The relationship between leadership, relationship capital and intention to stay

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Abstract
The main objective this study is to investigate the relationship between leadership, relationship capital and intention to stay among Malaysian Armed Forces (MAF) and attempt to examine how the relationship capital may be enhanced to improve employee retention problem. Employee retention always plays a vital role for all organization’s success, especially for military organization which human cost occupies the largest portion. With the specific experience and skills, professional staff of military organization have a lot of opportunities to change their working place. Their leaving will bring about unrecoverable costs on orientation and training as well as incur cost for new staff. Furthermore, the morale of remaining staff will be also affected. The research applies quantitative method and survey by questionnaires will be distributed among Malaysian Armed Forces (MAF). The collected data will be analysed using SPSS version 25.0. The expected results and findings of this study suggest that the leadership has a significant (positive) relationship with intention to stay.

Introduction
We are now in the world without borders. According to Shahid (2018), no matter what industry it is essential to comprehend what the employees think and sense about the organization and the working culture. An organization effort to recognize the reasons for employee retention can serve to keep turnover down. When organizational leaders naturally respect employees as more than mere work resources, employees reach a high level of performance and will continue with the organization longer.

The organization’s success and prosper cannot be realized without support and contribution from its employees. From modern human resource perspective, human capital is the most valuable assets for the organizations (Mello, 2011). Employee is a person who has agreed to provide service for employer in exchange for money (legal dictionary, 2010). That means employees work for the employers to make contribution to the production, sales and service, at the same time employers pay employee in terms of money for their efforts contributed to the organization. Employees and employers to earn salary, and employers need employees to get work done, by such way to make profit for the organization.

Employees leave organizations if they are not satisfied with multiple factors linked to the company. According to Branham (2005), there are seven main reasons why employees leave, which are lack of recognition, low pay, unfulfilling job, inadequate career advancement, poor management practices, untrustworthy leadership, and disordered work cultures.

Employee retention always plays a vital role for all organization’s success, especially for Military industry which human cost occupies the largest portion. With the specific experience and skills, professional staff of Military industry have a lot of opportunities to change their working place. According to Phuong (2017), the employee leaving will bring about unrecoverable costs on orientation and training as well as incur cost for new staff. Furthermore, the morale of remaining staff will be also affected. Therefore, it is essential to understand the factors affecting employee’s intention to stay.

This study investigates the relationship of leadership and relationship capital to employee’s intention to stay. In addition, the mediating effect of relationship capital is also to be examined. The study aims to determine elements of employee intent to stay in Military Arm Forces (MAF) with relate in relationship capital (RC) which is consists of communication, commitment and trust. However, this study will emphasize what the direct effect leadership for the employee’s intention to stay.
The Indian Military is currently suffering from a serious shortage of officers. Lucrative offers from outside the military as well as job-related factors in the service serve as prime detractors forcing the servicemen to leave the military prematurely. This shortage of officers affects the military leadership on ground and is therefore a matter of grave concern for the defence of the country (Rakesh Kumar, Satyabhusan Dash & Sharma, 2015).

US military faces a sweeping turnover among upper Commanders (Gordon Lubold & Nancy Youssef, 2018). US Military faces high turnover of top brass. Changes in command affect large number of key posts even as Defence Department Civilian (DDC) leadership is also in flux. The Pentagon, within the coming months is expected to undergo its most dramatic period of turnover at top military leaders under the Trump administration during which top civilian leaders aren’t serving in permanent capacity. At least five of the seven members of the Joint Chiefs of Staff will be replaced this year, including the chairman, vice chairman and head of Army, Navy and Marine Corps (Nancy Youssef and Gordon Lubold, 2019). The facing retention issues the Corps need to recruit highest number of US Marine in a decade. The Corps has the “youngest population” but “highest turnover”, with nearly 60.4 percent of the Corps the rank of Commanding Officer and below. Meaning that, headed to fiscal year 2019 the Corps will need to recruit roughly 38,500 new Marines to adequately man the force (Shawn Snow, 2018).

In the Belgian Armed Forces approximately 30% of the recruits voluntarily withdraw from initial training. Most of these stops take place within the first month, sometimes even after a few days. It seems that this figure is not very different from the voluntary turnover rate of most West European Armed Forces (Bert Schreurs, 2007).

For the Malaysian Armed Forces (MAF) with the same issue faces high turnover of the key personnel, some specific occupations are still critically understaffed. There is an urgent need such as technicians and Air Traffic Controller for Royal Malaysian Airforce, Engineer (Electronic, Mechanical & Electrical), Submariners and PASKAL for Royal Malaysian Navy, and COMMANDO and infantrymen for Royal Malaysian Army.

