

# Transformational leadership and employee turnover intention

The mediating role of affective commitment

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### Abstract

**Purpose** – The purpose of this paper is to investigate the impact of transformational leadership on employee turnover intention through the mediating role of affective commitment.

**Design/methodology/approach** – The study examines conceptual relationships in the Ghanaian context, based on structural equation modelling with maximum likelihood estimation, using sample employees from the private sector organizations. In addition, the mediation analysis is conducted with Sobel's test and 95 per cent CI bootstrap analysis.

**Findings** – The study shows that affective commitment would decline workers' quitting intention and serves to promote a degree of trust and willingness to follow their leaders' philosophy, ideology, vision and guidance in the organization. Hence, affective commitment fully mediates the relationship between transformational leadership and employee turnover intention.

**Practical implications** – To help lessen employees quitting intentions, both middle and top-level managers should endeavour to create an atmosphere of trust, admiration, loyalty and respect for their employees.

**Originality/value** – Overall it is shown that affective commitment was the mechanism through which transformational leadership influences employees' turnover intentions in the SLCs in Ghana.

**Keywords** Transformational leadership, SEM, Ghana, Affective commitment, Turnover intention, Savings and loans companies

**Paper type** Research paper

### Introduction

Leadership, an enabler of individual and collective efforts, is a crucial element that influences the wellbeing of both employees and their organizations. Over the last two and half decades, transformational leadership has become the most preferred subject in the leadership literature by both academics and practitioners (Bass and Avolio, 1990). For instance, transformational leaders are said to possess leadership behaviours such as intellectual stimulation, idealized influence, individualized consideration and inspirational motivation (Bass and Avolio, 2000; Bass, 1999).



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Previous research have tested the positive impact of transformational leadership on work attitude and job satisfaction (Aryee *et al.*, 2002), commitment and trust (Top *et al.*, 2013), and tasks performance (Judge and Piccolo, 2004; Aryee and Chu, 2012) as well as negative influence on turnover intention (Alexandrov *et al.*, 2004; Dupré and Day, 2007) and actual turnover (Burton and Peachey, 2009; Wells and Peachey, 2011). Furthermore, some studies in Ghana have examined the influence of leadership on outcomes such as job satisfaction (Aryee *et al.*, 2002; Sanda and Kuada, 2013), organizational commitment and performance (Sanda and Kuada, 2013). However, there remains to be seen how affective commitment may connect transformational leadership to employee turnover intention. Affective organizational commitment was employed as the mediating variable because it is robust with strong reliability and validity (Meyer *et al.*, 2002; Stazyk *et al.*, 2011) and among the three-component model, it was found to correlate the strongest with both individual and organizational outcomes (Meyer *et al.*, 2002). Also, the mechanisms that brings about the indirect effect of transformational leadership on turnover intention may be complicated than perceived by most management and business researchers. Additionally, concerns have been raised at the lack of context-specific research in leadership (Jordan *et al.*, 2010; Liden and Antonakis, 2009; Schriesheim *et al.*, 2009; Yukl, 1999). Hence, conducting a study of this nature in a segment of the non-bank financial sector in Ghana is both timely, imperative and warranted.

Following Sanda and Kuada (2013) and Yucel *et al.* (2013) studies in Ghana and Turkey, respectively, Ghana is a collectivist culture (Hofstede, 1980) and thus the Ghanaian context further provides support for a thorough insight into leadership research in a collectivist culture as opposed to the most leadership studies conducted in individualist cultures (Hofstede, 1980) in the UK and USA. Finally, due to the habitual poaching habit of most retail banks and the desire of most employees to work with the retail banks, it is perceived that low levels of transformational leadership may create feelings of discontent among employees in the SLCs and eventually increase their quitting intention. Hence, this study further aims to explore an understudied context for leadership in a developing economy like Ghana. This study focuses on SLCs because private enterprises like the SLCs drive economic growth through lowering the levels of real unemployment and strengthening the capacity of individual's to care for themselves and their immediate families (Kuada, 2015; Barakatt and Sereke-Brhan, 2010; Nafukho and Muya, 2010).

Drawing on Mercurio's (2015) model of affective commitment as the core essence of organizational commitment and Kanter's (1968) attitudinal commitment theory, our study sought to address these gaps in the literature by testing a mediated model of affective commitment with a sample of employees from the SLC in Ghana. First, we examine transformational leadership and affective commitment as antecedents of turnover intention. Second, we also examine the mediating role of affective commitment between transformational leadership and turnover intention.

Our study contributes to the literature in three ways. First, drawing on the affective commitment model and the attitudinal commitment theory, we argue that employees emotional attachment to and identification with the organization would decline their quitting intention and serves to promote a greater degree of trust and willingness to follow their leader's guidance. Second, we make an empirical contribution to the extant literature by examining the mediated role of affective commitment in an organization within a collectivist culture, contrary to previous studies which have typically used samples from individualist cultures in the West (Hughes *et al.*, 2010; Meyer *et al.*, 2002).

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Besides the theoretical and empirical contributions, our study also make a significant practical contribution by providing advice to both middle and top managers on how to create an atmosphere of trust, admiration, loyalty and respect for employees which will in turn help to lessen their turnover intentions. The paper first and foremost presents the literature review. This is followed by the research framework and the research methods. Finally, the paper looks at the results as well as discussions and implications for future research.

