

EFFECTS OF EXECUTIVE-LEVEL LEADER'S TRANSFORMATIONAL LEADERSHIP ON  
TALENT RETENTION IN POST MERGER AND ACQUISITION IN CHINA.

**DBA document five**

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## ABSTRACT

Talent retention, which can be defined as organizational practices aiming at maintaining the continued employment of high potential and high-performing incumbents to fill the key positions that have the potential to have an impact on the competitive advantage of an organization (Schneider, 1987; Coldwell et al., 2008; Zhang et al., 2014), has been identified by previous researchers (e.g. Lubatkin et al., 1999; Cooke, 2006; Hartmann et al., 2010; Makela et al., 2010) as a particularly important measure of post-merger and acquisition (M&A) performance in contemporary M&A situations in multinational organizations. Connected to this, research (e.g. Bass, 1985; Bycio et al., 1995; Ya-Anan and Bunchapattanasukda, 2011; Zhang et al., 2014) has shown that transformational leadership can be one of the most important factors in predicting talent retention, but little research has been conducted to understand the underlying mechanisms through which transformational leadership may influence retention strategies in post-M&A performance. The aim of this DBA study is to address this research gap by examining whether and how executive-level leaders' transformational leadership style influences talent retention in a post-M&A Chinese context. Three research questions guide this DBA study. Firstly, to what extent does executive-level leaders' transformational leadership exert *direct influence* on post-M&A talent retention in mainland China? Secondly, to what extent does executive-level leader's transformational leadership exert *indirect influence* on post-M&A talent retention in mainland China? Thirdly, what factors mediate the influence of transformational leadership on talent retention and why?

In the first stage of this doctoral study it was identified that transformational leadership can exert direct influence on talent retention without any mediator (Bass, 1985; Bycio et al., 1995; Ya-Anan and Bunchapattanasukda, 2011), and among factors that mediate the indirect influence of transformational leadership on talent retention, *job satisfaction* (Locke, 1976; Petty et al., 2005; Mallol et al., 2007; Smith et al., 2011) and *organizational commitment* (Price and Mueller, 1981; Hom and Kinicki, 2001; Brown and Yoshioka, 2003; Mallol et al., 2007) are recognized by previous researchers as the most important two. A conceptual framework was therefore presented describing the relations of key variables. Allied to this

framework, and arising from the theoretical arguments for transformational leadership's influence on talent retention, are six propositions. To test these propositions and explain the associations among variables in the conceptual framework, a Chinese local company (known here as 'FB') located in Shenzhen city, acquired by a multinational corporation (known here as 'FA') in 2008, was chosen as the central study for this investigation as they have experienced post-M&A integration.

A multi-method approach was taken to data collection and analysis. In the first phase, a fully-structured questionnaire was sent to 54 current employees recognized by the case company as talent, based on their performance, potential, and position. Correlation analysis and structural equation modeling enabled the relationship among variables to be examined. In the second phase, analysis of nine semi-structured interviews with talent was undertaken to map the relationships between different variables. Following this, a short, informal interview with the President of FB was conducted to gain information about his leadership style and FB's retention strategies.

Results of this DBA study not only prove all six propositions but also indicate significant causal relationship among variables. Findings show that there are four approaches through which transformational leadership can influence talent retention:

- Transformational leadership directly exerts positive influence on talent retention.
- Transformational leadership's positive influence on talent retention can be mediated by job satisfaction of talent.
- Transformational leadership's positive influence on talent retention can be mediated by organizational commitment of talent.
- Transformational leadership's positive influence on talent retention can be mediated firstly by job satisfaction, and then by organizational commitment of talent.

Results from survey and interviews indicate that executive-level leaders' transformational leadership style, especially their attributed charisma, idealized influence, and inspirational motivation, can directly exert positive influence on talent retention in the post-M&A Chinese



context. Transformational leaders can also increase the rate of post-M&A talent retention through enhancing talent's satisfaction with regard to the job itself, learning and development opportunities, and some external job factors such as supervisor and co-worker relationship, organizational culture, and effectiveness of communication and working flow, or through enhancing talent's affective commitment.

This DBA study contributes to the literature in several ways. Firstly, despite a significant degree of academic and practical interest, the topic of talent management remains under-investigated (Collings and Mellahi, 2009; Iles et al., 2010a; Zhang et al., 2014). This study increases this body of knowledge by defining talent and identifying critical factors that may affect the propensity of an individual to remain with or leave an organization. Furthermore, as Bass indicates in his works (1985; 1998), transformational leadership can be one of the most important factors to control talent turnover. However, although such association has been studied, it is surprising that little research has been conducted to understand the underlying mechanisms through which transformational leadership exerts its influence on talent retention. This study contributes an empirically-supported theoretical framework for relationships between transformational leadership and talent retention by describing four approaches through which transformational leadership can influence talent retention. It also contributes to this line of studies by recognizing transformational leadership's superior effectiveness in increasing the rate of talent retention over other leadership styles such as transactional and laissez-faire in Avolio and Bass' (1991) Full Range of Leadership Model.

With regard to lessons for managerial practice, this DBA study recognizes the important role of executive-level leaders on talent retention strategies in the post-M&A context. Furthermore, although talent retention has been studied extensively in a western context, there are few studies addressing these issues with regard to Chinese companies (Cooke, 2008; Zhang et al., 2014). By using a case from mainland China, this study attempts to provide strategic guidance for multinational M&A practitioners who seek to increase their company's rate of talent retention in the Chinese context. In addition, only a limited number

of studies examine the underlying relationship between leadership styles and talent retention have been carried out in such a dynamic and unstable environment as post-M&A integration. Finally, the study attempts to provide a guidance for post-M&A executive-level leaders to adopt a suitable leadership style, or for multinational firms to select 'the right leader' for their acquisitions.

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## CHAPTER ONE: INTRODUCTION

In order to maintain competitive advantage in global markets, organizations continually require employees ('talent') who have the requisite knowledge, skills and capability to perform at high levels, to deliver strategically desirable results (Chhabra and Mishra, 2008; Farndale et al., 2010) and to demonstrate high levels of potential for future career progression (Gussenhoven, 2009; Govaerts et al., 2011; Mansson and Schmidt, 2011). To facilitate this, talent management programmes are developed which comprise a collection of specific human resource management practices which include: identification and categorization of talent by performance and potential, the flow of talent through pivotal developmental positions and the construction of internal talent 'pools' for projecting employee needs and managing the progression of employees through positions. In the last decade all four elements of this talent 'supply chain' process have been studied in the literature, particularly in advanced markets in western economies such as the USA and Europe (Lewis and Heckman, 2006; Collings and Mellahi, 2009). What is missing, however, is research on emerging markets, such as China; in major changing circumstances, such as mergers and acquisitions (M&A), and in practices related to talent retention, which is also an important part of the talent supply chain process. This investigation is on talent retention in a post-M&A stage in a Chinese mainland context (excluding Hong Kong, Macaw and Taiwan).

### *The Chinese context*

The Chinese context is an important area of study for several reasons. Firstly, more opportunities exist in the huge mainland China market for multinational investors than in Hong Kong, Macaw and Taiwan. In particular, M&A practices are becoming increasingly popular in this geography, with 951 cases in 2002 rising to 2,504 cases in 2011. In 2011 alone, cross-border M&A cases and total value increased 130% and 10.4% respectively over the previous year (Centre for China Mergers & Acquisitions Research, 2012). Secondly, multinational corporations seeking business opportunities in mainland China may have less knowledge about this market than about Hong Kong, Macaw and Taiwan, where western managerial systems have been widely accepted and operated for years. Multinational

corporations transfer their talent management practices to China without making many changes (Hartmann et al., 2010). The surge in M&A transaction requires empirical studies in the Chinese context to provide practical guidance for multinational corporations' successful post-M&A integration in China. Thirdly, although beginning to appear (Cooke, 2006; Iles et al., 2010a), research in talent management in the Asia Pacific region has been slow to emerge.

### *Merger and acquisition*

Following Sarala (2009) and Bohlin et al. (2000), this study defines the post-merger and acquisition (M&A) integration context as a process of consolidation of changes in the functional activities, organizational structures, and cultures of firms into a functioning whole with the aim of capturing and sustaining synergies. The rationale for investigating talent retention issues in such a context is because comparing with the pre-M&A stage or M&A transaction itself, more and more researchers (e.g. Weber et al., 2014) have realized that post-M&A integration plays a more vital role in M&A success or failure, with poor post-M&A integration blamed for up to 70% of all failed transactions (Palter and Srinivasan, 2006). Regarding China, Budden (2007) found that about 75% of M&As by multinational enterprises create no value or less value than expected, and only about 25% of M&As produced the expected growth in China.

From a legal point of view, merger and acquisition are two distinct types of transaction with different consequences regarding legal obligations, procedures, and tax liabilities (Hoang and Lapumnuaypon, 2007). According to Zappa (2008), a merger is a combination of assets of two previously separate firms into a single new legal entity, whereas in an acquisition, the control of assets is transferred from one company to another. Nevertheless, merger and acquisition were very often used interchangeably in the field of management research in literature (e.g. Lajoux, 1998; Sitkin and Pablo, 2004), probably because firms undergoing a merger or an acquisition may be confronted with very similar managerial issues. Due to considerable overlaps in the use of merger and acquisition, this study is an investigation of the general situations a firm may face in post-M&A integration, instead of situations for

'post-merger' and 'post-acquisition' individually.

### *Talent retention*

Talent retention is defined here as organizational practices aiming at maintaining the continued employment of high potential and high-performing incumbents to fill the key positions that have the potential to have an impact on the competitive advantage of an organization (Schneider, 1987; Coldwell et al., 2008; Zhang et al., 2014). As well as being recognized as a challenging people-related issue in the process of post-M&A integration, during which talent may experience periods of instability that could result in their leaving the company due to uncertainty (Weber and Camerer, 2003; Knilans, 2009), talent retention has also been identified as a particularly important measure of post-M&A performance in contemporary M&A situations in multinational organizations (Cooke, 2006; Hartmann et al., 2010; Makela et al., 2010).

Some conceptual issues concerning the definition of talent retention should be clarified. First of all, this study sees retention and control of turnover as two sides of the same construct. This is because although the reasons why people remain with an organization might not always be the same as the reasons why people leave, it is found through the interviews conducted for document three that respondents often talked about retention strategy and control of turnover interchangeably. Secondly, when we are discussing turnover, we mean voluntary turnover, which is defined as the unplanned loss of workers who voluntarily leave and whom employers would prefer to keep. Thirdly, this study makes more emphasis on external turnover, namely, talent leave both their job and organization. Internal transfer is not a focus of this study, since compared with external turnover it is seen as less costly for the organization (see section 2.1.3 and appendix 21 & 22 for more about definition of talent retention and turnover).

Talent retention is important in the case of China for several reasons. Firstly, as a result of acute talent shortages, high attrition rates and the ease with which quality employees are able to change employers, multinational corporations operating in China are struggling to

attract, train and retain the talent they need in order to gain a competitive edge (Malila, 2007; Nankervis, 2013). Secondly, in the Chinese context, talent plays a key role in the relationships a firm has with its external stakeholders. As Wang and Nishiguchi (2006) suggest, firms operating in China should identify individuals who must be retained in order to keep the targeted relationships.

### *Transformational leadership's impact on talent retention*

One important influencing factor for post-M&A talent retention found from previous interviews is leadership (see exhibit 1 & 2 for more about previous research findings concerning leadership's influence on talent retention). A review on literature also supports that talent's decision to remain or leave depends largely on their satisfaction of their leader's ability, effectiveness, and management style (Waldman and Javidan, 2009; Gomes et al., 2011; Zhang et al., 2014) (see section 2.2). However, the fact that there are few extent studies on leadership in M&As (Waldman et al., 2004) provides a clear rationale for the exploration of associations between leadership and talent retention in post-M&A integration.

Moreover, leadership style and talent retention are distinct in the case of Chinese M&As (Zhang et al., 2014). The *guanxi* network, which is defined by Pearce II et al. (2000) as a network of relationships a person cultivates through the exchange of gifts and favors to attain mutual benefits, is a unique feature of Chinese culture. It is critical for multinational corporations to grasp its significance for leadership and talent retention in post-M&A integration.

Connected to this, research has shown that transformational leadership can be one of the most important factors in predicting talent retention (Zhang et al., 2014), but little research has been conducted to understand the underlying mechanisms through which transformational leadership may influence retention strategies in post-M&A performance.

### *The aim of the study and research questions*

The aim of this study is to address this research gap by examining whether and how

executive-level leaders' transformational leadership style influence talent retention in a specific post-M&A Chinese context. Based on the understandings discussed above, the following research questions guide this study:

- To what extent does executive-level leaders' transformational leadership exert *direct influence* on post-M&A talent retention in mainland China?
- To what extent does executive-level leader's transformational leadership exert *indirect influence* on post-M&A talent retention in mainland China?
- What factors mediate the influence of transformational leadership on talent retention and why?

#### *Case study*

A Chinese local company (known here as 'FB') located in Shenzhen city, acquired by a multinational corporation (known here as 'FA') in 2008, was chosen as the central study for this investigation as they have experienced post-M&A integration. The challenges they faced were three-fold: key issues impacting on business performance in post-M&A integration; influential leadership styles in post-M&A integration and the impact of influential leadership styles on post-M&A business performance (See exhibit 7 for more about background information of the case).

A multi-method approach was taken to data collection and analysis. In the first phase, a fully-structured questionnaire, consisting of 70 items dealing with all the constructs depicted in the conceptual framework, was sent to 61 current employees recognized by the case company as talent, according to their performance, potential, and position. Responses were received from 54 of them. Correlation analysis and structural equation modeling enabled the relationship among variables to be examined. It was identified that transformational leadership can exert direct influence on talent retention and among factors that mediate the indirect influence of transformational leadership on talent retention, job satisfaction and organizational commitment are recognized by previous researchers as the



most important two. In the second phase, analysis of nine semi-structured interviews with individuals recognized by FB as organizational talent in terms of performance, potential, and position was undertaken to map the relationships between different variables. Following this, a short, informal interview with the President of FB was conducted to gain information about his leadership style and FB's retention strategies. The result of the study is a conceptual framework which shows the key variables and relationships between them. Furthermore, six hypotheses linked to the theoretical arguments for transformational leadership's influence on talent retention were generated and tested.

Results of this study not only prove all six hypotheses but also indicate significant causal relationships among variables. Findings show that there are four approaches through which transformational leadership can influence talent retention: (1) transformational leadership directly exerts positive influence on talent retention; (2) transformational leadership's positive influence on talent retention can be mediated by job satisfaction of talent; (3) transformational leadership's positive influence on talent retention can be mediated by organizational commitment of talent; and (4) transformational leadership's positive influence on talent retention can be mediated firstly by job satisfaction, and then by organizational commitment of talent. Results from survey and interviews indicate that executive-level leaders' transformational leadership style, especially their attributed charisma, idealized influence, and inspirational motivation, may directly exert positive influence on talent retention in the post-M&A Chinese context. Transformational leaders can also increase the rate of post-M&A talent retention through enhancing talent's satisfaction with regard to the job itself, learning and development opportunities, and some external job factors such as supervisor and co-worker relationship, organizational culture, and effectiveness of communication and working flow, or through enhancing talent's affective commitment.

One contribution of this study is an empirically-supported theoretical framework for relationships between transformational leadership and talent retention by describing four approaches through which transformational leadership can influence talent retention. It also increases the knowledge of: (1) talent management and talent retention by defining talent

and identifying various factors and theories that may affect the propensity of an individual to remain with or leave an organization; (2) transformational leadership, by recognizing its superior effectiveness in increasing the rate of talent retention in the ever-changing post-M&A environment over other leadership styles such as transactional and laissez-faire in Avolio and Bass' (1991) Full Range of Leadership Model. With regard to lessons for managerial practice, this DBA study recognizes the important role of executive-level leaders on talent retention strategies in the post-M&A context. It attempts to provide a guidance for post-M&A executive-level leaders to adopt a suitable leadership style, or for multinational firms to select 'the right leader' for their acquisitions. Besides, by using a case from mainland China, it attempts to provide strategic guidance for multinational M&A practitioners who seek to increase their company's rate of talent retention in the Chinese context.

#### *Structure of the document*

The rest of the document is structured as follows. Firstly, extent literature on talent retention, transformational leadership, and the associations between the two are reviewed, resulting in the presentation of the conceptual framework to guide the subsequent data analysis. Secondly, the research design, approach, data collection methods and procedures, as well as ethical issues, are explained and justified. Next, research findings are presented and critically assessed before conclusions are drawn, including commentary on the contributions to theory and practice, particularly for multinational corporations engaging in post-M&A practices in China. Finally, limitations of this study and suggestions for future research are provided.

## **CHAPTER TWO: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK**

Definitions and historical origins of talent retention and transformational leadership, as well as various forms of association between them have been briefly reviewed in the introduction. In this chapter, literature on these concepts is to be extensively reviewed. Propositions for further investigation in this DBA study are to be proposed as the review develops, and a conceptual framework is to be developed at the end.

### **2.1 The Important Role of Talent Retention in Talent Management**

Talent has become a precious resource fought over by multinational organizations in a global war (Garavan, 2012). What is worse, according to Teagarden et al. (2008), the labor shortage is expected to continue to increase until sometime between 2015 and 2025 despite a downturn in economic forecasts in recent years. In this circumstance, talent management has become an important issue facing multinational organizations.

Many previous researchers have discussed what should be included in a talent management system. For instance, McCauley and Wakefield (2006) note that talent management involves workforce planning, talent gap analysis, recruiting, staffing, education and development, retention, talent reviews, succession planning, and evaluation. Stahl (2007) depicted talent management as encompassing three sets of practices: (1) recruitment, staffing and succession planning, (2) training and development, and (3) retention management. In any of these lists, retention is one indispensable component of talent management process. It can be especially important in the post-M&A context, because unlike the situation in a stable environment, in which recruiting is the starting point of talent management, retaining talent from the former company may become the first step of a talent management process following a M&A transaction.

Management scholars and practitioners have been interested in talent retention for a number of years due to its importance (Blau and Boal, 1989; Holtom and Inderrieden, 2006; Srinivasan, 2011). As Cardy and Lengnick-Hall (2011) suggest, talent retention can be significant today in a marketplace where human capital remains one of the few resources

that can provide a sustainable competitive advantage. Another reason that practitioners strive to retain talent is the high cost of turnover. As Kontoghiorghes and Frangou (2009) argue, retention can be more important than hiring, because the organization is completely at loss when talent leave their job once they are fully trained. (see appendix 1 for more about cost of talent turnover)

### **2.1.1 Talent Management**

Now that further discussion about talent retention is to be developed, a working definition of the term 'talent' specifically fit for this DBA study should be proposed first. However, a review of literature reveals that there is no consistent definition for talent (Howe et al., 1998; Tansley et al., 2007). Talent can be defined differently in each stream of research on talent management. Therefore, before proposing a working definition of talent for this DBA study, a brief review of main streams of studies on talent management is to be made first.

#### *Main streams of study on talent management*

Existing literature proposes four well-known streams of study on talent management. These streams of study, as well as their contribution to the definition of talent, are summarized in the table below:

No.	Research streams on talent management	Focus of talent management	Contribution to the definition of talent
1	Talent management as a collection of typical human resource management practices (Lewis and Heckman, 2006; Hartmann et al., 2010; Makela et al., 2010; Mellahi and Collings, 2010)	Merely substitute the label talent management for human resource management; limit their focus to a collection of typical human resource activities such as recruitment, selection, training and appraisal	This stream of study does not contribute to the definition of talent in this DBA study, since it does not distinct talent from all staff.
2	Talent management as a concept of internal talent pools (Boudreau and Ramstad, 2005; Lewis and Heckman, 2006; Hartmann et al., 2010; Makela et al., 2010; Mellahi and Collings, 2010)	Emphasizes the development of talent pools; also covers a range of typical human resource activities, but all activities are focused upon 'talented' individuals	This stream of research seems inadequate in guiding practices, since it does not give much concern on what kind of employee should be defined as talent.
3	Talent management as a categorization of talent by performance and potential (Lewis and Heckman, 2006; Hartmann et al., 2010)	Talent management is defined as the strategic integration of resourcing and development which involves the proactive identification, development and strategic deployment of high-performing and high-potential strategic employees	Differentiating talent from the rest of the workforce according to performance and potential
4	Talent management as the identification of pivotal talent positions (Boudreau and Ramstad, 2005; Huselid et al., 2005; Collings and Mellahi, 2009; Hartmann et al., 2010; Mellahi and Collings, 2010)	Talent management emphasizes the identification of key positions that have the potential to influence the competitive advantage of an organization, and then make sure that these positions are filled with high performing or high potential employees	Differentiating talent from the rest of the workforce according to their position

**Table 2-1 Definition of talent following different streams of study on talent management**

**Source: Compiled by the author**

As illustrated in the table, of the four streams of study on talent management, the first and second do not contribute to the definition of talent.

The third stream focuses on the management of talented people defined by their performance. Some researchers following this stream of study (Gussenhoven, 2009; Govaerts et al., 2011; Mansson and Schmidt, 2011) consider not only talent's performance at present, but also the results they can deliver in future — their potential. Researchers in this stream typically classify employees into top, middle and low grade according to performance and potential, and suggests that all roles within the organization should be filled with top talent, and consistently poor performers should be out of the organization (Lewis and Heckman, 2006). This approach has received a great deal of attention in practice, since it is widely recognized that individuals who are identified as high performers or high potentials are most likely to possess the knowledge, skills, and experience to contribute to the overall success of the organization (Blass, 2007; Hausknecht et al., 2009). However, Collings and Mellahi (2009) recognized limitations to this approach and argue that it is neither desirable nor appropriate to fill all positions within the organization with top performers, because this would result in an over-investment in non-pivotal roles in the organization. This criticism leads to the emergence of the fourth stream of research on talent management.

This fourth stream was proposed latterly by Collings and Mellahi (2009), Boudreau and Ramstad (2005), and Huselid et al. (2005). It emphasizes the identification of key positions that have the potential to impact on the competitive advantage of an organization. From this perspective that talent management should start with the identification of pivotal positions rather than of talent. But this does not mean that the development of talent pools is not necessary. As Collings and Mellahi (2009) argue, organizations should differentiate between employees who are strategic performers and those who are not, and then make sure that strategic or pivotal positions are filled with high performing or high potential employees. This view stands in contrast to the third research stream, which advocates that all roles within the organization should be filled with 'A performers'. Such an approach may facilitate a more deliberate utilization of organization resources (Collings and Mellahi, 2009). Researchers in

this stream also discussed the definition of 'pivotal positions'. Boudreau and Ramstad (2005) argue that the term 'pivotal' is used to distinguish between those organizational roles which promise only marginal impact vis-à-vis those which can provide above-average impact. Huselid et al. (2005) define these positions by their disproportionate importance to a company's ability to execute its strategy.

