

The leadership approaches and the prevention for turnover intentions

Assistant Professor Dr. Papada Pitchayachananon

Sripatum International College, Sripatum University

E-mail: papada.pi@spu.ac.th

Assistant Professor Dr. Ravipa Akrajindanon

School of Business Administration, Sripatum University

E-mail: ravipa.ak@spu.ac.th.

Mr. Kriangkai Pookayaporn

Sripatum International College, Sripatum University

E-mail: kraingkai.po@spu.ac.th.

ABSTRACT

The objectives of this paper are to extend the existing knowledge regarding leadership, its definition, and core characteristics associated with the types of managers that make employees voluntarily leaving the company. Employees' intention to leave the company is a serious issue that pressing concern to employers. This paper provides a clear understanding of the leadership approaches and the types of bosses that make employees run away. As it is said 'people quit boss, not jobs', this paper offers the recommendations on the aspect of leadership approaches for preventing turnover intentions.

KEYWORDS: Turnover intention, leadership, transformational leadership, transactional leadership, bad managers, bad bosses

1. Introduction

Turnover intention is one of the most prominent topics in human resource management literature over the past few decades. It is widely accepted that employee turnover costly burden to the organization in terms of finance, effectiveness, and success, just to name a few (Memon, Nor, & Salleh, 2016). The leaving of good employees leads to lowering organization's competitive advantage, decreasing the morale of other employees, as well as reducing productivity (Sanjeev, 2012). In an international survey of 23,400 exit employees conducted by a consulting company expert in employee engagement, retention and human resource known as Work Institute, found that the turnover cost paid by employers was estimated to be as high as \$600 billion (Fox, 2018). Similarly,

the ADP Research Institute (ADPRI) recently reported that five percent of workers leave their jobs each year. The same report also noted that between sixty to seventy percent of all employee turnover is voluntary. These statistics indicate that voluntary turnover is becoming a barrier for companies to achieve their strategic objectives. In spite of employees leaving their jobs voluntarily; voluntary turnover, factors such as the effects of authentic leadership is highlighted as the main causes of employee turnover (Gatling, Kang, & Kim, 2016).

Voluntary turnover is defined as a state of leaving the company by an employees' own decision, whereas involuntary turnover refers to organizations choosing to dismiss employees for various reasons (Harhara, Singh, & Hussain, 2015). Voluntary turnover causes the company on decreasing productivity, profitability, future revenue growth, and customer satisfaction (Treglown, Zivkov, Zarola, & Furnham 2018). Employee Benefit News (EBN) reports that it costs organization thirty-three percent of an employee's annual salary for a replacement. According to the Work Institute's 2017 Retention Report (Valerie, 2018), it is suggested that the indirect costs of employee turnover are rooted from the loss of knowledge and productivity occurred from leaving employees, the loss of time spent on finding a replacement, the financial cost for training new hires until they are fully functional, and the cost of risk losing reputation (Alzubi, 2018).

Employees are the most valuable assets for a company. Apparently, successful companies pay attention to human resource strategies that prioritize the best interest of these assets such as provision for competitive pay scale, creating a conducive working environment, provision of training programs and opportunity for further career path, and the roles of leadership that lead to higher productivity and higher retention among employees. Consequently, the turnover intentions would be reduced and their commitment to the company would be increased, when their needs are served.

2. Aims

The aims of this paper are to present:

- (1) The leadership: definitions and core characteristics.
- (2) The types of managers that make employees voluntarily leave the company.

3. Leadership: definitions and core characteristics

Leadership has different meanings. The interpretation lies in the context surrounded by educational, cultural, and socioeconomic backgrounds. Generally, leadership is a process of influencing by maximizing the efforts of others towards the achievement of a goal. An effective leader is a person who creates an inspiring vision of the future, motivates people to engage with that vision, manages the delivery of the vision, coaches, and builds a team (Northouse, 2018). Therefore, leaders and their leadership styles are a key factor for ensuring the fulfillment of an organizational goal. .

Leadership is broadly categorized into two types: transformational leadership and transactional leadership (Lowe, Kroeck, & Sivasubramaniam, 1996).

Transformational leadership is defined as a leadership style in which the leader encourages his or her subordinates to achieve higher levels of performance through training programs, mentoring, and skill development programs; it is a type of leader that make an impact on organizational growth. The core characteristics of transformational leadership are presented below. The leaders who hold transformational leadership approach will be addressed hereafter as 'the bosses'.

(1) Inner-self-motivation - Motivation has arisen from within and is used as the driving force for effective management. This is because the bosses love what they do and ensure their values are aligned with the company's direction.

(2) Ability to make tough decision – The bosses make difficult decisions based on the company's vision, values, goals, and objectives.

(3) Keep ego in check – The bosses keep their ego under control and put the company first over personal gain.