## Literature and hypotheses generation

### *Transformational leadership*

Leadership is about influencing others to understand and agree with what needs to be done, how to do it and the process of helping individual and collective efforts to accomplish shared objectives (Yukl, 2010). Amid the dimensions of the Multifactor Leadership Questionnaire (MLQ) – transformational, transactional and laissez-faire – transformational boasts of being the most empirically researched construct. For instance, evidence indicates that transformational leadership is an effective form of leadership at the organizational (Nemanich and Keller, 2007), sectorial (Garcia-Morales *et al.*, 2012) and national (Howell and Avolio, 1993) levels. Also, transformational leadership is crucial since it enables people with diverse backgrounds to work productively together towards a common goal (Lee, 2014). Besides, transformational leadership emphasize change which is preoccupied with transforming organizational performance either from poor to satisfactory or from acceptable to perfect (Bass and Riggio, 2006; Mullins, 2007). Furthermore, transformational leadership promotes employee's level of maturity and ideals, and concerns for achievement, self-actualization and wellbeing of others (Bass, 1999). In addition, transformational leaders uplift the morale, motivation and morals of their employees which often promotes empowerment, creativity and harmony. To Gumusluoglu and Ilsev (2009), transformational leaders stimulate followers to achieve extraordinary results by providing both meaning and understanding. Hence, they align the objectives and goals of individual followers with the larger organization (Bass and Riggio, 2006) and provide the followers with support, mentoring and coaching.

Specifically, transformational leadership is conceptualized into four key factors or dimensions:

- (1) idealized influence: provides vision and sense of mission, instills pride, gains respect and trust;
- (2) inspirational motivation: communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways;
- (3) individualized consideration: gives personal attention, treats each employee individually, coaches, and advises; and
- (4) intellectual stimulation: promotes intelligence, rationality and careful problem solving (Bass, 1990).

Despite the positive aspects outlined above, some scholars have levied criticism against transformational leadership. The greatest critique of transformational leadership theory is that the MLQ which supports the entire framework of the theory is conceptually flawed (Northouse, 2007, 2013). As a result, the four components of transformational leadership are not sufficiently distinct. Furthermore, Lee (2014) opined that inspirational rather than transformational leadership has a greater

conceptual clarity; hence, more comprehensible and less ambiguous. Also, Tejada *et al.*, (2001) emphasize unresolved psychometric issues as a great concern with MLQ. However, empirical study by Antonakis *et al.* (2003) opposes Tejada *et al.*'s assertion by providing a far-reaching assessment of the construct validity of the MLQ. Huczynsky and Buchanan (2007) also suggest that a rapidly changing competitive environment requires participative, visionary and inspirational styles of leaderships. This is consistent with Kotter's (1990/1998) claim that it is essential for there to be a significant emphasis on a leader's ability to inspire, develop trust in and motivate followers. Thus, all of these are characteristics inherent in transformational leadership.

Furthermore, Yukl (2006) opined that results for separate dimensions of transformational leadership measure are inconsistent in the leadership literature. In addition, Fu *et al.* (2010) opined that the dimensions are so highly correlated that it is difficult to clearly determine their separate effects, even when series of factor analyses support their distinctiveness. As a result, numerous studies on transformational leadership have used only a composite score rather than the dimensions (Yukl, 2006). Thus, we also followed previous studies in the leadership literature (see, Aryee and Chu, 2012; Walumbwa *et al.*, 2008) by combining the four factors into a composite score to measure transformational leadership style as a unidimensional instead of a multidimensional construct.

Although several criticisms have been levied against transformational leadership theory, we decided on this construct as an antecedent variable in our conceptual model for two reasons. First is that it has received both theoretical and empirical support than any other leadership theory. In line with this assertion, Judge and Piccolo (2004) reported that transformational leadership shows the highest overall validity than transactional and laissez-faire leadership styles. Second is that aside it being the most empirically research construct, it is viewed as an effective form of leadership at the organizational, sectorial and national levels.

#### *Affective organizational commitment*

For some time now, several scholars have attempted to define and refine the concept of commitment more accurately by delineating its various dimensions (Meyer and Allen, 1997; Meyer *et al.*, 2002). For instance, Mowday *et al.* (1979) identified two types of commitment: behavioural and attitudinal commitment. They further stated that attitudinal commitment exists when the goals of the individual and the organization becomes increasingly integrated and congruent. Later on, Angle and Perry (1981) distinguish between two kinds of commitment: commitment to value and commitment to stay. Also, O'Reilly and Chatman (1986) recognize three types of commitment: compliance, identification and internalization. Thus, whereas identification and internalization emphasize a sense of belonging to an organization and its goals, that of compliance stresses the relationship between employee contributions and extrinsic rewards.

Similarly, Mathieu and Zajac (1990) classified studies that considered organizational commitment as its basis into two broad dimensions: attitudinal and calculative. Whereas attitudinal commitment focuses on an individual's identification, shared values and involvement with a particular organization, calculative commitment emphasizes the economic benefits related to maintaining employment in an organization (Mathieu and Zajac, 1990; Mowday *et al.*, 1982). Finally, Balfour and Wechsler (1996) propose that three forms of commitment exist, videlicet identification, affiliation and exchange. Identification commitment deals with the sense of pride an individual has in

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an organization. Affiliation commitment identifies individuals' sense of belonging and attachment to coworkers and the organization itself whereas exchange commitment occurs when they believe the organization appreciates their work and effort. Hence, attitudinal (Mathieu and Zajac, 1990; Mowday *et al.*, 1979), commitment to stay (Angle and Perry, 1981), identification and internationalization (O'Reilly and Chatman, 1986) and affiliation (Balfour and Wechsler, 1996) all focus on attitude-based commitment which is exemplified by Kanter's attitudinal commitment theory. The theory hypothesize that feelings of cohesion or involvement with an organization contributes to an individual's commitment to and desire to remain in the organization.

