

Knowledge Management - A Mediating Link Between Leadership Styles and Employee Turnover Intentions in Small and Medium Scale IT/ITES Organizations of North Indian Region

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Abstract

Purpose: The purpose of this paper is to address three of the theoretical and empirical questions on two main leadership styles – transformational and transactional leadership – what effect both transformational and transactional leadership have on employees' turnover intentions of executives working in Small and Medium IT/ITES organizations of north Indian region, what is the direct effect of implementation of knowledge management process (KMP) on employee turnover intentions, and what role it plays in between leadership styles (transactional and transformational) and turnover intentions. *Design/Methodology/Approach:* A cross-sectional exploratory study was conducted to determine the concepts and relationships. Standardized questionnaires were used to collect data from sample of 250 employees working at executive level from 20 small and medium Indian IT/ITES organization situated in north Indian region [Delhi (3), Haryana, (7) UP (6), and Punjab (4)] on the basis of financial turnover (Rs. 50–100 Cr.) and size of the organization from 50 to 100 employees. Data were analysed by using SPSS-23 with Hayes Process Plugin and Amos-21 software. *Findings:* A significant negative relation of transactional leadership style and transformational leadership with employee turnover intentions was observed. Also, both the leadership styles were positively associated with KMP and KMP was again negatively linked with employee turnover intentions. Mediation analysis also indicated the full mediation of KMP but only for transformational leaders and played no role in case of transactional leadership. The effects were significant at 95% of confidence level.

Practical Implications: Employers struggling with turnover intentions must emphasize on hiring effective leaders who can efficiently implement proper knowledge management systems, which include creating, sharing, absorbing, and receptivity of knowledge for executives.

Keywords: Turnover Intention, Transactional Leadership, Transformational Leadership, Knowledge Management, Leadership Style

Introduction

The organizations particularly SME's in current scenarios are not only focusing on promoting and spreading businesses, but are also stressing on innovative products and services which could help them to explore new market areas. The need for innovation in business products and strategies is a must requirement to obtain sustainable growth; to attain this, the utmost requirement of every organization is the availability and presence of employees, especially potential employee. It becomes a very tough task for organizations to execute their mission and vision, if they lack potential human resources or are not able to manage employees working with them. It is believed that employees being the most important aspect inclined towards quitting intents under many circumstances such as organizational culture, environment, job satisfaction, ineffective leadership, poor knowledge management,

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etc. This behaviour of employees is not a positive sign for an organization expecting to grow generally and internationally. Employee turnover is a thoughtful and major apprehension to organizations not only because of the cost involved in the hiring process, but because it also comprises massive damage to the knowledge in terms of proficiency, skill set, and aptitudes with the exit of the potential workforce (Oh & Oh, 2017). IT/ITES is an industry where highly skilled, knowledgeable, and experienced employees are required but the issue of employee turnover is a key concern as employees are working on developing knowledge-based products and services and thus are considered a strategic asset that tends to leave easily due to availability of new opportunities. Organizations are looking for hiring knowledgeable resources as leaders who have the expertise and specific experience in their relevant work areas as well as experienced executives, capable to execute organizations' mission and vision, at all levels (Alshanbri et al., 2015). Although experienced and trained resources are essential for every organization but for small and medium enterprises such resources on leading and decision-making positions play an important role in writing the success story of such organizations as they take strategic decisions, which aid as an advantage to grow unexpectedly. It is also well-known fact that leaders cannot do wonders individually; it is a teamwork which leads to positive or negative results; but definitely, the outcome depends upon how well the leaders are in team handling and creating an environment which motivates the team to perform extraordinarily (Firth, 2003). Therefore, the most important thing is the leaders' leading style. The leaders may be the director of an organization giving directions or vision and mission or a hired CEO directing the operations of organizations or the managers working at middle or upper-middle level leading the teams to execute the assigned work (Gwavuya, 2011). So, it is the leader/manager and his leadership, which is behind all the function in the workplace. It is well explained by experts and academicians that it is a leader who forms organizations with his operative approaches to accomplish administrative goals by inspiring employees to achieve predictable growth and success (Puni et al., 2016; Siew, 2017), and the downfall of any organization also indicates the absence of effective leadership. This downfall involves failure in all segments of an organization such as strategies, policies, products, services, and most importantly employees. There are many studies (Abourai, et al., 2017; Alzubi, 2018).

that show the impact of different leadership styles such as transformational, transformational, authentic, and Laissez-faire on employee turnover intentions. and found a negative as well as positive impact on turnover intentions depending upon the type of industry, segment, area, level of respondent, etc. It was also found that both transactional and transformational leaderships were also associated to knowledge management (Arab et al., 2015; Kerdngern et al., 2017). Literature has also suggested several other important factors which contribute to increase or decrease in the effect of leadership on turnover intentions (Saeed et al., 2014). The general purpose of this study is to find the relationship of turnover intention of executives with transformational and transactional leaderships' working in IT/ITES organization and the specific purpose is to identify the effect of knowledge management process (KMP) implementation on the turnover intention of employees and also to understand the role of KMP in between the relationship of turnover intentions and leadership style. Therefore, this study is an attempt to address questions on two main leadership styles – transformational and transactional leaderships – what is the effect of transformational and transactional leaderships on turnover intentions of executives working in small and medium IT/ITES organizations of Delhi/NCR region? What effect does KMP have on turnover intentions? And, what role does KMP play on leadership and turnover intentions?

Objectives of the Study

The study required to examine the following specific objectives:

- To study the effect of transformational and transactional leaderships style on employee turnover.
- To analyse how leadership styles affect knowledge management.
- To study the effect of KMP on turnover intentions.
- To examine the role of KMP in the transformational, transactional leadership-turnover relationship.