Two major reason, the military personnel to leave their organization prematurely, which is voluntary turnover such as early retirement, badly work environment, poor leadership, relationship, attractive job from outside etc. The second reason is Service No Longer Required (SNLR) due to drug abuses, criminal cases, high absentees among the soldier etc. All those problems have portrayed a negative image for organization and much contributed the high turnover of Malaysian Military. With strength of 110,000 personnel, the Human Resource Department under MINDEF faced a challenging task in managing its resources. The rank and file are the major segment which contributes to the statistics where almost 60 percent of the total strength came from this group (SNLR). The both issues maybe due to early retirement, badly work environment, poor leadership and relationship among leaders, managers and subordinates.

The leadership, relationship capital and the employee’s intention to stay are the keys to determine the organization’s success. Many researchers have been conducted to improve the leadership, relationship capital and maximize the intention to stay in various sector such as public sector (Murali Sambasivan, 2013), Trade Union (Jacqueline Koh, 2013), academic sector (Amena Shahid, 2018) and shipping industry (Yao and Huang, 2018). However, in the professional military industry, there has been relatively little research conducted towards the relationship between leadership, relationship capital and intention to stay. Hence, this study is conducted to address this research gap.

The graph below shows the top reasons employees would leave their current company.

![Figure 1: Service Sector by Michael Page (2015)](image-url)
Literature review

The intention is a psychological antecedent for the actual behaviour (Ajzen and Fishbein, 1980), individuals’ intention to stay or quit, perform or not to perform a behavioral act can be the critical determinant of action. Intention to stay is the opposite of turnover intention (Kim, Price, Mueller and Watson, 1996) are negatively correlated, (Steers and Mowday, 1981). Employee turnover hinders the organisation’s work reaching its goals, profit of the organisation and damaging the organisation. Intention to stay is defined as employees’ intention to stay in the existing employment relationship with their current employer on a long-term basis (Amena Shahid, 2018). Research on intent to leave focuses highly on the perceptions that effective leadership has an unambiguous effect on employee motivation and morale and therefore should receive adequate consideration (Udechukwu and Mujtaba, 2007). Organisations continuously try to learn how to retain quality employees, build trust and better communication, to develop employee commitment and to improve the leadership among the leaders of organisation. Therefore, the purpose of this study to investigate the perceptions of employees regarding the relationships between leadership, relationship capital (Communication, trust and commitment) and intention to stay and to recommend strategies that may guide to increases in employee intent to stay.

Intention to Stay (Dependent Variable)

Cheng, Mauno, and Lee (2014) referring to the definition of “retain” in Marriam Webster Collegiate Dictionary as retention, maintaining unchanged, and avoiding separation and defined “retain” as workers continuously maintain current position or job. According to Lacasse (2015) regarded it as adjusting institutional strategies or rules to have workers stay at the same unit or professional work. Different from turnover intention, retention intention stresses on remaining key human capitals in organisations and promoting organisational members’ positive working behaviors (Amena Shahid, 2018). Lee, Shin and Greiner (2015) pointed out retention as expecting to continuously become an organisational member or continuously stay at the original organisation. Norton et al. (2014) defined intention to stay as individual subject work evaluation after getting into the work domain and interacting with the working environment, the identity to continuously involve special organisation goals, and the identity and willingness to continuously stay at the original work position. Inoue and Alfaro-Barrantes (2015) defined intention to stay as being willing to stay at an organisation to continuously work for the organisation. From domestic and international definitions of intention to stay.

Referring to Lin et al. (2016), retention is the positive side of turnover, and the factors in turnover and retention are mutually matched. From above turnover theories, factors in intention to stay are organised as followings;

Internal factor: Job satisfaction, job characteristics, role conflict, benefits, organisational climate, and promotion and development.

External factor: Unemployment rate, employment opportunity, and financial conditions of a company.

Personal factor: Age, seniority, gender, marital status, value, and family responsibility.

On my own perspective, define intention to stay mirrors the employees’ level of commitment, trust, and communication to his or her organisation. Leadership style also is defined to remain the employees’ continuously intention to stay to his or her organisation.