Although these refinement help us gain much insight into the very nature of the commitment construct, the accurate number of dimensions of commitment still remains contentious among many scholars (Fischer and Mansell, 2009; Solinger *et al.*, 2008). Because of the unending debate on the definition and refinement of the organizational commitment construct, we decided to use Meyer and Allen's (1997) three-component model which has stood the litmus test of time and been regarded as the dominant model in organizational commitment research (Meyer *et al.*, 2002; Solinger *et al.*, 2008). Meyer *et al.* (2002) proposed that organizational commitment exists along three dimensions: affective, continuance and normative commitment (Meyer and Allen, 1997). To Allen and Meyer (1990, p. 3), "employees with strong affective commitment remain because they want to, those with strong continuance commitment because they need to, and those with strong normative commitment because they feel they ought to do so". Some scholars (e.g. Hackett *et al.*, 1994; Meyer *et al.*, 1990) in the last two decades suggested that each dimension of the three-component model should be considered when evaluating employee commitment. Yet, Meyer *et al.* (2002) in a meta-analytic study revealed that among the three-component model, affective commitment had the strongest and most favourable correlations with organizational and employee-related outcomes like job satisfaction, job involvement, work experience, turnover and absenteeism. In line with this, Solinger *et al.* (2008) argue that normative and continuance commitment should be abandoned because of their inconsistencies and their variance from affective commitment. Additionally, Solinger *et al.* cited in Stazyk *et al.* (2011) suggest that, affective commitment corresponds to an attitude held by employees about an organization whereas normative and continuance commitment reflect attitudes directed towards outcomes of a behaviour primarily the act of leaving an organization. Based on these shortcomings, Solinger *et al.* (2008) assert that Meyer and Allen's work on affective commitment goes a long way to explain employee's emotional attachment to the organizations, and that affective commitment is the core essence of commitment as indicated by Mercurio (2015) in his proposed model. Similarly, Ko *et al.* (1997) contend that organizational commitment is only an affective commitment as long as the ambiguity surrounding the TCM remains unresolved. Research has shown that affective commitment is reasonably robust with strong reliability and validity (Meyer *et al.*, 2002; Stazyk *et al.*, 2011) and in the words of Meyer *et al.* (2002), of all the three dimensions, affective commitment was found to correlate the strongest.

Given the arguments for affective commitment (Ko *et al.*, 1997; Mercurio, 2015; Stazyk *et al.*, 2011) as well as the numerous studies confirming its robustness in terms of face and content validity, and reliability (Meyer *et al.*, 2002), we decide on affective organizational commitment as the mediating variable in this study because most researchers have studied as an exogenous variable. This is consistent with Mathieu and Zajac (1990) meta-analytic study which noted that commitment has not been

studied intensively as an endogenous variable and argue for the development of “theory based” models of commitment. Hence, focusing on affective commitment was imperative because it strongly influence important organization and employee-related outcomes such as turnover intention (Meyer *et al.*, 2002; Mowday *et al.*, 1982) which is the outcome variable in this study.

#### *Transformational leadership and employee intention turnover*

For many years, transformational leadership and turnover intention were two divergent research areas. However, interest in combining these two separate concepts has grown over the past three decades and is based on the assumption that employees are more likely to be influenced by the leadership behaviour of their immediate supervisors (Purcell and Hutchinson, 2007). Reducing the turnover rate of employees who meet and exceed goals could make a tremendous impact on the firm’s overall bottom line. For instance, Dimaculangan and Aguilung (2012) examined both direct and indirect effect of transformational leadership on salespersons’ turnover intention through ethical climate, person-organization fit and organizational commitment. The researchers reported that transformational leadership contributes to managing employee turnover by increasing the firm’s financial performance. Chang *et al.* (2013) in a multilevel study in Taiwan established that individual and store-level factors were significantly associated with turnover intention. At the individual level, job characteristics had a significant negative relationship with turnover while results at store level found a significant negative relationship between transformational leadership and turnover intention. Similarly, Kara *et al.* (2013) studied the effect of transformational and transactional leadership styles on employee wellbeing in the hospitality industry. Using data from a sample of 443 Turkish five-star hotels, Kara *et al.* (2013) found transformational leadership to be more effective in enhancing employee wellbeing and minimizing turnover intention. Hence, transformational leadership has been shown as a key variable in lessening turnover intention and enhancing employees overall wellbeing. Yet the empirical settings of these various studies give rise to the need for a similar research in the private sector of a collectivist culture like Ghana to establish whether or not transformational leadership will lead to a reduction in turnover intention. On this note, we propose to study the relationship between transformational leadership style and employee turnover intention from a collectivist cultural perspective:

*H1.* Transformational leadership has a negative relationship to employee turnover intention.

#### *Transformational leadership and affective commitment*

In a recent review, Mercurio (2015) propose a conceptual framework in which affective commitment, or the emotional attachment to the organization, is seen as the core essence of organizational commitment. In line with the extant leadership-commitment literature, we argue that transformational leaders influence their subordinates’ emotional attachment to and involvement with the organization.

