

The Role of LMX Quality and Interactional Justice in the Relationship between Transformational Leadership and Turnover Intention

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Introduction

Over the past decades, transformational leadership has become one of the most prevalent topics within the leadership literature. Recently, the relationship between transformational leadership and turnover intention in organizations has been considered as emerging topic. Various research studies found strong impacts of transformational leadership on various job outcomes such as higher job satisfaction (Medley & Larochelle 1995) Unit cohesion (Sparks & Schenk 2001), cohesiveness (Stashevsky & Koslowsky 2006), turnover intention (Zagorsek, et al. 2009) and Turnover intention (Vance 2006). Bycio, et al. (1995) opined that transformational leadership tends to be the crucial style of leadership in reducing and mitigating turnover intention. Najm (2010) in Kuwait also found a negative relationship between transactional and employees' turnover intention.

The leadership exchange theory is based on different types of relationship between the leaders and group members. This theory contributes a lot in the leadership understanding perspective. Leader form different types of relations with their subordinates depending upon different characteristics of leader Dienesch and Liden (1986). They develop the process of leader member exchange theory and concluded quality of these relationships based upon the common characteristics of leader and subordinates.

Transformational leadership comprises the charismatic behaviours such as role modeling and risk sharing, attributed charisma, and inspirational motivation, which includes clearly communicating high expectations concerning a vision. Bass and Avolio (2004) proposed four components of transformational leadership as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Transformational leadership indicates that employees respond positively to behavior of leaders that is predominantly employee-oriented leadership styles (Schwepker & Good 2010).

Interactional justice has been shown to play an important role in employee turnover intention (Najm 2010). In the first study of perceptions of workplace fairness and 25 employee behaviors, he found that the three dimensions of justice interact to predict employee turnover intention. His study showed high levels of interactional justice made the interaction between transformational leadership and turnover intention. The authors suggested their findings show the importance of supervisors properly treating and informing their employees. For example, if an employee perceives injustice in salary, the supervisor's fair treatment and adequate information to the employee can mitigate perceived distributive injustice through which employees

may intend to quit the job. Michael (2011) also found the mediation effect of interactional justice between Transformational leadership and turnover intention.

Turnover intention is defined as the proportion of employees leaving in a given period but prior to the expected end of their contract of employment (Loquercio, et al. 2006). In the case of employees leaving from the organization due to the perceived reasons it caused by individual factors, demoralization is less predominant. On the contrary, if the causes are due to organizational factors, such as leadership behaviors, demoralization will be predominant.

Bandura (1977) proved how transformational leadership may affect turnover intention through leader-member exchange (LMX) quality. Social learning theory suggests that leader behavior is likely to serve as an exemplary guide to followers' behavior through role modeling. Thus, leadership affects follower performance because leaders serve as role models through whom followers can expand their knowledge by learning and acquiring new skills to improve their performance.

While interactional justice has been described as discourse that builds relationships (Whetton & Cameron 1995) and demonstrates sensitivity to others, in the present research, it is also proposed that the relationship between leader member exchange and interactional justice. Specifically, supervisors are more likely to treat the subordinates in unbiased manner with whom they have high quality relationships. Thus, there may be a reciprocal relationship between interactional justice and LMX which can affect their turnover intention. In this paper, the researcher proposes two objectives. First, the study contributes to identify how transformational leadership impacts on the respondents' turnover intention directly and indirectly through study variables like Leader member Exchange and Interactional justice. Secondly, is to suggest a model of describing the link between the study variables.

Review of Literature

Inspirational leadership involves the arousal and heightening of motivation among followers (Bass 1998). Intellectual stimulation arouses in followers the awareness of problems and how they may be solved, and stirs the imagination and generates thoughts and insights. Individualized consideration involves giving personal attention to followers who seem neglected, treating each follower individually, and helping each follower get what he or she wants. Boehnke, et al. (2003) even found support for the claim that the main dimensions of leadership for extraordinary performance are universal. The transformational leadership model adds to the two fundamental leadership behaviors of initiation and consideration in explaining the variance in subordinates' satisfaction and ratings of leader effectiveness (Seltzer & Bass 1990).

There is emerging support for the claim that LMX may be transformational, at least at certain times and under certain conditions (Gerstner & Day 1997; Schriesheim, et al. 1999). Krishnan (2004) found that LMX and transformational leadership were positively related to each other. Dasborough and Ashkanasy (2002) argued that if prior interactions within the leader-member relationship have resulted in the members liking the leader, then members are more likely to consider the leader as truly transformational.

A transformational leader seeks to transform the follower's personal values and self-concepts so that they can broaden and elevate their needs and aspirations to focus and achieve higher levels of needs and potential (Bass & Avolio 1999). Kirkpatrick and Locke (cited in Robbins, 2001) tested a model suggesting that self efficacy mediate the effects of transformational leadership behaviour on performance. Ozer and Gunluk (2010) stated that changing employee negative perceptions can minimize the turnover intention. Robbins, et al., (2000)

reported when people felt like an organization was supportive, they were more committed to fulfill job duties and less likely to leave the organization. Kivimäki et al. (2007) suggested that transformational leadership and its impact can help to reduce the turnover intention.