Leadership versus Employee Intention to Stay

Caldwell and Dixon (2010) stated, trust, support, and forgiveness are essential values used by leaders. The individual in leadership roles within an organisation managing employee with respect and dignity can enhance the performance of employees. Leaders and their ability in creating a climate of retention, a culture that delivers to employees in a way that promotes them to stay, will be an organisation’s best safeguard against undesired turnover. Employees are more inclined to stay with an organisation when they feel that leaders display care and concern for them, if they are given a role that suits their skills and gets constant positive feedback and recognition (Amena Shahid, 2018). The quality of connection an employee has with his or her managers extends employee stay in an organisation (Ferreira, 2007 cited in Michael, 2008).
Understanding the concept of leadership is vital studying the relationship between leadership style and intent to stay. Organisation require strong leaders to inspire and support their employees. Leaders’ skills to inspire, motivate, and satisfy their employees are important drivers of employees’ intent to stay with their organisations (Shuck and Herd, 2012). Leaders who are more efficient are expected to engage their employees. Kim and Jogaratnam (2010) studied how individual and organisational determinants influence job satisfaction and employee intent to stay in the hotel and restaurant industry. In their study, Kim and Jogaratnam used data from a survey of 221 hotel and restaurant employees. Direct leader leadership was one of the independent variables of the study. Direct leadership is a leadership style that concentrates on the achievement of tasks and progress of subordinates (Kim and Jogaratnam, 2010). The results showed that direct leader leadership does not hit job recognition, but it is a strong predictor of employees’ intention to stay with the organisation.

Samuel and Chipunza (2013) noted that acquiring skilled employees motivates managers to increase employee retention and ensure employees do not leave the organisation. Employees intent to stay with an organisation if the organisational leaders support their well-being; if employees are aware of the employers’ expectations of them; if employees felt confident and assured that they are the right candidate for the job; and if the organisational leaders implement excellent employee recognition programs. Effective retention strategies increased employee motivation and intent to stay with an organisation and led to a decrease in turnover intention.

Long and Thean (2011) study indicated a negative association between transformational leadership and turnover retention, meaning that transformational leadership can develop the intention to stay. Wells and Peachey (2011) adopted transformational leadership and transactional as leadership variables. The results revealed that both transformational and transactional leadership styles are likely to increase intent to stay with organisation. To know the relationship between leadership and retention of nurses. Forest and Kleiner (2011) examined the results of the nursing management styles, which is transactional leadership on nurses’ retention and recruitment. The outcomes showed that transactional leadership decreases nurses’ moral and increases their turnover retention. Forest and Kleiner suggested transformational leadership and explained that this leadership style is expected to enable nurses and improve their intention to stay. Several studies (Furtado, Batista, and Silva, 2011: Forest and Kleiner, 2011) indicated that leadership style is a positive predictor intention to stay.

H1: Leadership has a positive and direct effect on intention to stay.

Leadership (Independent Variable)

What Is Leadership? And Can You Learn to be a Good Leader says “is the art of motivating a group of people to act towards achieving a common goal (Susan Ward, 2019). In business setting, this can mean directing workers and colleagues with strategy to meet company’s needs. This leadership definition captures the essentials of being able to inspire others and being prepared to do so. Effective leadership is based upon ideas (whether original or borrowed) but won't happen unless those ideas can be communicated to others in a way that engages them enough to act as the leader wants them to act.

Leadership can be defined as the ability of the management to make sound decisions and inspire others to perform well. It is the process of directing the behaviour of others towards achieving a common goal. In short, leadership is getting things done through others. “Leadership is a behavior that has the ability change the direction of an organization. Leadership needs to choose certain criteria in achieving organizational objectives. They can monitor subordinates to suit criteria selected for development and success purposes in addition can maintain a strong teamwork pattern”. (Cartwright and Zender, 1960) and (Halpin, 1960).

Leadership is an important topic that will always attract attention due to its importance in shaping the fortunes of organizations around the world. Leadership is defined as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (Yukl, 2010). This suggests that for effective leadership to take place there must be communication and understanding between the leader and his followers. The definition suggests that leadership is a “two-way process that influences both individual and organizational performance” (Mullins, 2010).
Leadership is the crucial of any organisation. Leaders provide the direction and set the standards. In general, most people do not embrace change. With change comes uncertainty and fear of the unknown. Leadership and the different associated styles have an immense impact on how employees perform and grow, to lead positive organisational outcomes.

Bass and Avolio (1997), a single specific definition of leadership is a very complex task as literature and studies on this topic are varied and there is no definition which is widely and universally accepted. Some definitions describe leadership as an act of influence, some as a process and yet others have looked at a person’s trait qualities.

Leadership in the military perspective, like all leadership, concerns itself with the influence of members so that they willingly strive to ethically achieve assigned missions. Military leaders are one who inspires member commitment throughout the lead-up to, and involvement in, operations. They support members so that they can confront and accept the moral component of operations and encourage members so that they can deal with and suppress the fear of battle. Good military leaders put the needs of the mission and the concerns of the member before their own needs and concerns.

