer satisfaction and loyalty. Job satisfactions of the employees in an organization are considered as a serious matter. This has seen to be the main factors influencing the service quality and motivation of an employee.

According to Singh, Saufi, Tasnim, and Hussin (2017), 'high rate service quality can only be attained through effective and efficient hotel operations that can surpass customers' expectations and finally increase firm profitability'. If the employees are satisfied, they are more likely to deliver the service or job task with full commitment, as they feel important and will tend to be loyal to the organization even if other hotel offers better salary. Even Amin, Aldakhil, Wu, Rezaei, and Cobanoglu (2017) mention that any 'employees who is satisfied with their job are willing to support their co-workers, be loyal to their job and enhance hotel performance'. This satisfied and loyal employee is willing assist and corporate as a team, which the success achievement will motivate them to consistently deliver their best at all time. Thus, the organization should improve their way of management in order to suit the current market demand and employee's need in order to maintain staff retention and loyalty. Based on above literature review the following hypotheses are formulated:

- H₁: Transformational leadership has a significant influence on overall job satisfaction of employees in the front office department.
- H₂: Transformational leadership has a significant influence on turnover intention of employees in the front office department.
- H₃: Overall job satisfaction has a significant influence on turnover intention of employees in the front office department.
- H₄: Overall job satisfaction mediates the relationship between transformational leadership and turnover intention.

Specifically, based on above literature review and following hypotheses, a conceptual framework is formulated as below.

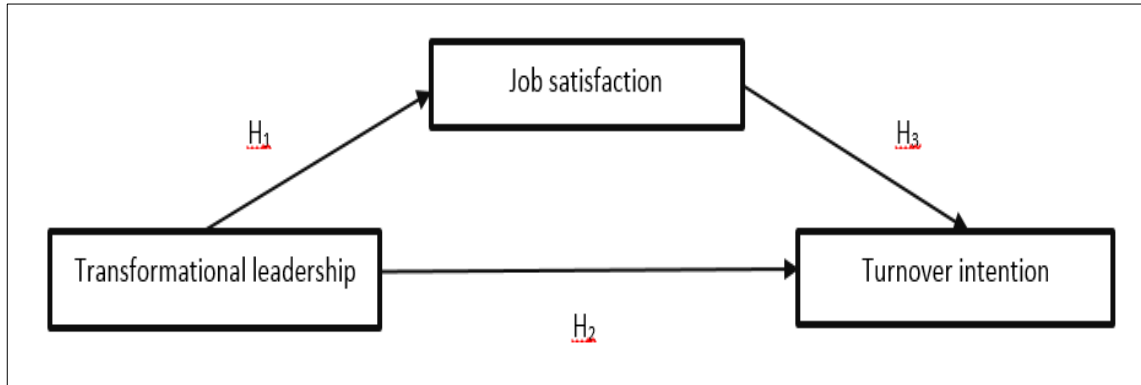


Figure 1: Conceptual framework

3 Methodology

3.1 Research design and instrument

This paper reports on the relationship between transformational leadership on turnover intention mediating by job satisfaction. Based on the objectives of this study which is to investigate the relationship between transformational leadership, employee overall job satisfaction and turnover intention among front office employees in hotels, the following hypotheses were developed (Figure 1). A structured survey questionnaire had been designed with specific questions in order to measure the responses of the respondent related to transformational leadership. All constructs were measured with a 5-point, Likert-type, with either *strongly disagree* (1), *disagree* (2), *neutral* (3), *agree* (4) and *strongly agree*. A total of 29 items adapted from the transformational leadership literature were used to capture the four-main dimensions including idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. Apart from that the variables consist of overall job satisfaction and turnover intention that are closely related to the research objective.

A pilot test was conducted with 40 front office department in selected hotel. The result of data analysis indicated that the value of Cronbach's alpha for all of the constructs was greater than 0.70, suggesting that all of the constructs' reliability was acceptable (Nunnally, 1978). The survey questionnaire was finalized and distributed.

3.2 Data collection

Data from current study was obtained from front office employees at 4 and 5-star hotel in Bukit Bintang area. A total of 250 survey question were distributed to the respective respondent using purposive sampling method directly to the respondent. However only 243 valid survey questionnaires were obtained and giving a 97.2% response of rating. Majority of the respondent were male with 63.3%. Regarding age, the largest age group (55.6%) was in between 28 – 37 years old. In term of work experience, 47.3% of them were employed for in between 2 to 3 years in current position and more than half 65.4% from the rank and file department. From table, it shows the section of the respondents working area in front office department. 26.3% of the respondent is from front desk, 17.9% are from reservation, 14.4% from guest service, 18.1% from concierge / bell desk, 18.9% from operator and 4.9% from management.

