

# Impact of Leadership, Empowerment, and Organizational Effectiveness on Turnover Intention for Employees of Korean Dental Clinics

Yong Tea Kim\*, Jee Hyung Lee\*\*, Jae Young Moon\*\*\*

## Abstract

This study inquires into employee's intent to leave in South Korean dental clinics. A systematic research was undertaken on theories of leadership types, job satisfaction, organizational commitment and empowerment, and then interaction between these variables was verified based on quantitative data by using Structural Equation Model (SEM). The findings suggest that making improvements of empowerment, job satisfaction, and organizational commitment demand individualized consideration and charisma, the components of transformational leadership. As a way to reduce turnover intention, the role of job satisfaction and organizational commitment was more influential than that of empowerment. Also, a combination of charisma of transformational leadership and contingent reward of transactional leadership turned out to be the ideal leadership type to reduce turnover intention. Lastly, the harmony of individual goal with that of organization, apparent documentation of reward system, and stress control were recommended as practical solutions to improve organizational profitability and effectiveness and to reduce turnover rate in dental clinics.

▶ Keyword: Dental Clinic, Transformational Leadership, Job Satisfaction, Empowerment, Turnover Intention, Organizational Commitment.

## I. Introduction

Higher demand for medical service as a result of increase in GDP, and the rise of expectations on high quality medical service, has pressed managers of South Korean dental clinics to come up with the best solution that could fully satisfy a wide range of customers. Achieving operational effectiveness through structural reforms such as forming network clinics and expanding organization, or improving medical quality along with internal business capability through employee education, has been considered as means to achieve customer satisfaction[1, 2]. However, despite of high quality dental service and effective business operation, managing a dental clinic can be quite tough if there is no commitment and loyalty

of employees accompanied. The negative factors of organization directly infuse in quality of medical service[3].

Fleming [4] argued that if employees satisfy with their work and commit to organization, the outcome could be 1.7 times higher than that of where these factors are absent. If both employees and customers were satisfied and willing to commit, the outcome could be even 3.4 times higher. Namely, employees give direct influence to customers so that human resources management plays a very important role in dental clinics management.

Researchers and practicing professionals in medical sector have continued to study leadership, organizational culture,

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- First Author: Yong Tea Kim , Corresponding Author: Jae Young Moon
  - \*Yong Tea Kim (medicalmba@hanmail.net), School of management, Kyung Hee University
  - \*\*Jee Hyung Lee (cutewlgud@naver.com), Red Cross College of Nursing, Chung-Ang University
  - \*\*\*Jae Young Moon (jaymoon@dongseo.ac.kr), Div. of Business Administration, Dongseo University
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job satisfaction, organizational commitment, empowerment and turnover intention. Especially Bass[5] transformational leadership theory and transactional leadership theory were most widely used in this field[6, 7]. Dental clinic employees have high pride about their job and specialized technical ability. However, low social perception towards dental clinic employees and dissatisfaction resulted from unreasonable load of work have led to high turnover rate in South Korea.

The aim of this study is to investigate turnover which is the main source of problem giving managers of South Korean dental clinics a hard time. To differentiate from the previous studies, this study explores direct, indirect causes of turnover. First, the effect of leadership types on empowerment, job satisfaction, and organizational commitment will be compared. Second, how leadership types, empowerment, job satisfaction, organizational commitment, are related with turnover intention will be verified. Third, a way to decrease turnover intention, to improve human resources management, and to increase organizational effectiveness will be suggested.

In order to fulfill these missions, theories of leadership, empowerment, job satisfaction, organizational commitment, turnover intention, will be reviewed first. Then, based on quantitative data, interaction between variables will be examined using Structural Equation Model (SEM).

## II. Literature Review

The reason for increasing interest on leadership in a complex society is that both the leader and the members demand high satisfaction and feeling a sense of achievement within organization. Leadership creates voluntary participation and personal development, which leads to achieving organizational goal. And yet, there is no consensus in leadership theories. The main reason is that leadership effect can be interpreted differently in various circumstances. Nevertheless, many scholars have agreed that leadership helps personal development and advancement of organization so conducting empirical studies is critical[8].

Leadership types are divided into two; a traditional type which is based on trait, behavioral, and contingency theory and a modern type, which is explained in terms of transactional, transformational, self, servant leadership. Recent studies on leadership of medical institutions were mostly based on transactional and transformational leadership[5, 9].

Transformational leadership is defined as it presents a

long-term vision to members, emphasizes change in values and attitudes of the entire group of members in order to actualize that vision and lastly encourages members so the organizational commitment increases[1]. Transformational leadership consists of three components. Charisma is defined as it presents a vision to members, helps them with contingent cognition and judgment. Second, individual consideration is the degree to which the leader attends to each follower's needs, acts as a coach to the follower and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open and places challenges before the followers.