### **2.1.2 Definition of Talent**

Based on the examination of various streams of study on talent management, it can be seen that if the stream of seeing talent management as a categorization of talent by performance and potential is followed, multinational corporations need to focus on a specified pool of employees who rank at the top in terms of performance and potential (Stahl, 2007; Farndale et al., 2010; Iles et al., 2010b). Many previous researchers propose definitions of talent in this vein. For example, Tansley (2011) defines organizational talent as those who are identified as having the potential to reach high levels of achievement. Lewis and Heckman (2006) argue that in general, talent is a term that oftentimes relates to people with high performance ability and potential.

The term 'potential' may need some further explanation. Govaerts et al. (2011) define high potential talent narrowly as those who are recognized by senior management as persons with the potential to fulfill an executive function within the company either at present or some point in the future. This definition just involves a small fraction of the entire internal workforce — the management level. The author agrees more with Mansson and Schmidt (2011), who define 'high potentials' in a wider sense as a certain pool of individuals with particular ability or possibility to have an immediate or future positive effect on corporations' performance. Characteristics that can be attributed to these high potentials include, for example: intelligence, social skills, flexibility, stress resistance, team spirit, negotiation skills, creativity and learning ability (Govaerts et al., 2011).

On the other hand, if the stream of seeing talent management as the identification of pivotal talent positions is followed, multinational corporations should start their talent retention

process with the identification of pivotal positions rather than of talent. Previous researchers also propose definitions of talent in this vein. For example, Michaels et al. (2001) define talent as a code for the most effective leaders and managers at all levels who can help a company fulfill its aspirations and drive its performance. This definition limits talent to those managerial positions. But it is important to note that 'key positions' may not necessarily be restricted to the management team, but also include specialist functional staff ranging from analysts to client executives to research and development staff, who are identified as critical to the firm's organizational learning and core competence by virtue of the particular knowledge or skills they possess (McDonnell et al., 2010).

On this basis, following Zhang et al. (2014), talent is defined in this DBA study as the high potential and high-performing employees who can fill the key positions that have the potential to have an impact on the competitive advantage of an organization.

### **2.1.3 Definition of Talent Retention**

Now that the definition of talent in literature has been reviewed, the term 'talent retention' is to be defined accordingly.

First of all, this DBA study sees retention and control of turnover as two sides of the same construct as the two cannot be easily separated in practice (see appendix 21 for details about the relationship between retention and control of turnover). Therefore, to define retention, turnover should be defined first. By turnover, this study mainly concentrates on voluntary turnover, which means the unplanned loss of workers who voluntarily leave and whom employers would prefer to keep (Frank et al., 2004). (see appendix 22 for more about definitions of turnover)

Turnover of staff can also be categorized as external turnover and internal turnover. With external turnover, talent leave their job and organization; with internal turnover talent only leave their job but remain within the organization (Blau and Boal, 1987). As mentioned in appendix 1, both internal and external turnover can bring about substantial costs such as administrative processing, temporary workers or overtime for coworkers, advertising, and



training for a freshcomer. But compared with internal turnover, external turnover may bring about stronger negative impact and higher turnover cost for the organization, since loss of knowledge, customer relationship and company morale may also occur in external turnover. Therefore, this DBA study makes more emphasis on external turnover.

In summary, by classifying turnover into deferent categories, it has been clarified that talent to be retained are those who leave both the job and the organization voluntarily, when their performance evaluation is positive. When referring back to the definition of talent proposed in section 2.1.2, this DBA study argues that, talent to be retained should not only be positively evaluated, but also meet the following standards: (1) high performers filtered through the performance evaluation of the current year in the case company; (2) high potentials nominated by management of various levels; (3) Employees on pivotal positions nominated by senior managers in the case company. The focus of talent management should therefore be the development of a talent pool of high potential and high-performing incumbents to fill the key positions that have the potential to have an impact on the competitive advantage of an organization, and talent retention in this DBA study is defined as organizational practices aiming at maintaining the continued employment of these talent.

#### **2.1.4 Critical Factors to Turnover or Retention Effectiveness**

According to Mitchell et al. (2001a) and Moynihan and Pandey (2007), there are mainly three categories of critical factors to voluntary turnover or the effectiveness of retention strategies: (1) environment or economy, (2) individual level, and (3) organization level.

Environmental or economic factors include the situation of global or national economy of the time, or the local labor environment (Terborg and Lee, 1984; Sheridan, 1992). Individual level factors include various demographic characteristics (Milman, 2002). Since leaders cannot easily influence economic or individual factors through their working styles, this DBA study is not going to emphasize on the associations between leadership and these factors. In contrast, there is a greater possibility that leadership can exert influence on organizational level factors, and in turn on talent turnover or retention effectiveness.

A review of existing literature reveals a number of organization level factors that may affect voluntary turnover or retention effectiveness (see table 2-2). The author classifies these factors into two categories according to Herzberg's (1959) Motivation–Hygiene Theory: intrinsic and extrinsic (see appendix 2 for more about Herzberg's theory). According to Herzberg, extrinsic factors, or hygiene factors, is related to level of satisfaction with various features associated with the environment in which the work is performed. These factors include, for example: working conditions, organizational policies, administration, salary, supervision and interpersonal relationships. They provide for the animal side of man's nature which needs to avoid unpleasant environments. Intrinsic factors, or motivators, are related to level of satisfaction with features associated with the job itself. These factors include, for example: achievement, recognition, work itself, appreciation, taking responsibility and the possibilities for advancement. They emphasize talent's active responsibility for psychological growth. By classifying critical factors to turnover or retention effectiveness into intrinsic and extrinsic groups, this DBA study suggests that talent retention rate can be improved by increasing talent's satisfaction with regard to intrinsic factors, and meanwhile control turnover by decreasing talent's dissatisfaction with regard to extrinsic factors (Herzberg, 1974). (see appendix 3 for details about these critical factors)

<b>Examples of extrinsic factors</b>
<ul style="list-style-type: none"> <li>Competitive compensation and benefits (Chhabra and Mishra, 2008; Ho et al., 2009; Gong et al., 2011; Ya-Anan and Bunchapattanasukda, 2011)</li> <li>The ability, effectiveness, and management style of supervisor (Brown and Yoshioka, 2003; Leininger, 2004; Gentry et al., 2007; Dey, 2009)</li> <li>The social network in the organization, which can be further specified as relationship with supervisor (Chatman, 1991; Coldwell et al., 2008; Hausknecht et al., 2009) and with co-workers (Brown et al., 2004; Hausknecht et al., 2009; Sohail et al., 2011);</li> <li>Working environment or conditions (Milman, 2002; Grobler and de Bruyn, 2011; Sohail et al., 2011);</li> <li>Organizational culture (Kopelman et al., 1990; Coldwell et al., 2008; Kerr-Phillips and Thomas, 2009)</li> <li>The effectiveness of selection and recruitment policies (Dey, 2009; Kontoghiorghes and Frangou, 2009; Sandhya and Kumar, 2011)</li> <li>Open communications (Gering and Conner, 2002; Grobler and de Bruyn, 2011; Schweizer and Patzelt, 2012)</li> <li>Organizational prestige (Hausknecht et al., 2009; Kerr-Phillips and Thomas, 2009; Sandhya and Kumar, 2011)</li> <li>Job Security or stability (Kotzé and Roodt, 2005; Gong et al., 2011; Smith et al., 2011)</li> <li>Job alternatives (Lee et al., 1996; Milman, 2002; Sandhya and Kumar, 2011)</li> <li>Etc.</li> </ul>
<b>Examples of intrinsic factors</b>
<ul style="list-style-type: none"> <li>Promotion opportunities (Huselid and Day, 1991; Sheridan, 1992; Gong et al., 2011)</li> <li>Long-term career development opportunities (Elsdon and Iyer, 1999; Hannay and Northan, 2000; Smither, 2003; Birt et al., 2004)</li> <li>Learning opportunities (Kotzé and Roodt, 2005; Hodges, 2008; Smith et al., 2011)</li> <li>Praise and recognition (Crom, 2000; Izzo and Withers, 2002; Grobler and de Bruyn, 2011)</li> <li>Job autonomy (Brown et al., 2004; Kontoghiorghes and Frangou, 2009; Gayathri et al., 2012)</li> <li>Interest in job itself (Milman, 2002; Hodges, 2008; Dey, 2009)</li> <li>Job fulfillment (Gering and Conner, 2002; Leininger, 2004; Kotzé and Roodt, 2005)</li> <li>Etc.</li> </ul>

**Table 2-2 Organization level critical factors to voluntary turnover or retention effectiveness**

**Source: Compiled by the author**

Effective incentives for talent retention have also been discussed in the previous DBA documents (see exhibit 4). Many of the findings are consistent with the above factors identified from existing literature.

Interestingly, a review of literature revealed that most of factors discussed below have been recognized by previous researchers as dimensions of one of the most important predictors for retention — job satisfaction. That is to say, job satisfaction can be seen as a

consolidation of these critical factors to turnover or retention effectiveness. More about job satisfaction are to be discussed in section 2.1.6.

### **2.1.5 Traditional Models of Turnover**

#### *March and Simon's model of turnover*

As noted in section 2.1.4, previous studies have identified a full variety of critical factors that affect the propensity of an individual to remain with an organization or leave an organization. Furthermore, many researchers (e.g. March and Simon, 1958; Lee and Mitchell, 1994; Mitchell et al., 2001a) also try to consolidate these factors and propose some models or theories of turnover (see appendix 5 for more about new models of turnover).

According to Mitchell et al. (2001b), Lee et al. (1996), and Donnelly and Quirin (2006), most of the current theories and research on voluntary turnover derives from March and Simon's (1958) model of turnover, which argues that voluntary talent departure derives from two sub-decisions: 'desirability of movement' and 'ease of movement'.

This focus on the traditional attitudes and alternatives model has dominated the voluntary turnover literature for decades. Over the years, desirability of movement has been reflected through talent's level of job satisfaction (Lee et al., 2004; Donnelly and Quirin, 2006; Crossley et al., 2007; Swider et al., 2011), or other work attitudes like organizational commitment (Lee et al., 2004; Crossley et al., 2007). Furthermore, ease of movement has evolved to the perceived number and type of job alternatives (Mitchell et al., 2001b; Lee et al., 2004; Swider et al., 2011), or job search behavior (Crossley et al., 2007). The traditional turnover theory has the premise negative job attitudes combined with job alternatives predict intent to leave, which is the direct antecedent to turnover (Mobley, 1977; Mitchell et al., 2001a; Lee et al., 2004).

Since the influence of job alternatives on turnover cannot be easily inferred by leadership, this aspect is not a focus of this DBA study. In the following section, the author is going to review existing literature on the most recognized two attitudinal constructs of the traditional

model: job satisfaction and organizational commitment.

### **2.1.6 Job Satisfaction**

#### *Definition and dimensions of job satisfaction*

Job satisfaction has been seen as one of the most commonly studied variables in organizational research, and received much attention since 1960s and 1970s (Robert et al., 2006; Oplatka and Mimon, 2008; Saygi et al., 2011). Despite the vast literature on job satisfaction, researchers (Zembylas and Papanastasiou, 2005; Hashim and Mahmood, 2011) argue that there is no consistent definition for the concept of job satisfaction. Among all the published works, Locke's (1969) statement, which defines job satisfaction as 'the positive emotional state resulting from appraisal of one's job or experience', seems the most cited one by previous researchers (Yurchisin and Park, 2010; Hashim and Mahmood, 2011; Saygi et al., 2011). Similar definitions include 'a positive or negative evaluative judgment of one's job or job situation' (Weiss and Cropanzano, 1996), and 'a feeling or affective state that employees had towards their job' (Brayfield and Roth, 1951).

Some other researchers make more emphasis on the relationship between the environment and talent's job satisfaction. For instance, Dawis et al. (1964) define job satisfaction as the way in which the person and environmental factors interact to predict an talent's satisfaction with his or her job. Dawis and Lofquist (1984) define job satisfaction as being the result of the worker's appraisal of the degree to which the work environment fulfills the individual's needs.

This study follows Locke's (1969) definition of job satisfaction as the positive emotional state resulting from appraisal of one's job or experience.

Previous researchers have divided job satisfaction into two main categories: overall satisfaction and multi-dimensional satisfaction (Brown et al., 2004; Petty et al., 2005; Yang et al., 2008). Overall satisfaction (i.e. general satisfaction or global satisfaction) has been defined as an overall evaluation of people's overall attitude toward work (Dawis and Lofquist,

1984; Griffin and Bateman, 1986). Multi-dimensional satisfaction, (i.e. specific satisfaction) has been defined as an evaluation of various aspects of the job (Drummond and Stoddard, 1991; Oplatka and Mimon, 2008). The dimensions of job satisfaction include, for example: attitudes toward compensation, working conditions, relationships with coworkers and supervisor, promotion opportunities, organizational policies and the nature of the job itself. (Smith et al., 1969; Drummond and Stoddard, 1991; Brown et al., 2004). These specific dimensions of job satisfaction are basically the same as the critical factors to retention discussed in section 2.1.4. This provides another piece of evidence for the notion that job satisfaction can exert considerable influence on talent retention.

Resembling the way critical factors to turnover or retention effectiveness were classified into intrinsic and extrinsic factors in section 2.1.4, the author is going to categorize job satisfaction dimensions with Herzberg's Motivation-Hygiene Theory (see section 2.1.4 and appendix 2 for more) into two groups: intrinsic (or internal, or motivators) and extrinsic factors (or external, or hygiene factors). Intrinsic factors can include talent's job satisfaction with regard to achievement, recognition, work itself, appreciation, taking responsibility and the possibilities for advancement. They may lead to job satisfaction, but the absence of these factors does not cause dissatisfaction but results in neutrality on the continuum of satisfaction. Extrinsic factors include talent's job satisfaction with regard to working conditions, organizational policies, administration, salary, supervision and interpersonal relationships. They may lead to job dissatisfaction, but eliminating these factors does not cause satisfaction but result in neutrality on the continuum of satisfaction. This classification may help in finding out which group can be more influential on talent retention in follow-up analysis, and corresponding retention strategies should thus be developed.

#### *Job satisfaction's impact on talent retention*

The linkages between job satisfaction and talent retention or turnover have received considerable theoretical and empirical attention. In general, previous studies suggest that there are positive associations between job satisfaction and talent retention (Poulin and Walter, 1992; Harter et al., 2002; Egan et al., 2004; van Breukelen et al., 2004; Benson,

2006). Many studies (e.g. Locke, 1976; Petty et al., 2005; Mallol et al., 2007; Hee and Ling, 2011; Smith et al., 2011) have further proposed that talent retention (or voluntary turnover) can be induced by job satisfaction; the more a talent is satisfied with his/her job, the less likely he or she is to intend to leave that organization. For example, Youngblood et al. (1983) conducted a longitudinal study that involved three waves of surveys and found that those who left the organization early significantly differed from those who left later and those who remained, in terms of job satisfaction. Dahlgard and Eskildsen's (2000, cited in Gayathri et al., 2012) study showed that talent who are satisfied with their jobs are more productive, creative and be more likely to be retained by the company. In a specific context of China, Bangcheng et al. (2010) conducted a quantitative survey with 259 part-time students enrolled in the Master in Public Administration programme at a prestigious university in eastern China and found that job satisfaction does predict turnover intention. (see appendix 25 for more about the influence of each of the two categories of job satisfaction on talent's retention)

This evidence from literature leads us to the first proposition of this DBA study:

*Proposition one: job satisfaction of talent exerts positive influence on talent retention.*

### **2.1.7 Organizational Commitment**

#### *Definition and dimensions of organizational commitment*

Organizational commitment has been conceptualized and defined in a number of ways. A frequently cited definition of organizational commitment comes from Mowday et al. (1979), who describes it as the strength of individual identification with, and involvement in, a particular organization. They suggest that committed talent have a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization.

Other researchers also define organizational commitment in similar ways (Cohen, 1993;

Durkin and Bennett, 1999; Cole, 2006). For example, Allen and Meyer (1990) define organizational commitment as a psychological state that characterizes the talent's relationships with the organization, and has implications for the decision to continue as a member of the organization. Wang (2007) takes the view that organizational commitment is the talent's attachment, goal congruency, identification acceptance, and loyalty to the organization.

This study follows Mowday et al.'s (1979) definition and defines organizational commitment as the strength of individual identification with, and involvement in, a particular organization.

Over the past two decades, organizational researchers have focused a great deal of attention on the constructs of organizational commitment. Three components of organizational commitment have been universally identified by previous researchers: affective commitment, normative commitment, and continuance commitment (Meyer et al., 1993; Powell and Meyer, 2004). Affective commitment reflects an emotional attachment to, identification with, and involvement in the organization (Mowday et al., 1982; Meyer and Allen, 1991; Meyer and Smith, 2000). Continuance commitment is based on the perceived costs associated with discontinuing employment with the organization (Meyer and Smith, 2000; Kontoghiorghes and Frangou, 2009). Normative commitment reflects a sense of obligation on the part of the talent to maintain membership in the organization (Meyer and Smith, 2000; Kontoghiorghes and Frangou, 2009). Following this trend, this DBA study also investigates the concept of organizational commitment in these aspects.

#### *Organizational commitment's impact on talent retention*

The linkages between organizational commitment and talent retention or turnover have been a focus of theoretical and empirical attention. In general, previous studies suggest that organizational commitment has positive associations with talent retention (Udo and Tor-Guimaraes, 1997; Yurchisin and Park, 2010; Smith et al., 2011). Many studies (e.g. Price and Mueller, 1981; Hom and Kinicki, 2001; Brown and Yoshioka, 2003; Mallol et al., 2007) have further proposed that organizational commitment is a significant predictor of talent



retention; the more talent is committed to an organization, the less likely s/he is to intend to leave that organization. For example, Blau and Boal (1987) reported that as a predictor of turnover, organizational commitment may account for as much as 34 percent of the variance. Elangovan's (2001, cited in Gayathri et al., 2012) study indicates a reciprocal relationship between commitment and turnover intentions; that is, that lower commitment leads to higher levels of intention to quit, which in turn further lowers commitment.

This evidence from literature leads us to the second proposition of this DBA study:

*Proposition two: organizational commitment of talent exerts positive influence on talent retention.*

#### **2.1.8 Associations between Job Satisfaction and Organizational Commitment**

Having established the definition and dimensions of job satisfaction and organizational commitment, this section further discusses about the relationship between these two attitudinal constructs. As noted in 2.1.6 and 2.1.7, job satisfaction and organizational commitment respectively can impact on the effectiveness of talent retention. Besides, consistent literature across different types of talent and positions supports that job satisfaction and organizational commitment are positively associated with each other as well (Good et al., 1996; Udo and Tor-Guimaraes, 1997; Elangovan, 2001). Furthermore, the directionality between the two concepts has long become a focus of attention. Many researchers (e.g. Porter et al., 1974; Reyes and Shin, 1995; Fresko et al., 1997; Currivan, 1999) suggest that job satisfaction has been shown to be an antecedent of organizational commitment; the more talent is satisfied with his/her job, the more s/he is committed to an organization. Researchers taking this position have assumed that the talent's orientation toward a specific job necessarily precedes his/her orientation towards the entire organization. They argue that job satisfaction is associated with aspects of the work environment and thus would develop more quickly than organizational commitment, which would require a worker to make a more holistic assessment of his/her relationship to the organization. For example, Kotzé and Roodt's (2005) study indicates that 58% of the variance in organizational

commitment is explained by job satisfaction. Lincoln and Kalleberg (1990) point out that job satisfaction impacts positively upon organizational commitment because positive feelings about one's job breed company identification and loyalty. (see appendix 26 for more about the influence of each of the two categories of job satisfaction on talent's organizational commitment)

It should be noticed that although the dominant view in the literature assumes that job satisfaction causes organizational commitment, the causal direction of these two constructs is still inconclusive. Some researchers have claimed that organizational commitment may conversely influence job satisfaction (Vandenberg and Lance, 1992; Hulpia et al., 2009). These researchers argue that talent adjust their satisfaction levels to be consistent with their current commitment levels. However, as presented in the previous section, the overwhelming majority of researchers consider job satisfaction as an antecedent to organizational commitment. Therefore, this DBA study assumes that job satisfaction is an antecedent of organizational commitment, and not the other way around.

The above evidence from literature leads us to the third proposition of this DBA study:

*Proposition three: job satisfaction of talent exerts positive influence on their organizational commitment.*

## **2.2 Transformational Leadership's Impact on Talent Retention**

In section 2.1, existing studies on talent retention have been examined and various factors or theories identified that may impact on talent retention. From the empirical work undertaken from DBA document three, particularly the interviews, it was found that leadership plays a critical role in post-M&A integration (see exhibit 5), and may constitute one powerful influence on talent retention in post-M&A integration (see exhibit 2 for more about previous research findings concerning leadership's influence on talent retention). These findings encouraged further exploration of the associations between leadership and talent retention.

Leadership is one of the most widely discussed and practiced concepts in the world of management (e.g. Fiedler, 1971; Burns, 1978; Bass, 1985; Bass and Avolio, 1994; Yukl, 1998). A critical review on literature provided evidence for the significance of leadership in post-M&A integration. For example, Olson (cited in Able, 2007), senior consultant of Towers Perrin, suggests that companies may have more chances for post-M&A success by having a high degree of leadership visibility and involvement. Hazy (2004) also points out that either poorly executed leadership actions (the wrong person) or a poorly considered leadership strategy (the wrong plan) can damage the integration and lead to ineffectiveness of the M&A, even though clear financial target and growth strategy may be settled in a suitable manner.

With regard to leadership's influence on talent retention, a review of literature also supports that talent's decision on remain with or leave an organization depends largely on their satisfaction with regard to the ability, effectiveness, and management style of their leader (Brown and Yoshioka, 2003; Leininger, 2004; Dey, 2009). For example, Aryee et al. (1998) investigated factors to explain retention among talent and found that their satisfaction with their direct supervisor was related to the expressed intentions to remain with the organization. Hay's (2002) international study indicates that 74% of those who planned to remain with an organization were happy with their managers, and 'unhappy with their boss' was recognized as the second-highest factor contributing to high turnover. Particularly, Hom and Xiao (2011) suggest that leadership style may affect talent retention in the Chinese context.