(4) Ability to take the right risk – The bosses take calculated risks by trusting their instincts after have done their research and gathered intelligence information from their team members. Failure to take the right risk will prohibit change and the ability to grow.

(5) Share collective organizational consciousness – The bosses immerse themselves into the collective organizational consciousness and share it with their team for a mutual understanding and inspiring teams to feel that they belong to the organization.

(6) Adaptability – The bosses are willing to adapt to the dynamic business environment, open their mind to embrace change, and are a lifelong learner.

(7) Warmly open to new ideas – the bosses happily listen to ideas from all levels of their organization and incorporate their insights in making decision. With a culture of openness to new ideas, this leads the organization to grow and succeed.

(8) Inspiration – The bosses have the ability to make an emotional uplift not only from a formal motivational speech or simple recognition for a job well done, but also for their respect each employee as a valued individual and their taking the time to understand what motivates and inspires them.

(9) Proactive – The bosses are proactive decision makers who do not wait for others to make decisions and then react.

(10) Lead with vision – By getting every team member to buy into the common vision, the bosses set a realistic and achievable vision for the organization, communicate the vision to their team, inspire a sense of commitment, and guide them in the direction that is aligned with the company goal.

Even though this leadership style sounds appealing, it also comes with drawbacks. The pros of transformational leadership are (1) it allows for a quick assessment an organization's current situation and formulate a vision for its improvement and growth, (2) it creates an enthusiastic work environment, and (3) it uses intrinsic inspiration and passion to drive and achieve the company goals. The cons of transformational leadership are that while the focus is on the big vision and transformation, (1) these leaders often lack details for the execution and operation and (2) they can overlook reality and truth as they depend too much on passion and emotion.

Transactional leadership is defined as a leadership style in which the leader focuses on supervision, organization, and performance. The leaders use rewards and punishments to promote their compliance and pay attention to followers' work in order to find faults and deviations. While transformational leadership welcomes changes as the path for success, transactional leadership does not welcome changes and keeps things the same. The core characteristics of transactional leadership are presented as below. The leaders who hold transactional leadership approach will be addressed hereafter as 'the bosses'.

(1) Extrinsic motivation approach - The bosses use rewards and punishments to control the team's performances.

(2) Practicality – The bosses' pragmatic attitude is used for decision making. In other words, they take all realistic constraints and opportunities into consideration when making decisions.

(3) Resistance to change - The bosses do not welcome any changes as they do not believe that the changes will lead to a better working conditions or solutions. They want to keep everything strictly the same as there are.

(4) Discourage new ideas – The bosses do not welcome employees to act or think creatively as they believe things are good as they are.

(5) Constrained thinking – The bosses are in a comfort zone when working with an existing system and constraints. Thinking inside the box is the approach for solving problems. Therefore, they have difficulty when face with challenges that require a creative solution.

(6) Passive – Because their prime focus is to maintain status quo, the bosses do not take proactive steps to prevent problems but only react to things that happen.

(7) Directive – The bosses act on the believe that they are the center of all decisions, whereas the team members are strongly required to follow their instructions.

(8) Place high importance on organization structure – The bosses give importance on hierarchy, organization structure, and employ a bureaucratic approach.

Similar to transformational leadership, transactional leadership has both pros and cons. The transactional leadership approach works well when the manager demands maintenance of the status quo, especially in situations which require routine and do not require much of creativity, and in situations with high-pressure of

delivering the task against a deadline. However, their drawbacks include its overemphasis on set routines and methods of doing tasks, its lack of personal bond between leader and followers, and its passive, not proactive, nature which can harm an organizational culture.

4. The types of managers that make employees voluntarily leave the company.

It has been said that ‘people (employees) do not quite their jobs; they quit their bosses. The immediate/direct superiors are not only potential causes of employee turnover, but they are also primarily responsible for workplace conditions, highlighted in many theories, that spur turnover intentions and resign. Not surprisingly, when asked, leavers often mentioned that unfair and abusive supervisions are a prime reason for their leaving. On the other hand, turnover literature on leadership effects has documented the subordinate relationship with superiors may affect the employees’ decision to resign or stay (Waldman, Carter, & Hom, 2015).

