

CITY UNIVERSITY OF HONG KONG

香港城市大學

**Exploring the Relationship among
Leadership Behavior, Empowerment,
Organizational Identification
and Employee Retention**

探究賦權和組織認同對
領導行為和員工留任之關係
的影響

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ABSTRACT

Nowadays companies always prefer to focus on strengthening the competitive advantages, which include advanced technology, innovative, marketing strategies, service quality, product quality and customer relationship in order to build up its brand value. However, human resource is still the most important element to determining the success or failure of an organization. It is irreplaceable and providing positive and creative contributions for achieving the goals or the activities of an organization.

Every successful business is built by the loyalty of employees. There is no doubt that it becomes a loss for the organization to release such kind of experienced staff. Employees keep training up and receiving information day by day, from being a new staff at the very beginning, to an experienced specialist in management level. His/her performance and attitude will be totally affected by how do we input our resources to them or what do we want to deliver.

Employee retention is an important topic for all of the business. Employee turnover may be caused by many reasons, such as income, working environment, working culture, personal development, and relationship between his/her leader and himself/herself may always take an important role. Leadership style is a leader's style of providing direction, implementing plans, and motivating people. It is the result of the philosophy, personality, and experience of the leader.

There are many kinds of leadership style, they may provide love, autonomy, future development, reward and punishment etc. to the employee, and it may affect the decision making of an employee to choose to stay or quit the company. The relationship of leadership style and employee retention had drawn attention for businessmen and researcher for many years.

Apart from leadership styles, employee may also be affected by empowerment and organizational identification. The level of empowerment delivered by every leader is different and which may vary a lot for an employee to value himself/herself or even positioning his/her working status. It turns out influencing the relationship between leadership style and employee retention.

On the other hand, the strength of an employee's identification with a company can be linked to the organization member's attitudes (Cheney, 1983). Issue such as company policies, rules, communicated mission values and strategy all interplay in employee's identification. The level of the organizational identification may highly affect the relationship between the leadership style and employee retention.

This research identified the relationship between leadership and employee retention. A primary contribution of this study is evidence indicating that the transformational leadership can positively while transformational leadership is negatively related to employee retention. Besides, empowerment and organizational identification are proven that can enhance the effects of transformational leadership on employee retention, and it can weaken the relationship between transactional leadership and employee retention.

Many past researchers have studied the leadership style, employee retention, empowerment and organizational identification but they have highly focused on the relationship between leadership style and employee retention, it was found that there was limited research focused on the study on how do the empowerment and organizational identification after the relationship of leadership style and employee retention. I therefore choose to study this under-research area to investigate the patterns and influences related to the transformative and transactional leadership behavior, empowerment, organization identification and employee retention, which would serve as a good reference for the academic researchers and the practitioners of business owner.