Lastly, intellectual stimulation is the degree to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. On the other hand, transactional leader is interested in looking out for oneself, having exchange benefits with their subordinates and clarify a sense of duty with rewards and punishments to reach goals[5]. The components of transactional leadership are as follows; contingent reward means that the leader clarifies the work needed to be accomplished. The leader uses rewards or incentives to achieve results when expectations are met. And management by exception occurs when the leader intervenes to make a correction when something goes wrong[10].

One of the purposes of this study is to see the effect of empowerment and organizational effectiveness on turnover intention. Job satisfaction, organizational commitment, empowerment, organizational citizenship behavior, have been the most common variables used to study organizational effectiveness.

Mott[10] defined organizational effectiveness as the ability of an organization mobilized to meet the demands in the areas of production, adaptability and flexibility. Based on the idea of Mott, psychological outcomes including empowerment, organizational commitment, and job satisfaction were selected as variables to predict organizational effectiveness in this study.

This study is based on psychological approach of empowerment. The emphasis will be not on external movement of power such as participation or delegation of authority, but on psychological factors. This study is based on the assumption that dental clinic employees give positive influence to their organization when they give meaning to their job, have confidence in their ability, receive authority when promoting their job, and feel that they have influence

in the organization.

Turnover intention is a response to job satisfaction and is defined as an intention to voluntarily quit one's job. If job satisfaction and the frequency of meeting expectation were high, turnover intention becomes negative (-). Also, when leader-member exchange is strong, the turnover intention decreases (-). To the contrary, stress and role conflict show positive (+) relation with turnover intention.

Curry, Wakefield, Price & Muller[11] insisted that if turnover were reached at certain level, it negatively affects organizational effectiveness and productivity. However, if turnover rate is below that certain level, managers earn more chances of replacement to a more capable employee.

### III. Research Model and Methodologies

<Fig. 1> is a research model showing impact of leadership, job satisfaction and job commitment acknowledged by employees at dental clinics on turnover intention. This research model and hypotheses were set based on results from the previous studies that proved the effect of leadership, empowerment, job satisfaction and job commitment on turnover.

H1. Depending on the leadership type, there will be differences in effect towards; self-determination and impact, competence and meaning, job satisfaction and job commitment.

1-1 Transformational leadership of the director recognized by dental clinic employees will have greater positive (+) impact on self-determination and impact than transactional leadership.

1-2 Transformational leadership of the director recognized by dental clinic employees will have greater positive (+) impact on competence and meaning than transactional leadership.

1-3 Transformational leadership of the director recognized by dental clinic employees will have greater positive (+) impact on job satisfaction than transactional leadership.

1-4 Transformational leadership of the director recognized by dental clinic employees will have greater positive (+) impact on job commitment than transactional leadership.

H2. The impact on turnover intention will vary depending on self-determination and impact, competence and meaning and job satisfaction recognized by dental clinic employees.

2-1 Self-determination and impact recognized by dental

clinic employees will have positive (+) impact on turnover intention.

2-2 Competence and meaning recognized by dental clinic employees will have positive (+) impact on turnover intention.

2-3 Job satisfaction recognized by dental clinic employees will have positive (+) impact on turnover intention.

2-4 Job commitment recognized by dental clinic employees will have positive (+) impact on turnover intention.

H3. Depending on the leadership type, there will be differences in impact towards turnover intention.

3-1 Transformational leadership of the director, recognized by dental clinic employees, will have positive (+) impact on turnover intention.

3-2 Transactional leadership of the director, recognized by dental clinic employees, will have positive (+) impact on turnover intention.

This survey was conducted on 270 employees currently working at 45 dental clinics in Seoul area. 270 survey forms were distributed for this research and 245 were collected. Among them, 241 surveys excluding incomplete and duplicated ones were used for actual analysis. Upon examining the socio-demographic characteristics of those surveyed, 223 were women, taking up 93%. Looking at characteristics of the majority respondents, they were women dental hygienists(71%), 30 years old or less(72%), who have 3 years of work experience at dental clinic(61%), graduated from 2 year college or higher(80%), and earn 1.6-2.1 million KRW in salary.

