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The Correlation Between Leadership Approach And Employees Turnover Intention In Software Industry At Bangalore City, India

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Abstract:

The software industry focuses on close contact among clients and managers. That is a human oriented industry, for which the experienced leaders inspire the employees through continuous training and encouragement and lead them by vision. Therefore, leader's leadership approach is the critical factor for the success of the organization. This research explores the relationships among leader's leadership approach, subordinate's personality characteristic, and job stress and turnover intention. We also identify the role of the variable of personality characteristic and job stress respectively. We adopt SPSS to do data analysis and draw conclusions as follows, Leadership approach has significant influence on job stress; Job stress has positive relationship with turnover intention; Leadership approach has negative influence of turnover intention; Personality characteristic has no moderating effect on the relationship between leadership approach and job stress; Personality characteristic brings no moderating effect on the relationship between job stress and turnover intention; Job stress has mediation effect on the relationship between leadership approach and turnover intention.

Keywords: Leadership Approach, Job Stress, Personality Characteristic, Turnover Intention.

1.Introduction

The leadership approach plays an important role in achievement performance of the organization. The leader's ability to adapt to internal and external environment changes and lead a group of cordial subordinates to work together is the key to success. Thus, this research explores the relationships among the leader's leadership approach and the subordinate's personality characteristic, job stress and turnover intention. This research also studies the role of the variable of personality characteristic and job stress respectively and gives advices to managers to lower the turnover rate in the software industry. At Tata Consultancy Services (TCS), 12.2 per cent of the workforce quit in FY12, lower from 14.4 per cent a year earlier. While at IT major Wipro, attrition dipped to 17.6 per cent in FY12 (22.3 per cent in FY11). Attrition at second-rung Infosys Ltd fell to 14.7 per cent (17 per cent in the previous year) and at HCL Technologies to 15 per cent from 17 per cent. Hexaware Technologies, which follows a calendar year, saw 11 per cent of its employees putting in papers compared to 16.4 per cent a year ago. "Hiring picked in the year 2010-11 after the slowdown as the pent-up contracts had to be executed. Most IT firms resorted to lateral hiring (recruiting of experienced personnel) during the year to execute these orders resulting in an increase in attrition," Ankita Somani, IT and telecom analyst with Angel Broking, said. "However, the lateral hiring in FY12 was not as high as that a year ago while generous salary hikes of an average 12 per cent also helped in retention of employees across the industry," Somani added. The IT industry witnessed an average attrition of 17-25 per cent in FY12 while the average attrition across sectors-manufacturing, banking and others-was at about eight per cent. The software industry clocked one of its highest attrition rates in FY11. Attrition, which is defined as employees resigning or retiring and does not include people who were fired, has a direct relation to the growth of the sector and India's GDP. When the industry is expanding, new firms set up shop and hire employees on a higher salary, which leads to resignations. "Apart from economic reasons, the fall in attrition in 2011-12 was also due to the rise in retention and employee satisfaction programmes undertaken by IT firms. Retention techniques, including job rotation, internal reshuffling of jobs, giving additional responsibilities, and, of course, wage hikes were other reasons," Surabhi Mathur Gandhi, senior vice-president (IT sourcing) at staffing firm Team Lease Services said. Business Process Outsourcing (BPO) firm WNS also recorded a much lower fall in resignations in FY12 despite its presence in the high-attrition segment as the company was "continuously working" towards addressing the issue.

2.Literature Review

The practice and academic circles agree that leadership is really an important subject in the field of organizational behavior. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, whether a management is able to execute "collaborated effort" depends on leadership capability. The excellent leader not only inspires subordinate's potential to enhance efficiency and also meets their requirements in the process of achieving organizational goals. Stogdill (1957) defined leadership as the individual behavior to guide a group to achieve the common target. In latter days, Richards & Engle (1986) defined leadership as about establishment of vision, value and creation of environment so that the objective can be accomplished. Traits theory in 1930s it focuses on the innate leadership qualities and competence. These innate qualities are not found in others. The so called quality can be divided into physiological and mental aspects. The physiological aspect includes: height, weight, looks, and vigor while the mental aspect includes intelligence, confidence, and aggressiveness etc. Stogdill (1948) proposed twelve leadership related studies and was considered as representative of this period. "It is around 8%, in the better managed companies or those which offer complex and challenging work, at the real cutting edge," he adds. As the sector matures, professionals seek global exposure based on expertise and knowledge. "There is an increase in the domain knowledge of engineers; the service provider ecosystem is maturing; there is a sound process knowledge, expatriate movement; competition from China and other global centres; emergence of global leaders from India and the need for innovation for emerging and local markets," he says, summing up the reasons for the trend. This is a relief for companies, as attrition can be a drain on productivity. It takes between six and nine months to bring a new employee to speed, depending on complexity of the work. Attrition is highest in groups with work experience of six months to four years. This is because people join straight from college and leave for higher education. Of the rest, some have relocated for their first job and wish to return home, says Chandramouli. "It (attrition) is very low in groups with more than eight years' experience because by then, they have figured out what whether they want to be on the managerial or the technology track," he adds. "Macro economic issues are a major driver for lower attrition," says Kishor Bhalerao, senior vice president, HR at Persistent Systems, a mid-sized product company. "For us, attrition is around 15% to 16%, down from 18% to 19% at this time last year. The greater the economic depression in the market, the greater the opportunities," he says. For the