Now that the influence of leadership on talent retention in post-M&A integration has been recognized, the author is going to further explore which styles of leadership may have a stronger influence on talent's decision to remain with an organization or leave. This exploration starts with a definition of leadership, and an historical review of main popular theories of leadership.

## **2.2.1 Definition and Brief Research History of Leadership**

### *Definition of leadership*

Some researchers define leadership as a process of changing the behavior of others. For example, a widely cited definition by Yukl (1998) describes leadership as a process of intentional influence by a leader over an individual or a group to guide, structure, and facilitate activities and relationships in a group or organization. Burns (1978) defines leadership as the process of inducing followers to pursue common purpose that represents the values and motivations of both leaders and followers.

Some other researchers define leadership as a relationship between leaders and their subordinates. This line of definition emphasizes the interaction between a leader and his subordinates, and the significance of subordinates' response when they are influenced by leadership behaviors. For example, Kemp (2009) suggests that leadership can be seen as 'a series of structured relationships through which a leader facilitates and guides the growth, development and performance of her followers'. Similarly, Muczyk and Reimann (1987) also describe leadership as the relationship between the manager and subordinates.

### *Brief research history of leadership*

Benjamin and Flynn (2006) argue that leaders can influence the behavior of their followers through the use of different styles. A substantial amount of literature has been discussing one aspect or another of leadership in the last two decades. Consequently, a variety of leadership styles can be found in existing literature, each belongs to different theories or systems. In support of the research undertaken in DBA documents three and four, eight leadership styles were identified from the literature: coercive, democratic, empowering, authoritative, pacesetting, coaching, task-focused and relationship-focused. Findings concerning these styles are displayed in exhibit 6.

However, it was found that the problem with the eight-style framework is that each of these styles belongs to different theories or systems. Consequently, there may exist some areas of overlap between them. It is also possible that some other leadership styles prevailing in

practice were neglected. Therefore, in this document, the author is going to start an historical review of leading leadership theories, with the aim of finding out a prevailing style of leadership that may best fit into the studied context.

A review of literature revealed that some of the best known approaches to the study of leadership include trait theories (Johnson et al., 1998; Crist, 1999; Ogbonna and Harris, 2000), behavioral theories (Davis and Luthans, 1979; Murphy, 2005; Turner and Müller, 2005), situational or contingency theories (Fiedler, 1967; Vroom and Yetton, 1974; Hersey and Blanchard, 1977), and the Full Range of Leadership Model (Burns, 1978; Bass, 1985; Avolio and Bass, 1991).

Trait theories, which tend to identify effective leaders through discovering certain leadership characteristics or personality traits, have been extensively criticized because firstly, it does not suggest that leadership styles can be developed or acquired through experience and training (Marquis and Huston, 2000) and secondly, traits were deemphasized to take into account situational conditions (Syndell, 2008). The behavioral theories, which assumes that leaders' behaviors may evoke some sort of expected, specific or measurable behavior in the followers (Davis and Luthans, 1979), were also criticized as disregarding situational elements that might moderate the relationship between leader behaviors and leader effectiveness (Ogbonna and Harris, 2000; Syndell, 2008). Situational/ contingency theories, which emphasizes the importance of contextual factors in determining leader behavior and effectiveness (Fiedler, 1971), were found by some researchers to be insufficient because the theory could not predict which leadership skills would be more effective in certain situation (Syndell, 2008). (see appendix 4 for more information about these theories)

Johnson et al. (1998) suggest that theoretical models on leadership often focus either on trait differences between effective leaders and non-leaders or situational factors that affect the success of the leaders, but the best available answer may be a compromise between the two. According to Kanste et al. (2007), the Full Range of Leadership Model (Avolio and Bass, 1991), which has received a significant amount of scholarly attention for the past two decades, is perhaps the most widely used and accepted comprehensive theory of

leadership that answers the call. Given the significance of the Full Range of Leadership Model, its history will be discussed in the next section.

### **2.2.2 The Full Range of Leadership Model**

#### *Development of the Full Range of Leadership Model*

In 1978 Burns introduced the precursor to the Full Range of Leadership Model by proposing that leadership process can be characterized in one of two ways: either as transactional or transformational. Transactional leadership involves followers complying with the leader or meeting performance targets in exchange for praise, rewards, resources, or the avoidance of punishment (contingent reward) and leaders taking corrective action only when followers deviate from expectations or fail to meet the goals (management by exception) (Bass, 1985). Transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality (Burns, 1978).

Between 1985 and 1990s, Bass and his colleagues (Hater and Bass, 1988; Bass and Avolio, 1994; Bass, 1998) further expanded Burn's (1978) theory. In 1991 Avolio and Bass (1991) propose 'the Full Range of Leadership Model', which comprised a hierarchical sequence of leadership styles according to the extent of activity that the leader expresses in his actions and according to the extent of its effectiveness. The model differentiates three styles of leadership; transformational, transactional, and laissez-faire. The components of the three styles have undergone several revisions by researchers such as Hater and Bass (1988), Bass and Avolio (1990), Antonakis et al. (2003). In its current form, the Full Range of Leadership Model comprises of five transformational leadership components (attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration), three transactional leadership components (contingent reward, management-by-exception active and management-by-exception passive), and one non-transactional laissez-faire leadership (Antonakis et al., 2003).

Laissez-faire leadership represents the absence of leadership in which the leader avoids

making decisions, abdicates responsibility, and does not use their authority (Bass and Avolio, 1997; Bulter and Chinowsky, 2006). This DBA study is not going to spent time exploring this leadership, as it is criticized as an extremely passive type of leadership that may cause a crisis in the organization (Hartog et al., 1997; Marquis and Huston, 2000). (see more about laissez-faire leadership in appendix 6) This DBA study does not explore transactional leadership either, as it is criticized as only suited to an existing system and stable structures by maintaining status quo (Bass et al., 1987; Bottery, 2001; Carter, 2009), and thus fail to be a suitable style in the post-M&A context. (see more about transactional leadership in appendix 6)

The third leadership in the Full Range of Leadership Model, transformational leadership, has acquired wide popularity among leadership researchers during the past decade. Given its effectiveness and its qualitatively different approach to motivate followers as compared with other leadership styles (Vigoda-Gadot, 2006; Afshari et al., 2007), it will be discussed in the next section.

### **2.2.3 Transformational Leadership**

#### *Dimensions of transformational leadership*

The table below shows the five dimensions of transformational leadership and definitions from existing literature.

Dimensions of transformational leadership	Definitions
Attributed Charisma	<ul style="list-style-type: none"> <li>■ Non-behavioral and attributed aspect of leadership (Avolio and Bass, 1995)</li> <li>■ Charismatic leaders are seen as confident, enthusiastic and powerful (Bycio et al., 1995; Ogbonna and Harris, 2000).</li> <li>■ They behave morally and ethically, and go beyond self-interest for the good of the group (Avolio and Bass, 2004; van Eeden et al., 2008)</li> </ul>
Idealized Influence	<ul style="list-style-type: none"> <li>■ Behaviorally based aspect of leadership (Avolio and Bass, 1995).</li> <li>■ Leaders behave in such a charismatic way that followers identify with them, want to emulate the leaders' behavior, assume his or her values, and are committed to achieving his or her vision and making sacrifices in this regard (Bass et al., 2003; Li and Hung, 2009).</li> <li>■ Involves behaviors such as setting a role model, demonstrating high ethical standards, showing conviction, taking a stand on difficult issues, risk sharing on the part of leaders, and emphasizing the importance of purpose and values (Bass and Avolio, 1990; Bass et al., 2003; Kezar and Eckel, 2008).</li> </ul>
Inspirational motivation	<ul style="list-style-type: none"> <li>■ Concerns the leader's ability to consider long term needs of the organization, articulate a clear, appealing, and inspiring vision of the future, arouse team spirit through enthusiasm and optimism, and motivate their staff to achieve the organizational goals (Bass, 1985; Avolio and Bass, 2004; Turner and Müller, 2005; Kezar and Eckel, 2008).</li> <li>■ The articulation and communication of a vision is especially emphasized in the inspirational aspect of leadership. This may involves the creation of an attractive vision of the future, communicating the vision with fluency and confidence in a positive manner, and showing followers how to achieve the vision (Krishnan, 2000; van Eeden et al., 2008).</li> </ul>
Intellectual stimulation	<ul style="list-style-type: none"> <li>■ Emphasizes encouraging new ways of thinking, reasoning before acting, and enabling subordinates to analyze problems from many different viewpoints (Schepers and Wetzels, 2005).</li> <li>■ Value the intellectual ability of followers and recognize the follower's sense of logic and analysis. (Bass et al., 2003; Avolio and Bass, 2004; Muniapan, 2007; Kezar and Eckel, 2008)</li> </ul>
Individualized consideration	<ul style="list-style-type: none"> <li>■ Leaders recognize individual uniqueness, treat subordinates as individuals, rather than as part of a group.</li> <li>■ Pay special attention to each individual's abilities, aspirations and needs, link the individuals' current needs to the organization's needs,</li> <li>■ Provide support, encouragement, coaching, mentoring, and design appropriate strategies to develop individual followers to achieve higher levels of motivation, potential, and performance.</li> <li>■ (Bass et al., 2003; Avolio and Bass, 2004; Turner and Müller, 2005; Naami and Asadi, 2011)</li> </ul>

**Table 2-3 Dimensions of transformational leadership**

**Source: Compiled by the author**



*Transformational leadership can be more effective than transactional leadership, especially in a post-M&A context*

Although some studies argue that outstanding leaders display both transformational and transactional styles (Bass and Avolio, 1997; Hartog et al., 1997; Boonyachai, 2011) (see appendix 7 for more about the relationship between these leadership styles), a number of researchers suggest that transformational leadership can be more effective than transactional leadership in predicting organizational performance and other outcomes (Bass, 1997; Vasilaki, 2011b; Benjamin and David, 2012). For example, Hallinger (2003) suggests that subordinates may have more reverence for transformational leaders, a stronger sense of collective identity and higher perceptions of task performance compared to non-transformational leaders. Lowe et al.'s (1996) meta-analysis found that, although both transactional and transformational styles related positively to performance, the relationship with transformational leadership was significantly stronger.

Many researchers (e.g. Bass, 1990; Shamir et al., 1993; Naami and Asadi, 2011) argue that transformational leadership can be more effective than transactional leadership in environments characterized by change, uncertainty, and distress, such as post-M&A integrations. For example, Quinn and Hall (1983) argue that in environments characterized by high intensity and high uncertainty, leadership which comes to the fore tends to be transformational. Betty and Lee (1992) found that a transformational approach is likely to be more effective in overcoming barriers to change in organizations than a transactional style that concentrates on solving technical problem which neglects people and the organizational issues.

In sum, after an historical review of popular theories and styles of leadership, the conclusion reached is that transformational leadership can be a prevailing style of leadership in today's organizations. It is particularly suitable for highly dynamic business environment as in post-M&A integration. Besides, based on the findings gained from the interviews conducted for DBA document three, it was observed that the executive level leaders of the case company exhibit obvious behaviors of transformational leadership (see exhibit 3 for more

about transformational behaviors exhibited by FB leaders). Therefore, this DBA study is going to explore the impact of transformational leadership, instead of all leadership styles, on talent retention in the studied context.

### **2.3 Associations between Transformational Leadership and Talent Retention**

Following the review in section 2.1 and 2.2, existing literature on talent retention and on transformational leadership respectively, in this section, previous studies on the associations between the two are to be discussed. This discussion starts with transformational leadership's direct influence on talent retention. As mentioned earlier, transformational leadership may also exert indirect influence on talent retention through such attitudinal mediators as job satisfaction and organizational commitment. So transformational leadership's impact on them respectively is also discussed.

#### *Transformational leadership's direct impact on talent retention*

Bass (Bass, 1985) indicates that transformational leadership can be one of the most important factors to control talent turnover. However, given the extensive concerns on transformational leadership and talent retention, the number of theories and empirical studies of transformational leadership's direct impact on talent retention are surprisingly few. But still, there are some empirical studies that try to find the linkage between them. For example, Bycio et al. (1995) conducted a quantitative survey with 1,376 hospital nurses with the aim of assessing Bass' (1985) conceptualization of transactional and transformational leadership and found that each transformational facet had a significant relationship with intent to leave. Ya-Anan and Bunchapattanasukda (2011) conducted in-depth interviews in non-governmental organizations in Thailand in the field of social and community development and found that leadership directly affects the retention of talent especially due to the leader's ability to communicate the organization's vision and mission, which can be seen as an important transformational behavior.

Evidence from literature leads us to the fourth proposition of this DBA study:

*Proposition four: transformational leadership exerts positive influence on talent retention*

*Transformational leadership's impact on job satisfaction*

As transformational leadership becomes a focus of attention, a number of research on this form of leadership suggests that it is positively related to higher levels of job satisfaction (Bass, 1985; Avolio and Bass, 1999; Bogler, 2001; Nemanich and Keller, 2007). For example, Lowe et al. (1996) found that leaders who exhibit transformational leadership behavior are associated with higher levels of job satisfaction of their subordinates. Yang (2012) suggests that supervisors' performance in terms of transformational leadership can have a significantly positive impact on subordinates' intrinsic and extrinsic job satisfaction levels within the context of public relation companies in Taiwan. (see appendix 23 for more about the influence of each of the four transformational dimensions on talent's job satisfaction)

Evidence from literature leads us to the fifth proposition of this DBA study:

*Proposition five: transformational leadership exerts positive influence on job satisfaction of talent.*

*Transformational leadership's impact on organizational commitment*

The association between transformational leadership and organizational commitment has also been extensively explored in existing literature. Many studies (e.g. Bass, 1985; Hancott, 2005; Nguni et al., 2006; Yang, 2012) reported a positive association between transformational leadership and higher levels of organizational commitment. For example, Shamir et al. (1993) suggest that transformational leaders transform the self-concepts of their followers, and the followers' feelings of commitment are thus enhanced. (see appendix 24 for more about the influence of each of the four transformational dimensions on talent's organizational commitment)

This evidence from literature leads us to the sixth proposition of this DBA study:

*Proposition six: transformational leadership exerts positive influence on job satisfaction of talent.*

## 2.4 Conceptual Framework

Based upon the review above, a conceptual framework is developed as shown in figure 2-1.

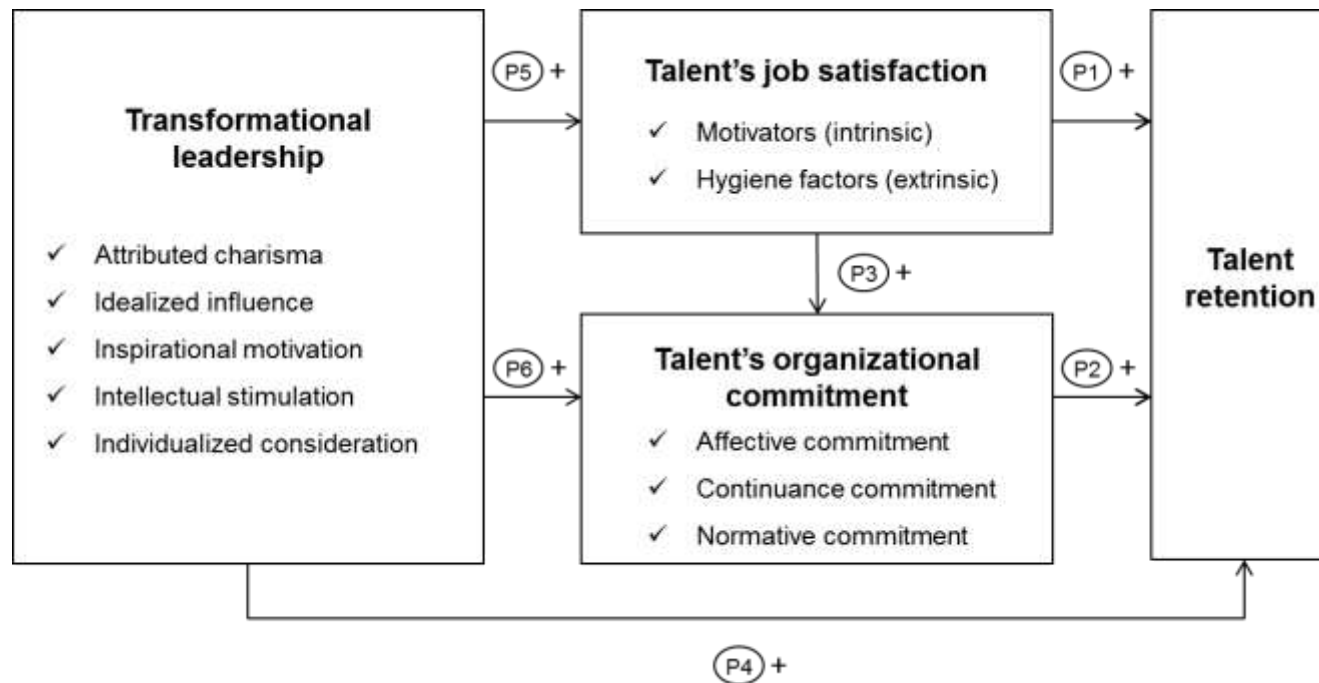


Figure 2-1 Conceptual framework

Source: Compiled by the author

As illustrated in the conceptual framework, existing literature (Bass, 1985; Bycio et al., 1995; Ya-Anan and Bunchapattanasukda, 2011) suggests that transformational leadership directly exerts positive influence on talent retention. Leaders can enhance the effectiveness of talent retention directly through transformational behaviors. To investigate this approach, one proposition is tested:

*Proposition four: transformational leadership exerts positive influence on talent retention*

Existing literature also suggests transformational leadership's indirect impact on talent retention or turnover that is mediated by job satisfaction and organizational commitment. The prevailing theories and studies (Locke, 1976; Youngblood et al., 1983; Petty et al., 2005; Mallol et al., 2007; Bangcheng et al., 2010; Smith et al., 2011) have proposed the second approach through which transformational leadership may impact on talent retention: transformational leadership's positive influence on talent retention is mediated by job satisfaction of talent in the studied context. Transformational leaders can enhance the effectiveness of talent retention through increasing the level of talent's job satisfaction. To investigate this approach, two propositions are tested:

*Proposition five: transformational leadership exerts positive influence on job satisfaction of talent.*

*Proposition one: job satisfaction of talent exerts positive influence on talent retention.*

It is also suggested based on existing literature (e.g. Price and Mueller, 1981; Blau and Boal, 1987; Hom and Kinicki, 2001; Brown and Yoshioka, 2003; Mallol et al., 2007) the third approach through which transformational leadership may impact on talent retention: transformational leadership's positive influence on talent retention is mediated by organizational commitment of talent in the studied context. Transformational leaders can enhance the effectiveness of talent retention through increasing the level of talent's organizational commitment. To investigate this approach, two propositions are tested:

*Proposition six: transformational leadership exerts positive influence on organizational*

*commitment of talent.*

*Proposition two: organizational commitment of talent exerts positive influence on talent retention.*

Furthermore, consistent literature across different types of employees and positions (Porter et al., 1974; Reyes and Shin, 1995; Fresko et al., 1997; Currivan, 1999) leads to the fourth approach through which transformational leadership may impact on talent retention: transformational leadership's positive influence on talent retention is mediated firstly by job satisfaction, and then by organizational commitment of talent in the studied context. That is to say, to enhance the effectiveness of talent retention, transformational leaders can increase the level of talent's job satisfaction; talent's level of organizational commitment can be increased as they become more satisfied with the job, and their higher level of commitment to the organization may finally result in higher retention rate. To investigate this approach, three propositions are tested:

*Proposition five: transformational leadership exerts positive influence on job satisfaction of talent.*

*Proposition three: job satisfaction of talent exerts positive influence on their organizational commitment.*

*Proposition two: organizational commitment of talent exerts positive influence on talent retention.*

## **2.5 Research Gap and Contribution of This DBA Study**

In sum, the importance of transformational leadership of executive-level leaders in such a dynamic business environment as the post-M&A context in China, and the lack of theoretical and empirical research on its influence on talent retention, were the primary motivators for this DBA study.

Theoretically, despite a significant degree of academic and practical interest, the topic of

talent management remains under-investigated (Collings and Mellahi, 2009; Iles et al., 2010a). Meanwhile, as Bass indicates in his works (1985; 1998), transformational leadership can be one of the most important factors to control talent turnover. However, although such association has been studied, it is surprising that little research has been conducted to understand the underlying mechanisms through which transformational leadership exerts its effects on talent turnover and corresponding retention strategies.

To be more specific, based on the past research by management scholars, considerable studies on transformational leadership's influence on talent's job satisfaction and organizational commitment are available, and a wealth of literature exists on job satisfaction and organizational commitment's influence on talent retention. However, studies appeared to be very limited with regard to the relationship of transformational leadership and talent retention mediated by talent's job satisfaction and organizational commitment, and there is also a lack of empirical studies to support such theoretical findings.

Practically, although studies on talent retention and transformational leadership have been mature in western world, their counterparts in the Chinese context remain scarce (Cooke, 2008; Zhang et al., 2014). Besides, only a limited number of studies on these topics have been carried out in such a dynamic and unstable environment as post-M&A integration. It can be imperative to place the studies on these topics in the context of post-M&A integration and investigate the role of leadership in such a context. Finally, previous studies of transformational leadership that specifically target the executive-level management are very rare. These research gaps encouraged further exploration of the ways in which transformational leadership of executive-level leaders may influence on post-M&A talent retention effectiveness in the Chinese context in this document.

This DBA study seeks to bridge the research gaps mentioned previously. Theoretically, the main contribution of this DBA study is to add an empirically supported theoretical framework for relationships between transformational leadership and talent retention to existing literature by describing four approaches through which transformational leadership can influence talent retention. Besides, this DBA study also acknowledges the importance of



talent and talent retention for post-M&A success, and the important role of leadership in post-M&A talent retention practices. It increases the understanding of the following knowledge: (1) talent management, by defining talent, and distinguishing talent management from traditional human resource management; (2) talent retention, by identifying various factors and theories that may affect the propensity of an individual to remain with or leave an organization; (3) transformational leadership, by defining its five dimensions, recognizing its superior effectiveness in terms of talent retention in the ever-changing post-M&A environment over other leadership styles in the Full Range of Leadership Model, and identifying its influence on job satisfaction and organizational commitment; (4) job satisfaction, by defining job satisfaction and its dimensions, and identifying its influence on post-M&A talent retention and organizational commitment; (5) organizational commitment, by defining organizational commitment and its dimensions, and identifying its influence on post-M&A talent retention.