Theoretical Background and Hypotheses Development

a) Employee Turnover Intentions: Turnover intention can be stated as the assessment of an individual regarding

the possibility to exit the organization in the nearby future (Mobley, 1982). Turnover intention can also be referred to as evolving quitting tendencies or development of thoughts to leave the organization (Siew, 2017). There are several factors such as rewards & incomes, work situations & atmosphere, specific development, work gratification, leadership style, work performance, etc., playing a significant role in emerging of leaving or exit tendencies (Puni et al., 2016). Turnover intentions are chiefly voluntary in nature as employee plans to leave the organization all by his/her own due to many unavoidable circumstances such as health issues, transfers of family members, marriage, etc., or factors such as new job opportunities, organizational culture, commitment, job satisfaction, leadership, performance, etc., forcing employee to develop quitting tendencies (Saeed et al., 2014). It is also believed that the turnover initiated by the organizations is still advantageous for organizations because it is an intentional action by the administration to handle some of the foremost matters (Abbasi & Hollman, 2000). But the voluntary turnover is a serious situation due to which an organization may lose its potential employees in future if not controlled on time, as it not only reflects employees' exit, but also the exit of the knowledge (Hana & Lucie, 2011). Therefore, to control this knowledge loss, organization must put a check on an employee's expectations from their leaders and organizations (Dasanayaka & Kuruppuge, 2015). There are many factors related to leadership styles, organizational culture, knowledge management (Roblek, Štok, Meško, & Erenda, 2013), salary and compensations, new job opportunities, etc., instigating turnover intentions. Turnover intentions put a negative effect on the organization and its work culture (Abbasi & Hollman, 2000). The major effects include employees with low self-assurance and unstable belief, low productivity, non-performance, etc. (Gul et al., 2012; Khan, 2015). Therefore, employee turnover intentions should not be unappreciated and unnoticed (Vance, 2006).

b) Knowledge Management: Knowledge is simply defined as data or information either stored in documented systems or in the human brain, and acts as a critical feature for organizations to survive modest business circumstances. The concept of importance and efficacy of knowledge is not contemporary in nature rather academicians and researchers from mid-1970s are trying to explain its significance. But the evolution and expansion

of the business segments with time, there is a massive development in the tools and techniques of creating, developing, storing and sharing knowledge. Technically knowledge is an appreciated and imperative data or an information flowing from one source to another within or out of the organizations through appropriate networks and is applied to make organizational judgments. Knowledge is considered to be of two types: tacit knowledge and explicit knowledge. Tacit knowledge is one which is not documented anywhere, whereas explicit knowledge is legally articulated and documented information. If organizations are able to manage, its knowledge can accomplish an improved position to achieve its numerous functionalities and sustainable development by creating organizational memory, its sharing, absorption, and receptivity.

c) Leadership Styles: Leadership is all about inspiring and encouraging employees to work energetically and enthusiastically to achieve specified assignments or goals at work (Mat, 2008). Leadership is also a connotation by which one individual stimulate the actions and performances of other people by providing a healthy work culture, safe and contented work atmosphere that an employee expects while working within an organization to achieve assigned targets (Leong Kim Siew, 2017). In this paper, we have discussed two main styles of leadership i.e. Transactional and Transformational as described below:

i) Transactional Leadership: Transactional leadership, as the name itself suggests, is more about transactions made between leaders and employees, or simply it is about the leader-employee exchange. Employees tend to meet leaders' or managers' expectation by accomplishing assigned work/duties/tasks/responsibilities according to the instructions or guidelines provided by the leader or the manager; on the efficacious achievement of allocated work or excellent performance, employees are rewarded with gratitude, appreciation, and consideration comments promotions, salary increments, etc. (Nanjundeswaraswamy & Swamy, 2014). Significant performances and rewards are the first priority for such leaders and the exchange offers to stimulate employees to execute at their level best. But poor performances disappointment transactional leaders, non-achievement of the given task leads to negative effects such as corrective consequences, like holding a promotion, increments, rewards, etc. (Long, 2012). Such leaders are expected to be more concerned

towards work and their utmost priority is to complete the work with integrity and belief; thus, they are anxious for the on-time execution of work (Gul, Ahmad, Rehman, Shabir, & Razzaq, 2012) rather than preferring employees and their emotions. Transactional leadership is all about contingent reward explained through exchange theory and active and passive management by exception. Active management by exception is to monitor employees by observing their performance and passive management by exception explains the passive behavior of the leaders.

ii) Transformational Leadership: Transformational leadership, as the name indicates, is the one that transforms. Such leaders believe in focusing more on the transformation employees by inspiring and influencing their behaviour (Bass & Riggio, 2006). Transformational leaders always prefer to go beyond their self-centeredness and look forward to the advantage of their subordinates, team, and organization (Nanjundeswaraswamy & Swamy, 2014). They are a firm supporter of providing assurance and comfort to the subordinates working with and under them to achieve anticipated as well as unanticipated targets with their hard work (Long, 2012). Intellectual inspiration, individual motivation, and spiritual reassurance are the key points which transformational leaders keep in their minds and try to develop a congenial relationship with every employee (Siew, 2017). Transformational leaders have four important characteristics denoting diverse features of transformational leadership, categorized as the “Four I’s”. These are “idealized influence” – reflects the fact that leaders are well-regarded, respected, and valued as a role model (Bass, 1990; Jung & Avolio, 2000); “inspirational motivation” – showcases the desire and assurance of developing a vision of the forthcoming events to encourage; “intellectual stimulation” – concludes appreciating and respecting the knowledge, aptitude, and capability of juniors to promote innovation; and “individualized consideration” – designates observing individual requirements of the employees to persuade them to make professional.