engineers, this spells a new high. Pendharkar is one of Symantec's two distinguished engineers in the data storage area. "My plan is to create new products. I have the domain technical expertise, a vertical, and can now go horizontal, influencing other products," he says. Bhalerao says Persistent has a policy to egg on intrapreneurs. "We encourage intrapreneurs to take a business risk, develop a concrete plan and run it as a profit centre. Behavioral theory from late 1940s to late 1960s it believes that a leader will be able to achieve ideal organizational efficiency if he demonstrates effective leadership behaviors. These leadership behaviors may be trained or learned through experience. Actual behavior or leadership approach is emphasized. Representative research is conducted in Ohio State University. Ohio State University proposed "consideration" and "initiating structure" of leadership behaviors. Consideration is a behavior that focuses on strengthening relationship with subordinates based on their needs and perceptions, while "initiating structure" is a behavior that focuses on subordinate performance in goal accomplishment.

Contingency theory in late 1960s this theory states that there is no set of optimum leadership model in this world and that it depends on the situation encountered. Situational leadership theory began its development subsequently. It states that leaders need to adopt the most optimum leadership approach based on different organizational situations. Among which, Fiedler's contingency theory (1967) is most well-known. Contemporary leadership theory since 1970s the viewpoint of contemporary leadership theory states that leadership is a type of interactive process with the environment. Bass & Avolio (1990) proposed transactional leadership and transformation leadership: (1) transactional leadership encouraging subordinates through incentive establishment. In other words, incentive elicits work performance. Transactional leadership is the basis for most leadership theories. It focuses on the exchange relationship between the leader and the subordinate (Fry, 2003; Northouse, 2001); (2) transformation leadership to enhance staff's trust and respect for leader by altering intrinsic work value and faith of staff at the same time in order to elicit work capabilities. Because "charisma" is viewed as an essential element, transformation leader provides incentives for subordinates, enhance subordinate potential and development. (Fry, 2003); and (3) Charismatic leadership theory refers to the follower's perception toward certain behaviors of the leader as being heroic or extraordinary.

Job stress means improper occupational stress or burden that badly affects the psychological and physical condition of the worker himself (Kroes, 1974). Peng (1998) states that psychological stress is neither stimulus nor reaction but a handling method or relationship; it is the interaction between the individual and the environment, which gains or consumes resources of human behavior and endangers the individual health. When the individual feels job stress, it usually comes along with following symptoms:(1) psychological aspect passive, disconsolate, anxious and anger; (2) physical aspect imbalance incretion, headache, sleepless and disturbed; (3) behavioral aspect change of living behavior, decrease of job involvement, absence from work, and turnover.

Personality characteristic means one's psychological and physical phenomenon. At different time and condition, it adapts to different environment by unique behavioral mode and thinking method. Friedman & Rosenman (1959) categorize personality characteristics into type A and B. Type A shows exuberant ambition and aggression. Type B has more patience and pays less attention to competition and sense of achievement. The verification researches made by the domestic and foreign scholars on leadership, job stress, personality characteristic and turnover intention are described as follows:(1) in research of leader behavior and job stress, Fleishman (1964) found that consideration in the leader behavior has negative connection with the job stress, while the initiating structure is positively connected with job stress; (2) in research of leader behavior and turnover intention, Fleishman & Harris (1962) in the study of the influence of various leadership types on turnover rate and complaint rate found that consideration for the subordinates is negatively connected with the turnover, while the initiating structure is positively connected with turnover; (3) in research of job stress and turnover intention, Parasuraman & Alutto (1984) in the research on 217 employees at the food manufacturing company indicated that job stress had positive connection with turnover intention; (4) in research of personality characteristics and job stress, Chang (1998) chose employees of Taiwan Sugar Company as research subject and indicated that those with type A personality characteristic had higher perception of job stress and show more physical and psychological discomfort reactions; (5) in research of personality characteristics and turnover intention.

