

Examining the Structural Relationship among Leadership Styles, Employee Empowerment and Organizational Commitment: Evidence from Chinese IT Companies

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리더십 스타일, 임파워먼트 그리고 조직몰입의 구조적 인과관계: 중국 IT 기업을 중심으로

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Abstract In the current economic situation of China, the leadership style and organizational commitment of employees has become an important topic. The purpose of this study is to explore the relationships among leadership style, employee empowerment and organizational commitment. And help leaders to understand which leadership style is more important and suitable for them, and to increase employees sense of identify of the organization and giving them more power so that they can work more effectively. To serve this purpose, this study conducted an extensive survey of IT companies in ShenZhen, China, and 403 valid data was collected. The research model was analyzed using SPSS and AMOS. According to the result, leadership style has a profound influence on organizational commitment. And leadership style can also impact on empowerment. Employees' empowerment also significantly influence the organization commitment, and exist a mediating effect between the leadership style of organizational commitment. The results of this study provided a new reference and a more suitable leadership style for Chinese IT enterprises that transactional leadership is more effective than transformational leadership, and it is more effective to encourage employees with rewards.

Key Words : Transformational Leadership, Transactional Leadership, Employee Empowerment, Organizational Commitment, IT Company

요 약 중국의 현재 경제 상황에서 직원들의 조직에 대한 몰입을 강화시키는 리더십 스타일은 매우 중요한 주제이다. 본 연구의 목적은 리더십 스타일, 임파워먼트 그리고 조직몰입 간의 구조적 인과관계를 조사하는 데 있다. 리더들이 자신의 리더십 스타일을 이해하고, 직원들로 하여금 더 많은 의사결정 권한을 부여하는 것은 직원들이 보다 효과적으로 업무를 수행할 수 있도록 많은 도움을 줄 수 있다. 연구목적을 달성하기 위해 본 연구에서는 중국 심천에 소재한 IT기업들에 대한 광범위한 설문 조사를 실시하여 총 403개의 데이터를 수집하였고, 분석은 SPSS와 AMOS를 이용하였다. 분석결과, 리더십 스타일은 종업원의 임파워먼트와 조직몰입에 긍정적인 영향을 미치는 것으로 나타났다. 또한 종업원에 대한 임파워먼트도 조직몰입에 영향을 미치며 리더십 스타일과 조직몰입 간의 매개효과를 가지는 것으로 나타났다. 조직에서 직원들이 자존감이 낮고 회사가 임파워먼트에 적극적이지 않은 경우 조직몰입도가 낮아 이직 가능성이 높을 수 있다. 본 연구결과는 중국 IT기업에 적합한 리더십 스타일은 변혁적 리더십보다는 거래적 리더십이며, 이러한 리더십 하에 종업원에 대한 적절한 임파워먼트가 이루어진다면 직원들의 조직몰입을 이끌 수 있다는 것을 보여준다.

주제어 : 변혁적 리더십, 거래적 리더십, 임파워먼트, 조직몰입, IT기업

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1. Introduction

Different companies have different leadership styles. More and more Chinese IT enterprises like Huawei and Tencent are expanding their business to the rest of the world and meanwhile more and more western scholars are paying attention to Chinese leadership style in the organizations. In this study, from Chinese employees who are working in IT companies' perspectives, we can know much more detail information about their leaders' management styles and also know that whether they have a strong identity of the organizations. Nowadays, leadership style has become an important topic in terms of human resources' area in mainland China and also in the whole world. In this study, leadership style covers two dimensions: Transformational Leadership and Transactional Leadership. According to [1], transformational leadership means employees and leaders can get together to achieve a higher level of stimulation and moral. Through the advantage of leaders' personality and vision, transformational leaders can encourage employees to change stimulations, perceptions and expectations to achieve company's objectives. Transactional leadership also known as managerial leadership, focusing on the role of supervision, group performance and organization. Leaders who carry out this style focus on specific work tasks and use rewards and punishments to stimulate employees. For example: employees try their best when the chain of command is clear and employees can obey the instructions and commands of the leader. Subordinates require to be carefully monitored to make sure that expectations are met.

