



Reducing employees' intention to quit: The effects of transformational leadership, employee engagement, and grit

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Abstract

The study examines how transformational leadership, employee engagement, and grit affect intention to quit. Particularly, it has two (2) objectives: 1) to investigate direct effects of transformational leadership on employee engagement and of transformational leadership, employee engagement, and grit on intention to quit, and 2) to examine the mediating effect of employee engagement on the transformational leadership-intention to quit link. The participants of the study were identified using a convenience sampling technique and they were employees of private and public organizations in Pampanga, Philippines. A quantitative research design through partial least square – structural equation modeling (PLS-SEM) was used in the study. The findings revealed that transformational leadership positively affects employee engagement. Moreover, it was also found that transformational leadership, employee engagement, and grit significantly and negatively affect intention to quit. The mediation analysis indicated that employee engagement acts as a mediator on the relationship between transformational leadership and intention to quit.

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Introduction

The concept of transformational leadership has been one of the most investigated constructs among scholars and researchers and considered as one of the leading theories on leadership (Mhatre & Riggio, 2014). Transformational leadership is a type of leadership where the leader sets aside his or her self-interest and inspires his or her followers to adopt his or her values and goals. Transformational leaders inspire their followers through a clear mission, optimism, enthusiasm, and emotional appeals (Phillips & Gully, 2012).

Aside, from transformational leadership, employee engagement is gaining popularity among scholars and researchers. It is a relatively new concept in the field of organizational behavior referring to an employee's

involvement, satisfaction, and enthusiasm for the work he or she does. An engaged worker is passionate to his or her job and displays a sturdy connection to the organization (Robbins & Judge, 2013).

Grit, on the other hand, is another new concept that is being explored in the field of organizational behavior. According to Duckworth, Peterson, Matthews, and Kelly (2007) grit is a psychological, noncognitive construct referring to disposition to pursue long-term goals with persistence and determination. It is related to but distinct from McClelland's need for achievement (Duckworth & Quinn, 2009). An individual who possesses grit faces challenges tirelessly, maintains determination despite failures and barriers. He or she is achievement-oriented. A person with grit treats disappointments and fiascos as normal barriers to success. He or she stays in the game until he or she triumphs.

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Various research studies have identified why employees leave their jobs. Most studies focus of the actual turnover but intention to quit is said to be a vital factor for such behavior (Firth, Mellor, Moore, & Loquet, 2004). From this context, intention to quit is the degree to which an employee wishes to move out of his or her workplace. It is a cognitive factor of an employee's behavioral decision to move out of the firm (Boshoff, Van Wyk, Hoole, & Owen, 2002; Elangovan, 2001).

Literature Review

Several studies have identified that transformational leadership and employee engagement are positively related (Datche & Mukulu, 2015; Hayati, Charkhabi, & Naami, 2014; Prochazka, Gilova, Vaculik, 2017). Contrary, other studies revealed that transformational leadership and employee engagement are not positively related (Hamman, 2013; Mozammel & Han, 2016).

Mittal (2016) investigated the effect of transformational leadership on employee's intention to quit. The results indicated that transformational leadership leads to increased commitment among employee and decreased intention to quit. Furthermore, Amankwaa and Anku-Tsede (2015) argued that the presence of transformational leaders in the organization decreases the intention of employees to quit their jobs. Other studies have also identified that the existence of transformational leadership diminishes employees' quit intention (Dimaculangan & Aaguiling, 2012; Sun & Wang 2017).

Several undertakings have also identified that impact of employee engagement is significant and negatively related with intention to quit (Mxenge, Dywili, & Bazana, 2014; Ro & Lee, 2017). Additionally, Gupta and Shaheen (2017) found out that employee engagement decreases intention to quit and this relationship is mediated by psychological capital. Robyn and Du Preez (2013) identified the factors affecting employees' intention to quit and one these factors is employee engagement.