According to Leroy *et al.* (2012), social exchange theory serves as the basis to fathom the relationship between transformational leadership and affective commitment. Specifically, based on the norm of reciprocity, trust and identification with leaders are built through continuous communication with employees and the sharing of values which means that employees identify with leaders and the values these leaders instill in

them in the organization. Braun *et al.* (2013) argue that this identification with and attachment to the leader results in increased affective commitment in the employees. Similarly, Pillai and Williams (2004) posit that transformational leaders are key catalyst in eliciting higher levels of commitment. This we think are particularly true in a service-oriented business like the savings and loans companies (SLCs) in Ghana. Furthermore, empirical evidence suggests that transformational leadership is positively related to organizational commitment (Avolio *et al.*, 2004). However, when considering the effect of transformational leadership on the facets of commitment that is affective, normative and continuance, very little evidence is available in the extant literature particularly in Ghana. Few empirical studies (Chandna and Krishnan, 2009; Chiun *et al.*, 2009) using data from Africa have found transformational leadership to have positive effect on follower's affective commitment. Given the significant role of these two measures in a service-oriented institution like the SLCs, we intend to explore their relationship from the perspective of a collectivist culture (i.e. Ghana) since there is a paucity of research in this area. We, therefore, argue that transformational leadership will have a positive effect on, affective commitment, employees' emotional attachment to and involvement with the organization:

*H2.* Transformational leadership is positively related to affective commitment.

#### *Mediating effect of affective commitment*

In this paper we seek to understand the indirect effect of transformational leadership on turnover intention through the lens of attitudinal commitment theory (Kanter, 1968) based on affective commitment as advocated by Meyer and Allen (1991) in their study. Later in ten years, Meyer and Herscovitch (2001) urged the definition and conceptualization of affective organizational commitment as the core essence of commitment to guide future research. According to Mercurio (2015), the core essence is defined as "an enduring, indispensable, and central characteristic of the organisational commitment construct that distinguishes it from other constructs" (p. 5). To buttress this definition, Meyer and Allen (1991) stated that affective commitment means an employee's emotional attachment to, identification with and involvement with the organization.

Yet, this emotional attachment to organizational goals result in employee's willingness to exert effort on behalf of the organization. Positive employees' outcomes to a large extent depend on their perceptions of how much the organization cares about their wellbeing and values their contributions (Gould-Williams, 2007; Vermeeren *et al.*, 2011) to the aims and objectives of the organization. In this case, the degree of the core essence of commitment will depend on the fulfillment of employee's needs and values (Hackman and Oldham, 1975). However, to lessen employee turnover and advance their performance, the attitudinal commitment theory argues that organizations should attempt to meet the needs of its employees. This assertion is based on a synergetic assumption that if organizations care for their employees, the employees in return will care for the organization as a result of their emotional attachment. Thus, as Taris and Schreurs (2009) puts it, a happy worker is a productive worker and a productive worker is also a committed worker.

Hughes *et al.* (2010) examined the relationships between leadership and followers' quitting intentions and alternative job search behaviours. They found that quality of leader-member exchange mediated the relationship between followers' perception of transformational leadership behaviour and their intentions to quit the organization.

Similarly, Hamstra *et al.* (2011) in a study showed how job-fit helped to reduce followers' turnover intentions with particular emphasis on transformational leadership. Nevertheless, the mechanisms by which transformational leader's behaviour influences employees' decision to quit their jobs have not received adequate research attention in developing countries like Ghana. This clearly shows that there is the need for greater research attention on the mechanisms by which transformational leadership influences work-related attitudes such as employee turnover intention in order to develop a more complete understanding of the inner workings of transformational leadership (Bass, 1998).

Furthermore, previous research has found a positive relationship between transformational leadership and affective commitment (Kark *et al.*, 2003; Yucel *et al.*, 2013) and a negative relationship between affective commitment and turnover intention (Guntur *et al.*, 2012; Lew and Sarawak, 2011; Meyer *et al.*, 2002). In line with Mercurio's model of a core essence of commitment and Kanter's attitudinal commitment theory, we propose that affective commitment will mediate the link between transformational leadership and turnover intention:

*H3.* Affective commitment mediates fully the relationship between transformational leadership and employee turnover intention.

## Methods

### *Data and sample*

The target population for this study consists of employees in the Ghanaian SLCs. The accessible population, however, was limited to employees of 13 SLCs located in the Greater Accra and Ashanti regions, respectively. The selection of these two regions was based on the fact that approximately 80 per cent of the SLCs in Ghana are concentrated in these two regions (GHASALC, 2012). In addition, the headquarters of these SLCs are located in these two regions. The sampling units consist of managers, officers and assistants in SLCs registered under the Financial Institutions (Non-Banking) Law of 1993 (PNDCL 328). We employed a simple random sampling technique to select 435 participants for the study. In Ghana and most part of Africa, data collection is very difficult since most people are not used to filling questionnaires and returning them. Thus, when gathering primary data in such locations, simple random sampling becomes the most appropriate for sufficient response as compared to other sampling techniques (Leat and El-Kot, 2007).

A questionnaire survey was used for the data gathering. A total of 450 questionnaires were sent out to respondents in the thirteen registered SLCs. However, only 340 questionnaires representing 78 per cent response rate were completed and returned. To test non-response bias, we followed the recommended procedure by Armstrong and Overton (1977). We compared responses of early respondents to the survey (first 10 per cent of returned questionnaires) to the responses of late respondents (last 10 per cent of returned questionnaires) as a proxy for non-respondents. The results of the independent samples *t*-test showed that there were no significant differences in the response patterns of early and late respondents. Thus, non-response bias is not an issue in this study and the data used to test the hypotheses were representative of the sampling frame.

Out of a total sample of 340 employees, 52.1 per cent of respondents were male and 47.9 per cent were female. Approximately 56 per cent of the sample reported their age as 26-30 years, while the second largest group of respondents reported being

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20-25 years of age. Approximately 64 per cent of the sample had worked for their organization for one to four years, while the next group of respondents (25.3 per cent) had worked for their organization for five to eight year. Approximately 65 per cent of the sample were officers followed by 23.8 per cent assistants and 10.9 per cent managers. A total of 76.8 per cent of respondents were located in Greater Accra whereas 23.2 per cent of the sample were from Ashanti region.