With regard to lessons for managerial practice, this DBA study recognizes the important role of executive-level leaders on talent retention strategies in the post-M&A context. It attempts to provide a guidance for leaders of executive-level to adopt a suitable leadership style at the stage of post-M&A, or for multinational firms to select 'the right leader' for their acquisitions in China. Besides, by using a sample from China, it attempts to provide strategic guidance and managerial implications for multinational corporations engaging in post-M&A practices in China in terms of effective talent retention, and in turn improve their capacities to compete in the challenging business environment in the Chinese context.

## **CHAPTER THREE: RESEARCH METHODOLOGY AND METHODS**

In this chapter, the realist methodological stance is discussed; methods for data collection adopted accordingly are elaborated; ethical considerations are also noted.

### **3.1 Research Philosophy: A Realist Approach**

In this study a realist methodological approach is taken (see appendix 8 for details about philosophical stances of this DBA study). In terms of ontological stance, this position stands very near to objectivism (Rand, 1990), which advocates that universals have a reality independent of how people talk about them. However, the position of realist research is more constructionism-oriented than objectivism. The position taken here is that reality can somewhat be influenced by people's values and their way of seeing the world. Thus realist researchers often explore possible explanations by drawing upon qualitative methods (Fisher et al., 2007). In terms of epistemological stance, this position employs phenomenology, which recognizes the relevance of human subjectivity.

At the post-M&A stage, the involved organizations and talent may experience an extremely instable period. Strategies properly applied in other circumstances may not work well in such a dynamic environment. The rationale for taking a realist approach is that it may identify patterns from business behaviors in such a highly complicated environment, because propositions about patterns of relationships in realistic studies are analyzed as possible explanations rather than as fixed laws (Fisher et al., 2007).

### **3.2 Research Design**

Now that a realist approach is taken, research methods of data collection are designed accordingly.

As Fisher et al. (2007) suggest, to do a realist research, the hypothetico-deductive approach is at the heart. Following Saunders et al. (1997), Fisher et al. (2007), and Robson's (1993) suggestions, a conceptual framework and corresponding propositions, which described the relations of key variables that involved in the research, have been developed on the basis of

literature review.

A multi-method approach will be undertaken in this research. It starts off with a quantitative survey that verifies associations between key variables. Semi-structured interviews are carried out following the survey so as to interpret in all complexity how the different variables interact with each other. Besides, interviews conducted for DBA document three, in which the author discussed with participants about leadership and retention issues in the case company, can also offer some qualitative materials. More about the data collecting methods are discussed in subsequent sections.

### **3.3 Research Approach: A Case Study**

For a geographically huge country like China, people in different areas may have dramatically different cultural values. Therefore, talent in Chinese local firms acquired by multinational corporations may choose to remain with the firm for dramatically different reasons. Drawing generality from all areas across the country can be dangerous. Therefore, this research is going to employ the approach of case study, and use a Chinese local company located in Shenzhen city (known here as 'FB', the same case company as in DBA document three and four) acquired by a multinational group (known here as 'FA') as a case to explore leadership's influence on talent retention in post-M&A integration.

The rationale for choosing a Shenzhen based firm is that Shenzhen has been one of the fastest growing cities in China. Located overlooking Hong Kong over the sea, Shenzhen has been seen as a window of China and a centre of foreign trade. Just in the single year of 2012, the actual foreign direct investment in Shenzhen totaled \$5.23 billion (Shenzhen Bureau of Statistics, 2013). Due to the large base of foreign investment deals, a case study on an acquired Chinese local firm in Shenzhen may reveal issues that may occur in post-M&A integration in the Chinese context, and the findings can be applied in other areas in mainland China.

In the studied case, the acquiring firm, FA group, is a world-leading multinational supplier of solutions and systems for measurement of objects in one, two or three dimensions,

headquartered in Sweden; the acquired firm, the predecessor of FB, was a private-owned medium-scale local manufacturer of measuring instruments. FA group saw the potential of FB in industrializing 3D laser scanning market and its strong R&D and production capacity, and acquired the firm on August 1st, 2008. Following the acquisition, FB is considered one of the most successful acquisitions of FA group, not only financially, but also with regard to talent retention. 70%-80% of the talent were successfully retained, and the majority of them are still working at FB currently, mostly as backbones of the company at various levels. This is a very high retention rate considering high talent mobility of Shenzhen. Study on such a case may reveal more insights on successful post-M&A talent retention strategies and the association of talent retention with leadership. (See more information about the two companies involved in exhibit 7)

### **3.4 Phase 1: survey**

The survey was carried out during May 9-17, 2013 through fully-structured self-administrated questionnaire. Research methods for participants, questionnaire design and data collection are discussed as below.

#### **3.4.1 Participants**

##### *A working definition of talent for this DBA study*

The literature review in chapter two has identified three main ways to define talent – based on performance, potential, and position. In practice, each organization may have its own definition of talent, rather than accept a universal or prescribed definition (Mansson and Schmidt, 2011; Tansley, 2011). Based on this understanding, a quick discussion with the President and the director of human resource department in FB took place. They agreed that performance, potential, and position are important criteria for identification of talent in practice. This provides a rationale for the choice of these criteria to define talent in this DBA study.

Based on existing literature and practices in FB, this DBA study defines talent from the following perspectives:

(1) High performers. FB is operating a performance evaluation system on an annual basis, which is the most important means for the company to identify talent. High performing talent in this DBA study is thus defined as the top performers filtered through the performance evaluation of the current year.

(2) High potentials. FB agrees that in a highly dynamic emerging market like mainland China, organizations should be fully prepared for their future through maintaining a potential team of talent. High potentials are thus defined in this DBA study as individuals with requisite knowledge and ability to create competitive advantage for their organization in the future.

(3) Employees on pivotal positions. Since FB is a manufacturer in the first place, the President of the company suggests that positions related to manufacturing, R&D and sales are vital for this company. Besides, as in many other organizations, positions related to managerial operation, especially those senior level directors, can be critical for the development of the company. Employees on these positions are thus defined as talent.

There might be some overlaps between groups of talent identified from the three different perspectives. For example, a top performer identified from the evaluation system may most likely be also on the list of high potentials or pivotal positions. But consideration of multiple perspectives may add to the overall definition of talent.

All the participants are currently working in the company. They can be ordinary staff, or managers at various levels, but executive-level leaders are excluded.

In line with this definition, FB provided a list (appendix 9 and appendix 10) of 61 potential participants, with high performers, high potentials and high positions each accounting for approximately 1/3.

### **3.4.2 Measuring Instrument**

A fully-structured self-administrated questionnaire (appendix 11) is designed to collect responses from participants. The questionnaire consists of 70 items dealing with the

following four constructs depicted in the conceptual framework: transformational leadership (20 items), job satisfaction (22 items), organizational commitment (24 items), and talent retention (4 items). Participants are asked to indicate the extent to which they agree on each of the statements on a 5-point Likert scale, in which 1=strongly disagree, 2=disagree, 3=neutral, 4= agree, 5=strongly agree. In subsequent sections, measuring instruments for each construct in details are to be specified.

#### *Measuring instrument for transformational leadership*

To date, the majority of empirical studies on transformational leadership have employed subjective measures using subordinate evaluations of leader behaviors (Avolio and Bass, 1999), and a number of the studies (e.g. Antonakis et al., 2003; Kanste et al., 2007; Boonyachai, 2011; Vasilaki, 2011a) employed 'the Multifactor Leadership Questionnaire' that Bass and Avolio developed when working together in the 1980s and 1990s as the instrument to assess the relationship between each leadership style and several outcomes. This DBA study also follows this trend. The items for the measurement are cited in the version of 'the Multifactor Leadership Questionnaire (Form 5x-Short)' by Avolio and Bass (1995).

Since too much sensibility could lead to bias in research findings, this DBA study does not ask participants to nominate one specific executive-level leader; instead, the implicit term of 'the executive-level leaders', which is specifically defined as those who can make decisions and implement strategies at a corporate level, is used in the questionnaire. In this case, the participants might be evaluating one specific leader, or the executive-level management team in general. The results may present a whole picture of the leadership styles adopted by the executive-level management in FB

One main amendment to the questionnaire is that the original 'Multifactor Leadership Questionnaire (Form 5x-Short)' by Avolio and Bass (1995) asks participants to judge how frequently each statement fits them. The rating scale employed is a frequency rating scale, in which 1=not at all, 2=once in a while, 3=sometimes, 4=fairly often, 5=frequently if not always. But following Pounder's (2008), Vasilaki's (2011b), and Nemanich and Keller's (2007)

research, it is amended to a 5-point Likert scale, in which 1=strongly disagree, 2=disagree, 3=neutral, 4= agree, 5=strongly agree, because firstly, participants in Chinese may feel difficult to distinguish expressions like 'once in a while' and 'sometimes', since in Chinese they are basically the same; secondly, according to Fisher et al. (2007) and Saunders et al. (1997), Likert scale can be an effective scale to collect data of participants' opinions, attitude and belief; thirdly, this amendment allows participants to keep an uniform answering mechanism as all the other sections concerning job satisfaction, organizational commitment and intention to remain with an organization use Likert scale.

#### *Measuring instrument for job satisfaction*

As noted in Chapter two, job satisfaction is often divided into two main categories: overall satisfaction and multi-dimensional satisfaction (Brown et al., 2004; Petty et al., 2005; Yang et al., 2008). In this DBA study, the multi-dimensional perspective is applied to discover what specific elements mediate the influence of transformational leadership on talent retention.

The items for the measurement are adapted from the short form of the Minnesota Satisfaction Questionnaire by Weiss et al. (1977). Many researchers (e.g. Chiu and Chen, 2005; Lyons and O'Brien, 2006; Oncel et al., 2007; ÇOban, 2010; Foulkrod et al., 2010) used this tool in their empirical studies on job satisfaction. Meanwhile, its reliability and validity have been established by existing literaterature (Holcomb-McCoy and Addison-Bradley, 2005). Two more items that are especially important in the studied context are added into the original questionnaire: long-term career development, and training and opportunities to learn. Based upon the qualitative materials derived from DBA document three, they are highly recognized by participants as influential factors in their decision to remain with an organization or leave the company.

One problem with the Minnesota Satisfaction Questionnaire is that it does not classify dimensions of job satisfaction, although there are as many as 20 of them. Based on Herzberg's Duality Theory of job satisfaction (1974), which has been discussed in section 2.1.6 and appendix 2, all the items in the Minnesota Satisfaction Questionnaire are classified

into two groups — internal and external factors, so as to distinguish which of them is the antecedent of talent retention.

#### *Measuring instrument for organizational commitment*

Past research (e.g. Porter et al., 1974; Allen and Meyer, 1990) on leader behaviors has produced a substantial number of instruments for measuring organizational commitment. In this DBA study, the items for the measurement are adapted from Allen and Meyer's (1990) 24-item 'Organizational Commitment Questionnaire', because its classification of affective, normative, and continuance organizational commitment may be helpful in suggesting which specific kind of commitment may impact on retention the most. The items included in this questionnaire are not modified as they fit well into the researched context.

#### *Measuring instrument for talent retention*

A review of empirical studies on talent retention reveals that previous studies adopt different measures for talent retention. Some researchers (e.g. Blau and Boal, 1989; Swider et al., 2011; Patel and Conklin, 2012) measure turnover by calculating employees voluntarily left the organization over a certain period of time. Others measure talent's intention to remain with an organization or leave, frequently with a Likert scale. For example, 'I hardly ever/often think about leaving' (McKay et al., 2007; Tanton, 2007; Monsen and Wayne Boss, 2009), 'I will/will not leave the organization and look for a new job (in a certain time period)' (Mitchell et al., 2001b; Monsen and Wayne Boss, 2009; Hamstra et al., 2011), 'I am/am not actively seeking employment with another organization' (Yurchisin and Park, 2010). Since measurement of all the other constructs asks about participant's attitudes and opinion through a Likert scale, this DBA study is going to follow these researchers and measure talent retention with their intention to remain in the company, but the questions are designed based on the specific context of this DBA study.



### **3.4.3 Method of Data Collection**

#### *Pilot test*

A pilot test was initiated with the purpose of refining the questionnaire. To save time, the questionnaire was distributed through the author's personal e-mail to 15 participants. Ten were returned within two days, all successfully completed. Based on feedback from participants in the pilot, some modifications have been made. For example, the term 'executive level managers' was more specifically defined; some extreme attributive and adverbial modifier, which should not be used in a Likert-scale question, were removed; reverse questions in the original Organizational Commitment Questionnaire by Allen and Meyer (1990) were reduced by 50% due to participants' confusion. (See appendix 12 for more about questionnaire modification following pilot test)

#### *Formal survey*

The formal field survey was launched during May 9-17, 2013. To improve the response rate and to protect the privacy of participants, the author traveled to Shenzhen office of FB, contacted participants via company phone number provided by FB, and distributed the hard copy of research questionnaires to participants in person. Among all the 61 candidates in the sample frame, 59 agreed to participate in the survey, 54 filled questionnaires were collected within nine days. This results in a response rate of 88.5%. According to Mangione (1995), a response rate of 86%-100% is excellent.

### **3.5 Phase 2: Semi-structured Interviews**

Semi-structured interviews were carried out during July 26-29, 2013, and responses from nine talent were collected via video conference-call system. Besides, an informal quick interview with the President of FB was conducted afterwards for more information about his leadership style and retention strategies in FB. Relevant research methods are discussed in further details as below.

### **3.5.1 Participants**

The qualifications for participants in the semi-structured interviews are the same with that for the survey: talent that the company would like to retain based on their performance, potential, and position.

Taking into consideration the number of participants to be arranged within a limited period, the time available for transcription, translation, and data analysis, the total number of interview is initially designed as nine.

The talent list was provided by the President of FB. Since the case company is a small one in terms of number of staff (less than 200), the President is familiar with most of his staff, especially those considered talent. This makes him qualified to provide the talent list for the interviews. Participants include 3 high performers, 3 high potentials, and 3 talent on pivotal positions, but the analysis does not specifically distinguish which category they belong to, since all of them are recognized as talent that the company strives to retain. In order to ensure anonymity, participants are coded as R1-R9. (See appendix 13 for more about participants)

### **3.5.2 Interview Protocol Designing**

A semi-structured interview protocol is developed following the survey with the aim of further exploring insights behind statistical findings. The protocol (see appendix 15) consisted of 18 questions dealing with the following four constructs depicted in the conceptual framework: transformational leadership (ten questions), job satisfaction (three questions), organizational commitment (four questions), and talent retention (one question). Most of them are designed based on a review of existing studies, and have ever been used in other interviews of relevant topics; some others are based on the specific situation of the studied context.

### **3.5.3 Method of Data Collection**

#### *Pilot test*

To avoid misleading or inexplicit questions, an acquainted colleague of the author was

invited for a face-to-face pilot interview.

Based on results from the pilot, as well as supervisors' suggestions, the following revisions have been made: (1) More follow-up questions are added to further explore participants' perceptions on key issues; (2) Questions are asked in a more open way by using 'why', 'how', and 'in which ways'; (3) Some terms that may confuse participants (e.g. executive-level leader, management style, organizational culture) are further explained with definitions or examples; (4) Some sensitive questions are more diplomatically phrased to erase participant's uneasiness.

### *Formal interview*

All the interviews were conducted during a 4-day period from 26<sup>th</sup> to 29<sup>th</sup> in Jul., 2013. Since travelling to FB can be very time consuming, the interviews were carried out via video conference-call system. Participants were interviewed in a booked meeting room in FB office in Shenzhen, which is quiet and uninterrupted enough for participants to open up their mind and express their ideas in a confident manner. The author conducted the interviews in the Beijing office of FA group.

The sequence began with the interviewer reading the cover letter to the participants, keeping them informed about the purpose and use of materials gathered from the interview, and explaining confidentiality issues relating to the interview.

The interview was designed to last about one hour. The actual length of interviews ranged from 25 to 45 minutes, and the average time duration for all nine interviews is 35 minutes. This is because participants gave positive answers for most questions; most questions designed for exploring insights for negative answers were thus skipped.

### *An informal follow-up interview with the President of FB*

It was found following the formal interviews that learning some background information about the case company as well as leadership behaviors and retention strategies from the perspective of executive-level leaders can be helpful. An informal quick interview was thus

conducted with the President of FB following a business dinner. The interview lasted for 29 minutes. It was performed in an informal way without an interview protocol. Some questions raised following the interviews with talent were picked up for the President's opinion. The interview was also recorded for follow-up transcription and analysis by the consent of the participant.

### **3.6 Ethical Considerations**

The following efforts have been made to avoid ethical offences.

Firstly, before the research was conducted, the President of both the acquiring and the acquired firm were given a clear explanation of the purpose, contents and procedures of the research, and asked for their consents. The Chinese version of the survey questionnaire and interview protocol were also sent to them for approval. Both of the two involved companies approved execution of this research among talent in FB.

Secondly, both the survey questionnaire and interview protocol came up with a one-side cover letter (see appendix 11 and 14) to the participants, introducing what the research is about, what will happen to the data they are about to provide, and the approaches to ensure the anonymity of participants. Meanwhile, participants are informed that their participation in this research is completely voluntary, and they have the right to withdraw the data provided by a given time without giving a reason. Contact information of the author was provided in the letter for participants' further inquiry.

Thirdly, for the protection of participants' privacy, participants in the survey were not required to provide any information about their identity; in the interviews, interviewees' identity was concealed by the use of participant numbers.

Fourthly, interviewee's agreement for digital voice recording (which was granted in all cases) had been requested before the interview. Participants were advised that they could request that the digital recorder be switched off at any time during the interview.

## CHAPTER FOUR: ANALYSIS

Having discussed methodologies for this DBA study, this section reports research findings based on analytical methods applied to the collected data. As noted previously, this DBA study adopts a multi-method approach. Propositions developed based on literature review were firstly tested with statistical measures; qualitative materials from semi-structured interviews were then utilised to interpret the statistical findings.

With regard to statistical analytical methods, firstly, a logic test was performed on completion of data collection, and samples failed in the test were excluded from the analysis. Following that, demographic information of valid sample was analyzed to check the representativeness of participants. Prior to further data analysis, an item discrimination test was performed to filter out items that undermine the test. Factor analysis was then used for validity test and dimension reduction. Cronbach's  $\alpha$  was used to test the internal consistency reliability of the scales. Following all these preparations, descriptive statistics were reported to gain findings about each construct in the conceptual framework individually; correlation analysis was performed with SPSS to investigate the associations between variables, and structural equation modeling was performed with LISEL to explore the causal links between them.

As mentioned above, both correlation analysis and structural equation modeling were performed in this DBA study to explore the relationship among variables. Correlation analysis is a widely used analytical method to predict the extent to which two factors are correlated with each other, but as Fisher et al. (2007) argue, correlation does not imply causation. Therefore, structural equation modeling was also employed to predict causal relationships between factors. The findings from structural equation modeling and correlation analysis were then compared and verified with each other.

An advantage of using structural equation modeling instead of other traditional analytical methods such as regression is that structural equation modeling is capable of testing the fitness of the entire model to the data and predicting the relationship among multiple variables at the same time, whereas regression can only deal with the relationship between

one pair of variables.

With regard to qualitative analytical methods, QSR Nvivo 8, a software package for analyzing qualitative data was employed to facilitate data organizing, sense making and theorizing processes in this DBA study. With the aid of Nvivo, the bunch of data is arranged into a more manageable and comprehensive form, and new patterns emerged from the data are recognized.

The following section is going to elaborate on statistical and qualitative analytical methods and findings based on these methods respectively.

## **4.1 Statistical Analysis**

### **4.1.1 Sample Statistics**

#### *Valid sample*

As noted previously, 54 filled questionnaires were collected from the survey. None of the collected questionnaires were removed from the analysis due to high rate of missing data (>10%) (suggested by Hulpia et al., 2009).

Since some items in the questionnaire are logically exclusive (see table 4-1), a logic test is performed to all the collected questionnaire.

Pair	No.	Item
1 <sup>st</sup> pair	Q4_9	I am not afraid of what might happen if I quit my job without having another one lined up
	Q4_10	It would be very hard for me to leave my organization right now, even if I wanted to
2 <sup>nd</sup> pair	Q4_18	I do not believe that a person must always be loyal to his or her organization
	Q4_24	I think one should always be loyal to a same company
3 <sup>rd</sup> pair	Q5_2	I hardly ever think about leaving this company
	Q5_3	I am actively seeking employment with another company
4 <sup>th</sup> pair	Q5_1	I will most likely stay with this company for the coming two years
	Q5_4	I will probably look for a new job in the next one year

**Table 4-1 Logically exclusive questions**

**Source: Compiled by the author**

The formula for logic test is that if a participant's score for one of the logically exclusive questions is equal to or higher than 3, then his (her) score for the other question should be equal to or lower than 3; if not, the participant fails the logic test for this pair of logically exclusive questions; if the participant fails in two or more pairs of logically exclusive questions, the data provided by this participant is seen as invalid and removed from the database. Of all the 54 participants participated in the survey, two failed the logic test, this result in a final valid sample of 52.

#### *Demographic statistical analysis*

Demographic information is analyzed to check the representativeness of participants participated in the survey. Details about participants' demographics are displayed in table 4-2 as below.