Eskreis-Winkler, Duckworth, Shulman, and Beale (2014) found out the following: that grittier soldiers have high probability of completing an army course; grittier sales workers are more likely to stay in their jobs; grittier students are likely to graduate from school, and grittier men are more likely to stay in their marriages. Duckworth and Quinn (2009) and Robertson-Kraft and Duckworth (2014) also revealed that grittier new teachers are likely to stay in the academe and they are likely be more effective in teaching compared to those who possess less grit. Additionally, another study has identified that grittier cadets are more likely to finish their challenging summer compared to those who have less grit (Duckworth et al., 2007; Duckworth & Quinn, 2009). These related studies show grit predicts whether one will continue or cease a specific goal or objective.

Other studies identified the mediating effect of employee engagement on the relationship between transformational leadership and intention to quit. The results indicated that, indeed, employee engagement mediates the negative relationship between transformational leadership and intention to quit (El Badawy & Bassiouny, 2014; Henriques, 2010; Pieterse-Landman, 2012).

Based on extant literature review, the present study has two (2) objectives: 1) to investigate direct effects of transformational leadership on employee engagement and of transformational leadership, employee engagement, and grit on intention to quit, and 2) to examine the mediating effect of employee engagement on the transformational leadership-intention to quit link.

From the research objectives identified, the following are the research hypotheses:

H1a. Transformational leadership significantly and positively affects employee engagement.

H1b. Transformational leadership significantly and negatively affects intention to quit.

H2. Employee engagement significantly and negatively affects intention to quit.

H3. Grit significantly and negatively affects employee's intention to quit.

H4. Employee engagement mediates the negative relationship between transformational leadership and intention to quit.

Methodology

Participants of the Study

The participants of the study were employees of various organizations, both private and public, located in Pampanga, Philippines. A convenience sampling technique was utilized in the study and out of 620 survey forms floated, 500 were properly and completely answered by the participants, an 80.6% response rate. The floating of the research instrument commenced in December 2017 and ended in February 2018. Table 1 shows that more than half of the respondents were employees in public organizations. Furthermore, the majority of the participants were male. In terms of age, 74.2 percent of the respondents belonged in the bracket 30 – below and 31–40 years old and almost 70 percent are serving their present company affiliation between 1–10 years.

Research Instrument

The instrument used in the study was a questionnaire. It consisted of two (2) parts – demographic factors and the constructs on transformational leadership, employee engagement, grit, and intention to quit. The demographic characteristics include respondent's company affiliation, sex, age, and years of service in the current company.

Table 1 Demographic Characteristics of the Participants

	Frequency	%
Company Affiliation		
Private	217	43.4
Public	283	56.6
Sex		
Male	237	47.4
Female	263	52.6
Age		
30-below	192	38.4
31–40	179	35.8
41–50	67	13.4
51–above	62	12.4
Years of Service in the Current Company		
1–10	346	69.2
11–20	105	21.0
21–30	31	6.2
31–above	18	3.6

Transformational leadership was measured using Multifactor Leadership Questionnaire – Form 5X (MLQ-5X) by Avolio and Bass (1995). Out of forty-five (45) items in the original questionnaire, only twenty (20) items on transformational leadership (Pieterse-Landman, 2012) were adopted. Employee engagement, on the other hand, was measured using Utrecht Work Engagement Scale (shortened version-UWES9) which was comprised of nine (9) items (Schuafeli & Bakker, 2003). The grit construct was gauged using the grit scale by Duckworth, et al. (2007). Out of 12 items, 5 were used in the study because the other 7 items have low average variance extracted. This process is called item reduction where the product is a shorter version of the scale. Developing a shorter version of a scale increases the acceptability of the questionnaire, reduces the times of administration, improves response rates, and decreases missing data rates (Grossi et al., 2006). And lastly, intention to quit, a four (4) item intention to quit scale – shortened version (Arnold & Feldman, 1982) was utilized.

Data Analysis

A quantitative research design was used in the present study. The partial least square – structural equation modeling (PLS-SEM) using WarpPLS 6.0 software was employed to estimate the parameters of the structural model.