### *Measures*

The survey instrument was made up of four sections. The first section contained demographic variables such as gender, age, position, tenure and location. The remaining three sections included the latent constructs: transformational leadership, affective commitment and employee turnover intention. With the exception of some of the demographic variables, all the remaining items on the questionnaire were closed-ended.

*Transformational leadership.* The MLQ Form 5X (Avolio and Bass, 1995) was used to measure transformational leadership. The MLQ measured the four dimensions of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Based on prior research (e.g. Aryee and Chu, 2012; Walumbwa *et al.*, 2008), the 20 items were averaged to form a composite transformational leadership score. Apart from idealized influence which was measured with eight items, the remaining dimensions were each measured with four items. Respondents were then made to indicate the frequency with which their immediate supervisor(s) engages in each of these behaviours on a five-point Likert scale ranging from 1 “not at all” to 5 “frequently, if not always” The scale coefficient  $\alpha$  for the composite transformational leadership measure was 0.90.

*Affective commitment.* This construct was used as mediating variable based on Mercurio (2015) assertion that affective commitment is the core essence of organizational commitment. In addition, a meta-analytic study by Meyer *et al.* (2002) revealed that among the three components of commitment, affective commitment had the strongest and most favourable correlations with organization and employee-related outcomes. We therefore measured this construct with Meyer and Allen’s (1997) six-item scale of affective commitment. Participants responded to all six items on a five-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree”. Following Hair *et al.* (2014), two items with factor loadings below 0.5 were excluded after the confirmatory factor analysis (CFA). The remaining four items were: “I really feel as if this company’s problems are my own”, “I don’t feel like part of the family at my company”, “I don’t feel emotionally attached to this company” and “I don’t feel a strong sense of belonging to this company”. The coefficient  $\alpha$  for the remaining four-item core essence of commitment measure was 0.79.

*Turnover intention.* A four-item scale by Jackofsky and Slocum (1984) was used to measure employee turnover intention. Respondents were asked to indicate the frequency with which they are likely to quit their jobs on a five-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree”. All four items had factor loadings above 0.50 and were included in the analysis. A sample item from the turnover intention scale is “I am actively looking for a new job”. The coefficient  $\alpha$  for the four-item turnover intention measure was 0.88.

*Control variables.* We controlled for gender, age, tenure and location because of their potential impact on employee turnover intention as reported by numerous studies (e.g. Chang *et al.*, 2013; Hansung and Stoner, 2008; Lu *et al.*, 2007; Moynihan and

Landuyt, 2008). Gender was a dichotomous variable (0 = male, 1 = female). Employees' age and tenure were continuous measures. Finally, location was also a dichotomous variable (0 = Greater Accra Region, 1 = Ashanti Region).

*Controlling for common method biases*

Although self-report measures (i.e. questionnaire) offer substantial benefits such as ease of distribution and inexpensive usage to the researcher, they also tend to increase the possibility of common method variance which produces inflated correlations among the constructs of interest (Crampton and Wagner, 1994). To this end, the study adopted recommendations of Podsakoff *et al.* (2003) in order to reduce the likelihood of this method bias. First, respondents were assured of their anonymity and confidentiality prior to completing the survey questionnaires. Second, psychological separation in common method experiments was used. A cover rubric served as the psychological separation for the different constructs. Third, we conducted a Harman one-factor test to ensure that common method bias was not a problem with our measures.

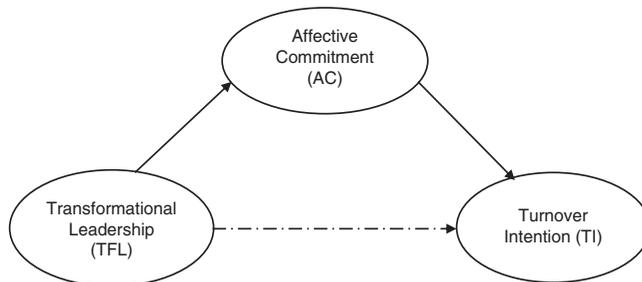
**Results**

To enhance statistical power by reducing type 1 error, we followed recommendations by MacKinnon *et al.* (2002) and used structural equation modelling (SEM) with maximum likelihood estimation procedure to examine all the measurement models and simultaneously test the hypothesized relationships shown in Figure 1. The data analysis followed Anderson and Gerbing's (1988) two-step procedure, which involves a CFA to test the distinctiveness of our study constructs using LISREL 8.50 (Joreskog and Sorbom, 2006) and an estimation of the hypothesized relationship using SEM.

*Measurement model validation*

The validation of the measurement model was conducted in two stages. We began with assessment of the measurement models for our study variables in accordance with Anderson and Gerbing's (1988) suggestion by analyzing the fit of each individual construct independently. Next, a CFA was conducted for the overall measurement model in which all the major latent constructs were allowed to be freely estimated.

The fit of the CFA model was evaluated on basis of  $\chi^2$  goodness-of-fit test and four other fit indices recommended by Hu and Bentler (1998, 1999) and Bagozzi and Yi (2012). Although Hu and Bentler's (1999) recommendations are a good starting point to conclude that a model fit the data well, we relied on the more conservative recommendations by Bagozzi and Yi (2012): RMSEA  $\leq$  0.07, SRMR  $\leq$  0.07, NNFI  $\geq$  0.92



**Figure 1.**  
Hypothesized full mediation model of the relationship among TFL, AC and TI

and CFI  $\geq 0.95$  (see, Marsh *et al.*, 2004). Table I displays the final list of items, their respective standardized factor loadings and the square multiple correlation test. The positive and significant factor loadings confirm convergent validity of our study constructs.