Relationship Among Different Variables Under Study

There are number of studies (Gul, 2012; Ngethe et al., 2012; Khan, 2015; Puni, 2016; Siew, 2017; Abouraia 2017; Khan, 2015; Long et al., 2012) reflecting on the association between the transactional leadership,

transformational leadership, and employee turnover intentions, although the directions and degree of the effect vary (positive and negative) from study to study based on industry segment, type of sample, sample size, geographical location, context, etc. It was also observed and proved that the practical implementation of knowledge management at start-up companies has helped to put a check on employee turnover intentions not only in start-up, but also contributed in other organizational segment's and sectors as well. It was found that there exists a positive relationship between staff turnover and weak knowledge management and a significant negative relationship between knowledge sharing behavior and turnover intentions which mean turnover increases in the absence of proper knowledge management (Rasika Sanjeevani Dasanayaka and Ravindra Hewa Kuruppuge, 2015; Hana, U., & Lucie, L., 2011). It is highly required to increase knowledge management behaviours that include assessment and categorization of organizational knowledge to control employee turnover intentions. In addition, researchers like (Rahjbar & Amiri 2015, Novak, Roblek, & Devetak, 2013) have explained the significant association of knowledge management to turnover intentions in their studies. There also exists numerous studies associating leadership styles with knowledge management (Linhartová & Urbancová, 2011; Masood, Shahzad, Nosheen, & Awais, 2011) and explaining this relationship. Similarly, there are studies explaining the direct relationship of leadership styles to turnover intentions (Oh & Oh, 2017; Kerdngern & Thanitbenjasith, 2017; Abouraia & Othman, 2017).

Research Gap

Literature has revealed that there are plentiful studies accessible, establishing the direct relationship of leadership styles and turnover intentions (Gyensare, et al., 2016), and also examining the role of mediator and moderator in between. From the literature, it is also observed that knowledge management and turnover intention are well associated with leadership styles and some researches throw light on knowledge management and turnover intentions as well. Therefore, the presence of knowledge management can be tested as a mediator having interceding effect of the aforesaid relationship. Not only because the relationship has not been tested, but also because the process of knowledge creation and

exchange is implemented and initiated by the leaders or the managers and carry forwarded by the subordinates to achieve the organizational goals collectively. Without information or data or knowledge, it is impossible to work or execute assigned targets and leads to confusion about what needs to be done, how, when, and why. Non-accomplishment of assigned target de-motivates employees and results into decreased performances which in turns roots to less job satisfaction resulting in the development of employee turnover intentions. Therefore, this indirect association between the variables can be tested statistically. It is on this premise that this paper sought to investigate the mediating role of knowledge management in the leadership-turnover nexus in the small and medium IT/ITES setups in the Delhi/NCR region of north India.

Conceptual Model Derived from the Aforesaid Relations, Objective, and Hypothesis

Thus, based on previous results, we can conceptualize this model followed by the hypothesis need to be tested.

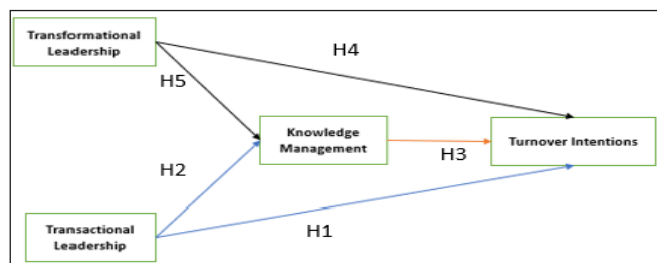


Fig. 1: Conceptual Model

Hypotheses

H1: Significant inverse association exists between transactional leadership and turnover intentions.

H2: Significant positive association exists between transactional leadership and knowledge management.

H3: Significant inverse association exists between knowledge management and turnover intentions.

H4: Significant inverse association exists between transformational leadership and turnover intentions.

H5: Significant positive association exists between transformational leadership and knowledge management.

H0: Knowledge management has no mediating effect between leadership styles and turnover intentions.

Measures

A cross-sectional exploratory study was conducted to determine the concepts and relationships. Standardized questionnaires were used after analyzing the normality, reliability, and validity of both instruments and data along with exploratory and confirmatory factor analyses in order to find the factor construction of the instrument. A mediation model for the KMP linking transformational and transactional leaderships and turnover intentions was developed and tested on a non-probable sample of 250 full-time permanent employees working at executive level from 20 small and medium Indian IT/ITES organizations situated in north Indian region [Delhi (3), Haryana, (7) UP (6), and Punjab (4)] on the basis of financial turnover (Rs. 50–100 Cr.) and size of the organization from 50 to 100 employees. Total 350 questionnaires were distributed and 300 responses were received from which 250 fully filled responses were considered for the study. The survey questionnaire was scaled on 5-point Likert scale. Transformational and transactional leaderships were assessed with the help of “The Multifactor Leadership Questionnaire” (Bass & Avolio, 1995 & 1999), Employee turnover survey developed by Mobley et al. (1979), and Knowledge Management scale, which was developed by Wang, Ahmed, and Rafiq (2008). In order to account for the possibility of alternative explanations, we included two control variables organizational commitment and job satisfaction as there are plenty of researches signifying their relationship with employee turnover intentions (Abouraia et al., 2017; Gul, 2012; Kerdngern et al., 2017; Alzubi, 2018; Minavandi, 2013, Minavand, 2013). Hence, the effect of these two variables was controlled. Data received were analysed on SPSS-23 and AMOS-21 to statistically test the proposed hypothesis. The statistical tests involved descriptive analysis to check demographic details and frequency distribution, normality analysis, reliability test, exploratory factor analysis (EFA), linear regression, confirmatory factor analysis (CFA), and structural equation modeling (SEM) and process macro.

Results and Discussions

Results

Descriptive Analysis and Frequency Distribution for Demographic Variables:

Table 1: Descriptive Analysis and Frequency Distribution for Demographic Variables

Frequency Distribution and Descriptives					
		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	131	52.4	52.4	52.4
	Female	119	47.6	47.6	100
	Total	250	100	100	
Age	20–30y	128	51.2	51.2	51.2
	30–40y	122	48.8	48.8	100
	Total	250	100	100	
Total Experience	0–5y	117	46.8	46.8	46.8
	5–10y	133	53.2	53.2	100
	Total	250	100	100	

Form the data of 250 respondents, 52.4% were males and 47.6% females, along with 51.2% with age category 20–30 years and 48.8% between 30–40 years. Data also showed that 46.8% of respondents had 0–5 years of experience and 53.2% had 5–10 years of total work experience.

Test of Assumptions

The assumptions of normality, multicollinearity, and independence of residuals:

Null Hypothesis: Overall Data have Approximately Normal Distributed

Skewness & Kurtosis of Variables: Table 2 shows the Skewness and Kurtosis along with their Z-value which is falling in range as suggested that normal distribution value of Z-Skewness and Z-Kurtosis is in between ± 1.96 (Hayes, 1995). The data have Platykurtic distribution.