Results and Discussions

The study utilized PLS-SEM to investigate the relationships of the four (4) variables: employee engagement, transformational leadership, grit, and intention to quit. In PLS-SEM, a multi-stage process is being followed. The multi-stage process includes the model specification, outer model evaluation, and inner model evaluation. In model specification stage, structural model (inner model) and measurement model (outer model) is established. The measurement model shows the relationships among constructs under study. On the other hand, the measurement model presents the evaluation of the relationships between the items and their corresponding construct (Hair, Hult, Ringle, & Sarstedt, 2016; Hair, Sarstedt, Hopkins, & Kuppelwieser 2014). The second step is the outer model evaluation. In this step, PLS-SEM algorithm is run to test the reliability and validity of the constructs of the study. And lastly, the inner model evaluation includes the assessment of the hypothesized relationships within the structural model (Hair, et al. 2014).

Since the study used PLS-SEM, one of its aims is to identify if the model has a better fit with the original data than another (Kock, 2017). Thus, it is vital to measure the quality of the model using several indices. Based on the criteria explained by Kock (2017), the following goodness of fit and quality indices are within the acceptable ranges: namely average path coefficient (APC) = 0.275 ($p < .001$), average R-squared (ARS) = 0.203 ($p < .001$), average adjusted R-squared (AARS) = 0.200 ($p < .001$), average block variance inflation factor (AVIF) = 1.156 (acceptable if ≤ 5 , ideally ≤ 3.3), average full collinearity VIF (AFVIF) = 1.253 (acceptable if ≤ 5 , ideally ≤ 3.3), and Tenenhaus goodness of fit (GoF) = 0.337 (small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36).

To demonstrate the robustness of the results of the study, assessment of the reliability and validity of the variables is necessary. In order to reflect high reliability, the values of the composite reliability and Cronbach's alpha must be equal to or higher than .7 (Fornell & Larcker, 1981; Nunnally & Bernstein, 1994). Therefore, the constructs - employee engagement, transformational leadership, intention to quit, and grit - have high reliability.

In terms of validity of the constructs, both convergent and discriminant validity tests were performed. In order to say that the constructs possess convergent validity, the p-values of each item must be equal to or lower than .05 and the loadings be equal to or higher than .5 (Hair, Black, Babin, & Anderson, 2009; Kock, 2017). As shown in Table 2, all constructs are statistically significant, and the item loadings were greater than .5.

Table 2 Convergent Validity and Reliability Measures

Construct	Factor loading	AVE	CR	CA
Employee engagement (9 items)	.601 – .753	.476	.891	.862
Transformational leadership (20 items)	.588 – .768	.500	.952	.947
Intention to quit (4 items)	.639 – .895	.675	.891	.834
Grit (5 items)	.627 – .814	.590	.877	.823

All item loadings are significant at .001 ($p < .001$). AVE = average variance extracted; CR = composite reliability, CA = Cronbach's alpha

Part of the assessment of convergent validity is measuring the amount of variance of each variable from its items relative to the amount due to measurement error or simply the average variance extracted (Chin, 1998). According to Fornell and Larcker (1981), the average variance extracted (AVE) must be equal to or higher than .5 but for instances where the AVE is less than .5, the composite reliability must be higher than .6 in order for the construct validity to be adequate. Since the composite reliability coefficients for employee engagement and transformational leadership are greater than .6, AVE values of .476 and .500 are acceptable. Thus, the coefficients of AVE satisfied the acceptable validity.

Table 3 depicts the correlations among variables with square roots of AVE coefficients to measure the discriminant validity of the instrument. For each variable, the square root of the AVEs should be greater than any of the correlations involving the said variable (Fornell & Larcker, 1981). Thus, the results indicate that the measures used in the study have discriminant validity.

Table 4 presents the direct and indirect effects of the PLS path model. The findings revealed that transformational leadership positively affects employee engagement ($\beta = .535$, $p < .001$). The positive beta coefficient magnifies that transformational leadership augments employee engagement with an effect size of medium (Cohen's $f^2 = .286$). This is true with previous studies where transformational leadership leads to employee engagement (Datche & Mukulu, 2015; Hayati et al., 2014; Prochazka, et al., 2017). On the contrary, other studies found that transformational leadership does not guarantee employee engagement (Hamman, 2013; Mozammel & Haan, 2016). The result suggests that H1a is supported.