[2] said that employee empowerment is a management practice of rewards, sharing information and power with followers so that they can take initiative and make decisions to solve problems and improve service and performance. Empowerment is based on the idea that giving followers resources, skills, authority, stimulations, opportunity, as well as holding them responsible and accountable for outcomes of their behavior and actions will contribute to their

competence and satisfaction.

Thus, the purpose of this study is to examine the starting point to Chinese leaders and examine Chinese leader's management style in some Chinese outstanding IT companies. And through this study, we expected that this study can provide a more suitable leadership style to the Chinese IT companies and provide theoretical and practical guidance for entrepreneurs.

2. Literature Review

2.1 Transformational Leadership

Leadership styles are divided into two parts in this study. One is transformational leadership, and the other one is transactional leadership [3, 4]. According to [3], in the past century in the management field, leadership plays a main element for organizational success. Transformational leadership is the most studied leadership in the management field. Generally speaking, transformational leadership covers four dimensions: intellectual stimulation, individual consideration, idealized influence and inspirational motivation. Intellectual stimulation reflects that leaders' ability to motivate and stimulate their employees to work more effectively and help them to think creatively, task risks and participate intellectually [5]. Individual consideration refers to leaders like a mentor or coach paying special attention to the different needs of individuals. Idealized influence means that leaders create an environment which help employees to identify with them and employees can be loyal to the company. Inspirational motivation means leaders' ability to help employees to become an important part of the company. While according to [6], transformational leadership covers five elements, they are creativity, sensitivity, compassion, empathy, relationship building. It includes followers' confidence, leader's trust and stimulate their individual development. From [7] perspective, transformational leadership covers the elements of sharing of power and participative decision making.

2.2 Transactional Leadership

Transactional leadership is an exchange process. Based on economic transactions, leaders can stimulate employees by attracting to their personal desires. Transactional leaders usually use their authority, power and organizational bureaucracy to maintain basic control [8]. Previous scholars such as [9, 10], they think that transactional leadership is characterized by exchange, it exists a kind of contractual transaction between leaders and subordinates. In addition, leaders can provide rewards and promotions for employees, helping them to obey leaders' command and complete the work tasks efficiently. The prominent characteristics of transactional leadership is that it emphasizes on work performance. Through clearly defined roles and task allocation, transactional leadership can motivate subordinates to achieve the company's common goals. The main elements of transactional leadership are control, estimation and scheduling, etc. The pursuit of predictable and sustainable results are the endogenous power for transactional leadership. Transactional leadership emphasizes the task goals, working standards and output, tend to focus on tasks and staff to complete the missions, relying more on reward and punishment to affect the employees' behaviors. [11] explained that transactional leadership have three dimensions: contingent reward, active management by exception and passive management by exception. In contingent reward, transactional leaders provide rewards for subordinates to help them to complete the work tasks and achieve company's targets. In active management by exception, leaders eliminate the deviation of subordinate from the path of goal and monitors the followers performance. In passive management by exception, transactional leaders interface in the matter of employee when subordinate give unaccepted performance. Therefore, transactional leadership emphasizes work performance criteria, task oriented, its theoretical basis including the expectancy theory, path goal theory, exchange theory, fair theory and so on.

2.3 Employee Empowerment

Employee empowerment is not only means leaders do something for their employees, but also means the employees' perceptions and attitudes towards their job and the company. [12] viewed employee empowerment as a process of promoting employees' job motivation, it covers four factors, they are choice, competence, impact and meaning. [13] said that employee empowerment is the myristic concept of power, which means cooperating to improve the power of employees in the company, and can also benefit each employees in the company. Employees can also accomplish the company's objectives conditions and opportunities which employees can gain power, make decisions and in many ways which are meaningful to them. [14] divided empowerment into two dimensions: first is the competence or the perception of self-efficacy which means employees' sense of competence, the second one is decision-making authority or the perceived control ability. Some other scholars, such as [15] considered that employee empowerment is that one people have to have the freedom or authority to make decisions in their work tasks. In order to attain true empowerment, employees must be both competent and have certain control to make decisions, either aspect alone is inadequate for true empowerment. Therefore, both theoretical perspectives to employee empowerment competence and control are examined in this study.