Table 2: Skewness & Kurtosis of All Variables Under Study

Statistics					
		Knowledge	Transformational	Transactional	ETI
N	Valid	250	250	250	250
	Missing	0	0	0	0
Mode		.89 ^a	1.03 ^a	1.28 ^a	.25 ^a
Std. Deviation		.45196	.45551	.25937	.07583
Variance		.204	.207	.067	.006
Skewness		-.160	-.265	-.048	-.005
Std. Error of Skewness		.154	.154	.154	.154
Z- Skewness		-1.040	-1.720	-.313	-.032
Kurtosis		-.383	-.189	-.566	-.448
Std. Error of Kurtosis		.307	.307	.307	.307
Z- Kurtosis		-1.247	-.615	-1.843	-1.459
Minimum		.89	1.03	1.28	.25
Maximum		3.14	2.97	2.45	.61

^a Multiple modes exist. The smallest value is shown

Normality Test of the Standardized Residuals

Null Hypothesis: The standardized residual of the dependent variable is normally distributed. Tables 3 and 4 show descriptive statistics of (Skew. = $-.005$, Kurt. =

$-.448$) and normality tests (1 sample K S test $p = .200^*$ and Shapiro-Wilk test $p = .596$) of standardized residuals of ETI and (Skew. = $-.160$, Kurt. = $-.383$) and normality tests (1 sample K S test $p = .200^*$ and Shapiro-Wilk test $p = .596$) of standardized residuals of knowledge management.

Table 3: Normality Test of the Standardized Residuals

Descriptive Statistics									
	N	Mean	Std. Deviation	Skewness		Kurtosis		Z-Skewness	Z- Kurtosis
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error		
Z score (ETI)	250	.4398	.07583	-.005	.154	-.448	.307	-.032	-1.45
Z score (Knowledge)	250	2.2116	.45196	-.160	.154	-.383	.307	-1.040	-1.24
Valid N (list-wise)	250								

Table 4: Normality Test

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Z score (ETI)	.036	250	.200*	.993	250	.257
Z score (Knowledge)	.043	250	.200*	.992	250	.212

*. This is a lower bound of the true significance.

^a. Lilliefors Significance Correction

Therefore, the Null Hypothesis is Accepted for this Study

of the assumptions of multicollinearity as tolerance is less than 0.10 and also VIF > 5 or 10 for both the models (O'Brien, 2007).

Multicollinearity: Table 5 shows the multicollinearity statistics. The analysis indicated that there was no violation

Table 5: Multicollinearity Statistics

Coefficients								
Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig. Tolerance	Collinearity Statistics	
		Std. Error	Beta				VIF	
1	(Constant)	.556	.040		14.047	.000		
	Transformational	-.010	.010	-.060	-.956	.034	.994	1.006
	Transactional	-.051	.018	-.174	-2.775	.006	.994	1.006

^a. Dependent Variable: ETI

Measurement Model Assessment

Internal Consistency, Reliability, Convergent Validity, and Discriminant Validity was checked for scales and data collected. Reliability and consistency were checked by Cronbach's alpha. average variance explained (AVE). Table 6 shows the reliabilities of scores of leadership scale, employee turnover scale, and knowledge management scale, and of combined scale as well. The Cronbach's alpha for all scales is above 0.70 (Hair et

al., 2013, p. 115), which means a high level of internal consistency for the scale. The Average Variance explained values of all the latent variables used were found to be more than the prescribed value of 0.50 (Hair et al., 2006), therefore convergent validity was established. For discriminant validity, the square root of AVE for all latent variables was higher than the inter-construct correlations (Fornell & Larcker, 1981) and therefore they confirm discriminant validity. Table 7 shows convergent validity and discriminant validity.

Table 6: Reliability Statistics

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Leadership scale	.731	.74	32
Turnover Intentions	.799	.79	4
Knowledge Management	0.910	0.91	15
Combined Scale	.802	.80	51

Table7: Validity Statistics

	CR	AVE	MSV	ASV	1	2	3	4
Knowledge Management	0.98	0.91	0.01	0.00	0.95			
Transformational	0.84	0.57	0.40	0.13	0.03	0.76		
Transactional	0.83	0.62	0.40	0.12	0.03	0.63	0.79	
Turnover Intentions	0.89	0.68	0.39	0.13	0.06	0.57	0.44	0.82

Common Method Bias

CMB was conducted to establish whether the variations in responses are caused by the instrument or by the actual tendencies of the respondents that the survey instrument attempts to discover and also that a single factor can account for all of the variance in their data. CMB was tested by Herman single Factor as well as in Amos-21. Results showed that the total variance explained by single factor is 16.004% which is less than 50% in Tables 8

and 9. Also, CFA for CMB confirmed that one factor is explaining around 1% of the variance in Fig. 2.

Table 8: Herman's Single Factor Test for CMB

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.685
Bartlett's Test of Sphericity	Approx. Chi-Square	787.050
	Df	120
	Sig.	.000

Table 9: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.561	16.004	16.004	2.561	16.004	16.004
2	2.512	15.701	31.706			
3	1.771	11.072	42.777			
4	1.316	8.228	51.005			
5	1.138	7.115	58.120			
6	.940	5.874	63.994			
7	.867	5.422	69.416			
8	.795	4.967	74.382			
9	.745	4.656	79.039			
10	.629	3.930	82.968			
11	.618	3.861	86.829			
12	.505	3.157	89.986			
13	.480	3.000	92.987			
14	.443	2.768	95.755			
15	.379	2.370	98.125			
16	.300	1.875	100.000			

Extraction Method: Principal Component Analysis.