<b>Demographics</b>		<b>Count</b>	<b>Column N %</b>
<b>Age</b>	19 and below	1	2.0%
	20-29	24	47.1%
	30-39	25	49.0%
	40-49	1	2.0%
	50-59	0	.0%
	60 and above	0	.0%
<b>Gender</b>	Male	41	80.4%
	Female	10	19.6%
<b>Education</b>	Did not have any education	0	.0%
	Primary school or junior middle school	0	.0%
	High school or technical school	5	9.8%
	Junior college	18	35.3%
	Undergraduate	25	49.0%
	Master	3	5.9%
	Doctor or above	0	.0%
<b>Tenure</b>	Below one year	0	.0%
	One to two years	16	30.8%
	Three to four years	14	26.9%
	Five years and above	22	42.3%
	no response	0	.0%
<b>Experience the acquisition</b>	No	36	69.2%
	Yes	16	30.8%
<b>Position</b>	Staff	29	56.9%
	Team leader	9	17.6%
	Mid-range manager	12	25.5%
	Senior manager	1	0.0%

**Table 4-2 Demographic statistics of participants in the survey**

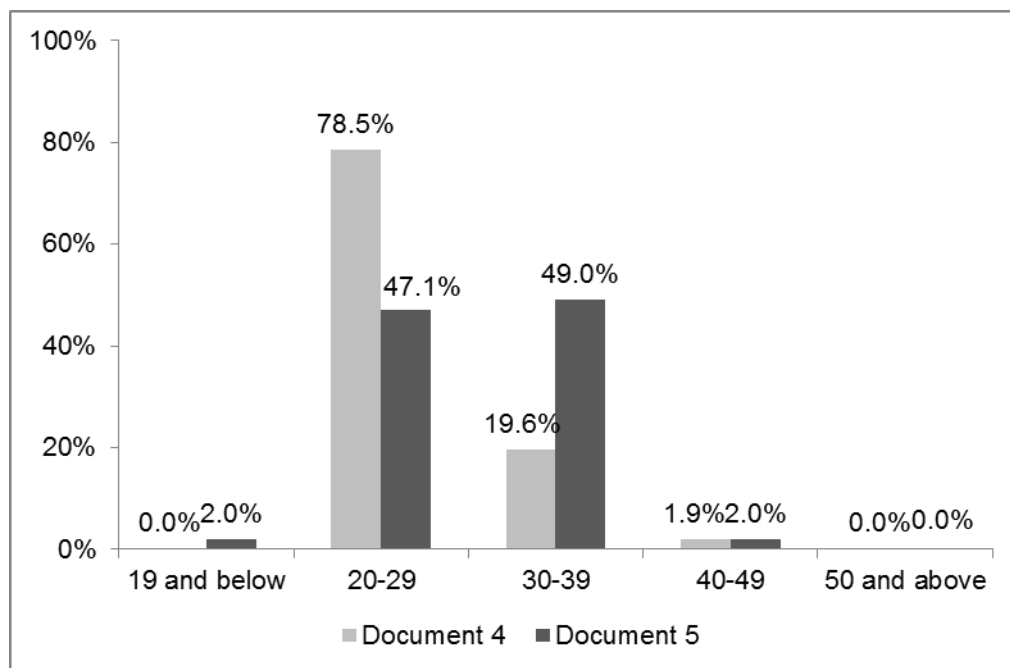
**Source: Compiled by the author**

A demographic statistical analysis (see table 4-2) indicates that the sample are 80.4% male and 19.6% female. According to HR department of FB, this proportion is basically identical with that of all staff in FB.

With regard to age, the majority of participants (96.1%) are between 20 and 39. As displayed in figure 4-1, the percentage of talent in their 30s in this survey is 29.4% higher than that of the DBA document four survey which targeted a wider range of talent: 107 employees who have worked in the company for more than one year. This difference indicates that talent



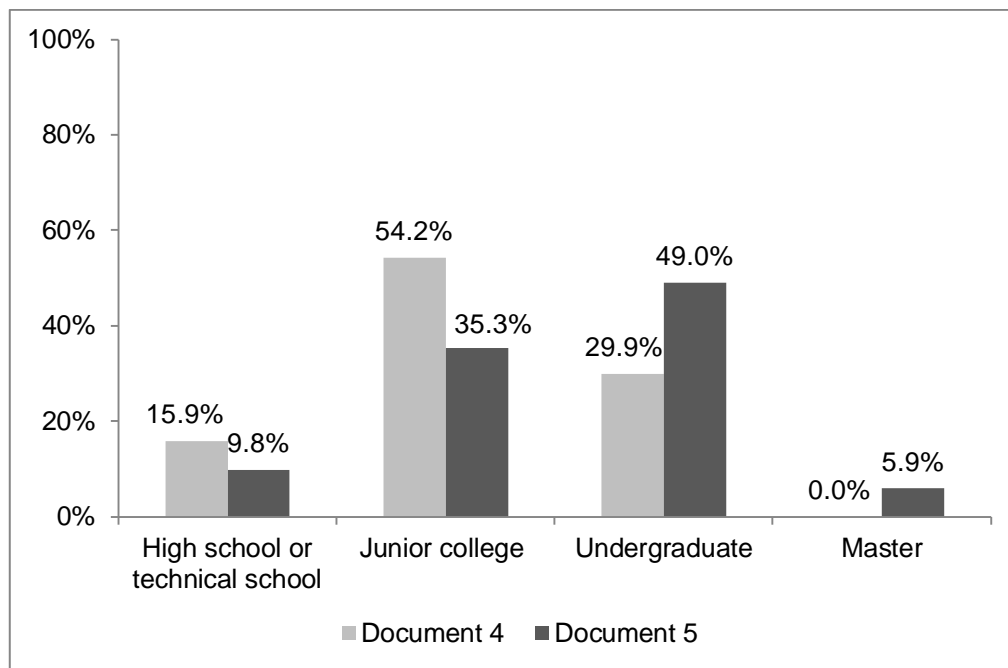
identified in a narrower sense in terms of performance, potential and position are elder in age.



**Figure 4-1 Comparison on age of participants between DBA document four and five surveys**  
**Source: Compiled by the author**

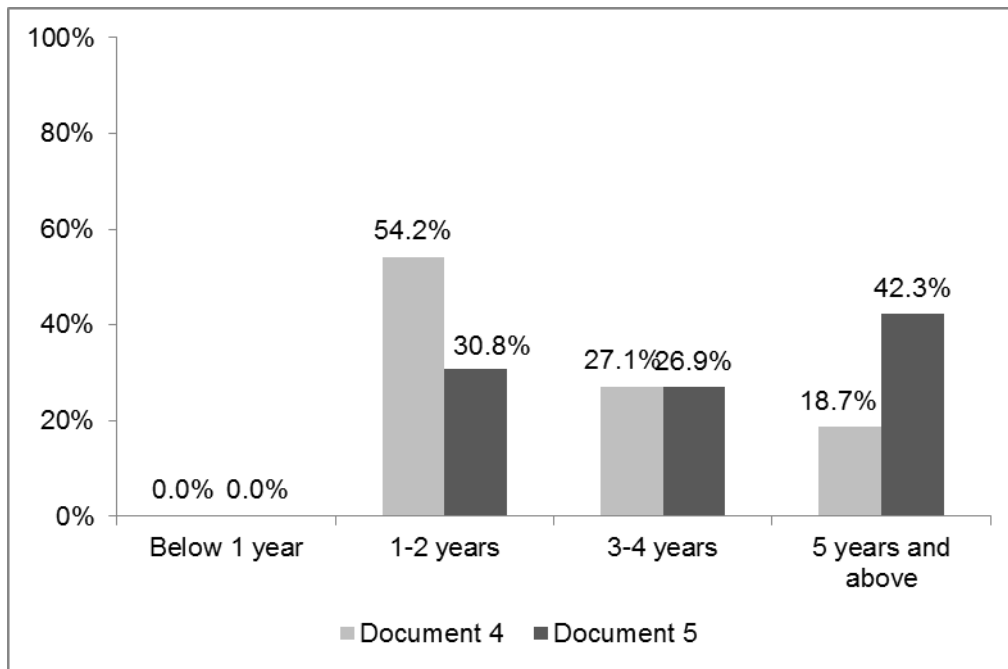
Nevertheless, the sample in this survey is still very young. Only 2% of them are in their 40s, and none of them are above 50. According to Govaerts et al. (2011), talent of a younger age are significantly more likely to leave their current job or organization than older once. To retain talent under such kind of situation can be more challenging.

With regard to education level, the majority of participants (90.2%) attended higher education. Compared with participants in the survey of DBA document four, the proportion of participants who have bachelor and master's degree is significantly higher, as shown in figure 4-2. This indicates that talent identified in a narrower sense in terms of performance, potential and position have received higher level of education.



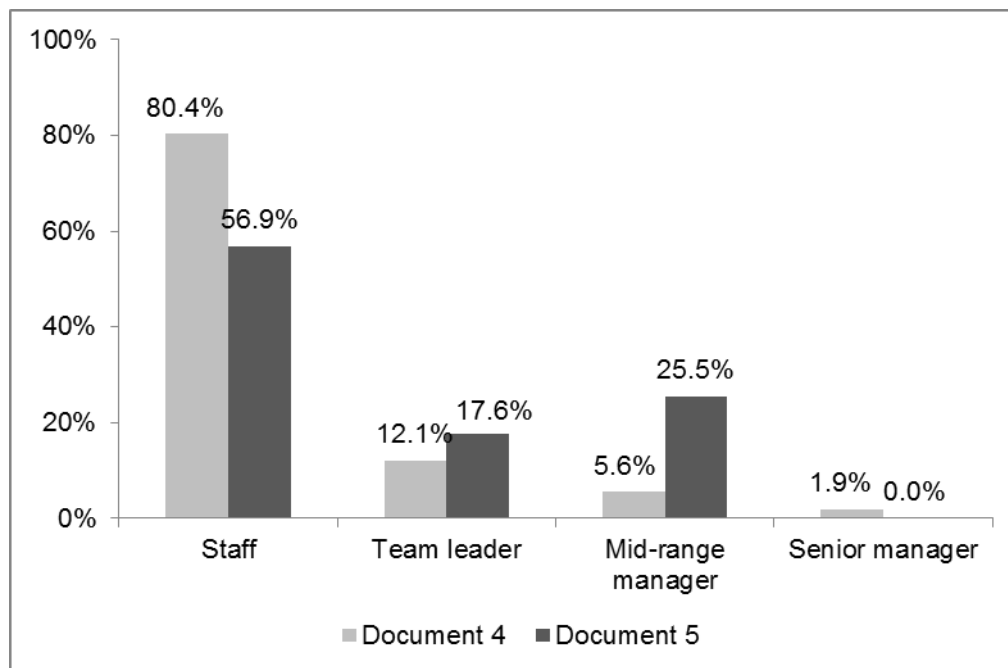
**Figure 4-2 Comparison on education of participants between DBA document four and five surveys**  
**Source: Compiled by the author**

With regard to service year in FB, participants who have served in the company for five years and more make up the largest group (42.3%), 23.6% higher as Compared with participants in the survey of DBA document four, as shown in figure 4-3. None of the talent identified by performance, potential and position is fresh hands within one year. This is consistent with the finding of previous qualitative research that the team of FB is quite stable, and the high stability of human resource following the acquisition may constitute a significant cause for the success of post-acquisition integration in FB.



**Figure 4-3 Comparison on tenure of participants between DBA document four and five surveys**  
**Source: Compiled by the author**

With regard to position, most participants (56.9%) are ordinary staff; the remainder consists of 17.6% team leaders and 25.5% mid-range managers. Compared with participants in the survey of DBA document four, the position of leaders, especially mid-range managers in this survey are significantly higher, as shown in figure 4-4. This indicates that talent identified in a narrower sense in terms of performance, potential and position are on higher positions in the researched company.



**Figure 4-4 Comparison on position of participants between DBA document four and five surveys**  
**Source: Compiled by the author**

The analysis on participants' demographics above leads us to the conclusion that talent identified by performance, potential and position in the DBA document five survey can be more senior employees in terms of position and experience than those defined simply by servicing more than one year in the company as in the DBA document four survey. This indicates that participants in the DBA document five survey may better represent talent that the company strives to retain.

#### **4.1.2 Test of Item Discrimination**

Prior to further data analysis, independent-Samples T-test is used to test item discrimination so as to filter out items that undermine the test. (see appendix 16 for more about main procedures of Independent-Samples T-test used to test item discrimination).

Based on the test, 12 items displayed in table 4-3 did not report a significant difference. To ensure homogeneity of the questionnaire, these items were removed. Other items that have reported satisfactory item discrimination index can participate in subsequent data analysis. However, item discrimination index is only used as a reference when filtering items. Exploratory factor analysis is to be performed subsequently.

No.	Item removed after test of item discrimination
Q3_1_1	I am able to keep myself busy at work all of the time
Q3_1_2	I have the chance to work alone on the job, and control over how I do my work
Q3_1_4	I am able to do things that don't go against my conscience
Q3_1_10	I can often receive recognition or praise for doing good work from my supervisor or my customer
Q3_2_1	My supervisor manages people effectively
Q3_2_7	I am afraid I may lose the job
Q3_2_8	I have the chance to be somebody in the team
Q4_1_4	I think that I could easily become as attached to another organization as I am to this one
Q4_2_1	I am not afraid of what might happen if I quit my job without having another one lined up
Q4_2_5	Right now, staying with my organization is a matter of necessity as much as desire
Q4_2_7	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives
Q4_3_4	One of the major reasons I continue to work in this organization is that I believe loyalty is important and therefore feel a sense of moral obligation to remain

**Table 4-3 Items removed after test of item discrimination**

**Source: Compiled by the author**

It is noticeable that four of the seven reverse questions (Q3\_2\_7, Q4\_1\_4, Q4\_2\_1, Q5\_3) were reported as unsatisfactory in item discrimination and removed from the subsequent analysis. This may indicate that reverse questions may not be well taken by participants.

#### **4.1.3 Validity Analysis**

As a preparation for factor analysis, KMO and Bartlett's test was performed to all the four variables (transformational leadership, job satisfaction, organizational commitment, talent retention) to check the suitability of the data for structure detection. Statistics indicate that factor analysis can be useful for all the four variables (see appendix 17 for more about factor analysis).

Following that, factor analysis was performed to all the four variables (see appendix 17).

Firstly communalities, which indicate the extent to which variables can explain factors, were examined. Statistics indicate that all the four variables can be satisfactorily explained by factors. Secondly, total variance explained by factors was examined, and new factors are generated based on their loadings. The new factors were then nominated and explained based on the studied context.

#### *Factor analysis on transformational leadership scales*

A factor analysis of the 20-item transformational leadership scale done with the varimax rotation yielded four interpretable factors with eigenvalues greater than 1 (1.064 to 11.662). The total item variance explained by the four-factor solution was 79.212%. Factor A have comparatively larger loadings (0.636 to 0.800) on Q2\_1\_2, Q2\_2\_1, Q2\_2\_3, Q2\_4\_1, Q2\_5\_2, Q2\_5\_3; factor B have comparatively larger loadings (0.693 to 0.750) on Q2\_1\_1, Q2\_4\_3, Q2\_5\_1, Q2\_5\_4; factor C have comparatively larger loadings (0.581 to 0.785) on Q2\_1\_4, Q2\_2\_2, Q2\_2\_4, Q2\_4\_2, Q2\_4\_4; factor D have comparatively larger loadings (0.636 to 0.784) on Q2\_1\_3, Q2\_3\_1, Q2\_3\_2, Q2\_3\_3, Q2\_3\_4.

Table 4-4 displays new transformational leadership factors extracted following the analysis:

Factor	No.	Item
<b>Factor A</b>	Q2_1_2	The executive-level leaders of my company goes beyond self-interest for the good of the company
	Q2_2_1	The executive-level leaders of my company talks about their most important values and beliefs
	Q2_2_3	The executive-level leaders of my company considers the moral and ethical consequences of decisions
	Q2_4_1	The executive-level leaders of my company re-examines critical assumptions to question whether they are appropriate
	Q2_5_2	The executive-level leaders of my company treats employees as an individual, rather than just as a member of the company
	Q2_5_3	The executive-level leaders of my company considers an individual as having different needs, abilities, and aspirations from others
<b>Factor B</b>	Q2_1_1	The executive-level leaders of my company instills pride in employees for being associated with them
	Q2_4_3	The executive-level leaders of my company gets employees to look at problems from many different angles
	Q2_5_1	The executive-level leaders of my company spends time teaching and coaching
	Q2_5_4	The executive-level leaders of my company helps employees to develop their strengths
<b>Factor C</b>	Q2_1_4	The executive-level leaders of my company displays a sense of power and confidence
	Q2_2_2	The executive-level leaders of my company specifies the importance of having a strong sense of purpose
	Q2_2_4	The executive-level leaders of my company emphasizes the importance of having a collective sense of mission
	Q2_4_2	The executive-level leaders of my company seeks differing perspectives when solving problems
	Q2_4_4	The executive-level leaders of my company suggests new ways of looking at how to complete assignments
<b>Factor D</b>	Q2_1_3	The executive-level leaders of my company acts in ways that builds employees' respect for them
	Q2_3_1	The executive-level leaders of my company talks optimistically about the future
	Q2_3_2	The executive-level leaders of my company talks enthusiastically about what needs to be accomplished
	Q2_3_3	The executive-level leaders of my company articulates a compelling vision of the future
	Q2_3_4	The executive-level leaders of my company expresses confidence that goals will be achieved

**Table 4-4 New transformational leadership factors extracted following the analysis**

**Source: Compiled by the author**

The loading of factor A on Q2\_2\_1 and Q2\_2\_3 are 0.800 and 0.788 respectively, remarkably larger than that of factor A on other variables. This may indicate that Q2\_2\_1 and Q2\_2\_3 can explain factor A better than other variables. Since both Q2\_2\_1 and Q2\_2\_3 describes transformational leadership behavior of idealized influence, factor A can represent the transformational dimension of idealized influence in subsequent analysis.

The loading of factor B on Q2\_4\_3 is 0.750, the largest in all the four variables included in factor B. Closely followed are the loadings on Q2\_5\_1 and Q2\_5\_4 (0.703 and 0.723 respectively). Since both Q2\_5\_1 and Q2\_5\_4 describe transformational leadership behavior of individual consideration, although their loadings are not the highest, they may explain factor B better than Q2\_4\_3 alone. So factor B can represent the transformational dimension of individual consideration in subsequent analysis.

Factor C include five items, of which Q2\_4\_2 and Q2\_4\_4 describe transformational leadership behavior of intellectual stimulation, Q2\_2\_2 and Q2\_2\_4 describe transformational leadership behavior of idealized influence. The loadings of the two group of variables are quite close (0.698 and 0.621 versus 0.785 and 0.581), no significant difference can be identified. Therefore, factor C cannot be classified as anyone of the five dimensions in the transformational leadership theory. It is not going to participate in subsequent analysis.

Factor D include five items, four of them describe transformational leadership behavior of inspirational motivation. These four items can satisfactorily explain factor D. Therefore, factor D can represent the transformational dimension of inspirational motivation in subsequent analysis.

Attributed charisma as an original dimension of transformational leadership is not selected as an independent factor based on the criterion that eigenvalues should greater than 1. This may indicate that this dimension is inadequate to appear as a factor in this analysis, probably because participants' answer to items of this dimension does not satisfactorily explain transformational leadership.



### *Factor analysis on job satisfaction scales*

A factor analysis of the 13-item job satisfaction scale done with the varimax rotation yielded three interpretable factors with eigenvalues greater than 1 (1.200 to 6.716). The total item variance explained by the three-factor solution was 71.531%. Factor E have comparatively larger loadings (0.663 to 0.794) on Q3\_1\_9, Q3\_1\_12, Q3\_1\_13, Q3\_1\_14, Q3\_2\_2; factor F have comparatively larger loadings (0.580 to 0.840) on Q3\_1\_3, Q3\_1\_5, Q3\_1\_6, Q3\_1\_8, Q3\_1\_11; factor G have comparatively larger loadings (0.753 to 0.849) on Q3\_1\_7, Q3\_2\_5, Q3\_2\_6.

Table 4-5 displays new job satisfaction factors extracted following the analysis:

<b>Factor</b>	<b>No.</b>	<b>Item</b>
<b>Factor E</b>	Q3_1_9	I have the chance to try my own methods of doing the job
	Q3_1_12	I have the chances for promotion on this job
	Q3_1_13	Someone at work often talked to me about my progress and encouraged my career development
	Q3_1_14	The company or my supervisor offers adequate training or coaching that I need to grow in my job
	Q3_2_2	My supervisor has adequate competence in making decisions
<b>Factor F</b>	Q3_1_3	I have the chance to do different things from time to time
	Q3_1_5	I have the chance to help others at work
	Q3_1_6	I have the chance to teach others at work
	Q3_1_8	I have the freedom to use my own judgment
	Q3_1_11	My job gives me a sense of accomplishment
<b>Factor G</b>	Q3_1_7	I have the chance to do something that makes use of my abilities
	Q3_2_5	My co-workers work as a team and get along with each other
	Q3_2_6	I like the way company policies are put into practice

**Table 4-5 New job satisfaction factors extracted following the analysis**

**Source: Compiled by the author**

Factor E include five items, three of them describe the internal job satisfaction concerning learning and development opportunities (Q3\_1\_12, Q3\_1\_13, Q3\_1\_14). Therefore, factor E can represent one important aspect of internal job satisfaction: learning and development

opportunities in subsequent analysis.

Factor F include five items, all of them describe internal job satisfaction concerning talent's control and interest in job itself. Therefore, factor F can represent one important aspect of internal job satisfaction—job itself in subsequent analysis.

The loading of factor G on Q3\_2\_5, Q3\_2\_6, Q3\_1\_7 are 0.787, 0.753, 0.849 respectively. Albeit the loading of Q3\_1\_7 is higher than that of Q3\_2\_5 or Q3\_2\_6 alone, Q3\_2\_5 and Q3\_2\_6 describe a same dimension and account for 2/3 of the total number of variables in this factor, therefore, the two variables together may better explain factor G. Since both Q3\_2\_5, Q3\_2\_6 describe external job satisfaction, factor G can represent external job satisfaction in subsequent analysis.

#### *Factor analysis on organizational commitment scales*

A factor analysis of the 18-item organizational commitment scale done with the varimax rotation yielded four interpretable factors with eigenvalues greater than 1 (1.120 to 8.080). The total item variance explained by the four-factor solution was 74.884%. Factor H have comparatively larger loadings (0.647 to 0.896) on Q4\_1\_2, Q4\_1\_3, Q4\_1\_5, Q4\_1\_6, Q4\_1\_7, Q4\_1\_8, Q4\_2\_2; factor I have comparatively larger loadings (0.507 to 0.795) on Q4\_2\_3, Q4\_2\_4, Q4\_2\_6, Q4\_2\_8, Q4\_3\_5; factor J have comparatively larger loadings (0.591 to 0.875) on Q4\_1\_1, Q4\_3\_2, Q4\_3\_3; factor K have comparatively larger loadings (0.637 to 0.654) on Q4\_3\_6, Q4\_3\_7, Q4\_3\_8.

Table 4-6 displays new organizational commitment factors extracted following the analysis:

Factor	No.	Item
<b>Factor H</b>	Q4_1_2	I enjoy discussing about my organization with people outside it
	Q4_1_3	I really feel as if this organization's problems are my own
	Q4_1_5	I feel like 'part of the family' at my organization
	Q4_1_6	I am emotionally attached to this organization
	Q4_1_7	This organization has a great deal of personal meaning for me
	Q4_1_8	I have a sense of belonging to my organization
	Q4_2_2	It would be very hard for me to leave my organization right now, even if I wanted to
<b>Factor I</b>	Q4_2_3	Too much in my life would be disrupted if I decided to leave my organization now
	Q4_2_4	It wouldn't be too costly for me to leave my organization now
	Q4_2_6	I feel that I have very few options to consider leaving this organization
	Q4_2_8	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have here
	Q4_3_5	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization
<b>Factor J</b>	Q4_1_1	I would be very happy to spend the rest of my career with this organization
	Q4_3_2	I do not believe that a person must always be loyal to his or her organization (Reverse)
	Q4_3_3	Jumping from organization to organization does not seem at all unethical to me (Reverse)
<b>Factor K</b>	Q4_3_6	I was taught to believe in the value of remaining loyal to one organization
	Q4_3_7	Things were better in the days when people stayed in one organization for most of their careers
	Q4_3_8	I think one should always be loyal to a same company

**Table 4-6 New organizational commitment factors extracted following the analysis**

**Source: Compiled by the author**

Factor H include seven items, six of them describe affective commitment. These six items can satisfactorily explain factor H. Therefore, factor H can represent the affective dimension of organizational commitment in subsequent analysis.