2.1. The Specific Research Objectives Are Listed As Follows

- To investigate the influence of leadership approach on the subordinate's job stress
- To discover the influence of job stress on turnover intention
- To explore the influence of different leadership approach on the turnover intention
- To inspect the moderating role of personality characteristic on leadership approach and
- job stress respectively
- To scrutinize the mediating effect of personality characteristic and job stress respectively

3. Research Methodology

The service it offers is intangible and the services of competitors are highly similar, for which the salespeople must face keen competition and challenge from competitors. The turnover rate of life software salesmen keeps high because of such job compensation without base pay and suffering from heavy stress that is hard to be accepted by the people.

The experienced leader is well aware of this fact and keeps training, assisting and inspiring the sales personnel. Therefore, the leader's leadership approach is very important for the performance achievement of organization. Therefore, we have a great interest in exploring the relationships among leadership approach, personality characteristic, job stress and turnover intention. This research also tries to identify the role of variable for personality characteristic and job stress respectively.

3.1.Research Hypotheses

If the organization intends to keep outperforming in the violently competitive environment, leadership is the most influential factor. The objective of this research is to explore the relationships among leadership approach and employees' job stress and turnover intention and the role of personality characteristic and job stress respectively. We learn from the above literatures that the leader's leadership approach has significant influence on the staff's job stress and turnover intention. Thus, this research develops

following hypothesis based on the research framework and hence, we develop hypotheses as below

- H1 Leadership approach has significant influence on job stress
- H2 Job stress has positive influence on turnover intention.
- H3 Leadership approach has significant influence on turnover intention.
- H4- Transformational leadership has negative influence on turnover intention.
- H5- Transactional leadership has positive influence on turnover intention.

Wang (1990) made his research on the subject of connection among employee with A-type personality characteristic, leader's leadership approach, and employee's job stress' and found that people with A-type personality characteristic perceive more job stress than those with B-type, while ones with B-type feel apparently more job stress at low self-respect post than those of A-type. Thus, hypotheses are developed as follows.

3.2.Research Design

According to the purpose of the paper, we develop structural questionnaire that revised from other's inventory and 5-likert scale is used. This research chooses employees in software industry at Bangalore city, India and collects data by convenient sampling method. The survey instrument was initially pre-tested by 40 employees of two Software Company for content, readability, and ambiguity. Based on results of the pretest, minor changes were made to select questionnaire items, and the instrument were sent to 400 employees of software industry, for which 352 returned mailings are valid, effective response rate at 88%. After collecting the valid questionnaires with help of SPSS is used to do data analysis.

4. Analysis

4.1.Data Analysis

Item	Contents	No. of samples	%
Sex	Male	142	40.3
	Female	210	59.7
Age	21-30	95	26.98
	31-40	165	46.87
	41-50	92	26.13
Education	Diploma	8	2.3
	UG	120	34.1
	PG	212	60.2
	Above PG	12	3.4
Marital Status	Married	148	42.0
	Single	204	58.0
Seniority	Under 1 year	70	19.9
	2-4 years	122	34.7
	5-7 years	62	17.6
	8-10 years	36	10.2
	Over 11 years	62	17.6

Table 1 : Basic Statistics of Samples

After collecting the valid questionnaires, we provide demographic information first and then SPSS is used to do data analysis. Descriptive statistics analysis (frequency allocation and percentage analysis) is used to display the profile of samples. Basic statistics of samples is showed as table 1.

4.2.Statistical Analysis

This research starts with factor analysis of leadership approach and then moves to reliability analysis and regression analysis. Leadership approach construct comprises of 33 measurement items. The main components analysis with the variant of orthogonal notation is used to extract the factor. Two factors are extracted and factor's loading is

over 0.7 and the accumulative explained variation is at 67.19%. These two factors are named as transformational leadership and transactional leadership. After factor analysis, 25 items are selected. Reliability means accuracy of measurement tool. This research adopts Cronbach's α to verify the internal consistency. Roberts & Wortzel (1979) state that Cronbach's α lying in 0.79 to 0.96 means high reliability. For the reliability analysis done by this research, Cronbach's α of leadership approach = 0.962, of which Cronbach's α for transformational leadership = 0.975, Cronbach's α for transactional leadership = 0.833. Cronbach's α of job stress = 0.891, Cronbach's α of personality characteristic = 0.882, Cronbach's α of turnover intention = 0.864. As shown in table 8, reliability of each construct is over 0.8, which means this research is highly reliable and trustworthy.

Construct		No. of Items	Cronbach's α
Leadership Approach		25	.962
Leadership -	transformational	20	.975
Leadership -	transactional	5	.833
Job stress		8	.891
Personality Characteristic		14	.882
Turnover Intention		5	.864

Table 2: Cronbach's a of Constructs

This paper uses regression analysis to study the relationships between predictive variable and criterion variable.