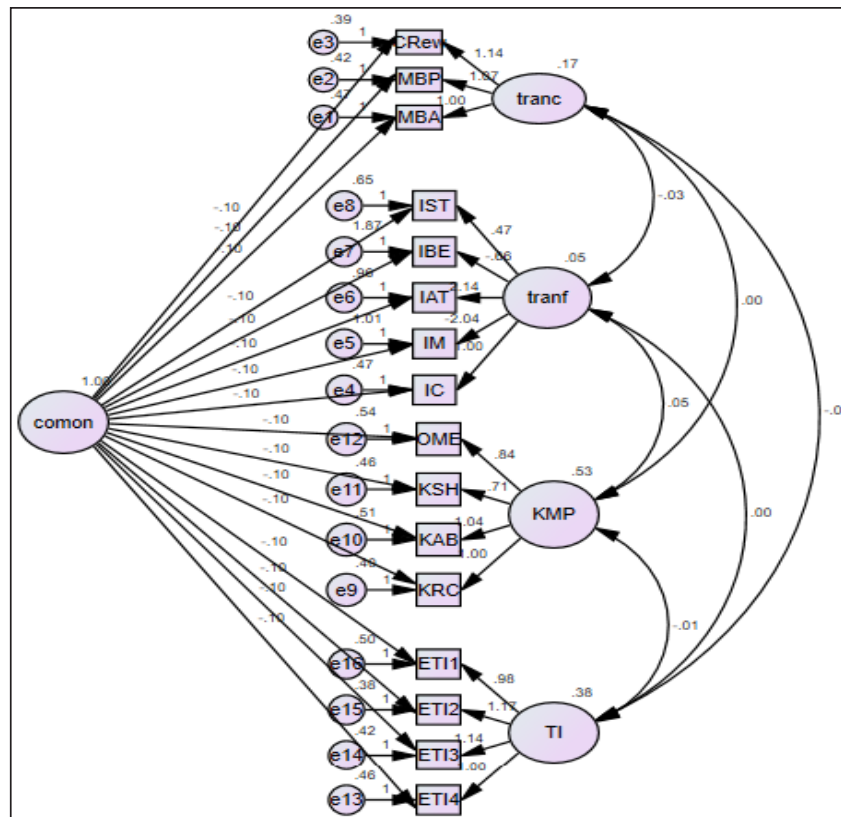


Fig. 2: Common Method Bias (CMB)

Hypothesis Testing for Control Variables

Null Hypothesis: There is no significant change in the value of R^2 on controlling the influence of organizational culture (Soojin, Nam, & Yunna, 2017), and employee satisfaction for testing the influence of transformational, transactional leaderships on employee turnover intentions.

Tables 10, 11, and 12 represent the effect of control variables tested through linear regression. Results suggested that there is a significant change, $F(3, 244) = 11.271$, $p = .000$, $R^2 = .120$. The $p(.000)$ value indicated 12% of the variance in employee turnover is due to

leadership styles (transformational and transactional) and knowledge management.

Table 10: Regression Analysis for Control Variable Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Employee Satisfaction, Organizational Culture ^b	.	Enter
2	Transactional, Knowledge, Transformational ^b	.	Enter

^a. Dependent Variable: ETI

^b. All requested variables entered.

Table 11: Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.103 ^a	.011	.002	.07573	.011	1.312	2	247	.027
2	.362 ^b	.131	.113	.07141	.120	11.271	3	244	.000

a. Predictors: (Constant), Employee Satisfaction, Organizational Culture

b. Predictors: (Constant), Employee Satisfaction, Organizational Culture, Transactional, Knowledge, Transformational

Table 12: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.015	2	.008	1.312	.027 ^b
	Residual	1.417	247	.006		
	Total	1.432	249			
2	Regression	.187	5	.037	7.353	.000 ^c
	Residual	1.244	244	.005		
	Total	1.432	249			

^a. Dependent Variable: ETI

^b. Predictors: (Constant), Employee Satisfaction, Organizational Culture

^c. Predictors: (Constant), Employee Satisfaction, Organizational Culture, Transactional, Knowledge, Transformational

Therefore, null hypothesis is not accepted.

Exploratory Factor Analysis (EFA)

EFA of Full Scale: Table 13 shows the output of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.802 and Bartlett's Test of Sphericity, i.e., homogeneity of Variance, $\alpha = .000$ which is less than .005. Chi-Square (1275) = 8849.388, $p > .005$. The value of communalities ranges in from .581 to .926. 13 components with Eigenvalue > 1 are isolated explaining 76.561% of total variance. Table 14 shows rotated component matrix; the rotation sums of the squared loading represent the distribution of the variance after the varimax rotation with Kaiser Normalisation.

Table 13: EFA of Complete Scale

<i>KMO and Bartlett's Test</i>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.802
Bartlett's Test of Sphericity	Approx. Chi-Square	8849.388
	df	1275
	Sig.	0.000

Table 14: Rotated Component Matrix[illegible]

Rotated Component Matrix ^a													
	Component												
	1	2	3	4	5	6	7	8	9	10	11	12	13
MBEP17												.808	
MBEP20												.760	
MBEA4					.864								
MBEA22					.900								
MBEA24					.869								
MBEA27					.875								
IS2						.851							
IS8						.845							
IS30						.883							
IS32						.868							
IIB6			.952										
IIB14			.951										
IIB23			.941										
IIB34			.948										
IIA10				.902									
IIA18				.893									
IIA21				.893									
IIA25				.912									
IM9							.857						
IM13							.868						
IM26							.842						
IM36							.803						
IC15									.833				
IC19									.815				
IC29									.841				
IC31									.811				
ETI1													.758
ETI2													.813
ETI3													.795
ETI4													.779

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Confirmatory Factor Analysis (CFA)

CFA was run to confirm the factor and Table 7 showed average variance explained (AVE = Transactional 0.62; Transformational 0.57; Turnover Intentions 0.68), Knowledge management 0.91) composite reliability (CR = Transactional 0.83; Transformational 0.84; Turnover Intentions 0.89; Knowledge management 0.98). Correlation coefficient for all the inter items corresponding

to transactional leadership, transformational leadership, knowledge management, and employee turnover intentions were $< .3$ (Hair et al., 2010), suggesting a low inter-variable correlation and establishment of discriminant validity. Whereas the regression weights of items were $> .5$, suggesting the presence of high inter-item correlation; therefore, convergent validity was also established. Table 15 shows the computation of Degree of Freedom (Chi square (98) = 135.457 $p = .007$) and Table