Research Methodology

Participants and Procedure

72 supervisors and 228 immediate subordinates have been surveyed from major pharmaceutical companies in Tamilnadu, India. The average age of subordinates was 32 years ($SD = 4.9$), and the average age of the supervisors was 37 years ($SD = 3.9$). The supervisors had been with the organization on average for 8 years ($SD = 4.7$), whereas the direct reports had worked with the supervisor on average for 3 years ($SD = 2.1$) and were all full-time employees. Direct reports received a survey packet via email containing a cover letter from the researchers that was endorsed by the company's human resource department. The cover letter explained the purpose of the study, provided assurances of participant confidentiality. Participants completed measures of transformational leadership, LMX, Interactional justice and turnover intention. Each participant was assigned a unique survey code so that we could match data with supervisors' ratings. All completed surveys were returned directly back to researchers via email. It has been assured that participants full confidentiality and all were informed in writing that their names would not be reported in the data. The response rate was approximately 78%.

Measures

Transformational leadership

Bass and Avolio (1991) developed the Multi-factor Leadership Questionnaire (MLQ) to measure the factors in transactional and transformational leadership. The Questionnaire had 37 items to measure the four factors of transformational leadership-8 items for charismatic leadership, 10 items each for inspirational leadership and intellectual stimulation, and 9 items for individualized consideration. The Cronbach's Alpha for items within each factor group was at least 0.9. The mean of the items in each factor group was taken as the measure of that factor.

Leader Member Exchange

Liden and Maslyn's (1998) 12-item Leader-Member Exchange-Multidimensional scale (LMX-MDM) was used to assess employees' perception of LMX quality in terms of four dimensions representing contribution (subordinates' willingness to contribute), loyalty (perceived supervisor loyalty to subordinate), affect (how much the subordinate likes the supervisor), and professional respect (how much the subordinate respects the supervisor's professional development). Sample items include "My supervisor is the kind of person one would like to have as a friend," and "My supervisor would come to my defense if I were 'attacked' by others." Following Liden and Maslyn (1998) suggestion the scale items combined to form a global measure of LMX. Thus, the items for each of the four subscales were averaged and these four subscales were used as multiple manifest indicators of a general leader-member exchange factor ($\alpha = .91$).

Interactive Justice

The two dimensions of interactional justice – interpersonal and informational justice – were measured using Colquitt's (2001) 9-item scale. Colquitt adapted the interactional justice scale from research and previous studies on justice. The interpersonal justice scale contains four items measuring the extent to which employees feel their supervisors treat them fairly on a personal level. The informational justice scale contains five items

measuring the extent to which employees feel their supervisors communicate and share information fairly. Both interpersonal and informational scales have reported Cronbach alphas of .79 and discriminant, construct, and predictive validity have been established (Colquitt 2001). Although the original scale was created using a 5-point Likert-type scale, this study used a 7-point Likert type scale (1=to a small extent, 7=a large extent) to have consistency of scales throughout all measures. Participants answered questions pertaining to their perceived supervisor’s treatment of them, including “Has he/she treated you with dignity?” and “Has he/she been candid in his/her communication with you?” Appendix D shows the full interactional justice scale.

Turnover Intention

The Anticipated Turnover Scale was developed by Hinshaw, et al. (1985) at the University of Arizona to measure nurses’ turnover intention their job. The purpose of the scale is to index an employee’s perception or opinion of the possibility of voluntarily terminating his or her present assignment. The self-reported instrument was applied in a variety of settings in addition to nurses and consisted of 12-items in a Likert-format with seven response options ranging from strongly agree to disagree strongly. Instrument items related to anticipated length of time to leaving and certainty of leaving an assignment (Hinshaw et al. 1985).

Analysis and Interpretation

Structure Equation modeling for linking Transformational leadership and turnover intention with the moderating variables like LMX and Interactional justice.

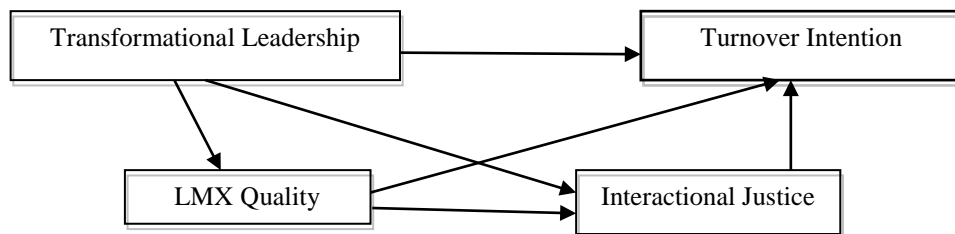


Table 1 shows the regression weights of structural model with maximum likelihood estimates, Standard error and C.R.