Model	Unstandardized Regression Coefficient				Standardized Regression Coefficient	t value	Significance	\mathbb{R}^2
	В	Std. Error	Beta					
Constant	2.967	.288		10.317	.000			
Leadership	166	.076	163	-2.178	.031	.027		
Approach								

Table 3: Regression of Leadership Approach on Job Stress

Model	Unstandardized Regression Coefficient				Standardized Regression Coefficient	t value	Significance	R ²
	В	Std. Error	Beta					
Constant	3.038	.263		11.560	.000			
Transformational	181	.068	198	-2.669	.008	.039		
Leadership								

Table 4: Regression of Transformational Leadership on Job Stress

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	В	Std. Error	Beta			
Constant	2.069	.232		9.350	.000	
Transactional	.055	.067	.062	.816	.416	.004
Leadership						

Table 5: Regression of Transactional Leadership on Job Stress Analysis

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	В	Std. Error	Beta			
Constant	.612	.144		4.247	.000	
Job Stress	.287	.058	.350	4.930	.000	.123

Table 6: Regression of Job Stress on Turnover Intention

Model	Unstandardized Regression Coefficient		Regression Coefficient		Standardized Regression Coefficient	t value	Significance	\mathbb{R}^2
	В	Std. Error	Beta					
Constant	1.719	.237		7.258	.000			
Leadership	117	.063	139	-1.858	.065	.019		
Approach								

Table 7: Regression of Leadership Approach on Turnover Intention

Source	Type III	df	Mean Square	F value	Significance
	Sum				
	Of Squares				
Constant					
Personality	17.639	37	.477	1.606	.247
Characteristic					
Leadership	42.581	59	.722	2.431	.090
Approach					
Personality					
Characteristic*					
Leadership	33.064	70	.472	1.591	.249
approach					

Table 8: Regression Analysis with Interactive Effect on Job Stress R. Squared = .976 (Adjusted R. Squared = .481)

Source	Type III	df	Mean Square	F value	Significance
	Sum				
	Of Squares				
Constant					
Personality	9.350	38	.246	.853	.680
Characteristics					
Job Stress	18.939	27	.701	2.431	.011
Personality					
Characteristics*					
Job Stress	26.408	82	.322	1.116	.382

Table 9: Regression Analysis with Interactive Effect on Turnover Intention

R. Squared = .880 (Adjusted R. Squared = .481)

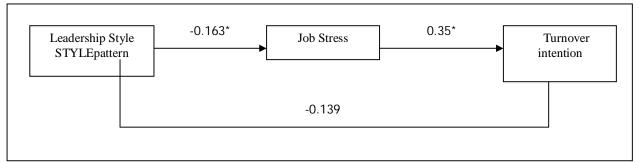


Figure 2: Path diagram

5. Conclusion

The software industry as the object of study and explore the interrelationship between leadership approach and job stress and turnover intention. This research also investigates the variable role of personality characteristic. According to the result of empirical analysis, the conclusions are generated as followings. Transformational leadership approach has negative influence on job stress, which has something to do with the characteristic of software industry because the software employees have no base pay and the majority of their income comes from sales bonus. Under such bonus system, if the transformational leadership gives more consideration and encouragement, the employees will be aroused instinct of compression resistance for gaining high income. Job stress has positive relationship with turnover intention. It is usually results in psychological and physical discomfort, and then turnover intention increases. The approach indicates that leadership approach has negative relationship with turnover intention. The verification indicates no interfering effect on the relationship between personality characteristics and leadership approach and job stress. Such result differs from those of previous researches and property of such industry may probably be the reason. Different personality characteristic does not moderate the leadership approach and high compression resistance of the software operators. Personality characteristic brings no moderating effect on the relationship between job stress and turnover intention. Generally speaking, personality characteristic of software employees are more enthusiastic and compression resistant than that of other business. The bonus system of software industry retains salespeople sticking to the post in order to keep getting commission from the client's policy premium. Therefore, personality characteristic brings no interfering effect on job stress and turnover intention. The verification indicates that job stress has bigger indirect effect on leadership approach and turnover intention than the direct effect. So, job stress has mediation effect on relationship between leadership approach and turnover intention.

5.1.Managerial Implications

This research chooses software industry as object and expects to explore, through regression analysis, the relationship among the software leader's leadership approach and the subordinate's personality characteristic, job stress and turnover intention. According to the conclusion of this research, following suggestions are provided for management. Transformational leadership is used to help the subordinates aware that rewards need making efforts. Proper encouragement and consideration are required to raise the eager

for future vision and accomplishment of mutual goal. Software job has no base pay and the salespeople are highly autonomous. The leader should spend more time in assistance and communication so that the subordinates understand real stress comes from economic income pressure but not from the job itself.

5.2.Limitations

Research object is the software industry only; it's not easy to generalize the research result to other industry. This research only considers the variables in question. Other variables such as organizational citizen behavior, organizational climate, job involvement and job efficiency are not taken into investigation. Due to limit of research time, manpower and budget, this research only the sample size is small.

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