CFA supported our hypothesized three-factor structure for the study variables ( $\chi^2$  (227) = 636.53,  $\chi^2/df = 2.80$ , RMSEA = 0.07, SRMR = 0.06, NNFI = 0.92, CFI = 0.93) over a two-factor model A (affective commitment and transformational leadership loading onto one-factor and turnover intention on a second factor:  $\chi^2$  (229) = 878.56,  $\chi^2/df = 3.84$ , RMSEA = 0.09, SRMR = 0.08, NNFI = 0.76, CFI = 0.78), two-factor model B (affective commitment and turnover intention loading onto one-factor and transformational leadership on a second factor:  $\chi^2$  (229) = 909.28,  $\chi^2/df = 3.97$ , RMSEA = 0.09; SRMR = 0.08, NNFI = 0.75, CFI = 0.77) and a one-factor structure ( $\chi^2$  (232) = 1,209.50,  $\chi^2/df = 5.21$ , RMSEA = 0.20, SRMR = 0.13, NNFI = 0.58, CFI = 0.63). We conclude that the results of our CFA provide empirical evidence of the distinctiveness of the three constructs.

We also estimated the  $\alpha$ , composite reliability and average variance extracted (AVE) and the results showed that all the constructs possessed high-internal consistency and were within the acceptable range: indices exceeded the minimum threshold of 0.70, 0.60 and 0.50, respectively (Bagozzi and Yi, 2012; Hair *et al.*, 2014). Further, discriminant

Construct and their indicators	Factor loadings	SMC
<i>Transformational leadership</i>		
III. My manager goes beyond self-interest for the good of the group	0.59	0.35
II2. My manager acts in ways that build my respect	0.67	0.45
II3. My manager displays a sense of power and confidence	0.68	0.46
II4. My manager specifies the importance of having a strong sense of decisions	0.63	0.40
II5. My manager emphasizes the importance of a collective sense of mission	0.73	0.53
IM1. My manager talks optimistically about the future	0.69	0.48
IM2. My manager talks enthusiastically about what needs to be done	0.74	0.55
IM3. My manager expresses a compelling vision of the future	0.76	0.58
IM4. My manager expresses confidence that goals will be achieved	0.74	0.55
IS1. My manager re-examines critical assumptions to questions whether they are okay	0.61	0.37
IS2. My manager seeks differing perspectives when solving problems	0.60	0.36
IS3. My manager gets me to look at problems from many different angles	0.71	0.50
IS4. My manager suggests new ways of looking at how to complete assignments	0.70	0.49
IC1. My manager spends time teaching and coaching	0.71	0.50
IC2. My manager helps me to develop strengths	0.77	0.59
<i>Affective commitment</i>		
AC1. I really feel as if this company's problems are my own	0.85	0.72
AC2. I do not feel like part of the family at my company	0.77	0.59
AC3. I do not feel emotionally attached to this company	0.64	0.41
AC4. I do not feel a strong sense of belonging to this company	0.61	0.37
<i>Employee turnover intention</i>		
TI1. I intend to remain on this job	0.77	0.59
TI2. I am actively looking for a new job	0.73	0.53
TI3. I will quit my job soon	0.59	0.35
TI4. A year from now I will still be with this same company	0.62	0.38

**Notes:** SMC, squared multiple correlation. All loadings are significant at ( $p < 0.001$ )

**Table I.**  
CFA for  
measurement model

validity of the constructs was assessed by comparing the AVE and the square of the correlation between the measures. Table II presents the inter-construct correlation and the reliability estimates for the study variables. As indicated in Table II, all the variances extracted were greater than the square of the correlation between the two constructs, indicating satisfactory discriminant validity (Fornell and Larcker, 1981; Hair *et al.*, 2014; Netemeyer *et al.*, 1990). The descriptive statistics and zero-order correlations among the study variables are presented in Table III. Transformational leadership related to the affective commitment ( $r = 0.22, p < 0.001$ ) as did turnover intention ( $r = -0.12, p < 0.05$ ). Affective commitment also related to turnover intention ( $r = -0.33, p < 0.001$ ).

*Structural model estimation*

After the CFA, structural model was employed to assess the overall fit of the hypothesized mediation model and the estimated paths were also tested. As shown in Table IV, all the hypothesized direct relationships (with the exception of transformational leadership to turnover intention) were supported by the structural model data. Transformational leadership accounted for 9 per cent of the variance in affective commitment whereas transformational leadership and affective commitment together explained 31 per cent of the variance in turnover intention. In line with the existing HR

**Table II.**  
Inter-construct correlations and reliability estimates for study variables

Variables	$\alpha$	CR	AVE	Squared correlation	
				1	2
1. Transformational leadership	0.90	0.82	0.59		
2. Affective commitment	0.79	0.80	0.51	0.05	
3. Turnover intention	0.88	0.77	0.56	0.01	0.11

**Notes:** CR, Composite reliability; AVE, averaged variance extracted.  $\alpha$  = Cronbach  $\alpha$

**Table III.**  
Descriptive statistics and zero-order correlations among study variables

Variables	Mean	SD	1	2	3	4	5	6
1. Gender	0.52	0.50						
2. Age	28.37	4.53	0.21***					
3. Tenure	2.19	1.77	-0.04	0.40***				
4. Location	0.77	0.42	0.07	0.02	0.06			
5. TFL	3.62	0.68	0.07	0.05	0.11*	0.01		
6. AC	4.67	1.24	0.04	0.08	0.03	-0.11*	0.22***	
7. Turnover intention	3.02	1.01	-0.07	-0.04	0.09	0.15**	-0.12*	-0.33***