2.4 Organizational Commitment

[16] first put forwarded the concept of organizational commitment. He considered that if employees can concentrate on their work, they are more willing to stay in the organization. There are two opinions about organizational commitment. Some scholars think that organizational commitment is that employees do not want to lose their benefits, welfare and achievements from the organization, so they choose to stay with the organization. Another points think that employees have a positive attitude towards the organization or individual inner tendency, and most of the existing

research using this point. [17] argued that “organizational commitment” means employees have more feelings rely on the organization. While [18] thought that the definition of organizational commitment is “personal identification of the specific organization and involvement”. Organizational commitment is employees’ attitudes towards their organization, department and team, contract law, salary welfare, and economic factors have an impact on this kind of employees’ attitude and also under the influence of values, corporation culture and other factors.

3. Research Model and Hypothesis

The research model of this study includes 4 variables. They are transformational leadership, transactional leadership, employee empowerment and organizational commitment. Research model was showed in Fig. 1.

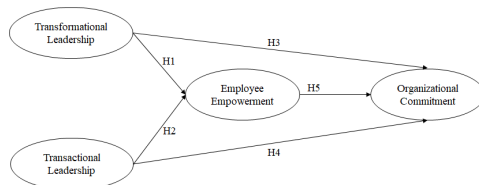


Fig. 1. Research Model

3.1 Transformational Leadership and Transactional Leadership

Transformational and transactional leadership have been widely recognized as not mutually exclusive[7]. As pointed out by[19], good leaders know how to switch between a transformational and transactional leadership style in accordance with the situation (e.g. the environment strategy). Effective leaders can maximize their influence by employing both leadership styles. Furthermore, some scholars[20] argued that transactions lay the foundation for transformations. Transformational leadership builds on “the transactional base in contributing to the extra effort

and performance of followers,” which is referred to as the argumentation effect[20]. Therefore, in this study, transformational leadership and transactional leadership have a correlation relationship.

3.2 Leadership Styles and Employee Empowerment

Some scholars have confirmed that leadership style plays an important role in empowering employees in the organizations. [21] said that employees’ feeling of empowerment depends on two work context factors: rewards and information. Especially, information which is related to the company’s mission and information with work performance are important to empowering employees. If no one tells their employees where the organization are heading for, employees will not have the sense of control and involvement. Without performance information, employees will not be able to know how well they are performing, competence[21, 22]. Transformational leaders who characterized by opening communication can empower employees by articulating clear organizational future goals, generating employee enthusiasm for worthy causes, and expressing high performance expectation from employees.

According to [21, 22], a second important factors about employee empowerment is an incentive system which is related to reward follower’s good performance. Performance based rewards which are often related to transactional leadership, may recognize and reinforce followers competencies. However, an over-reliance on rewards and punishments will create the perception of a lack of delegation among followers. Therefore, a positive relationship should be expected between transactional leadership and empowerment. [23] indicated that transformational leadership has positive correlation with affective commitment. However, according to [24], there is a higher correlation coefficients between transactional leadership and continuance, normative commitment. Some other scholars have found that individualized consideration

has positive correlation with both normative and affective commitment[25]. In addition, according to [26], transformational leaders can encourage and promote employees' inspiration and organizational commitment through making them to solve problems creatively and understanding their requirements. Thus, we hypothesis that:

H1: Transformational leadership is positively associated with employee empowerment.

H2: Transactional leadership is positively associated with employee empowerment.