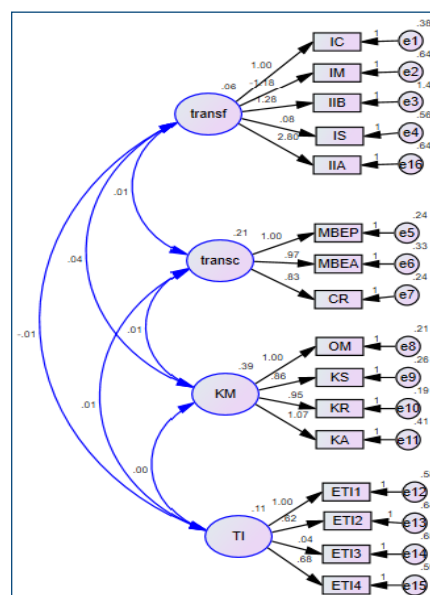
16 shows the model fit indices all the values (CMIN/DF = 1.382, GFI = .949; RMSR = .038; RMSEA = .035; Adjusted GFI = .929; CFI = .948 Parsimony GFI = .684; Parsimony CFI = .7774; Parsimony Normed Fit Index = .685). All the values fall within threshold range; hence, this model was a good fit.

Table 15: Model Fit

Computation of Degree of Freedom	
Number of distinct sample moments:	136
Number of distinct parameters to be estimated:	38
Degrees of freedom (136–38)	98

Table 16: Goodness and Badness-of-fit Indices of First-order CFA

Goodness and Badness-of-fit indices of first order CFA		
	Criterion Guidelines	Model Values
Absolute Goodness of Fit Index		
Chi-Square (CMIN)		135.457
Degree of Freedom (D.F)		98
Probability Level		0.007
Normed Chi-Square (CMIN/D. F)	≤ 3 (Hair et al., 2010)	1.382
Goodness of Fit Index (GFI)	≥ .8 (MacCallum & Hong, 1997)	0.949
Absolute Badness of Fit Index		
Root Mean Square Residual (RMSR)	≤ .10 (Wu, 2009)	0.035
Root Mean Square Error of Approximation (RMSEA)	≤ .08 (Steiger, 1990)	0.035
Incremental Fit Measure		
Adjusted GFI	≥ .80 (MacCallum & Hong, 1997)	0.929
Comparative Fit Index (CFI)	≥ .90 (Gerbing & Anderson, 1992)	0.948
Parsimony Fit Measurement		
Parsimony GFI	≥ .50 (Wu, 2009)	0.684
Parsimony CFI	≥ .50 (Wu, 2009)	0.774
Parsimony Normed Fit Index	≥ .50 (Wu, 2009)	0.685

**Fig. 3: CFA Combined Scale**

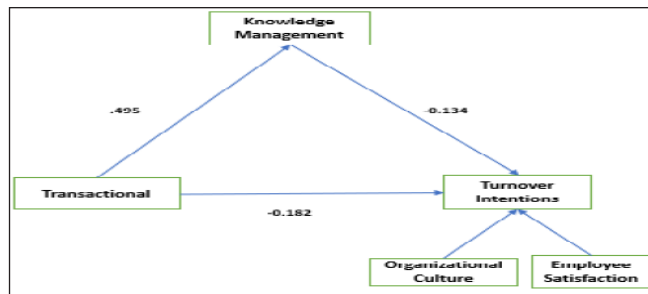


Fig. 4: Model with Direct Effect Values Transactional- Knowledge - Turnover Intentions - Transactional

Testing the Hypothesis

Figs 4 and 5 and Tables 17 and 18 show the results of Proposed hypotheses H1, H2, H3, H4, and H5.

- H1: Significant inverse association exists between transactional leadership and turnover intentions.
- H2: Significant positive association exists between transactional leadership and KMP.
- H3: Significant inverse association exists between knowledge management and turnover intentions.

Table 17: Results of Hypothesis Tested

Hypothesis	Path	Path Coefficient	Standard Error	R2	df2	t-Statistic	p- value	Decision
H1	Transactional- >Turnover	-0.182	0.018	0.032	248	-2.858	0.005	supported
H2	Transactional- >Knowledge	0.495	0.106	0.245	248	8.978	0	supported
H3	Knowledge-> Turnover	-0.134	0.008	0.018	248	-2.124	0.035	supported

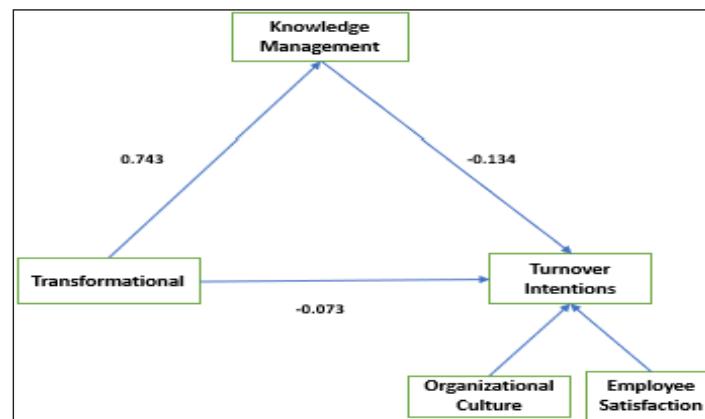


Fig. 5: Model with Direct Effect Values Transformational - Knowledge - Turnover Intentions- Transformational.

- H4: Significant inverse association exists between transformational leadership and turnover intentions.
- H5: Significant positive association exists between transformational leadership and knowledge management.

Table 18: Results of Hypothesis Tested

Hypothesis	Path	Path Coefficient	Standard Error	R2	df2	t-Statistic	p- value	Decision
H4	Transformational-> Turnover	-0.073	0.011	0.015	248	-2.159	0.025	supported
H5	Transformational-> Knowledge	0.743	0.049	0.553	248	17.5	0	supported

- **Null Hypothesis:** Knowledge management has no mediating effect on the turnover intentions and leadership styles (Transformational and Transactional).