**Notes:**  $n = 340$ . AC, Affective commitment; TFL, transformational leadership; \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

**Table IV.**  
Structural path estimates for the proposed model

Parameters	Path	Std. estimate	$t$ -value	$R^2$	Result
TFL→AC	$\gamma_{21}$	0.47	4.14	0.09	Supported
TFL→TI	$\gamma_{31}$	-0.03	-0.23		Not supported
AC→TI	$\beta_{32}$	-0.55	-5.75	0.31	Supported

**Note:** With the exception of TRFL to TI path, all paths have  $p < 0.001$

literature, it was found that transformational leadership had a significant positive effect on affective commitment ( $\gamma = 0.47, t = 4.14$ ) and affective commitment also had a significant negative effect on turnover intention ( $\beta = -0.55, t = -5.75$ ). Thus, the results lend support to *H2* and *H3*. However, the direct path from transformational leadership to employee turnover intention was not supported ( $\gamma = -0.03, t = -0.23$ ).

*Mediation analysis*

To test for the mediation effects, two structural models were compared. The first model (the proposed model of the study) places affective commitment in a full mediating role between transformational leadership and turnover intention. The second model allows for both direct and indirect effects (mediated through affective commitment) of transformational leadership and turnover intention. Since the first model is nested within the second, a  $\chi^2$  difference test can be performed to determine whether affective commitment fully or partially mediates the effect of transformational leadership on turnover intention. This approach to testing mediation effect is consistent with previous studies that have examined mediation hypothesis (e.g. Brown *et al.*, 2002; Mostafa and Gould-Williams, 2014; Yen and Gwinner, 2003; Weston and Gore, 2006). Table V shows the results of the structural equation analysis for both full and partial mediation models. As illustrated in Table V, both structural models fit the data reasonably well. However, the  $\chi^2$  difference comparing the fully mediated model with partially mediated model suggests an insignificant difference ( $\Delta\chi^2 = 0.02, \Delta df = 1$ ) and therefore we used model CAIC (Bozdogan, 1987) to compare the models since it takes into account the statistical goodness-of-fit and the number of parameters that are estimated to achieve good fit. Bozdogan (1987) recommends that the model that produces the minimum CAIC might be considered because CAIC penalizes for model complexity. Hence, we conclude that our hypothesized full mediation model provides the best fit for the data ( $\chi^2 (9) = 33.18, RMSEA = 0.09, SRMR = 0.04, NNFI = 0.94, CFI = 0.96$ ) since it produces the minimum model CAIC score (115.13).

In addition to the two structural models presented in Table V, we conducted a Sobel *z*-test (Sobel, 1982) and a bootstrap analysis with 95 per cent CI to examine the indirect effect. Results of the Sobel test as shown in Table VI revealed that the indirect effect of

Model	$\chi^2$ (df)	$\Delta\chi^2(\Delta df)$	RMSEA	SRMR	NNFI	CFI	Model CAIC
1. Full mediation model	33.18(9)	–	0.09	0.04	0.94	0.96	115.13
2. Partial mediation model	33.16(8)	0.02(1)	0.10	0.04	0.93	0.96	121.93

**Notes:** *n* = 340. RMSEA, root mean square error of approximation; NNFI, non-normed fit index; SRMR, standardized root mean square residual; CFI, comparative fit index; CAIC, consistent Akaike’s information criterion

**Table V.**  
Results of the mediation analysis

Mediating effect	Indirect effect	Boot SE	95% confidence interval	
			LLCI	ULCI
TFL-AC-TI	-0.0158	0.0064	-0.0310	-0.0052
Sobel’s test	Indirect effect	Sobel’s SE	Sobel’s <i>z</i>	<i>p</i> -value
TFL-AC-TI	-0.0158	0.0054	-2.9325	0.0034

**Notes:** *n* = 340. TFL, transformational leadership; AC, affective commitment; TI, turnover intention

**Table VI.**  
Bootstrapping result for indirect effect

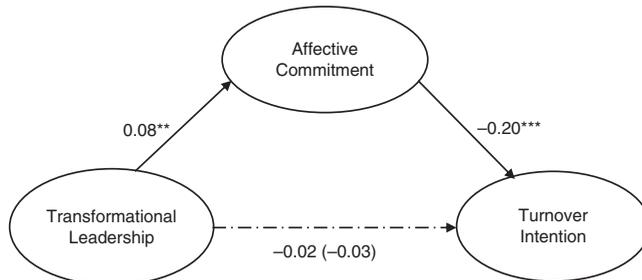
transformational leadership on turnover intention via affective commitment was significant (Sobel  $z = -2.93, p < 0.01$ ). To confirm our full mediation results, we carried out a bootstrapping analysis with bias-corrected CI estimates (MacKinnon *et al.*, 2004; Preacher and Hayes, 2008). We obtained the 95 per cent CI of the indirect effect with 5,000 bootstrap resamples (Hayes, 2013; Preacher and Hayes, 2008). Results of the bootstrap analysis confirmed the mediating role of affective commitment in the relationship between transformational leadership and turnover intention ( $B = -0.02$ ;  $CI = -0.03$  to  $-0.01$ ). In addition, results indicated that the direct effect of transformational leadership on turnover intention was non-significant ( $B = -0.03$ ,  $t = -1.54$ ) when controlling for affective commitment, thus indicating full mediation. Figure 2 displays the results.