3.3 Leadership Styles and Organizational Commitment

Transformational leadership stimulates the employees to think critically and creatively which affect the employee commitment. In Indian bank's followers, they considered that transformational leadership is one of the most contributing factor that has a positive influence on followers' commitment[27]. Some researchers conducted different studies on leadership style showed that there is a strong positive correlation with organizational commitment and leadership styles. [28] proved that transformational leadership style assists leaders to promote followers' commitment and trust. And according to [29], transformational leaders give employees a big picture which help them to solve problems frequently and enhance motivation and commitment of employees.

If the company's daily management can meet the followers' requirements, the followers' commitment will also be improved and followers would like to become the part of the company. Leadership style has a strong importance for the company and the context of promoting organizational commitment[30], and it has already be considered as antecedent of commitment. [31] proved that transactional and transformational leadership significantly influence job satisfaction and success. Meanwhile, transformational leadership showed more positive correlation with job satisfaction compared to transactional leadership. Most recent scholars[32] on the leadership style and organizational

commitment thought that transformational and transactional leadership have significant influence on followers' organizational commitment. Thus, we hypothesis that:

H3: Transformational leadership is positively associated with organizational commitment.

H4: Transactional leadership is positively associated with organizational commitment.

3.4 Employee Empowerment and Organizational Commitment

Employee empowerment can be considered in many ways, but the majority of scholars agreed that main factors of employee empowerment covers giving followers latitude and discretion about certain job related functions. [33] augured that employee empowerment does not only allow independence to act but also promotes level of obligation as well as duty bound. This focus that management is certain to empower its followers for the purpose of followers satisfaction, stimulation and commitment which ultimately help to finish the company's objectives. Followers empowerment is prevailed by sharing information, enhancing intellectual capacity and autonomy while decision making. In addition, [34]expected that leaders who can empower its followers will survive in prevailing at the period of free economy. Many development professionals of the organizations also link employee empowerment with improved creativity[35]. Thus:

H5: Employee empowerment has a positively impact on organizational commitment.

4. Research Design and Research Result

4.1 Operational Definition and Measurement Items

The variables used to operate this study which included in the investigated model were mainly adopted from previous studies and were modified to fit the

target context. The definition of transformational leadership is adapted from [10], and the measurements are adapted from [4, 7]. The definition of transactional leadership is adopted from [1], and the items are adopted from [9, 36]. The definition of employee empowerment is adapted from [12], and the measurements are adapted from [13, 14]. Finally, the definition of organizational commitment is adopted from [16], and the measurements are adopted from [17, 18]. The operational definitions and measurements were given out in the Table 1.

4.2 Sampling Design and Data Collection

Questionnaire survey is the main method of this

study and 1000 questionnaires were randomly sent out through e-mails and face-to-face interviews to 4 IT enterprises in ShenZhen, China. The 4 companies are Xunlei, a multinational technology company and an online service provider; Huawei, information and communications technology, infrastructure and smart services provider; Tencent, Internet-related services, entertainment, artificial intelligence provider; and Skyworth, a digital display product and service provider. All of the 4 IT enterprises are big enterprises which possess employees more than 18,000. Questionnaires were conducted from January to March in 2016, and finally 403 valid data were collected. The first part of questionnaire survey is the demographic