Factor I include five items, four of them describe continuance commitment. These four items can satisfactorily explain factor I. Therefore, factor I can represent the continuance

dimension of organizational commitment in subsequent analysis.

Factor J include three items, two of them describe normative commitment; Factor K include three items, all of them describe normative commitment. This indicates that factor K can explain normative commitment better than factor K. Therefore, factor K can represent the normative dimension of organizational commitment in subsequent analysis, whereas factor J is not going to participate in subsequent analysis.

#### *Factor analysis on talent retention scales*

A factor analysis of the 3-item talent retention scale done with the varimax rotation yielded one interpretable factor with eigenvalues greater than 1 (2.203). The total item variance explained by the one-factor solution was 73.425%. Factor L have large loadings (0.829 to 0.850) on Q5\_1, Q5\_2, Q5\_4.

Table 4-7 displays new organizational commitment factors extracted following the analysis:

<b>Factor</b>	<b>No.</b>	<b>Item</b>
<b>Factor L</b>	Q5_1	I will most likely stay with this company for the coming two years
	Q5_2	I hardly ever think about leaving this company
	Q5_4	I will probably look for a new job in the next one year (Reverse)

**Table 4-7 New talent retention factor extracted following the analysis**

**Source: Compiled by the author**

All the three variables describing talent retention in factor L has high loadings. This indicates that they can explain factor L satisfactorily. Therefore, factor L can represent talent retention in subsequent analysis.

Based on results derived from factor analysis, new factors and original dimensions they represent in conceptual framework are displayed as below.

New factor	Original dimension in conceptual framework
Factor A	Leader's idealized influence
Factor B	Leader's individual consideration
Factor C	None, does not participate in subsequent analysis
Factor D	Leader's inspirational motivation
Factor E	Talent's satisfaction with regard to learning and development opportunities (internal job satisfaction 1)
Factor F	Talent's satisfaction with regard to job itself (internal job satisfaction 2)
Factor G	Talent's satisfaction with regard to external job factors
Factor H	Talent's affective commitment to the organization
Factor I	Talent's continuance commitment to the organization
Factor J	None, does not participate in subsequent analysis
Factor K	Talent's normative commitment to the organization
Factor L	Talent retention

**Table 4-8 New factors and original dimensions they represent in conceptual framework**

**Source: Compiled by the author**

On this basis, specific dimensions of each construct are displayed in figure 4-5:



**Figure 4-5 Adjusted conceptual framework**

**Source: Compiled by the author**

#### 4.1.4 Reliability

Cronbach's  $\alpha$  (Cronbach, 1951), one of the most commonly used reliability coefficients, was employed to test the internal consistency reliability of the scales (i.e. five transformational leadership dimensions, two job satisfaction dimensions, three organizational commitment dimensions, and the talent retention scale).

As displayed in table 4-9, Cronbach's  $\alpha$  for all the four scales employed in the DBA study and the subdivided factors are acceptable ( $\alpha > 0.7$ ).

Scale	Factor	Cronbach's $\alpha$
<b>Transformational leadership</b>		<b>0.9590</b>
	Factor A	0.9196
	Factor B	0.8986
	Factor D	0.9223
<b>Job satisfaction</b>		<b>0.9132</b>
	Factor E	0.8444
	Factor F	0.8251
	Factor G	0.8443
<b>Organizational commitment</b>		<b>0.9188</b>
	Factor H	0.9142
	Factor I	0.8597
	Factor K	0.7897
<b>Talent retention</b>		<b>0.8180</b>
	Factor L	0.8180

**Table 4-9 Cronbach's  $\alpha$**

**Source:** Compiled by the author

#### 4.1.5 Correlation Analysis

Pearson's correlation coefficients are employed to investigate the associations between

variables. Table 4-10 displays pairwise correlations between constructs in the conceptual framework (significant level=0.01). Table 4-11 displays pairwise correlations between constructs in (significant level=0.01).

	<b>Transformational leadership</b>	<b>Job satisfaction</b>	<b>Organizational commitment</b>	<b>Talent retention</b>
<b>Transformational leadership</b>	1	0.749	0.660	0.611
<b>Job satisfaction</b>		1	0.529	0.562
<b>Organizational commitment</b>			1	0.720
<b>Talent retention</b>				1

**Table 4-10 Correlation between constructs in the conceptual framework**

**Source: Compiled by the author**

Statistics in table 4-10 indicate that all the constructs are correlated to different degree:

- 1) Transformational leadership is moderately and positively correlated with talent retention ( $r=0.611$ );
- 2) Transformational leadership is strongly and positively correlated with talent's job satisfaction ( $r=0.749$ );
- 3) Transformational leadership is moderately and positively correlated with talent's organizational commitment ( $r=0.660$ );
- 4) Talent's job satisfaction is moderately and positively correlated with their organizational commitment ( $r=0.529$ );
- 5) Talent's job satisfaction is moderately and positively correlated with talent retention ( $r=0.562$ );
- 6) Talent's organizational commitment is strongly and positively correlated with talent

retention ( $r=0.720$ ).

For more about correlations between sub-factors under each construct, please refer to appendix 18. These correlations are to be discussed in full details in chapter five.

#### 4.1.6 Structural Equation Modeling

Correlation analysis cannot identify causal relationship between variables. Therefore, structural equation modeling is also employed in this DBA study. Based on the adjusted conceptual framework of this DBA study (figure 4-5), a concise model (figure 4-6) is created for structural equation modeling:



**Figure 4-6 Concise model**

**Source:** Compiled by the author

First of all, in order to check the goodness of fit of the concise model to the data,  $\chi^2$ , value-added goodness-of-fit Indices (NFI, NNFI, CFI), incremental fit index (IFI), absolute goodness of fit indices (GFI, AGFI) were tested. The results displayed in table 4-11 indicate that the model has satisfactory fitting with data. Moreover, in order to check the tolerance for error, Root Mean Square Residual (RMR) and Root Mean Square Error of Approximation (RMSEA) were checked. The results indicate a very close tolerance. (see appendix 19 for more about structural equation modeling).



Index	DF	$\chi^2$	P	NFI	NNFI	CFI
Index value	1057	2118.621	0.0	0.904	0.954	0.961
Index	IFI	GFI	AGFI	RFI	RMR	RMSEA
Index value	0.961	0.825	0.787	0.887	0.055	0.040

**Table 4-11 Structural equation model index**

**Source: Compiled by the author**

On this basis, six structural equation models are established (see appendix 19 for more), and results from structural equation modeling analysis lead to the following findings:

- 1) Transformational leadership has positive influence on talent retention.
- 2) Transformational leadership has positive influence on talent's job satisfaction.
- 3) Transformational leadership has positive influence on talent's organizational commitment.
- 4) Talent's job satisfaction has positive influence on their organizational commitment.
- 5) Talent's job satisfaction has positive influence on talent retention.
- 6) Talent's organizational commitment has positive influence on talent retention.

For more about causal influences between sub-factors under each construct, please refer to appendix 19. These causal influences are to be discussed in full details in chapter five.

Generally, based on results from correlation analysis and structural equation modeling analysis, all the six propositions developed in the previous section are accepted, as showed in Table 4-12.

<b>Proposition</b>	<b>Accepted/Rejected</b>
Proposition one: job satisfaction of talent exerts positive influence on talent retention.	Accepted
Proposition two: organizational commitment of talent exerts positive influence on talent retention.	Accepted
Proposition three: job satisfaction of talent exerts positive influence on their organizational commitment.	Accepted
Proposition four: transformational leadership exerts positive influence on talent retention	Accepted
Proposition five: transformational leadership exerts positive influence on job satisfaction of talent.	Accepted
Proposition six: transformational leadership exerts positive influence on organizational commitment of talent.	Accepted

**Table 4-12 Proposition accepted or rejected**

**Source: Compiled by the author**

These relationships are to be discussed in full details in chapter five.

## **4.2 Qualitative Analysis**

### **4.2.1 Sample Statistics**

#### *Valid sample*

As noted previously, nine participants recognized by FB as talent participated in the semi-structured interviews. All of these interviews were successfully conducted, and responses from all participants were used in the analysis. Additionally, findings from a follow-up interview with the President of FB also provide evidence for analysis.

#### *Demographic statistical analysis*

Demographic information is analyzed to check the representativeness of participants participated in the semi-structured interviews. Details about participants' demographics are displayed in appendix 13 (to ensure the anonymity of participants, the specific position of participants is concealed in the document. Instead, general field and level of their job is provided).

A demographic statistical analysis indicates that all the talent participants are mid-level

managers. This is because the participant list is provided by the President of FB, who is more familiar with mid-level managers than ordinary staff. Meanwhile, mid-level managers have more contacts with the executive-level leaders, they may provide more insights on leadership style and retention strategies. This does not mean that ordinary staff cannot be talent to retain. The absence of talented ordinary staff in the interviews can be remedied to some extent by findings from the wider-range quantitative survey.

Participants in the interviews work in a wide variety of fields, including production, marketing, strategic planning, finance, procurement and logistic. This helps in capturing cross-sectional views.

#### **4.2.2 Data noting and coding**

With the aid of Nvivo 8, coding of data became easier and more flexible. The main themes for this study were first organized into a hierarchical order in accordance with the sequence of questions in the interview protocol so as to form a 'node tree' (see figure 4-7). The node tree was gradually modified and enriched with later emerged 'free nodes', and finally constructed a comprehensive indexing framework for data analysis (see figure 4-8). As the analysis goes, guided by the research objectives and the conceptual framework established and presented in chapter two (see figure 2-1), these nodes were re-categorized, united, or removed. In this way data was rearranged into a more manageable and comprehensive form. At last, all the contents discussing a specific question appeared in various interviews were coded and categorized into one node for further review.

	Name	Sources	References	Created On	Created By	Modified On	Modified By
+	Q2_1	0	0	2013-07-30 13:55	CZ	2013-07-30 13:55	CZ
+	Q2_2	0	0	2013-07-30 13:57	CZ	2013-07-30 21:06	CZ
+	Q2_3	0	0	2013-07-30 14:32	CZ	2013-07-30 14:32	CZ
+	Q1_5	6	6	2013-07-30 12:48	CZ	2013-08-06 12:23	CZ
+	Q1_6	7	7	2013-07-30 13:49	CZ	2013-08-06 12:23	CZ
+	Q1_1	8	8	2013-07-30 12:45	CZ	2013-08-06 12:22	CZ
+	Q1_2	8	8	2013-07-30 12:46	CZ	2013-08-06 12:23	CZ
+	Q1_3	8	8	2013-07-30 12:47	CZ	2013-08-06 12:23	CZ
+	Q1_4	8	11	2013-07-30 12:47	CZ	2013-08-07 15:58	CZ
+	Q1_7	8	8	2013-07-30 13:49	CZ	2013-08-06 12:23	CZ
+	Q1_8	8	8	2013-07-30 13:50	CZ	2013-08-06 12:23	CZ
+	Q1_9	8	8	2013-07-30 13:51	CZ	2013-08-06 12:23	CZ
+	Q1_10	8	8	2013-07-30 13:52	CZ	2013-08-06 12:23	CZ
+	Q3_1	8	9	2013-07-30 14:37	CZ	2013-08-06 12:23	CZ
+	Q3_2	8	11	2013-07-30 14:37	CZ	2013-08-06 12:23	CZ
+	Q3_3	8	8	2013-07-30 14:38	CZ	2013-08-06 12:23	CZ
+	Q3_4	8	8	2013-07-30 14:38	CZ	2013-08-06 12:23	CZ
+	Q4_1	8	8	2013-07-30 14:39	CZ	2013-08-06 12:23	CZ

**Figure 4-7 Node tree in Nvivo**  
**Source: Compiled by the author**

	Name	Sources	References	Created On	Created By	Modified On	Modified By
	change after the M&A	1	1	2013-10-15 21:28	CZ	2013-10-15 21:28	CZ
	Charisma	3	3	2013-08-07 17:18	CZ	2013-10-18 17:30	CZ
	Coaching	3	8	2013-08-07 16:01	CZ	2013-10-19 22:09	CZ
	Communication	1	1	2013-08-07 15:58	CZ	2013-10-14 16:07	CZ
	importance of leadership	1	1	2013-10-19 22:13	CZ	2013-10-19 22:13	CZ
	learning	1	1	2013-10-18 17:25	CZ	2013-10-18 17:25	CZ
	planning	1	1	2013-10-15 21:28	CZ	2013-10-16 18:01	CZ
	Positive	1	1	2013-08-07 17:20	CZ	2013-08-07 17:20	CZ
	proud	1	1	2013-10-19 22:11	CZ	2013-10-19 22:11	CZ

**Figure 4-8 Free nodes in Nvivo**  
**Source: Compiled by the author**

After the establishment of the node tree and the coding of data with Nvivo, a table in Excel format was developed for a clearer presentation (see appendix 27). Answers from all the nine participants were briefly summarized and mapped into the table, in which questions were placed in the rows and participants in the columns. For those 'yes' or 'no' questions, a quantified score ranging from 1-5 (1 means 'strongly disagree', 5 means 'strongly agree') was given for better apprehension at a glance (the scores were not reported in the document). A specific color (1=dark red, 2=red, 3=yellow, 4=green, 5=dark green) was assigned to each of the five scores to make the summarization of findings even easier.

## **CHAPTER FIVE: DISCUSSION AND ARTICULATION OF INTERPRETIVE RESEARCH MATERIAL**

The statistical findings reported in chapter four are to be discussed in full details in this chapter. As mentioned earlier, although hypothetico-deductive approach and statistical findings are at the heart of a realist research, the relevance of human subjectivity should also be recognized. Therefore, the statistical findings are interpreted and explained with findings from semi-structured interviews. Some findings from the empirical work undertaken from DBA document three are also utilized as supportive evidence. In order to ensure anonymity, in the interviews for DBA document five, talent participants are coded as R1-R9; in the interviews for DBA document three, leader participants are coded as LR1-4, and talent participants as TR1-5 (see appendix 13 and 20 for more about the participants).

### **5.1 Case Status**

Table 5-1 demonstrates descriptive statistics of participants' scores for each of the four surveyed variables: transformational leadership, job satisfaction, organizational commitment, and talent retention. To facilitate further analysis, items measuring a same factor have been integrated into one single variable by computing their means.

	Maximum	Minimum	Mean	Std. Deviation
<b>Transformational leadership</b>	5	1	4.29	0.69
Factor A: Leader's idealized influence	5	1	4.11	0.79
Factor B: Leader's individual consideration	5	1	3.78	0.76
Factor D: Leader's inspirational motivation	5	2	4.61	0.58
<b>Job satisfaction</b>	5	1	4.18	0.67
Factor E: Talent's satisfaction with regard to learning and development opportunities	5	1	4.11	0.74
Factor F: Talent's satisfaction with regard to job itself	5	2	4.27	0.60
Factor G: Talent's satisfaction with regard to external job factors	5	1	4.15	0.70
<b>Organizational commitment</b>	5	1	3.71	0.77
Factor H: Talent's affective commitment to the organization	5	2	4.20	0.64
Factor I: Talent's continuance commitment to the organization	5	1	3.47	0.82
Factor K: Talent's normative commitment to the organization	5	1	3.38	0.99
<b>Talent retention</b>	5	2	4.10	0.78
Factor L: Talent retention	5	2	4.10	0.78

**Table 5-1 Descriptive Statistics**

**Source: Compiled by the author**

Based on these statistics and qualitative materials from the interviews, the case company scored high in terms of all the four variables. In general, transformational leadership is a vigorously performed style in the case company. All the five dimensions of transformational leadership are heavily exhibited by the executive-level leaders of FB. In particular, the executive-level leaders of FB demonstrated strong attributed charisma. Many talent see the President of FB as more an idol than an executive leader, and would like to follow his lead with heart and soul. Meanwhile, the leaders would also like to utilize their idealized influence to set an all-around role model for talent to follow in a democratic and flexible way. Besides, inspirational motivation is particularly evident. A clearly articulated and repeatedly delivered vision has given talent an ambitious common goal to fight for and tremendous impetus in their daily work.

With regard to job satisfaction, talent of FB indicated comparatively high level of satisfaction

with regard to their current job. They like their nature of the job and can gain much accomplishment from it. What is more, they believe there is much room for them to learn new things and develop their career from this job, which is seen as very important in the fast growing Chinese market. They enjoy working with their supervisors and co-workers, and they can get accustomed to the organizational culture and operation practices very well. Although the current compensation and working conditions may not be as expected, they optimistically place their hope on the future.

With regard to organizational commitment, most talent of FB seem highly committed to the company affectively. They are proud of working in a company with a promising future and a good reputation; they trust, admire, and even have emotional attachment for their executive-level leaders. The fact that Shenzhen is an immigrant city may affect talent's continuance and normative commitment to the company, but the high affective commitment has brought about a comparatively high overall organizational commitment in such a dynamic context.

With regard to talent retention, talent of FB indicates very high intention to remain in the company. Most of them are willing to remain in the firm for another two or more years in the future, which is seen as a long period in Shenzhen.

More about the basic status of the case company in terms of transformational leadership, job satisfaction, organizational commitment, and talent retention will be discussed respectively as below. A comprehensive understanding of current status of the case company helps to further investigate the relationships among the four key variables, which is to be discussed in section 5.2.

### **5.1.1 Transformational Leadership**

According to findings from the survey, the mean value of talent's evaluation on transformational leadership of executive-level leaders in FB is as high as 4.29. This may indicate that transformational leadership is a vigorously performed style in FB. This is consistent with results from the interviews, which indicates that all the five dimensions of



transformational leadership are heavily exhibited by the executive-level leaders of FB. Especially, they behave exceptionally in terms of attributed charisma, idealized influence, and inspirational motivation, which represent the most 'charismatic' components of transformational leadership (Sosik and Dinger, 2007), and thus are seen by Bass (1985) as the most important components of transformational leadership. To be more specific, with regard to attributed charisma, participants expressed exceptional reverence and admiration for the executive-level leaders, especially the President. In many participants' mind, the President is more an idol than an executive leader, due to his valuable quality of faithfully keeping his own word, his strong ability to cope with various problems in business and management, his great confidence in the leading role he is taking, and his easy-going and amiable personality. With regard to idealized influence, the executive-level leaders of FB influenced talent with their personal values and beliefs, as well as their behaviors. They set an all-around role model for talent to follow. With regard to inspirational motivation, the executive-level leaders of FB tried to motivate talent with explicitly articulated and repeatedly delivered vision. They often optimistically talk about the future of the company in front of talent, and try to broaden talent's mind through sharing information about domestic and global macro-economy. With regard to intellectual stimulation, the executive-level leaders of FB valued intellectual ability of talent as equally important as moral traits, and would like to encourage talent to seek innovative methods when solving problems, although the degree to which the innovation is encouraged is subject to the hectic status of the company in its early post-M&A stage. With regard to individual consideration, the executive-level leaders of FB have made much efforts in developing the unique strengths of talent and satisfying their specific needs and aspirations. They did not mind taking all the trouble to teach talent how to do their jobs and help them grow. More about these aspects of transformational leadership are discussed as below.

#### *Attributed charisma*

Results from quantitative survey does not support attributed charisma as an independent factor in statistical analysis, probably because participants' answer to items of this dimension does not satisfactorily explain transformational leadership. But based on results from the

interviews, the majority of participants agreed that the executive-level leaders of FB exhibited exceptional attributed charisma.

All participants indicated unanimously that the executive-level leaders of the company have won most talent's respect and trust. According to participants, the most important reason for this unconditional trust is that they faithfully keep their own words: they set plans for the company, led their staff to accomplish the objectives, and actually brought better development and welfare for talent.

*'As a professional manager, he [can keep] his promise; he can make the promise come true once we meet his requirements. In recent years, every employee in FB has made great changes year by year.'* (R6)

Because of this valuable quality, all participants indicated unanimously that they believe the executive-level leaders of the company can cope with various problems in business and management at ease. Descriptions from participants for the management style of their executive-level leaders are varied but all in good ways, such as pragmatic, rigorous, result-oriented, democratic, and decisive. The leaders also offered reliable supports to talent, especially mid-level managers, when they cannot solve their problems. This has made them more respected and trustable in talent's mind.

*'When any question I raised reached my boss, he could always reply with a convincing answer. [...] According to my experience over the past few years, he has full ability to solve the problems I encountered.'* (R8)

Another critical reason for the executive-level leaders to win talent's respect and trust is their charisma and charm as a leader. In both the interviews for DBA document three and five, participants expressed exceptional reverence and admiration for the executive-level leaders, especially the President.

*'The executive-level leaders are the core and soul of the whole team. From my viewpoint, they are more like spiritual leader than company executive leaders. We admire them very much, even bow in worship. [...] Every remark they speak and everything they do seem totally correct.'* (R2)

The President himself also showed great confidence in the leading role he is taking:

*'Now I'm basically the spiritual leader of FB [laugh]. [A spiritual leader] is needed at the beginning [of the post-acquisition integration]. I hope that when I leave FB someday, these things should be passed down one generation after another.'* (the President of FB)

Additionally, the interviews for DBA document three also indicate that the easy-going and amiable personality of the executive-level leaders, especially the President, also adds charms to them, and eased talent's upset at the post-M&A stage. The importance of this point has been evidenced in conversations with several participants:

*'I think [a successful leader] shouldn't be tough and harsh, he should be easy-going. Because in an integration process, employee will keep considering whether he will be fired, there will be mental fluctuation in their mind. I think a tough leadership style may intensify employee's upset.'* (TR4)

#### *Idealized influence*

According to data, the mean value of leader's idealized influence ranked second (4.11) in all the three dimensions of transformational leadership, which may indicate that idealized influence is also a vigorously performed transformational leadership behavior by the executive-level leaders of FB. This is consistent with results from the interviews.