A number of authors in the human resource field wrote their blogs backed up by research regarding people leaving the bosses not the companies. For instance, Hyacinth (2017) contends that the number one reason that people quit their jobs is that they are not happy with their boss or immediate supervisors, and according to a Gallup poll whose data were collected from of more than 1 million U.S. workers, this is accounted for seventy-five percent of voluntary turnover. The study has led the author to conclude that there are four types of bad bosses that make employees want to quit the: Marionette, King Kong, Superman, and Taskmaster companies. First, the ‘Marionette’ is the type of bosses who focus on playing it safe to preserve their position and privileges, who follow orders, and never stand up for the team or question policies. This type of leader very often results in employees losing their passion for the jobs. Second, the ‘King Kong’ is the type of bosses who retain a supremacy complex and like to draw a clear line between management and staff, resulting in employees feeling inferior and perceiving themselves as having no values and respect. Next, the ‘Superman’ is referred to the bosses who act as if the organization revolves around them and behave like the company is their own empire. The behaviors can be easily spotted when they make the decision solo, ignore feedback while takes credit. This type of leader often results in employees feeling depreciated and withdrawing their engagement. Last, ‘Taskmaster’ is the type of bosses who place a high weight on micromanagement, resulting in employees feeling suffocated from being kept monitoring for every move they make. This type of leader makes employees feel demoralized, and it eventually kills their creativity. These four types of bad bosses can be said to possess some characteristics of transactional leadership. ‘Marionette’ can be seen as a passive leader; ‘King Kong’ can be seen as having a characteristic of placing high importance on organization structure; ‘Superman’ can be seen as having a combination of resistance to change and discouraging of new ideas, and ‘Taskmaster’ can be seen as one who possess a combination of directive and extrinsic motivation approach to management.

5. Conclusion

Employee turnover poses a serious problem for an organization because it can incur great damages and losses. Human resource scholars have produced a long list of losses associated with talents leaving the organization, which include the loss of productivities, loss of tacit knowledge leaving employees take with them, the additional financial burden associated with finding a replacement and training new employees, and perhaps credibility and reputation. Turnover intentions can be prevented before the employees finalized their decision to leave the firm or organization. Since bad bosses are widely blamed as one of the causes, the roles of leadership can heal the situation in the long run. This paper is designed for three groups of readers; people who are currently working as a supervisor or boss, prospective bosses or people who are going to be the boss some day, and human resource personnel. This paper provides a clear understanding about the meaning of leadership, leadership approaches and characteristics, and pros and cons of each leadership style. The reader can use his or her own personal experience with the bosses to identify their characteristics and leadership styles. Furthermore, the readers may reflect and trace the cause or causes of their own, or their colleague's decision to leave the job. Among the reasons for such a decision would probably be because of a bad boss, the boss would deem the employees unfit for the company. The main types of bad bosses are discussed above to help the bosses understand their leadership style and identify what type of leader or boss they belong. If they realize that their leadership approach is likely to be the cause for employee dissatisfaction and turnover, they can change or adjust their management styles to mitigate and prevent the problem. Though a manager or supervisor cannot make every employee happy, he or she can create a working environment that makes the employees feel they are valued and want to stay on company that turns unhappy, dissatisfied employees to become satisfied, thus preventing them leaving.

6. Recommendation

Goler, Gale, Harrington, and Grant (2018) stated that of those who stay at the company, thirty-one percent are found to enjoy their work; thirty-three percent are found to be able to use their strengths, and thirty-seven percent are found to feel confident that the work positively contributes to their skills and experiences. This highlights three key ways that managers can exercise and balance their leadership approaches to keep valuable assets and prevent turnover intentions. Below are some recommendations for managers with both transformational and transactional leadership approaches to consider.

(1) Crafting jobs for enjoyment: Managers with transformational leadership approach could use their vision and inspiration approach to look for ways to bring an employee's passion into the jobs. Along with the big vision and goal, a small win would help employees enjoy and become excited with their jobs. Managers with the transactional leadership approach could use their extrinsic motivation approach, focusing on rewards rather than punishment. A small reward will make employees feel happy and valued.

(2) Bringing in underutilized strengths: It is a sad truth that job descriptions sometimes limit the ability of employees to use the full range of their skills. It is an opportunity for smart managers to create an opportunity for employees to use their strengths. Managers with the transformational leadership approach may empower the employees to make a risk decision upon their supervision and may allow them to take a project they have proposed for the best interest of the company. Managers with the transactional leadership approach, in a situation which requires highly routine jobs, may design a job rotation to extend their underutilized strengths.

(3) Making it possible to continuously develop a challenging work: Although a challenging work brings stresses, the support provided by their boss will make employees overcome the obstacles. The challenging work helps employees improve their knowledge, skills, and valuable experience. Managers with the transformational leadership approach may use a combination of their characteristics such as openness to new ideas, keeping their ego in check, and inspiration, to encourage the employees' work progression. Managers with the transactional leadership approach may minimize the use of their directives and emphasis on practicality to set the employees free to acquire new skills and experiences.

Finally, it should be kept in mind that people will not leave jobs that they believe are not worth leaving. It is a role of smart managers to design a job to be enjoyable and meaningful to their employees. With these recommended approaches, turnover intentions could be minimized and prevented and talented employees could be kept as an invaluable asset.

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