4 Findings

4.1 Confirmatory factor analysis

The measurement model was estimated first and then the structural path model was analysed to test the hypotheses. The data were fitted to a measurement model using AMOS17.0 to test the reliability, convergent validity (each measure taps aspects of the intended construct), and discriminant validity (the constructs are distinct from each other). The results indicate that the measurement model provided a good fit to the data. The CFI, IFI, TLI, NFI, and RFI values all exceeded the recommended threshold of 0.9 (Byrne (Byrnes, Miller, & Schafer, 1999), 1998). The RMSEA ranged from .04 to .08, indicating a satisfactory model fit (Turner and Reisinger, 2001).

Table 1: Goodness-of-fit indices

Model	X^2/df	RMSEA	GFI	AGFI	CFI	NFI	IFI	TLI
Measurement	1.45	0.06	0.95	0.88	0.91	0.96	0.99	0.98
Structural Path	1.48	0.06	0.97	0.89	0.90	0.95	0.98	0.97

Note: RMSEA = root mean square of approximation; GFI = goodness-of-fit index; AGFI = adjusted goodness-of-fit index; CFI = comparative fit index; NFI = normed fit index; IFI =incremental fit index; TLI = Tucker–Lewis index.

4.2 Structural path modeling

A structural model was estimated to validate the proposed theoretical model (Figure 1). The results for various fit indices based on AMOS indicate that the proposed model provided a good fit to the data $X^2/df = 1.48 < 2$, GFI (0.97), CFI (0.9), NFI (0.95), IFI (0.98) and TLI (0.97) were all over 0.9 and AGFI = 0.89 > 0.80, RMSEA= 0.06 <0.80. As indicated by the path coefficients and associated significance levels (figure 2), the transformational leadership on job satisfaction were significant ($p < .001$) with coefficient 0.439. The finding supported hypothesis 1.

The direct effect of transformational leadership on turnover intention remained significant ($\beta=-0.273$, $p<.001$). Thus, hypotheses 2 were supported. The figure also shows the indirect effect of transformational leadership on turnover intention via job satisfaction were significant ($\beta=-0.460$, $p<.001$), that is hypothesis 3 were supported. Job satisfaction partially mediated the association between transformational leadership and turnover intention, suggesting that the transformational leadership could influence turnover intention directly and indirectly, thus confirming hypothesis 4.



Note: *Path coefficient is significant at $p < .05$. **Path coefficient is significant at $p < .001$.

Figure 2: Path Analysis

Awamleh and Al-Dmour (2004) showed that the transformational leadership style affect job satisfaction among bank employees, with the transformational kind of leadership having a more statistically significant positive effect. Altarawmneh and Al-Kilani (2010) in their study among bank employees, transformational leadership style of bank managers is likely to boost employees' job satisfaction and performance, as reported in self-assessing items. When managers operationalize charisma and utilize inspiration, individualized consideration and intellectual stimulate, they elicit positive reactions from employees. Bushra, Ahmad, and Naveed (2011) investigated the relation between transformational leadership and job satisfaction among 133 bank employees in Pakistan. They found that transformational leadership had a positive impact on the general job satisfaction experienced by 42% of participants, indicating their preference for this particular leadership style.

Studies by Arnold and Feldman (1982), Cotton and Tuttle (1986), Hom and Kinicki (2001) suggest that job satisfaction is negatively related with turnover intentions. The negative relationship between job satisfaction and turnover intention agrees with the balance theory (Heider 1958), that individuals prefer balance to an imbalanced state, and the cognitive dissonance theory of social attitude, that there must be consistency between an individual's attitude and behaviour towards an object, so as to eliminate pressure associated with inconsistency.

The non-significant relationship between life satisfaction and turnover is contrary to the results obtained by Wright, Cropanzano, and Bonett (2007), that psychological wellbeing is negatively related to turnover behaviour. It was found that life satisfaction moderated the relationship between job satisfaction and turnover such that individuals with high life satisfaction had lower turnover rate at all levels of job satisfaction. The results indicated a significant interaction between psychological wellbeing and job satisfaction in predicting turnover.

5 Conclusion

The present study was an attempt to explore the relationship between transformational leadership, job satisfaction and turnover intention. We found that the direct association between transformational leadership and turnover intention were significant. This means that transformational leadership appears to be the important predictive factors for turnover intention. Which implies that the leader should implement the most appropriate and effective elements in transformational leadership that may influence employees job satisfaction and turnover intention? Apart from that, the researcher believes that transformational leadership able to reduce turnover intention among front office employees in particular.

Although, the research did face some limitation; but it does not affect the outcome of the study. In future, it is suggested that the study should also focus on other department area that are related to frontlines so that this issue will be able to reduce and prevented in the organization. Future study may also be done in other leadership style that may influence overall job satisfaction and turnover intention which can be implemented in hotel industry especially frontlines. In summary, it is believed that the study has provided a positive insight for the management and leader to implement transformational leadership in their department or hotel as a whole. All four components of the transformational leadership has seen to be significant to implement.

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