On the one hand, all participants indicated unanimously that the executive-level leaders, especially the President, often share their own values and beliefs with talent. The President deems it very important to do so, because a common objective of all staff in the company should be based on shared values and beliefs, as he put it in the interview:

*'I think it is very important to share my values and beliefs with talent, especially from an executive-level leader's perspective. The executive-level leaders and ordinary staff must have a common objective based on values and beliefs. Only in this way can the team gather cohesively.'* (the President of FB)

Most participants indicated that the leaders' values and beliefs have influenced theirs to some extent.

*'I often carefully think about his viewpoints and learn his thinking patterns, and facts have witnessed great changes in me.'* (R5)

On the other hand, according to participants, the executive-level leaders usually perform as a role model through their own action; meanwhile, they also empower and encourage talent to explore how to carry out their work themselves, which can be seen as a very democratic and flexible way of idealized influence. This result is consistent with Trott and Windsor's (1999) study, which suggests that staff are more satisfied with leaders using a more participative style.

*'I think the leader should take the lead in doing things in a down-to-earth way. [...] [My leader is so successful because] he has developed a hands-on leadership style. Seeing him work so hard, his subordinates also made utmost efforts to do their jobs.'* (LR3)

*'He sometimes acts as a role model for us. But in most of the time, he fully trusts in the talent and empower them to do their job. I think he has both of these two aspects.'* (R1)

What should be particularly noticed is that many participants emphasized the importance of leaders setting an all-around role model for talent to following due to talent's confusion and ignorance of newly established working flows at early stage of integration, and quite a few participants think it could be very important for post-M&A leaders to explicitly tell their staff what to do since most talent working at the acquired firm do not actually know what to do and how to do it.

*'During the early period of the integration, you do not need to give too much decision making power [to talent]. Because even if you give it to them, they do not know how to do it. It would be better if you give them some frameworks or stipulate some flows for them to follow. [...] the more detailed and more operational the flows are, the better. [...] Be sure not to let them make the choice. [...] When they begin to know how to do it, you can empower to some extent.'* (LR2)

### *Inspirational motivation*

According to the statistics, among the three transformational leadership factors, leader's inspirational motivation reported the highest mean value (4.61), which may indicate that inspirational motivation is the most exhibited transformational leadership behavior by the executive-level leaders of FB.

All participants indicated unanimously that there is a very clear vision in the company. Many participants can blurt it out without any hesitation. The articulation and communication of

vision is seen as very important. As the President indicated in the interview:

*'It is certainly important [to articulate an appealing vision], because a person must have something to strive for [...] It may take five or ten years to achieve it, but we must be conscious of that [vision] all the time, we must be clear about what position we will be on in five or ten years, and how to achieve that objective.'* (the President of FB)

The interviews for DBA document five further evidence that the delivery of the vision has given talent an ambitious goal to fight for and tremendous impetus in their daily work.

*'After articulation of this vision, we have to constantly implement it and gradually enhance the belief in it in FB team. That is to say, with such an ultimate belief, we can make better efforts towards this direction.'* (R6)

In addition to information about the company itself, the interviews indicated that leaders may also share information about domestic and global macro-economy with talent. This gives talent of FB an even broader vision. Many participants know exactly about the influence of China's economy on the industry, and in turn on their company and their own career, which makes them more optimistic about their choice of remaining in the industry and in the company.

Similarly, all participants indicated unanimously that the executive-level leaders of FB often optimistically talk about the future of the company in front of talent. And this seems to be closely related to the optimistic personality of the President of FB.

*'The President is always filled with positive energy. Communications with him, including ordinary chitchat, are always optimistic and inspiring. This charisma of him influences me a lot.'* (R6)

Even in the interview, the President expressed his passion and optimism:

*'I think we must create an atmosphere that is full of hope. [...] Employees may feel hopeful if the company is filled with hopes; the family may feel hopeful if employees are filled with hopes.'* (the President of FB)

Participants indicated that the optimistic attitude of leaders has endowed them with more enthusiasm, more hope, and more courage to cope with challenges in their daily work.

*'The positive energy is much needed. We will encounter different difficulties in our daily work [...] [The leader's] constant communication and encouragement helped me treating difficulty as a challenge instead of fear. If you treat it as a challenge you will have a sense of pride after success, if you treat it as fear you will flinch from difficulties.'* (R6)

### *Intellectual stimulation*

Results from quantitative survey does not support intellectual stimulation as an independent factor in statistical analysis, probably because participants' answer to items of this dimension does not satisfactorily explain transformational leadership. But based on results from the interviews, the majority of participants agreed that the executive-level leaders of FB exhibited intellectual stimulation.

Most participants agreed that the intellectual ability and the sense of logic and analysis are very important criteria when the executive-level leaders of FB evaluate talent. Talent are highly encouraged to put their talent and abilities into full play, as the President put it in the interview:

*'As long as you make continuous efforts, you can have opportunities for further development [...] In this company, I often encourage talent to put their abilities into full play. You will have greater value with the talent or abilities that others do not have or cannot replace.'* (the President of FB)

Meanwhile, most participants also agreed that the executive-level leaders encourage talent to seek innovative methods when solving problems.

*'Our leaders always told us not to have too much burdens; instead, they told us to be courageous enough to do our job according to our preset objective.'* (R7)

The President also expressed his encouragement of innovation in the interview:

*'I totally encourage [talent to solve problems with creative methods]. My principle is that we [executive-level leaders] define objectives for you and you can achieve the objectives with various methods. I can also tell you some methods, but I hope you can take more initiative instead of 100% copying mine.'* (the President of FB)

However, some participants also indicated that the degree to which the innovation is encouraged is subject to the current status of FB in its early post-M&A stage, in which talent

still lack adequate ability and experience to solve problems innovatively.

*'[Innovation] is definitely needed. But according to the overall situation of FB, since it used to be a private enterprise, its management team have a rather large mental gap with [our current] President. Frankly speaking, the former FB management team is unable to meet the requirements of FA group. So in the past three years, we mainly focus on the execution and implementation of company policies, instead of encouraging innovation [...] Innovation is groundless without a total and thorough knowledge of the market and management. But we will take care of this aspect in the future.'* (R6)

### *Individual consideration*

According to data, leader's individual consideration ranked the last among the three transformational leadership factors. But its mean value (3.78) is still higher than the average. This may indicate that individual consideration is also frequently exhibited by the executive-level leaders of FB. This is consistent with results from the interviews, which asked participants to discuss about leader's individual consideration from two perspectives based on prior studies: (1) leader's effort to develop talent's own strengths, and (2) leader's effort to satisfy specific needs and aspirations of talent.

Most participants agreed that the executive-level leaders would like to help talent to develop their own strength. They can easily think of various examples of their colleagues being transferred by executive-level leaders to a position that can put their strength into better play.

*'There was a new employee in marketing department, responsible for developing market analysis and reports. But actually after observation, he is good at technical works more than marketing communication. So our leader transferred him to the technical department as a pre-sales consultant. After his supervisor's help and his own hard work, he became totally qualified for the new position.'* (R8)

Apart from these occasional chances, the executive-level leaders of FB also deliberately help talent to consider about their growth in the long run, specific to their own conditions. In the interviews for DBA document three, an overwhelming majority of participants indicated that leaders would like to help talent establishing long-term development goals for their personal career. As the President put it:

*'I think I'm now qualified to give them some instructions about their personal development. I usually talk with employees for two or three hours on the first day of their joining in the company. A very important part of the conversation is about their career planning after they enter the company [...]. Additionally, for those key talent, at the end of each year, I will ask them to write a personal development plan about their blueprint for next year's work, about in what direction they want to develop, or the current shortcomings in their work.'* (the President of FB)

Also, all participants claimed unanimously that leaders in their working context would like to help their staff grow. Many leaders do not mind taking all the trouble to teach talent how to do their jobs.

*'If you can't do it, it doesn't matter. Look at the way I do it. Even if you still can't do it after that, it doesn't matter and we can try again. I'll teach them slowly, train them and let them gradually adapt to the new requirements.'* (LR1)

With regard to whether the executive-level leader would consider to satisfy specific needs and aspirations of talent they intent to retain, the President of FB emphasized that to effectively retain talent, it can be very important to meet each individual's expectation with tailored incentives.

*'Talent may have their own expectations, [...and] in many cases their expectations are not satisfied. So an important point is to understand their specific expectations after the M&A, and then satisfy them and let them see the change at once. [...] If I want to retain an employee, I will consider to meet his specific demands. But this should be done secretly.'* (the President of FB)

### **5.1.2 Job Satisfaction**

Statistical findings indicate that talent's overall satisfaction with regard to the job is very high (mean=4.18). Talent's satisfaction with regard to job itself reported the highest mean value (4.27), which may indicate talent's high level of interest and accomplishment from the job. Talent's satisfaction with regard to external job factors followed closely with a mean value of 4.15, which indicates talent's relatively high satisfaction with regard to factors beyond the job itself, such as compensation, interpersonal relationship, fitness into organizational culture, effectiveness of communication and working flow of the company, and effectiveness and fairness of human resource management. Opportunities for learning and development are separated from other intrinsic job factors since literature review suggests that it can be a



critical factor in the Chinese context. The high mean value of 4.11 in this DBA study supported this finding.

#### *Job itself*

Talent's high satisfaction with regard to job itself is consistent with results from the interview, in which all participants indicated unanimously that they like their current job, and they can put their strength into full play in their current position. The majority of participants indicated that they can handle their job well in most circumstances.

*'I am quite good at the fields that require for new ideas. I like to search for solutions for problems.'* (R8)

All participants indicated unanimously that they can have a strong sense of accomplishment from their current job.

*'I may have a sense of achievement when the methods and measures I suggest are recognized by the leaders, [...] or when I can complete my tasks smoothly.'* (R8)

#### *Learning and development opportunities*

Talent's high satisfaction with regard to learning and development opportunities is 4.11, which may indicate that there is much room for talent to learn new things and develop their career in the company. This is consistent with results from the interviews, in which the majority of participants indicated that they are satisfied with the opportunities to learn new things on their current position, in terms of skills, experiences, and the way to cooperate with others. Many participants indicated that one of the key reasons they like their current job is it provides opportunities of learning and development.

*'I have a lot of learning opportunities in my position, and I have learned a lot of skills and ways to do my job that I have never thought of before.'* (R1)

*'I have learned a lot about interpersonal relationship, art of leadership and emotional intelligence.'* (R8)

Meanwhile, the majority of participants thought they can have opportunities for promotion or

long-term career development if they remain in the company. This indicates a high level of satisfaction and expectation on rooms for future development.

*'I think I will [have the opportunity of promotion], [because] efforts will have returns in the end.'*  
(R2)

As Zhang et al. (2014) suggests, the most crucial and effective retention factor in China has to do with the career development of employees. Chinese employees are likely to choose to avoid uncertainties and seek other opportunities if the company fails to dispel their misgivings with a clear employment strategy.

#### *External job factors*

Talent's satisfaction with regard to various external job factors ranges from 2.8 to 4.3. The mean value is 4.15, which may indicate that talent are highly satisfied with the reward and working environment that FB has provided. This is consistent with results from the interviews.

With regard to talent's satisfaction with regard to compensation (including salary, incentive pay, and benefits), the mean value is 3.5, comparatively low in all the external factors. In contrast, research result from the empirical work undertaken from DBA document three indicated that salary increase is seen as the most effective retention incentive. Existing literature also suggests that one of the most used retention strategies in organizations is offering competitive compensation and benefits (Sheridan, 1992; Leininger, 2004; Ya-Anan and Bunchapattanasukda, 2011). This finding may indicate a gap between talent's expectation and satisfaction with regard to compensation.

Interestingly, this statistical finding is not supported by participants from the interviews. The overwhelming majority indicated that they are satisfied with their total compensation when compared with their workload. This is perhaps because (1) most of the participants in the interviews are team leaders or mid-level managers, whose salary is generally higher than the average; (2) participants in the interviews may feel hesitated to tell the truth in front of the author. According to the President of FB, the company has actually taken some measures

with regard to salary increase to retain the top 20% key talent, and most of these talent have chosen to remain in the company:

*‘Two years ago, FA conducted a [job] satisfaction survey with a poor result. This is probably because the acquisition took place for just one year [...] Employees were still waiting and seeing what would happen to the company. The analysis after the survey indicated that most employees expected for an increased salary [...] That is why we formulated policies focusing on this point afterwards: key talent had salary increases twice a year, and it has been done for three consecutive years [...] We basically select 20% of total employees as key talent. [...] Over the past three years, the team of key talent is quite steady’ (the President of FB)*

With regard to co-worker relationship, the mean value is 4.3, the highest among all the external factors. This is consistent with results from the interviews, in which all participants indicated unanimously that they can get along well with their co-workers. Many participants mentioned that their colleagues in the company are all simple and straightforward. They can concentrate on their work without considering interpersonal relationship problems which is common and intensely occurred in the Chinese context.

*‘Most [colleagues] are getting along very well with each other since most of the team members are simple and straightforward.’ (R8)*

Especially, many participants indicated that they have very good relationship with the executive-leaders, due to their amiable personality and good communication skill.

*‘The boss is quite genial and amiable and easy to get along with. The atmosphere around him is good.’ (R9)*

The survey did not investigate specifically about talent’s fitness into organizational culture. But in the interviews for DBA document three, in a list of possible reasons for loss of talent identified by participants, a failure to get accustomed to the organizational culture ranked just next to a salary below expectation. This finding evidenced the important influence of organizational culture on talent retention.

On the other hand, in the interviews for DBA document five, the majority of participants can describe a specific organizational culture of the company. And all participants indicated unanimously that they feel comfortable with the culture of the company. This indicates a

match between talent's expectation and satisfaction with regard to the organizational culture.

The survey did not investigate specifically about talent's satisfaction with regard to the effectiveness of communication or working flow of the company. But in the interviews, the majority of participants indicated that the communication among supervisors and followers, and among co-workers is effective. Especially, many participants mentioned that their communication with the executive-level leaders is particularly effective. This is because the leaders themselves advocate speed and efficiency. They make very quick response every time when they receive a report from talent.

*'The executive-level leaders themselves do not like delay or complexity; instead, they like doing things in a simple and efficient manner.'* (R7)

Likewise, many participants indicated that the working flow of the company when it put policies into practice is fast and flexible, and they feel comfortable with that.

The mean value of talent's satisfaction with regard to their working environment is 3.7, comparatively low in all the external factors. This may indicate that there is room for improvement in this aspect. Based on the interviews for DBA document three, the executive-level leaders have begun to make efforts on creating a caring and harmonious atmosphere in the team. This is achieved mainly through organizing team building or entertaining activities, improving employees' working, dining, or accommodation environment.

Besides, the mean value of talent's satisfaction with regard to job security is 2.8, the lowest among all the job satisfaction items. To a certain extent this may be caused by the ever-changing environment of Shenzhen labor market, but still, this is a warning for the management of FB. As a Gallup research (cited in Hodges, 2008) indicated based on information gathered over a thirty year period, job security is one of the key reasons for leaving.

### 5.1.3 Organizational Commitment

Statistical findings indicate that talent's overall commitment to the company is higher than average (mean=3.71). Especially, they have a higher level of affective commitment as compared with continuance and normative commitment.

#### *Affective commitment*

The statistical finding on a high level of affective commitment is consistent with results from the interviews. When being asked about whether they are emotionally attached to the company, half indicated that in a dynamic city like Shenzhen, talent's emotional attachment to FB is comparatively higher than other companies.

*'In such a city, FB can be seen as a company with a kind of cohesion. Of course this is an recognition for FB's successful management, which is rarely seen in other companies in Shenzhen.'* (R4)

Half of participants indicated that they are emotionally attached to the company because they have a sense of accomplishment working in such a promising company and industry, and they seemed very proud of it.

*'From my viewpoint, since I entered into FB, the company is doing very well in the commitment to the industry and customers. The first year [after the acquisition], the President put forward the objective of becoming No. 1 among domestic competitors, and now we have achieved the objective in advance.'* (R2)

#### *Continuance commitment*

The statistical finding on a relatively low level of continuance commitment is consistent with results from the interviews. When being asked about what will happen to their life or career development if they quit their job, some indicated that quitting the job will not impact on their life and career to a great extent, because changing a job is normal for them.

*'There is no great impact according to my personal experience since it is not my first time to touch on different industries.'* (R8)

This might be related to the dynamic nature of Shenzhen, where immigrants from all over the

country have get used to hopping from job to job.

#### *Normative commitment*

According to results from the interview, the relatively low level of normative commitment is perhaps because the items described in the survey concern a life-time commitment, which is not a usual convention in many of the Chinese cities, not to mention the dynamic city of Shenzhen. But when the time limit becomes shorter, the answer can be different. In the interviews, the majority of participants indicated that the executive-level leaders had ever taught them to believe in the value of remaining loyal to a same company. But this does not mean a life-time loyalty. They may instead, persuade talent to remain with an organization for three to five years, and see whether this company suits them. This is a very successful practice considering the high retention rate of FB.

*'They did not say remaining in the company forever—maybe three to five years. It depends on your ability of adaptation and plan of personal development.'* (R9)

#### **5.1.4 Talent Retention**

Research findings indicate that most talent in FB are willing to remain in the firm for another two or more years. This is supported by results from the interviews, in which all participants indicated unanimously that they would like to remain with an organization. Some described very detailed plan for their career in this company:

*'I plan to work in the company for at least six years. I will be in my 40s then, and do not have further plan for years after currently.'* (R6)

This finding indicates that the talent retention practice in FB is very effective, particularly in a dynamic city like Shenzhen.

#### **5.2 Relationship among Variables**

Based on a comprehensive understanding of current status of the case company, this section will discuss in full details about the relationships among transformational leadership, job satisfaction, organizational commitment, and talent retention as constructed in the

conceptual framework.

As established earlier based on literature review, four approaches through which transformational leadership can impact on talent retention may exist: firstly, transformational leadership directly exerts positive influence on talent retention; secondly, transformational leadership's positive influence on talent retention can be mediated by job satisfaction of talent; thirdly, transformational leadership's positive influence on talent retention can be mediated by organizational commitment of talent; finally, transformational leadership's positive influence on talent retention can be mediated firstly by job satisfaction, and then by organizational commitment of talent.

The investigation into these four approaches has led to six propositions. As reported in chapter four, all propositions have been accepted based on results from correlation analysis and structural equation modeling analysis (see table 4-12). This indicates that transformational leadership may exert influence on talent retention through all the four approaches depicted above. Qualitative materials from the interviews also provided supports for this conclusion. More will be discussed in the following section.

### **5.2.1 Approach 1: Transformational Leadership--Talent Retention**

In the conceptual framework, the first approach through which transformational leadership can impact on talent retention is that transformational leadership can directly exert positive influence on talent retention. Overall, both statistical findings and qualitative materials in this DBA study support this proposition.

If the influence of transformational leadership on talent retention is broken down into more specific dimensions, the influence of leader's individual consideration and inspirational motivation on talent retention are supported by both statistical findings and qualitative materials; although the statistical findings did not support the influence of leader's idealized influence, attributed charisma, and intellectual stimulation on talent retention, qualitative materials from the interviews have provided evidence. Further details will be discussed in the section below.

### *Overall influence of transformational leadership on talent retention*

Statistically, correlation analysis indicates that transformational leadership is moderately and positively correlated with talent retention ( $r=0.611$ ); structural equation modeling further indicates that transformational leadership has positive causal influence on talent retention. This is consistent with Bass' (1985; 1998) notion that transformational leadership can be one of the most important factors to control talent turnover. It is also consistent with the results from the empirical work undertaken from DBA document three, which indicates that talent's choice to remain with the company is highly related to the leaders in FB, who are exhibiting distinctive transformational behaviors. To some extent, talent's choice of remaining with an organization can even be seen as a direct recognition for their leaders' style.

*'Talent may choose to remain if they accept the leader's working style; otherwise they will certainly choose to leave since they can't change the status quo.'* (TR3)

Nevertheless, in the interviews for DBA document three, some other participants held an opposite opinion. They claimed that their decisions will be based on more objective reasons instead of blind trust on leaders. The DBA document five interviews also support this point. One important reason for talent's decision to remain is the fast development and promising future of the company and the industry; but to some extent, talent's focus on this point can also be influenced by leader's inspirational motivation since the leader's vigorous motivation may make them believe in better company development. Another frequently mentioned consideration is whether they can learn new things from their job, or obtain more rooms for future career development. This is especially valued in a fast-growing market like China. It can be seen from talent's focus on the above two considerations that talent in the studied context tend to take a dynamic view on the competence of a company. This also explains why they believe that a good leader, instead of a decent reward, can give the company and themselves a better chance of success. Other identified reasons for talent's decision to remain include, for example: reasonable salary, familiar working environment and effectiveness of teamwork. But comparing to the above mentioned factors, they are secondary.



### *Influence of transformational leadership on talent retention by dimension*

If the influence of transformational leadership on talent retention is broken down into more specific dimensions, correlation analysis indicates that leader's idealized influence is moderately and positively correlated with talent retention ( $r=0.413$ ), but no significant causal relationship is found from structural equation modeling ( $t=-0.824$ ). At this point, qualitative materials from the interviews provided some supports. According to participants, the executive-level leaders of FB would like to use their own experiences as an example to persuade talent to remain for a couple of years and see whether there is better development in this company, and it did work for talent retention.

*'[In the perspective of career development, the President] usually sets up a role model and guides talent with his own experience.'* (R8)

Besides, all participants in the interviews indicated unanimously that the executive-level leaders, especially the President, often share their own values and believes with talent. This may also positively influence talent retention, as Chatman (1991) demonstrated in his study, value congruence between talent and employers is positively related to intent to remain and actual retention.

Correlation analysis and structural equation modeling indicates that leader's individual consideration has positive causal influence on talent retention ( $r=0.668$ ,  $t=2.437$ ). This is consistent with results from the interviews, in which most participants agreed that talent may remain longer if their individual differences and strength are seriously considered and properly utilized.

*'Every employee has his own traits and strengths. [A company] should use talent with adequate consideration of their specific abilities. If an employee works in a field that he is not good at, he certainly cannot bring his abilities into full play, and he may feel bored and think about leaving soon.'* (R5)

Correlation analysis and structural equation modeling indicates that leader's inspirational motivation has positive causal influence on talent retention ( $r=0.547$ ,  $t=2.272$ ). This is consistent with results from in-depth interviews conducted by Ya-Anan and

Bunchapattanasukda (2011), which suggest that leadership directly affects talent retention, especially due to the leader's ability to communicate the organization's vision and mission. It is also consistent with the results from the interviews. As noted previously, the interviews indicated that a very clear vision has been clearly articulated and well delivered in FB. The communication of the vision is vigorously pushed by the executive-level leaders. Some participants claimed in the interviews for DBA document three in particular that keeping talent informed about the vision and objectives of the company may contribute to the stability of human resource. As Hodges (2008) argue, consistently communicating to talent about the goals and the strategies to achieve the goals can make talent feel valued and respected and thus reduce their possibility to leave.