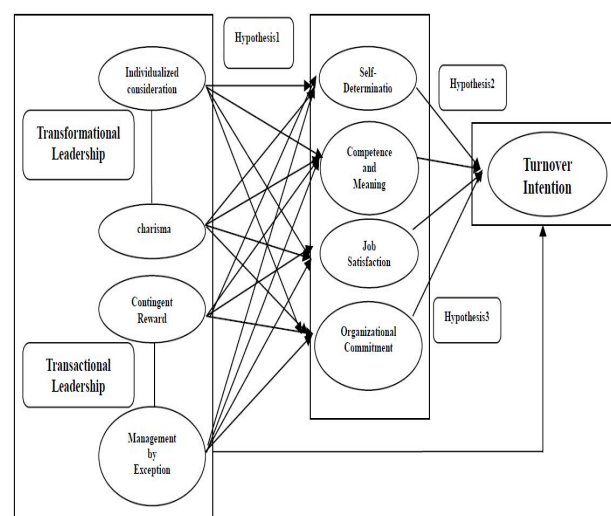


Fig. 1. Research Model

## IV. Results

Measuring tools used were examined through Cronbach's a coefficient and Factor Analysis to verify the reliability and validity. First, Cronbach's a coefficient was computed in order to assess reliability. Traditionally, the minimum standard of Cronbach's a coefficient is 0.7 or over. Cronbach's a coefficient of variables found in this research were over 0.75, thus showing reliability for overall accommodation. Next, commonly used factor analysis was applied in order to examine construct validity, which evaluates whether actual results from measurement index are in accordance with initially intended theoretical concept.

Table 1. Verification of Hypotheses.

Hypothesis	Path	Estimate	t-value	p-value	Hypothesis Supported
H1	IC → C	0.816	18.544	0.000	**
H2	IC → CF	0.789	10.536	0.000	**
H3	IC → SI	0.324	3.105	0.002	**
H4	IC → CM	0.042	0.628	0.530	ns
H5	IC → JS	0.065	0.791	0.429	ns
H6	IC → JC	0.328	4.203	0.000	**
H7	C → SI	0.044	0.490	0.624	ns
H8	C → CM	0.215	3.763	0.000	**
H9	C → JS	-0.020	-0.268	0.788	ns
H10	C → JC	0.402	5.976	0.000	**
H11	CF → SI	-0.059	-1.125	0.260	ns
H12	CF → CM	-0.011	-0.327	0.744	ns
H13	CF → JS	0.031	0.756	0.449	ns
H14	CF → JC	0.101	2.563	0.010	*
H15	ME → SI	0.027	.500	0.617	ns
H16	ME → CM	-0.044	-1.259	0.208	ns
H17	ME → JS	-0.002	-0.041	0.967	ns
H18	ME → JC	-0.024	-0.581	0.561	ns
H19	SI → CM	0.590	14.471	0.000	**
H20	SI → JS	0.122	1.908	0.056	ns
H21	SI → TC	-0.295	-3.358	0.000	**
H22	CM → JS	0.511	6.906	0.000	**
H23	CM → TC	-0.029	-0.291	0.771	Ns
H24	JC → JS	0.656	10.043	0.000	**
H25	JC → TC	0.682	7.934	0.000	**
H26	JS → TC	0.242	2.838	0.005	**
H27	ICL → TC	-0.051	-0.456	0.648	Ns
H28	C → TC	0.370	3.877	0.000	**
H29	CF → TC	0.219	3.940	0.000	**
H30	ME → TC	-0.038	-0.708	0.479	Ns

\*: p<0.05, \*\*:p<0.01, ns: not significant

IC: individual consideration, C: charisma, CR: contingent reward, ME: management by exception, SI: self-determination and impact, CM: competence and meaning, JC: job commitment, JS: job satisfaction, ICL: individualized consideration leadership, ME: management by exception, TI: turnover intention

Leadership originally consists of 17 items. After Factor Analysis, leadership was divided into 4 factors. First, transformational leadership consists of 7 items (factor 1), intellectual stimulation and individualized consideration

appeared as a single factor, thus was renamed as intellectual-individualized consideration. Charisma consisted of 4 items (factor 2). Second, in case of transactional leadership, contingent reward consisted of 2 items (factor 3), while management by exception consisted of 3 items (factor 4). Next, by examining the result of factor analysis on empowerment, a mediating variable, both self-determination and impact, and competence and meaning had two factors. Job satisfaction and organizational commitment each had one factor and turnover intention, the dependent variable, was shown to have one factor as well.

Confirmatory factor analysis was conducted based on results of exploratory factor analysis

The fit statistics of the initial model indicate that the chi-square of the model is 693.391 with a d.f. is 16. GFI is 0.599, AGFI is -0.128, NFI is 0.421, CFI is 0.417 and RMR is 0.150. All the fit statistics of the initial casual model were poor. To improve the fit, we modified the initial casual model with the Modification Index (M.I.).