**Transformational Leadership Theory**

The leadership frameworks discussed so far are all useful in different situations, however, in civil organisation, "transformational leadership" is often the most effective style to use. Transformational leaders have integrity and high emotional intelligence. They motivate people with a shared vision of the future, and they communicate well. They're also typically self-aware, authentic, empathetic, and humble.

Transformational leaders inspire their team members because they expect the best from everyone, and they hold themselves accountable for their actions. They set clear goals, and they have good conflict-resolution skills. This leads to high productivity and engagement.

However, this style of leadership is not a "one size fits all" thing; often, you must adapt your approach to fit the situation. In military point of view, this leadership style will be used in different situation especially during peace but not appropriate during crisis. According to Kane and Tremble (2000) and Shamir et al (1998), in peacetime, military performance is associated with cohesion commitment to the organizational values and goals. It requires an effective leadership role to influence, motivate and inspire individuals to achieve the desired outcome. This show similarities approach using transformational leadership between civil and military but not during crisis.

Transformational style of Leadership comprises of the components of idealized influence, inspiration, intellectual stimulation and individualized consideration and has been suggested widely as the optimum style for managing change. Bass, Waldman, Avolio, and Bebb (1987) discovered that leaders scoring higher on Transformational Leadership factors have followers who display greater levels of transformational behaviours. The goal of transformational leadership is to “transform” people and organizations in a literal sense, to change them in mind and heart, enlarge vision, insight, and understanding; clarify purposes; make behaviour congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building." -Steven Covey (1989).

![Figure 2: Model of Transformational Leadership (Dave Wallman and Glenn Evans, 2018)](image-url)

**Impact of Transformational Leadership**

Motivation change-centred. Anderson and King (1993): Concluded that with respect to the management of transformation processes in organizations, there is a strong need for leaders who are more change-centred. These leaders place value on the development of a clear vision and inspire followers to
pursue the vision. In this way they provide a strong motivational force for change in followers. He concluded that besides a participative leadership style, a clear vision or mission is most likely to foster innovation.

Change beyond expectations. Bass (1985): Proposed a broader vision of transformational leadership, which was to motivate followers to produce changes beyond expectations. Specifically, transformational leaders are viewed as who have powers on employees with individual considerations, inspirations, intellectually stimulations, and personal development.

Loyal. Buchanan, 1974: Defines commitment as “loyalty, identification, and involvement with some appropriate object”. In an organizational setting, such loyalty involves feelings of attachment, which develops as individuals share values in common with other members of the group.

Conclusion that Transformational Leadership are to be positively and highly significant with employee commitment and co-related to employee motivation. It has a great impact on employee commitment intention to stay to his or her organisation.

Transaction leadership

Transactional leadership is formed and promote compliance by followers through both concept, reward and punishment. Transactional leaders believe that the employee's performance is completely dependent on these two factors. Through rewards and punishments system they can keep followers or employees motivated for short-term. When there is an encouragement, the workers put in their best effort and the bonus is in monetary terms in most of the cases. In case they fail to achieve the set target they are given a negative appraisal. Transactional leaders pay more attention to physical and security requirements of the employees.

Transactional method is effective in crisis and emergency as well as for projects that need to be carried out in a specific way. "Set goals, articulate explicit agreements regarding what the leader expects from organizational members and how they will be rewarded for their efforts and commitment, and provide constructive feedback to keep everybody on task" (Vera & Cossan, 2004). It only focusses on increasing the efficiency of established routines and procedures and are more concerned with following existing rules than with making changes to the structure of the organization.

Transactional leadership is present, approached and adopted in many civil organisations, and it does offer some benefits. For example, it clarifies everyone's roles and responsibilities. This leadership approach seems has drawback in civil organisation. Because transactional leadership judges team members on performance, people who are ambitious or who are motivated by external rewards including compensation often thrive but opposite with other. The downside of this style is that, on its own, it can be chilling and amoral, and it can lead to high staff turnover. It also has serious limitations for knowledge-based or creative work. As a result, team members can often do little to improve their job satisfaction.

Charismatic Leadership

Charismatic leadership resembles transformational leadership: both types of leaders inspire and motivate their team members. The difference lies in their intent. Transformational leaders want to transform their teams and organizations, while leaders who rely on charisma often focus on themselves and their own ambitions, and they may not want to change anything.

Ronald Riggio (2004) “essentially very skilled communicators, individuals who are both verbally eloquent, but also able to communicate to followers on a deep, emotional level”. Charismatic leaders are often identified in times of crisis and exhibit exceptional devotion to and expertise in their fields. They are often people with a clear vision in business or politics and the ability to engage with a large audience. Charismatic leaders might believe that they can do no wrong, even when others warn them about the path that they’re on.