Table 1. Operational Definition and Measurements

Variable	Operational Definition	Measurement Items	Reference
Transformational Leadership (TFL)	The degree to which leaders try to motivate their employees to work more harder.	My supervisor deeply respects the staff's personality.	[4], [7], [10]
		In my mind, leaders stand for the successful career.	
		My supervisor can motivate me to be loyal to the organization.	
		My supervisor encourages thinking about problems in new ways.	
		My supervisor communicates a clear and positive vision of future.	
		I can get my leaders' trust and recognition through good work performance.	
Transactional Leadership (TAL)	The degree to which leaders give their employees rewards.	My supervisor encourages me to express my ideas.	[1], [9], [42]
		I can get rewards from my job, after an effective communication with leaders	
		My supervisor will tell me what I should do if I want to behave well.	
		My supervisor personally compliments me when I do outstanding work.	
		In my opinion, there is a close connection between hard work and return.	
Employee Empowerment (EM)	Leaders can give their employees more authority and power.	My supervisor gives me power so that I can make decisions and work hard.	[12], [13], [14]
		I can decide on my own of how to go about my work.	
		I have significant autonomy in determining the way of doing my job.	
		My job is well within the scope of my abilities.	
		My supervisor trusts me to make the appropriate decisions in my job.	
		I have confidence in my ability of work.	
Organizational Commitment (OC)	The degree to which employees have a strong desire to stay in the organization.	I have enough time to prepare for my work everyday.	[16], [17], [18]
		I feel that I am qualified for my job.	
		I like this company where I am doing right now.	
		I have a strong sense of belonging to my company.	
		My life will be disrupted if I decided to leave my company.	
		It is not a good choice for me to leave my company.	
I think employees must be loyal to the company.			
I feel warmly working in my company.			
The stuffs of my company are my own things.			

information of the employees who are working in Chinese IT companies. The rest parts of the questionnaire was adopted Likert 5-point scale to measure the subjective responses of the visitors from 1 (strongly disagree/very poor) to 5 (strongly agree/very good). The questionnaire items of each variable are partly cited by some scholars according to the purpose of this study. After collecting questionnaire, we use SPSS 20.0 and AMOS 18.0 to analyze data.

According to the demographic information in <Table 2>, there are 44.7% of males and 55.3% of females. And

in terms of the age distribution, 85.8% of the respondents are 20 to 30, 13.9% of employees are 41-60, and only 0.3% which means 1 respondent are more than 60. Meanwhile, in terms of education, 3.5% of respondents have high school degree. 84.8% of respondents have bachelor degree, 11.7% of the respondents have master. In terms of working hours per week, 25.1% of respondents are 10 or less working hours per week, and 8.4% of respondents are 11-20 working hours per week. 5.2% of respondents are 21-30 hours per week, 32.3% of respondents are 31-40

Table 2. Demographic Statistics

	Item	Number	Percentage(%)
Industry Type	Innovation Science and Technology	403	100
Gender	Male	180	44.7
	Female	223	55.3
Age	20-40	346	85.8
	41-60	56	13.9
	Above 60	1	0.3
Education	High School or Below	14	3.5
	3-year college or 4-year university	342	84.8
	Graduate School	47	11.7
Working Hours per Week	10 hours or less	101	25.1
	11-20 hours	34	8.4
	21-30 hours	21	5.2
	31-40 hours	130	32.3
	41 hours or more	117	29

Table 3. Validity and Reliability Analysis

Variable	Item	Factor Loading	Cronbach's alpha
Transformational Leadership	TFL4	0.806	0.913
	TFL3	0.796	
	TFL5	0.754	
	TFL1	0.751	
	TFL7	0.751	
	TFL2	0.738	
	TAL1	0.744	
Transactional Leadership	TAL3	0.693	0.898
	TAL4	0.649	
	TAL5	0.640	
	TAL2	0.636	
	TAL6	0.636	
Employee Empowerment	EM4	0.786	0.903
	EM1	0.785	
	EM3	0.723	
	EM2	0.720	
	EM6	0.644	
Organizational Commitment	OC7	0.773	0.883
	OC6	0.754	
	OC2	0.726	
	OC5	0.707	
	OC1	0.703	

working hours per week and 29% of respondents are 41 or more working hours per week.

4.3 Reliability, Validity, Discriminant and Model Fit Test

Table 3 showed the factor loadings and Cronbach's alpha of the variables. According to Table 3, the factor loadings found in the rotated component matrix were ranged from 0.636 to 0.806 which were larger than the lowest acceptance level of 0.50. Meanwhile, all the values of Cronbach's α for each construct ranged from 0.883 to 0.913 which were larger than 0.70, which indicates a good reliability of the variables. Table 4 showed the discriminant validity. It has been proved that constructs are different if the square root of the AVE of a certain construct is larger than the absolute value of the standardized correlation of that construct with any other construct in the analysis. According to Table 4, the correlation indicators of all variables are less than the square root of AVE which assured a good discriminant validity. Table 5 showed the results of goodness fit index of this study. Most of them meet the standard of the recommended values, indicating a good fitness of the research model. The fit indices of the initial path analysis indicated that the path model is consistent with the data.