H0a: Knowledge management has no mediating effect on transformational leadership and the turnover intentions. To

assess how much of the direct path is absorbed, variation accounted for (VAF) is calculated $VAF = (p_{12} * p_{23}) / (p_{13} + p_{12} * p_{23})$.

Based on the value of VAF, following conditions of mediation effect are given by (Hair et al., 2013, p. 224):

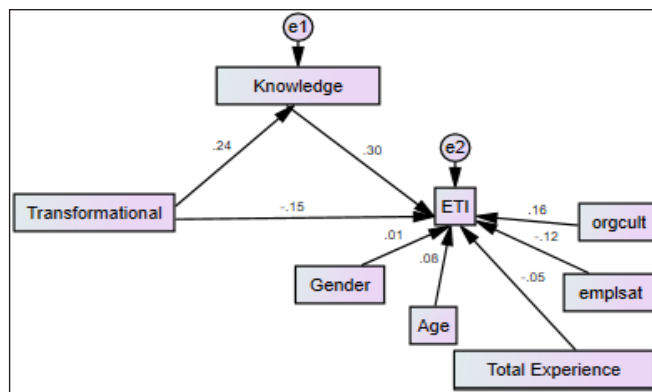


Fig. 6: Mediation Model Transformational - Knowledge Management - Turnover intentions

Table 19 shows the Direct and Indirect effects along with VAF Value of the Mediation of Knowledge management in transformational and turnover intention.

Table 19: Direct, Indirect, and Total Effects of Mediation

Independent Variables	Direct Effect	Indirect Effect	Total Effect	VAF Range	Mediation
Transformational	-0.023	0.0117	-0.012	.97	Full Mediation

Mediating Variable: Knowledge Management; Dependent Variable: Turnover Intentions

VAF is more than .80. Therefore, Null Hypothesis was not accepted for Transformational - Knowledge Management - Employee Turnover Intentions.

H0b: Knowledge management has no mediating effect between transactional leadership and the turnover intentions.

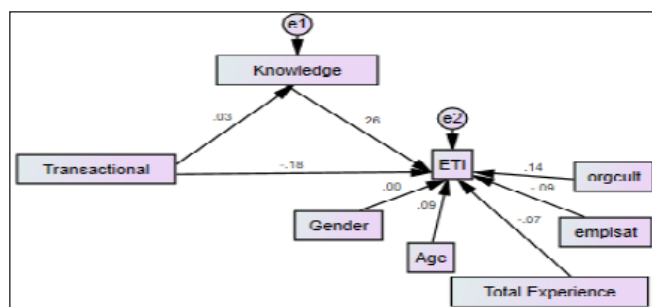


Fig. 7: Mediation Model Transactional - Knowledge Management - Turnover Intentions

Table 20 shows the Direct and Indirect effects along with VAF Value of the Mediation of knowledge management in transactional and turnover intentions.

Table 20: Direct, Indirect, and Total Effects of Mediation

Independent Variables	Direct Effect	Indirect Effect	Total Effect	VAF Range	Mediation
Transactional	-0.0541	0.0019	-0.0522	0.03	No

Mediating Variable: Knowledge Management; Dependent Variable: Turnover Intentions

VAF is less than .20. Therefore, Null Hypothesis is accepted for Transactional Knowledge management - Employee Turnover Intentions.

Discussion

The present study inspected the effect of two leadership styles (transformational and transactional leaderships) on employees' turnover intentions in the presence of knowledge management. More specifically, we showed the mediating role of knowledge management in connecting the transactional leadership and transformational leadership to turnover intentions. The outcomes of proposition provided the indication that both the leadership styles were inversely related to turnover intentions in the case of executives working in small and medium IT/ITES organizations of Delhi/NCR region of India, signifying that adopting transactional or transformational leadership style assists in declining the turnover intentions among employees, but the effect size varies in both the styles ($B = -0.18$, $p = 0.005$, transactional and $B -0.07$, $p = .025$, transformational), further suggesting that transactional leadership has more significant inverse effect as compared to transformational leadership. The main phenomena explaining the fact is that the management by exchange where transactional leaders offer monetary and nonmonetary rewards in exchange of work done by the executives acted as a motivational force to stay and work, with regular upsurge in paybacks or compensations the turnover intentions tends to decrease; whereas in the case of transformational leadership, leaders are more employee concerned. They motivate and inspire employees to grow intellectual and more skilful but there is a lack of exchange offers in the mode of compensations or rewards.

The results also pointed towards the positive association of leadership styles to knowledge management indicating

that both types of leadership styles believe in the establishment of proper knowledge management system in organizations. Here also, the magnitude of the effect varies ($B = .0.495$, $p < 0.00$, transactional and $B = .0.743$, $p < 0.00$, transformational). Results suggested that transactional leaders put little less stress on knowledge management as compared to transformational. The supporting fact is the management by exchange; a passive factor makes these leaders less proactive towards managing knowledge as the entire responsibility of executing tasks in on subordinates itself; thus, managing knowledge comes under their responsibility. But transformational leaders are the believers of idealized behaviour and influence. This factor makes them work proactively to take charge and let subordinated follow the same. So, proper management of knowledge is their key feature.

There was another relationship which was tested for this study knowledge management and employee turnover intentions and it was observed that there exists a negative association between the two ($B = -0.134$, $p = .035$). This can be explained with a fact that to execute any task, assignment, or work or to attain organizational goals, information is required. Information, when stored properly, converts to data and finally when processed, becomes knowledge either drafted in documents or in someone's mind. Lack of information or data or inappropriate and less availability of required knowledge hamper the performance of the employees and de-motivate them in the absence of rewards and appreciations causing in employees the development of quitting behaviour. Therefore, more the proper management, sharing, absorption, and retention of knowledge or information, less the turnover intentions.

Another relation which was tested in the study was the mediating role of knowledge management between leadership styles and employee turnover intentions. A significant full-mediation effect was found in case of transformational leadership as there is a decrease in the direct effect of transformational leadership on employee turnover intentions after introducing knowledge management [$B = -.007$ (Direct effect) & $B = -.15$ (after mediation)]; also, there is an increase in total effect = -0.012 as compared to direct effect = -0.023 (calculated through Hayes Process plugin in SPSS- 23).