On the other hand, the findings also revealed that transformational leadership negatively affects respondents' intention to quit ($\beta = -.151$, $p < .001$). The negative beta coefficient signifies that the presence of transformational

leadership diminishes employees' intention to quit with a small effect size (Cohen's $f^2 = .030$). Previous studies also identified the presence of transformational leaders shrinks employees' intention to quit (Amankwaa & Anku-Tsedee, 2015; Dimaculangan & Aguilin, 2012) and further argued that transformational leadership augments commitment (Mittal, 2016) and culture of collaboration (Sun & Wang, 2017) thus intention to quit is decreased. Thus, H1b is supported.

Regarding the link between employee engagement and intention to quit, a significant and negative relationship exists between these two (2) constructs ($\beta = -.175$, $p < .001$). This suggests that employee engagement decreases respondents' intention to quit with a small effect size (Cohen's $f^2 = .051$). This result validates previous findings (Gupta & Shaheen, 2017; Mxenge et al., 2014; Ro & Lee, 2017; Robyn & Du Preez, 2013). Thus, H2 is supported.

Additionally, grit significantly and negatively affects respondents' intention to quit ($\beta = -.240$, $p < .001$). The negative beta coefficient between grit and intention to quit has a small effect size (Cohen's $f^2 = .039$). This is also the case in preceding studies where those individuals with high grit typically stay in the organization or finish their goals or targets (Duckworth et al., 2007; Duckworth & Quinn, 2009; Eskreis-Winkler et al., 2014; Robertson-Kraft & Duckworth, 2014). Furthermore, individuals with high grit are more risk taker, exert more effort rather than quit, and are more positive toward tasks and expectations (Lucas, Gratch, & Marsella, 2015). Thus, H3 is supported.

The indirect effect of employee engagement on the transformational leadership-intention to quit relationship is statistically significant ($\beta = -.093$, $p = .001$). This signifies that employee engagement mediates the negative relationship between transformational leadership and intention to quit with a small mediation effect (Cohen's $f^2 = .019$). This is supported by other studies (El Badawy & Bassiouny, 2014; Henriques, 2010; Pieterse-Landman, 2012). Thus, H4 is supported.

Table 3 Discriminant Validity

	EE	TL	IQ	GR
EE	.690			
TL	.526	.707		
IQ	-.219	-.186	.822	
GR	-.071	-.113	-.196	0.768

Diagonal elements are the square root of AVE of constructs while the off-diagonal elements are the correlation between constructs. EE = employee engagement, TL = transformational leadership, IQ = intention to quit, GR = grit

Table 4 Direct and Indirect Effects of the PLS Path Model

	β	SE	p	f^2
Direct Effects				
H1a. TL → EE	.535	.042	<.001	.286
H1b. TL → IQ	-.151	.044	<.001	.030
H2. EE → IQ	-.175	.044	<.001	.051
H3. GR → IQ	-.240	.043	<.001	.039
Indirect Effect				
H4.TL → EE → IQ	-.093	.031	.001	.019

f^2 is the Cohen's (1988) effect size: .02 = small, .15 = medium, .35 = large.

SE = standard error, β = standardized path coefficient

Management Implications and Future Research Directions

The present study establishes that transformational leadership, employee engagement, and grit indeed affect intention to quit. Moreover, it further asserts that employee engagement acts as a mediator on the relationship of transformational leadership and intention to quit. The results signify that each member of the organization plays a key role in the success of the firm. When people exhibit grit and engagement in the workplace and organizational leaders are selfless and they inspire their followers, intention to quit is reduced. Therefore, the way people are being managed and led can be a source of competitive advantage. Mello (2014) even argued that competitive advantage may come from how the firm manages its human capital. When an organization starts to understand the behavior of its people, it is much easier for the enterprise to effectively and efficiently utilize its human capital and at the same time, it may improve human relations inside the workplace.

One of the limitations of the present study is, it only explored three (3) factors (transformational leadership, employee engagement, and grit) that may affect intention to quit. Other researchers may find interest in investigating other constructs that may impact employees' intention to quit. Furthermore, other scholars may also perform similar study by identifying other factors that can mediate the relationship between transformational leadership and intention to quit

Conflict of Interest

There is no conflict of interest.

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