4.4 Hypothesis Test

Table 6 gave the result of hypotheses test using whole dataset. All the hypotheses are supported, except H1. According to the result, transactional leadership has strong influence on employee empowerment (H2: 0.913***) at a high significant level, that's to say, for employees working in hi-tech companies, if leaders give their employees more rewards and provide good salary, employees can realize their existence and value in Chinese IT companies. Employee empowerment has a positive and significant influence on organizational commitment (H5: 0.438***), that means when supervisors can give their subordinates authorities and let them realize their existence, subordinates will have

a strong sense of belongings. Transactional leadership has a strong positive influence on organizational commitment (H4: 0.293***). That means, if top leaders give employees more power and rewards during their work, employees will accept companies' value and goals and also have a strong desire to stay in IT companies. Transformational leadership also has a positive relationship with organizational commitment (H3: 0.135**), that means if leaders can convey a bright prospects of company and inform this information to employees, they will think that they have a beautiful future working in this company.

In addition, Table 6 also showed the direct effect and indirect effect of employee empowerment. According to the result, the indirect effect of transformational leadership to organizational commitment through employee empowerment is 0.008, which means employee empowerment has no mediation influence between transformational leadership and organizational commitment. While the indirect effect of transactional leadership to organizational commitment through employee empowerment is 0.400, which is very significant, indicates that employee empowerment does have a mediation influence between transactional leadership and organization commitment.

Figure 2 shows the coefficients of determination (R^2) of the latent variables. Transformational and transactional leadership together explained 70.8% of the variance the employee empowerment. Which means combining the transformational leadership and transactional leadership, Chinese employees tend to behave well and work more efficiently in Chinese IT companies. Transformational and transactional leadership, as well as employee empowerment all together explained 60.3% of the variance in organizational commitment.

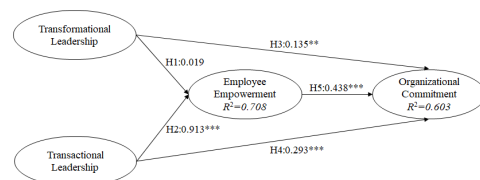


Fig. 2. Research Result

5. Conclusion

5.1 Academic Implications

According to the results of our data analysis, we know that transformational leadership has positive influence on organizational commitment, but it has no direct relationship with employee empowerment (H1). In addition, the influence of transactional leadership on employee empowerment and organizational commitment is higher than transformational leadership. The reason maybe that in Chinese IT companies, transactional leadership is more important than transformational leadership. Which means that it is more effective and efficient to improve employees' commitment and empowerment through giving them authority, power and rewards than just arranging them. Most of the previous studies argued that transformational leadership is more important than transactional leadership, however, those researches were mainly conducted in Western countries, it may not suitable for Chinese context. Therefore, for Chinese leaders in these IT companies, leaders should consider to give their

employees more authority, power and rewards so that when they get these, they can decide something important during their work, they will feel that they are a part of the company and they can finish company's objectives smoothly.