Again, the reason is being the more employee oriented and much focus on intellectual development, behavioural modifications, and spiritual and ethical motivation to develop skills and capabilities by providing maximum facilities to subordinates to perform extraordinarily by giving them demonstrations and setting live examples.

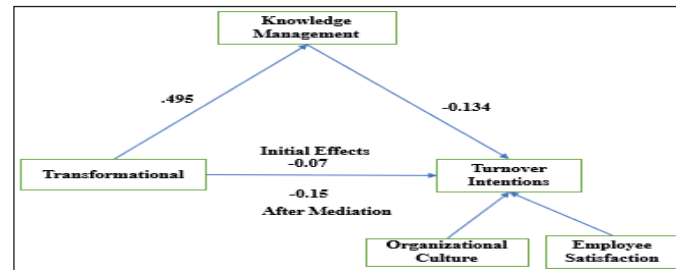


Fig. 8: Model Showing Change in Effect of Direct Relationship Transformational - Turnover Intentions

But for transactional leadership knowledge management, there was no considerable significant change in the direct effect of transactional leadership on turnover intentions [$B = -.182$ (Direct effect) & $B = -.180$ (after mediation)]; also, there was no significant change in total effect = -0.0522 as compared to direct effect = -0.0541 (calculated through Hayes Process plugin in SPSS-23). Here also, The factors contributing are passive management, and exchange systems that include rewards and compensations which works against transactional leaders. Hence, transactional leaders need to focus more on knowledge management rather than only developing and managing exchange systems. The employees will feel more self-motivated while receiving awards and appreciations for the execution of work done through proper management and availability of resources especially knowledge or information which they fetch, store and share among themselves.

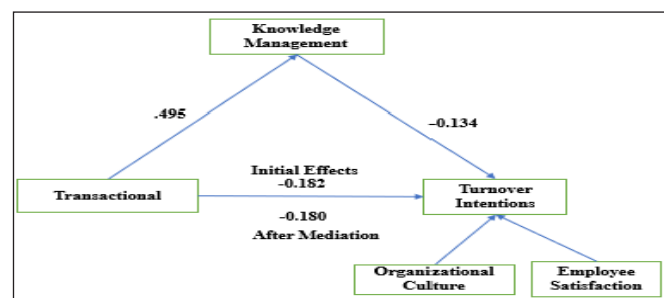


Fig. 9: Model Showing Change in Effect of Direct Relationship Transactional - Turnover Intentions

Conclusion

Described and deliberated by many researchers hypothetically and verified practically in their studies, it's the leader who capitalized organizational success by all means with his comprehensive vision and dynamic leadership style. They, with their attitude and aptitude, can regulate nastiest-of-nastiest situations and spoil the years of hard work in a jiffy. Among all critical situations, employee turnover is one of the most imperatives to handle because of the fact that in the absence of human resource organization is not even worth calling an organization. Businesses need individuals to accomplish every single function, which indeed plays a significant role to run an organization; therefore, employee turnover in itself is a big threat to organization especially unplanned, unexpected, and volunteer exits. The exiting or quitting process is not a just thought, rather a time-taking process which starts with the development of turnover intentions. Leaders with quick observations and detailed analytics can find the development of such issues in organizations and potentially control them by taking positive measures and remedial initiatives. It was found that both transformational and transactional leaders have a significant impact on the development of turnover intentions among employees. It was found that transformational leaders can handle the development of quitting tendencies very well by taking effective initiatives to manage knowledge. Shared and properly managed information or knowledge helps employees to achieve what is being expected from them perfectly and on time, which later enhances their work performances and enables them to get appreciated and rewarded. This in turns, keeps them motivated by developing high job satisfaction level and also reduce the chances of thinking to leave or quitting their jobs. Whereas for transactional leaders to manage knowledge is not much important, because they are good at controlling quitting behavior by creating excellent reward systems in exchange for their work to keep them motivated and satisfied, thus putting a stop on development of turnover intentions.

Practical Implications

The direct association among leadership styles (transformational and transactional) and turnover intentions suggest organizations and their respective leaders/managers adopt the two aforesaid leadership

styles to effectively regulate the growth of exit tendencies in employees. Apart from that, leaders must also put initiatives in the development, absorption, and sharing of required organizational knowledge to let employees perform well by accomplishing the assigned tasks. Transformational leaders must take sole responsibility to manage knowledge with the help of their subordinates to make required data available if and when required to enhance the performance level of employees and keep them motivated; whereas, transactional leaders may keep a check whether the subordinates are managing the information or data in a proper way as improper management of information may lead to non-execution of work and declined performances which may impact rewards and appreciations received in exchange of work leading to demotivation and dissatisfactions. Therefore, hiring such a leader must be a prerequisite of organizations which with their effective management skills and styles develop good work environment and strong organizational culture relationship within the organizations to improve satisfaction level and to decrease the quitting inclinations among employees. Hence, by appointing transformational or transactional or providing regular training to managers and encouraging them to be little more employee oriented can act as an operative tactic to have a grip over employee turnover intentions in Indian small-and medium-scaled IT/ITES organizations.

Limitations and Future Research

This study has some limitations mainly the confinement only to small and medium scale organizations with turnover ranging from Rs. 50 to 100 cr. Secondly, the sector chosen was only IT/ITES organizations from Delhi/NCR area; therefore, the results may not be used in general by every segment as scenarios may differ from industry to industry. The study was done on cross-sectional data which are another limitation of this study as the longitudinal study could improve the magnitude of the effects of a different variable like transformational transactional, turnover intentions, and knowledge management on each other. Another issue is the sample size future study can include more participants in the survey to get a better picture.

Originality Value

This result of the study focuses on the importance of the proper usage of explicit knowledge in organizations to

fill the gap by providing measures to control employee turnover intentions.

Acknowledgment

The current study is original work of the researcher and has not published or sent for publication anywhere else.

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