Some example of the World Leader with charismatic leadership such Teddy Roosevelt and John Kennedy, Reagan which recognized as one of the most charismatic American presidents of the 20th century and Winston Leonard Spencer-Churchill was born in 1874. Although he is best known for being the prime minister of England during World War II, he honed his communication skills as a war correspondent in World War I and crafted legislation for Parliament as a member. He was a powerful orator who used radio speeches to buoy the British people’s resilience during Germany’s World War II bombing of England.
Conceptual framework
This study will emphasize explore in an investigation the relationship between leadership and intention to stay. Thus, this relationship can be hypothesized as:

H1: Leadership has a significant and direct effect on intention to stay.

Figure 3: Conceptual Framework

Research methodology
Data Collection
This study the secondary data will be collected from sources such as yearly unit operational report, administrative report and disciplinary report from Malaysian Armed Forces Resources Department at Military Headquarters (MINDEF) located in Kuala Lumpur, Peninsula Malaysia. Apart from that, primary data collection will be through questionnaires.

Sample Size
The respondents of this study the leaders and members of military located in Peninsula Malaysia particularly in Perak and Johor. Most of the huge Military Camp or Base are in these states. The respondents also will be targeted Military Camp or Base in Sabah, East Malaysia. Lastly, the more respondents will be targeted in Labuan, Federal Territories Malaysia. Thus, the sample size of this study is 500 as suggested by Krejcie and Morgan’s (1970). However, to increase the respondent’s rate for this study, 600 questionnaires will be distributed.

Data Analysis
This study will be utilised by the means of Statistical Package for Social Science (SPSS) to analyse the relationship between leadership, relationship capital (Communication, Trust and Commitment) and intention to stay. The statistical analysis will include descriptive analysis for summarizing the data collected, ANOVA analysis for measurement of between group’s variance, Bivariate Pearson Correlation analysis for hypothesis testing and reliability analysis to test the correlation of items.

Significant of the study
Practical Contribution
In Malaysia, it is also a common issue for many organizations to face the of high employee turnover. However, there are not many researchers on the relationship between the factors that influence relationship capital and intention to stay. This study will focus on the multiple regressions between factors that influence relationship capital and intention to stay and attempt to find out as to whether the relationship capital model holds true for Military organization.

Theoretical Contribution
Firstly, it can be used as a reference to the human resources management, human capital designing, human capital enrichment and enlargement for Malaysia employers. On other hand, in order to improve the employee’s relationship capital and as well as reduces the employee turnover rate, it is important to fulfil communication, trust and commitment (relation capital) for each employee.

Conclusion and discussion
This is a conceptual paper as explained in the early in the study, only to emphasize in an investigation the relationship between leadership and intention to stay. Based on previous studies
indicated that leadership style is a positive predictor intention to stay. The findings led me to draw conclusion about the relationship between leadership and intention to stay. Leadership may make employees either stay or leave the organization hence it becomes one of factor that influence employee retention. The expected results of this study leadership are positively and direct effect on intention to stay.

This study concluded that there is a significant relationship between leadership and employee intention to stay in Malaysian Armed Forces (MAF). These outcomes are consistent referred to previous study for difference industry such as by Ng’ethe, Namusonge and Iravo (2012); Izidor and Iheriohanma (2015), Khalid, Pahi and Ahmed (2016); Kelvin (2018). Their findings indicated that there is a significant relationship between leadership and intention to stay.

In reflecting the transformational leadership theory individuals who are offered leadership and managerial role must ensure that they let employees be part and parcel of their leadership process. This means that employees must be allowed to give ideas on how an organisation should achieve organisational goals. This is one of the best ways to win their heart and make them loyal to the company. This goes hand in hand with having an effective communication system that allows two-way flow of information, managers should not only focus on giving information but also, they should seek feedback from their subordinates.

Finally, the results of this study might be applied to increase intention to stay, thus conserving the Malaysian Armed Forces resources in protecting the country sovereignty and can be applied to others organization.

Recommendations for future study
Based on the literature and conceptual framework the following recommendations for future study are below;

**Recommendation 1:** Further research should be conducted to test the relationship between leadership and intention to stay.

**Recommendation 2:** Further research should be conducted to test the relationship between relationship capital and intention to stay.

**Recommendation 3:** Further research should be conducted to test if relationship capital mediate the relationship between leadership and intention to stay.

**Recommendation 4:** Further research should be conducted to test the effects of cyclical interrelation among communication, trust and commitment on intention to stay.

References