Table 1: Regression Weights of the Variables Included in the Structural Equation Model

Description of the Paths		Estimate	S.E.	C.R.	P-value
Leader Member Exchange	← Transformational Leadership	0.313	0.078	6.969	***
Interactional justice	← Transformational Leadership	0.222	0.087	2.546	0.013*
Interactional justice	← Leader Member Exchange	-0.156	0.075	-2.084	.040*
Turnover intention	← Transformational Leadership	0.846	0.059	14.408	***
Turnover intention	← Leader Member Exchange	0.101	0.083	1.209	0.012
Turnover intention	← Interactional justice	-0.539	0.189	-2.159	0.031*

Model Specification

There are several goodness of fit indices available that measure the overall model’s fit. However, none of them is unequivocally superior to others. Therefore, a combination of indices to assess the goodness of fit of the model is used. The result is displayed in Table 2.

Table 2: Comparison of Selected Goodness of Fit Statistics and Recommended Guidelines

Fit Index	Values	Guidelines
RMSEA	0.078	<0.08
GFI	0.948	>0.90
NFI	0.910	>0.90
CFI	0.912	>0.90
IFI	0.810	>0.90
TLI	0.788	>0.90
$\chi^2/ d.f.$	3.211	<5

The chi square test statistics is used for hypotheses testing to evaluate the appropriateness of a structural equation model. For a good model fit, the ratio $\chi^2/d.f.$ should be as smaller as possible. As there exists no absolute standards, a ratio between 2 and 3 is indicative of a “good” or “acceptable” data model fit, respectively. In this model, the researcher has obtained a ratio of 3.211 with significant test of 0.001. The value of RMSEA for a good model should be less than 0.005. Hu and Bantler (1999) suggested that RMSEA is equal to 0.08 as a cut off criterion. In this model, RMSEA is equal to 0.078; NFI, usual rule of thumb, for this index is that 0.95 is indicative of good fit relative to the baseline model. Here, NFI is 0.910; Comparative fit model (CFI) usual rule of thumb, for this index, is that 0.97 is indicative of good fit relative to the default model, while values greater than 0.95 may be interpreted as acceptable fit; here, it is 0.912; Goodness of fit index (GFI) is that 0.95 indicates good fit relative to the baseline model, whereas values greater than 0.90 are usually interpreted as indicating acceptable fit, here GFI is 0.948. IFI is 0.810 which is greater than 0.90 and TLI is 0.788 also the value greater than 0.90 All the goodness of fit results falls into an acceptable level of fit as suggested by Hair et al., (1998). It is understood that different fit indices assess fit in different ways and the researcher has relied on almost all indices to reach a judgment concurring the overall fit of the model.

Transformational Leadership predicting Turnover intention was conducted and it indicated a significant relationship (beta = 0.059, t = 14.408, p =.000). Transformational Leadership predicting Leader Member Exchange showed a significant relationship (beta = 0.078, t = 6.969, p <.000). Leader Member Exchange predicting Turnover intention also indicated a significant relationship (beta = 0.083, t = 1.209, p = 0.012). As showed in above table, leader member exchange was completely mediating between transformational leadership and intention quit.

Transformational Leadership predicting Interactional justice showed a significant relationship (beta = 0.087, t = 2.546, p <0.013). Interactional justice predicting Turnover intention also indicated a significant relationship (beta = 0.189, t = -2.159, p = 0.031). As showed in above table, Interactional justice was completely mediating between transformational leadership and intention quit. Leader Member Exchange predicting Turnover intention was conducted and it indicated a significant relationship (beta = 0.083, t = 1.209, p =0.012). Leader Member Exchange predicting Interactional justice showed a significant relationship (beta = 0.075, t = -2.084, p <0.040). Interactional justice predicting Turnover intention also indicated a significant relationship (beta = 0.189, t = -2.159, p = 0.031). As showed in above table, Interactional justice was completely mediating between Leader Member Exchange and intention quit.

Discussion and Conclusion

It has been identified that transformational leadership is negatively related to turnover intention. Thus, the findings of this study provide greater support to the validity of the relationship between transformational

leadership and turnover intention. The findings also indicate that LMX mediates the relationship between transformational leadership and turnover intention. It is not only transformational leadership that directly affects follower's turnover intention, but it is the quality of the relationship between follower and leader as captured by the LMX construct that is immediately related to turnover intention.

These results also provide substantial support for the contention that interactional justice mediates the relationship between LMX and employees' turnover intention. It is suggested here that LMX quality may encourage interactional justice, which in turn influences the employee's motivation to reciprocate the supervisors' favorable treatment with acceptable commodities of exchange, such as increased levels of interpersonal facilitation, job dedication, and task performance. It appears that subordinates may perceive unbiased interactional justice as being a result of the quality of the LMX relationship. It is likely that the LMX dimension of supervisor loyalty may positively influence subordinate perceptions of supervisor support which engenders subordinate support of the supervisor, as demonstrated through job dedication and interpersonal facilitation.

This research highlights the importance of linking leadership to employees' behaviors through mechanisms that involve the self and one's turnover intention. This research also highlights the value in examining multiple mediators within the same study-as this approach allows one to determine the relative importance of each of the mediators. Results of this research may encourage leadership scholars to utilize this approach in future work.

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