## V. Discussion

This study investigated the effect of leadership types, empowerment, job satisfaction and organizational commitment on turnover intention. Most previous studies of this matter were carried out targeting nurses at general hospitals[14, 15] and studies targeting employees at dental clinics[1, 16] are quite uncommon. Therefore, this study is valuable in a way that it demonstrates differences in these two job clusters.

The objects of this study are 270 employees working at 45 dental clinics in Seoul, Korea and the survey was conducted. 245 of the questionnaires were collected and 241 were used after omitting no-response and duplicated responses. AMOS 18.0 and SPSS Win 18.0 were used to verify basic statistics, correlation and factor analysis. Generally, goodness of fit of structural model was satisfactory. And 5 were supported out of 10 hypotheses, 3 were partially supported and the remaining 2 were rejected.

Improving empowerment of employees at dental clinics demand individualized consideration and charisma, the components of transformational leadership. Looking at the relation with job satisfaction, individualized consideration

and contingent reward gave a weak positive influence even though it was not statistically significant. Also with organizational commitment, individualized consideration and charisma showed strong positive influence. The effect of transformational leadership compared with transactional leadership was stronger on empowerment, job satisfaction and organizational commitment.

These results were similar to studies on general enterprises[17, 19], Also, the ones targeting nurses at general hospitals showed that transformational leadership was more effective than transactional[20]. Studies of dental hygienists presented similar results<sup>1</sup>. Likewise, all medical employees want to give meaning to their work, have confidence in their ability, receive autonomy when promoting their work, and feel power on organizational activities. In making so, leadership that delegates authority and consider his/her followers is the most optimal choice.

Second, self-determination, competence, meaning and impact gave no effect on turnover intention. On the other hand, job satisfaction and organizational commitment gave positive (+) influence on turnover intention which means that these variables are more influential than those of empowerment. These findings are similar to studies on employees at general enterprises and hotels[21, 22], and also on nurses at general hospitals[20, 23, 24]. Studies on dental clinic employees conducted domestically and internationally all showed similar results. On the other hand, unlike studies on nurses at general hospitals, which showed that if empowerment were high, the turnover intention decreases, dental clinic employees were not influenced by empowerment when considering turnover.

## VI. Recommendation

Accordingly, a management tool to heighten job satisfaction and organizational commitment must be sought out to lower the turnover intention among dental clinic employees. Managers at dental clinics must minimize any dissatisfactory conditions at the clinic, so that employees will not depart from the organization due to physical and psychological stress. Also, ties between colleagues and the director must be strengthened in order to narrow the gap between ways of thinking and to come up with agreements.

Upon examining the relationship between leadership types and turnover intention, the combination of charisma, a factor of transformational leadership, along with contingent reward, a factor of transactional leadership seems to be the right leadership that could reduce turnover intention. However, most research results state that transformational leadership reduces turnover more effectively than transactional leadership[5, 9].

Studies on leadership, empowerment, job satisfaction and organizational commitment are continuously conducted in extremely diverse ways. However, researches on influences of leadership and organizational effectiveness on turnover are quite insufficient. It has to be emphasized that more researches on pioneer dental clinics which adopted high quality medical service with sound business mindset should be encouraged.

Second, employees' lifestyle is rapidly changing in South Korean dental clinics. Employees have to cope with additional stress including childcare and housekeeping. Therefore, in order to decrease turnover intention, strategies that could reduce stress are demanded. Managers should help employees to get feeling of achievement and self-esteem so their attitude changes and the profitability increases. An ideal leadership and stress control to increase job satisfaction are essential for strengthening organizational commitment. As employees identify more with their organization, their devotion and loyalty emerges more strongly. In such condition, organizational goal can be achieved through customer satisfaction and turnover intention can be lowered.

This study views leadership, job satisfaction and organizational commitment as components of strategy to reduce turnover rate. The findings suggest an ideal direction for leadership and strategies to increase job satisfaction

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### Authors



Dr. Yong Tea Kim received the M.S. and Ph.D. degrees in Public Administration from Kyung Hee University, Korea, in 2009. Prof. Kim is currently adjunct professor at MedicalMBA, Kyung hee university. Dr.Kim is well known for showing interest in

medical welfare, medical organization and medical consulting.



Jee Hyung Lee is 4<sup>th</sup> grade of under graduate student of Red Cross College of Nursing, Chung-Ang University.



Jae Young Moon received the M.S. and Ph.D. degrees in Department of Business Administration from Kyung Hee University, Korea, in 2007. Prof. Moon is currently a Associate professor at Division of Business, Dongseo University. He

interests in SNS, Consumer behavior, Internet of Things, Cloud computing, Big Data.