The result of H2 indicated us that there is a significant relationship between transactional leadership and employee empowerment, it is in accordance with [31]. They proved that transactional and transformational leadership significantly relationship with job satisfaction and organizational commitment. The result of H3 and H4 indicated us that transformational leadership and transactional leadership have positive relationship with organizational commitment, it is the same with prior study of [28], they showed us that transformational leadership style assists leaders to promote followers' commitment and trust. Transformational leaders give employees a big picture which help them to solve problems frequently and enhance motivation and commitment of employees. The result of H5 indicated us that there is a close relationship between employee empowerment and organizational commitment, it

Table 4. Discriminant Validity Test

	TFL	TAL	EM	OC
TFL	0.798			
TAL	.659***	0.799		
EM	.559***	.762***	0.811	
OC	.552***	.663***	.652***	0.776

***) Correlation is significant at the 0.01 level (2-tailed).

Table 5. Measurement Model Fit Analysis

Fit Indices	χ^2/df	GFI	AGFI	NFI	CFI	PGFI	RMR	RMSEA
Recommended Value	≤ 3.0	≥ 0.90	≥ 0.80	≥ 0.90	≥ 0.90	≥ 0.60	≤ 0.08	≤ 0.08
Model Indices	1.929	0.906	0.886	0.924	0.962	0.749	0.039	0.048

Table 6. Hypotheses and Mediator Variable Analyse Results

Path	Estimate	S.E.	C.R.	p-value	Direct Effect	Indirect Effect
TFL→EM (H1)	0.019	0.055	0.349	0.727	0.019	
TAL→EM (H2)	0.913	0.077	11.784	0.000***	0.913***	
TFL→OC (H3)	0.135	0.060	2.250	0.024**	0.135**	0.008
TAL→OC (H4)	0.293	0.116	2.521	0.012**	0.293**	0.400**
EM→OC (H5)	0.438	0.094	4.654	0.000***		

** p < 0.05, *** p < 0.01

is the same with prior study of [37]. He proved us that “Employee empowerment understands followers which means the existence of them is valued in the company and can also promote the level of organizational commitment and career satisfaction. Finally, this study also proved that employee empowerment does exist mediating effect between transactional leadership and organizational commitment in China.

5.2 Managerial Implications

First of all, we choose employees working in Xunlei networking technology corporation, Tencent, Huawei and Skyworth, four Chinese IT companies as our samples. For high-level management working in these four Chinese IT companies, leadership style is playing an important role. Leaders in these four IT companies think that transformational leadership and transactional leadership is vital for employees’ development. Top leaders should not only motivate their employees, but also give them rewards so that they can get more power and authorities and meanwhile they will have a strong sense of belongings in the companies.

Secondly, according to this survey about Chinese IT companies in Shenzhen, China, there is a high turnover rate existing in these IT companies. For this, leaders in these IT companies take lots of measurements to stop high turnover rate. In this study, the results showed that leadership style (transformational and transactional leadership) has a significantly relationship with organizational commitment, that means if leaders want to give their employees a strong sense of belongings, the turnover rate will decrease. Leaders in these IT companies should motivate and stimulate their employees and also interact well with them. Meanwhile, leaders should give employees power, authority and rewards so that they can work more efficiently and when they get authority, power and rewards, it can improve their working efficiency and they think that their work is so awesome, so they will have a strong desire to stay in the companies and also have a strong sense of belongings.

Third, since this study proved that transactional leadership is a more suitable leadership style for Chinese IT companies, leaders in these IT companies should pay more attention on transactional leadership, giving employees more power and rewards to extend their creativity. Leaders who do not give employees rewards and power, just motivate them to work hard is not enough. Leaders have to give employees more rewards and power and when they get power, they can make decisions and expand their abilities so that it will improve their work efficiency and also help them to accomplish the company’s objectives smoothly.

5.3 Limitations and Future Research

This study has some limitations. First, most of the respondents of this study are under 40 years old, this may make the result mainly shows more intention of middle-age people. Second, all the respondents are from innovation science and technology industry, different industry type may have different results, so the limitation of industry type may influence the result and we just choose four Chinese IT companies as an example. And all the respondents are from these four IT companies, maybe respondents in other companies will have different perspectives and this will influence the result. Third, in this study, we did not measure high-level managements’ ideas, just focusing on employees’ perspectives, as a matter of fact, high-level managements’ ideas are main elements for leadership styles. We suggest future studies should examine various leadership styles in the context of small and medium sized enterprises, and should mainly focus on the managers’ perspective.

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