The results revealed that affective commitment fully mediated the relationship between transformational leadership and employee turnover intention. Therefore, *H3* is supported by the mediation analysis which implies that transformational leadership has an indirect rather than a direct effect on turnover intention through affective commitment.

### Discussion

#### *Implications for theory*

The findings of this study represent a step beyond previous leadership research, which has reported a direct linear relationship between transformational leadership and employee turnover intention. In particular, the study found an indirect effect of transformational leadership on employee turnover intention through affective commitment. The findings provide a theoretical support to the attitudinal commitment theory, Meyer *et al.* meta-analytic study and Mercurio's model of affective commitment which states that an individual's involvement and identification with the organization will lessen the intention to quit. Our findings extends earlier findings on the importance of affective commitment to the organization at different echelons of analysis (Meyer *et al.*, 2002). Also, our findings provide empirical evidence that the effect of employees' perception of their immediate supervisors leadership style (Walumbwa *et al.*, 2008; Walumbwa and Hartnell, 2011) on their intention to quit varies according to the level of emotional attachment to and involvement with the organization. Furthermore, understanding the setting within which this study was conducted is imperative. Similar to Yucel *et al.*'s (2013) study in Turkey, Ghana is a collectivistic culture (Hofstede, 1980) and therefore the Ghanaian context provides support for the extrapolation of the transformational leadership research in a



Notes:  $n = 340$ . \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

**Figure 2.**  
Indirect effect of transformational leadership on turnover intention through affective commitment

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collectivist culture as against the most leadership research conducted in individualistic cultures (Hofstede, 1980). Finally, although the private sector is seen as the engine of Ghana's economy, there is a paucity of research in this context. Hence, this study is the first of its kind to empirically examine indirect effect of transformational leadership on turnover intention through affective commitment in the SLCs in Ghana.

#### *Implications for practice*

Findings of our study provides some practical implications for both private and public organizations. First, since the practice of transformational leadership such as inspirational motivation, intellectual stimulation, idealized influence and individualized consideration increases the likelihood of achieving the company's goals and objectives, and limits upswing of staff turnover (Gyensare, 2013; Gyensare *et al.*, 2015), the study suggests training and coaching of leaders to be more transformational in order to provide useful return on investment in terms of employee development. For instance, Dvir *et al.* (2002) suggests that such training and coaching initiatives are related to increased levels of commitment, motivation and satisfaction as well as followers performance. As a result, the SLCs will benefit from implementing combined training and coaching techniques based on transformational leadership concepts (Braun *et al.*, 2009). Most essentially, our study provides understanding of the mediating mechanism that relates the transformational leader's style to employee's intention to quit. Our study also highlights the potential importance of affective commitment in organizations, in limiting the upswing of staff turnover. Thus, the greater the affective commitment experienced by employees in the SLCs, the higher their level of performance and the lower their turnover intention as exemplified by Kanter's attitudinal theory of commitment.

#### *Limitations and future research*

Our findings should be interpreted with some considerations in the light of the following shortcomings. The first limitation deals with our sample. Although our study have undoubtedly contributed to understanding the mediating role of affective commitment to employee turnover intention, they should be treated as preliminary until future research replicates them with samples from a broader range of occupations and organizations both in the private and public sectors. Furthermore, results of the current study are limited to employees in the Ghanaian SLCs, a fraction of the non-bank financial institutions and thus cannot be generalized to the Ghanaian context as a whole. Future longitudinal and experimental research would help confirm the causal paths investigated in the present study.

Again, our study relied on the use of self-reported measures. Despite the fact that some researchers have shown that common method bias is trivial and small (e.g. Spector, 1987; Crampton and Wagner, 1994) and rarely strong enough to invalidate research findings (e.g. Spector, 2006), we believe that findings of the present study may be inflated by same source bias. Yet, in attempt to minimize the propensity of common method bias, we followed some pragmatic steps recommended by Podsakoff *et al.* (2003, 2012) to reduce the likelihood of this method bias. The recommended steps followed in this study, however, add some degree of confidence to our conclusions. Following Walumbwa and Hartnell (2011) suggestions, we recommend that future studies incorporate objective withdrawal reaction behaviour measures, and measures that tap directly into the notion of employee turnover. Also, this study limited employee outcome variables to turnover intention.

While this is a key outcome variable in most empirical studies, future research, primarily within the sub-region and beyond should examine different sets of employee outcomes such as lateness and absenteeism, in order to confirm the negative results reported in this study and the possibility of replicating same findings across a range of employee outcomes.

Finally, future research could learn from testing our model with other leadership styles (e.g. charismatic and ethical leadership). Probably these leadership styles may exhibit an indirect effect on employee turnover intention and as indicated by Yucel *et al.* (2013), such areas of research await thorough investigations.

### Conclusion

Our study set out to enhance our understanding of a potential mechanism, affective commitment, through which transformational leadership influence employee turnover intention in the SLCs. Our findings are consistent with the study's hypotheses and existing research. First, transformational leadership had an indirect effect as opposed to the numerous findings (e.g. Chang *et al.*, 2013; Kara *et al.*, 2013) that have reported a direct effect on turnover intention. We hope that our findings will spark future research interest and ideas in studying complex mechanisms between transformational leadership and other relevant work outcomes. Second, in spite of her strategic location and economic importance in the West Africa sub-region, there still remains a paucity of business and management research in Ghana. Finally, we are hopeful that the findings reported here, which demonstrates the intervening effects of affective commitment between transformational leadership and turnover intention, will inspire others who wish to carry out further management research in Ghana, within the sub-region and beyond.

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