*'[...] Being aware of the company's vision and the future development direction of the company [...] will certainly be beneficial for [talent's] personal development, as well as the stability of the team. If an employee is caught up in the trivial of everyday things without seeing the future, and feels what he is going to do tomorrow is the same as what he has done today, [...]and] if he is not clear about where the company is heading for, he may definitely feel frustrated as time goes by, and he may probably quit.'* (LR1)

From the perspective of talent, all TRs in the interviews for DBA document three unanimously indicated that they hope to have a better understanding about the company's future development from their leaders, and this understanding may keep them more stable.

*'I hope to know information about the company's future development because it's not good to be absorbed only in work, even for an ordinary employee. The development of the company determines personal development. [...] When the river rises, the boat floats high.'* (TR3)

Meanwhile, some executive-level leaders involved in this research indicated that if they decide to retain a talent, they will especially keep them informed about the changes in the firm, especially following radical changes such as an acquisition. They also provide several successful stories in this respect:

*'Now we are considering promoting a young man as financial manager. One and a half years ago, he said he wanted to leave. At that time, he was an ordinary staff [...] but I could see he has potential. [...] We had a very open talk for two hours, about the company's future development, including FA's strategic development plan, which he didn't know before. Besides, I told him heart-to-heart about my own experiences and my personal growth in these years. [...]*

*Immediately after our talk, he expressed his intention to remain. ' (LR1)*

Statistical findings did not provide evidence for the influence of attributed charisma on talent retention, but qualitative materials from the interviews remedied this point. Most participants indicated that the leadership style of executive-level leaders in the company may influence their choice to remain or quit, because it is their charisma that made them reluctant to leave.

*'The personal character of my boss, [...] his ability and some other personal stuff will affect my decision [to remain or leave]. [If] I like him, and [...] his personality, ability, disposition and way of thinking can be recognized, admired and trusted by me, I will be willing to follow him and fight with him. ' (R6)*

Statistical findings did not provide evidence for the influence of intellectual stimulation on talent retention either, but R8 constructively summarized that whether or not the leader values and makes full use of talent's ability is very important for talent's decision to remain since the most talent can be useless without a wise leader.

*'From my viewpoint, a good leader is very important [for my decision to remain]. What you are able to do is not the most important thing, the most important is what the leader allow you to do [...] If your boss does not value your ability, you cannot achieve anything in the company; if you can meet a boss who appreciates you and makes full use of your ability, you will feel very happy even if you are exhausted. ' (R8)*

This is consistent with Gentry et al.'s (2007) study, which suggests that talent feel connected with the organization if they get supports from their leaders, and this may in turn lead them to return the favor to the supervisors and organization through retention. R6's experience is a living example of this:

*'The President offers such a [good] platform to us. [...] I want to thank the President for helping me grow in the past three years. [...] Now he has a bigger stage and needs us to support him. So I will return FA Group and the President with the next six-year's hard work regardless of my personal promotion space. ' (R6)*

### **5.2.2 Approach 2: Transformational Leadership--Job satisfaction--Talent retention**

In the conceptual framework, the second approach through which transformational leadership can impact on talent retention is that transformational leadership's positive

influence on talent retention can be mediated by job satisfaction of talent. Overall, both statistical findings and qualitative materials in this DBA study support this proposition.

In sum, if the influence of transformational leadership on talent retention is broken down into two phases: transformational leadership's influence on job satisfaction, and job satisfaction's influence on talent retention, statistical findings and qualitative materials support that (1) transformational leadership has positive causal influence on talent's job satisfaction. To be more specific, transformational leaders may exert positive influence on talent's satisfaction with regard to learning and development opportunities through idealized influence, individual consideration, inspirational motivation, and intellectual stimulation; they may exert positive influence on talent's satisfaction with regard to external job factors through idealized influence and individual consideration; their influence on talent's satisfaction with regard to job itself seems implicit, but they would like to transfer talent to jobs that are more suitable for them in accordance with their aptitude, which can be seen as an influence of individual consideration on talent's satisfaction with regard to job itself. (2) talent's job satisfaction has positive causal influence on talent retention. To be more specific, statistical findings and qualitative materials support that talent's satisfaction with regard to learning and development opportunities, job itself, and external job factors may all have positive influence on talent retention. Further details will be discussed in the section below.

#### *Overall influence of transformational leadership on job satisfaction*

Statistically, correlation analysis indicates that transformational leadership is strongly and positively correlated with talent's job satisfaction ( $r=0.749$ ); structural equation modeling further indicates that transformational leadership has positive causal influence on talent's job satisfaction. This is consistent with a number of existing studies (Bass, 1985; Avolio and Bass, 1999; Bogler, 2001; Nemanich and Keller, 2007) on transformational leadership, which suggests that it is positively related to higher levels of job satisfaction. Qualitative materials from the interviews also provide evidence for this argument.

### *Influence of transformational leadership on job satisfaction by dimension*

If the influence of transformational leadership on job satisfaction is broken down into more specific dimensions, various dimensions of transformational leadership may influence talent's satisfaction with regard to learning and development opportunities, job itself, and external job factors in different ways.

#### Learning and development opportunities

With regard to transformational leadership's influence on talent's satisfaction with regard to learning and development opportunities, correlation analysis indicates that leader's idealized influence is moderately and positively correlated with talent's satisfaction with regard to learning and development opportunities ( $r=0.666$ ), but no significant causal relationship is found from structural equation modeling ( $t=-0.655$ ). Nevertheless, based on the interviews, many participants indicated that they can learn a lot directly from the executive-level leaders through their daily instructions and their way of doing the job, and these participants are thirst for learning from their leaders. This can be seen as a form of idealized influence on talent's satisfaction with regard to learning and development opportunities, and in turn on overall job satisfaction.

*'I certainly hope [he can give me some instructions], because when he teaches me, I can learn his experience, this is a good opportunity for learning and growth.'* (TR2)

Correlation analysis and structural equation modeling indicate that leader's individual consideration has positive causal influence on talent's satisfaction with regard to learning and development opportunities ( $r=0.730$ ,  $t=2.337$ ). This is consistent with the results from the interviews, in which many participants indicated that the executive-level leaders would like to keep talent remain happily by offering learning and developing opportunities with consideration of talent's particular strengths. Participants provided some examples:

*'The nationwide sales champion [...] [of FB] used to be a driver. The president found that this young man is ambitious and earnest, so he suggested to transfer this driver to the sales department. As a result, he became the nationwide sales champion the second year after he began selling machines.'* (R2)

Correlation analysis and structural equation modeling indicate that leader's inspirational motivation has positive causal influence on talent's satisfaction with regard to learning and development opportunities ( $r=0.697$ ,  $t=2.414$ ). This is consistent with results from the interviews, in which an overwhelming majority of participants indicated that their satisfaction with regard to opportunities for promotion or long term career development is related with executive-level leader's leadership style, because these leaders attach much importance on talent motivation, and would like to offer opportunities to talent with their best efforts.

*'The executive-level leaders themselves are very young. They started from the primary level and developed to today's position, so they can fully understand employee's desire for development [...] They often exchange views with talent on their personal development issues.'* (R4)

Statistical findings did not provide evidence for the influence of intellectual stimulation on talent's satisfaction with regard to learning and development opportunities, but qualitative materials from the interviews remedied this point. Most participants thought the opportunities to learn new things are related to the leadership style of executive-level leaders. They would like to plant the interest of learning in talent through initiating on-job trainings and buying books for talent to read.

*'The company often organizes training programmes. [...] Talent are encouraged to learn new things [...] [The leaders] also buy some books for talent to read.'* (R9)

### Job itself

With regard to transformational leadership's influence on talent's satisfaction with regard to job itself, statistical findings did not provide much evidence to support this relationship. According to participants from the interviews, whether or not they like the job is more related to the nature of the job, rather than the leader's charisma and style. However, some participants from the interviews indicated that considerable leaders can use talent in accordance with their aptitude, so that they can do a job that really suits them well, which in turn, may increase talent's satisfaction with regard to the job itself. This can be seen as an influence of individual consideration on talent's satisfaction with regard to job itself, and in turn on overall job satisfaction.

*'It is very important to give everyone's particular abilities and strengths into full play. If the executive-level leaders assign a job to you but you do not like it, you have to change yourself and turn 'dislike' to 'like' — from my viewpoint, it is miserable and strenuous, and it can be a torture to both the leader and the employee.'* (R8)

### External job factors

With regard to transformational leadership's influence on talent's satisfaction with regard to external job factors, correlation analysis indicates that leader's idealized influence is moderately and positively correlated with talent's satisfaction with regard to external job factors ( $r=0.500$ ), but no significant causal relationship is found from structural equation modeling ( $t=-1.065$ ). However, it should be noticed that the dimension of 'external job factors' in the statistical analysis bundles various job factors together. If each of the factors is examined carefully, leadership influence can be found. Qualitative materials from the interviews provide a remedy on this point. For example, with regard to supervisor and co-worker relationship, all participants in the interviews indicated unanimously that they can get along well with their supervisors and co-workers, which can be a critical factor for talent retention in the Chinese context. Also, they all agreed that leadership style may exert a positive influence on it. First of all, the executive-level leaders are amiable and easy-going in personality, which makes their relationship with talent closer.

*'If the executive-level leader is genial and amiable and willing to go deep into the grassroots level, we will have a closer relationship with him; if he just stands high above the masses [...] we dare not talk to him, [not to speak of making any suggestions].'* (R5)

Moreover, the executive-level leaders' personality has influenced talent's way of getting along with each other. Many participants mentioned that their colleagues in the company are all simple-minded and pure in thought. They can concentrate on their work without considering interpersonal relationship problems which is common and intensely happened in the Chinese context.

*'Most of the colleagues get along very well with each other since most team members are pure in thoughts and simple-minded.'* (R8)

This can be seen as an influence of idealized influence on talent's satisfaction with regard to

an external job factor—co-worker relationship, and in turn on overall job satisfaction.

Another example of leader's idealized influence on talent's satisfaction with regard to external job factors is with regard to organizational culture. In the interviews, all participants indicated unanimously that leadership style may exert an influence on organizational culture since the leaders attached much importance on these cultures and tried hard to instill these cultures in the mind of talent. Some participants even believe the culture comes directly from executive-level leader's style.

*'[The corporate culture] is identical with the executive-level leader's working style.'* (R4)

This can be seen as an influence of idealized influence on talent satisfaction with regard to an external job factor—organizational culture, and in turn on overall job satisfaction.

Moreover, with regard to the effectiveness of communication and working flow in the company, many participants indicated that it is also highly related to the leadership style of the executive-level leaders.

*'The executive-level leader [refer particularly to the President] is extremely busy every day. He would like to go through a working flow flexibly without written approval or confirmation. For example, if he is on business trips, you can get his reply very soon through e-mail or telephone. So basically the working flow is very swift and effective.'* (R5)

This can be seen as an influence of idealized influence on talent's satisfaction with regard to external job factors—effectiveness of communication and working flow, and in turn on overall job satisfaction.

Correlation analysis and structural equation modeling indicates that leader's individual consideration has positive causal influence on talent's external job satisfaction ( $r=0.728$ ,  $t=2.147$ ). This is consistent with Yang's (2012) study, which indicated that when PR practitioners in Taiwan perceived a higher degree of individual consideration, the extrinsic job satisfaction rose. This statistical finding is also supported by the results from the empirical work undertaken from DBA document three, in which participants indicated that leader's considerable offers for individual needs, such as allowing talent to move to more



convenient working locations, are highly appreciated.

#### *Overall influence of job satisfaction on talent retention*

Statistically, correlation analysis indicates that talent's job satisfaction is moderately and positively correlated with talent retention ( $r=0.562$ ); structural equation modeling further indicates that talent's job satisfaction has positive causal influence on talent retention. This statistical finding is consistent with previous studies (e.g. Locke, 1976; Petty et al., 2005; Mallol et al., 2007; Smith et al., 2011) that have also proposed that talent retention or voluntary turnover can be induced by higher or lower levels of job satisfaction. Qualitative materials from the interviews also provide evidence for this argument.

#### *Influence of job satisfaction on talent retention by dimension*

If the influence of talent's job satisfaction on talent retention is broken down into more specific dimensions, correlation analysis and structural equation modeling indicates that talent's satisfaction with regard to learning and development opportunities has positive causal influence on talent retention ( $r=0.490$ ,  $t=2.325$ ). This finding is in line with Hannay and Northan's (2000) study, which argues that future opportunities help in retaining talent because these opportunities are associated with more pay, additional work responsibilities, superior work environment and different incentives plans. This is also consistent with qualitative materials from the empirical work undertaken from DBA document three, which recognized providing comprehensive training on professional skills as an effective incentive for talent retention. Talent's desire for learning opportunities may somewhat be related to the fast-developing Chinese market, in which many see room for future development as even more important than current position or salary.

*'It is more important that the company [...] gives you opportunities to develop yourself. [...] If [...] the company is like a school, you not only work here but also study and improve yourself here, you certainly won't leave.'* (TR5)

Likewise, the interviews for DBA document three indicated that options concerning personal career development, including promotion to more senior levels, no immediate promotion but

providing more attractive plan for talent's personal career development in the medium or long run, are recognized as very effective incentives to retain talent. To some extent, a promising future is perceived equal to salary increase and fulfillment of self-worth, as LR1 put it:

*'If you are promoted and your career develops well in the future, it'll definitely bring changes in salary. [...And] as long as your career development is guaranteed, you'll certainly be spiritually contented. These aspects are interconnected.'* (LR1)

Correlation analysis and structural equation modeling indicates that talent's satisfaction with regard to job itself has positive causal influence on talent retention ( $r=0.487$ ,  $t=2.113$ ). This is consistent with Lucas et al.'s (1987) study, which found that talent who were least satisfied with the content of their jobs were more likely to leave than those who were satisfied. As participants indicated in the interviews, talent may remain longer if they like their job, or they may leave if they find the job boring or does not suit them well.

*'One may be fed up with this job over time if he find the job boring.'* (TR2)

This is consistent with a study by the Saratoga Institute (cited in Hodges, 2008), where 'job was not as expected' ranked first among all seven reasons for talent loss.

Correlation analysis and structural equation modeling indicates that talent's satisfaction with regard to external job satisfaction has positive causal influence on talent retention ( $r=0.491$ ,  $t=2.006$ ). This is consistent with results from the interviews. For example, with regard to talent's satisfaction with regard to compensation, research result from the empirical work undertaken from DBA document three indicated that salary increase is seen as the most effective retention incentive. All participants indicated that higher salary is to some extent an effective means for retaining talent. As TR2 commented, 'it is the simplest and most direct way to retain talent's.

However, as noted previously, the DBA document five survey indicated that despite the high retention rate, the mean value of talent's satisfaction with regard to compensation is 3.5, comparatively low in all the external factors. This may indicate that although talent in FB

have high expectation on their compensation, they may lay more importance on other factors than monetary incentive. LR1 from the empirical work undertaken from DBA document three explained the limitations of monetary incentive and considered it as just a 'subsidiary and temporary' means for talent retention:

*'Raising salary is only a subsidiary means by which the company can retain talent temporarily. Even if a talent is retained with money in the short term, he may choose to leave soon.'* (LR1)

Besides, participants also indicated that the sound relationship with leaders and co-workers is a key reason for them to remain longer in the company. As Izzo and Withers (2002) suggest, one of the best indicators of staff retention is the fostering of friendships at work. This is especially true in China, where interpersonal relationship is highly valued. A sound fitness into the organizational culture is also recognized by participants as an important reason for their remain. This is consistent with Sheridan's (1992) study which demonstrated that organizational culture values have a significant influence on retention rates. Some participants also indicated that they are happy with the current working status because they have get used to the effective communication and working flow there. This is consistent with Kontoghiorghes and Frangou' (2009) study which suggests that speedy operations is a strong predictor affecting talent retention.

### **5.2.3 Approach 3: Transformational Leadership--Organizational Commitment--Talent Retention**

In the conceptual framework, the third approach through which transformational leadership can impact on talent retention is that transformational leadership's positive influence on talent retention can be mediated by organizational commitment of talent. Overall, both statistical findings and qualitative materials in this DBA study support this proposition.

In sum, if the influence of transformational leadership on talent retention is broken down into two phases: transformational leadership's influence on organizational commitment, and organizational commitment's influence on talent retention, statistical findings and qualitative materials support that (1) transformational leadership has positive causal influence on talent's organizational commitment. To be more specific, transformational leaders may exert

positive influence on talent's affective commitment to the organization through idealized influence, individual consideration, inspirational motivation, and attributed charisma; they may exert positive influence on talent's continuance commitment through individual consideration, and positive influence on normative commitment through idealized influence. (2) talent's organizational commitment has positive causal influence on talent retention. To be more specific, statistical findings and qualitative materials support that talent's affective commitment may have positive influence on talent retention. Further details will be discussed in the section below.

#### *Overall influence of transformational leadership on organizational commitment*

Statistically, correlation analysis indicates that transformational leadership is moderately and positively correlated with talent's organizational commitment ( $r=0.660$ ); structural equation modeling further indicates that transformational leadership has positive causal influence on talent's organizational commitment. This statistical finding is consistent with previous studies (e.g. Bass, 1985; Hancott, 2005; Nguni et al., 2006; Yang, 2012) about transformational leadership's positive influence on organizational commitment. Qualitative materials from the interviews also provide evidence for this argument.

#### *Influence of transformational leadership on organizational commitment by dimension*

If the influence of transformational leadership on organizational commitment is broken down into more specific dimensions, various dimensions of transformational leadership may influence talent's affective, continuance, and normative commitment in different ways.

#### Affective commitment

With regard to transformational leadership's influence on talent's affective commitment, correlation analysis and structural equation modeling indicates that leader's idealized influence has neither significant correlation nor causal relationship with talent's affective commitment to the organization ( $r=0.080$ ,  $t=-0.325$ ). But qualitative materials from the interviews partially remedied this point. Participants in the interviews indicated that the executive-level leaders' important leading role has made the team more cohesive than ever,

which may in turn increase the level of affective commitment of team members.

*'[As executive-level leaders], they always fight side by side with us right in the forefront of the market [...] this has made me more committed to the team.'* (R1)

Correlation analysis indicates that leader's individual consideration is weakly and positively correlated with talent's affective commitment to the organization ( $r=0.218$ ), but no significant causal relationship is found from structural equation modeling ( $t=0.337$ ). However, it should be noticed that the items in survey questionnaire do not specifically examine the emotional communication between leaders and talent, which is also seen as an aspect of leader's individual consideration. Results from the interviews indicated that in a context that values interpersonal relationship so much like China, treating talent as a specific individual emotionally can be critical. Participants indicated that leader's caring for talent can increase their emotional attachment to the company.

*'If the leader helps you at work and cares about you in life, you will have a kind of emotion with the company, which means a sense of belonging.'* (R1)

Correlation analysis and structural equation modeling indicates that leader's inspirational motivation has neither significant correlation nor causal relationship with talent's affective commitment to the organization ( $r=0.096$ ,  $t=1.564$ ). However, according to Rafferty and Griffin (2004, cited in Yang, 2012), inspirational communication will display a uniquely positive relationship with affective commitment. They further propose that leader's positive and encouraging messages increases the attractiveness of the organization to individuals, and this will positively impact on the extent to which individuals identify, and feel attached to the organization as a whole. The results from the interviews also support this notion. Participants indicated that an inspiring vision could make talent proud of being a member of the company, and thus increase the level of their affective commitment to the company.

Statistical findings did not provide evidence for the influence of attributed charisma on organizational commitment, but qualitative materials from the interviews partially remedied this point. For those who thought they are emotionally attached to the company, the majority agreed that the executive-level leaders are the core and soul of the company, and talent'

admiration and trust for leaders may directly increase their commitment to the company. This can be seen as an influence of attributed charisma on talent's affective commitment, and in turn on overall commitment to the company.

*'The executive leaders are the core and soul of whole company. [...] We admire them very much, even bow in worship.'* (R2)

*'I have little [sense of belonging] for the company. But I do have some for the leader of FB. I think it is lucky to work with a smart boss with such high emotional intelligence.'* (R8)

### Continuance commitment

With regard to transformational leadership's influence on talent's continuance commitment, correlation analysis indicates that leader's individual consideration has no significant correlation with talent's continuance commitment to the organization ( $r=0.084$ ), whereas structural equation modeling indicates that the former has positive causal influence on the latter ( $t=1.998$ ). As mentioned before, results from the interviews indicate that to effectively retain talent, the executive-level leaders are willing to meet talent's specific demands with tailored incentives. This may add the cost for talent to leave, and thus increase talent's continuance commitment the company.

### Normative commitment

With regard to transformational leadership's influence on talent's normative commitment, correlation analysis and structural equation modeling indicates that leader's idealized influence has neither significant correlation nor causal relationship with talent's normative commitment to the organization ( $r=0.052$ ,  $t=-1.334$ ). Although a life-time commitment cannot be imposed upon talent through leader's idealized influence, results from the interviews indicated that leaders would also use their own experiences as an example to persuade talent to stay loyal to the company for three to five years. This time span is considered a long one in a dynamic city like Shenzhen. And many talent have been convinced that remaining in this company for a couple of years is a good choice for their personal development. According to participants, through executive-level leaders' preaching of benefits of remaining in the company, accompanied with their own experiences, they can get to know and actually

see the fast development of the company, which keep them optimistic about the future of both the company and their personal career.

*'We can see the growth of the company each year with surprise. The annual growth is even much larger than China's GDP, [that means] the company's development is infinite. That is to say, as long as I can make one small step myself, I will be able to make a great stride on such a good carrier.'* (R4)

Meanwhile, leader's persuasion delivered a message of hoping to keep talent remain, which may keep them more emotionally stable.

*'The leaders deliver such a message [hoping you can remain in the company] to you based on their recognition for your ability. [...] This message indicates that they do not want you to go to other companies.'* (R7)

This is consistent with Leininger's (2004) study, which argues that talent were more committed to companies that demonstrated to workers that the company wants to retain the best staff and motivate its talent for success.

#### *Overall influence of organizational commitment and talent retention*

Statistically, correlation analysis indicates that talent's organizational commitment is strongly and positively correlated with talent retention ( $r=0.720$ ); structural equation modeling further indicates that talent's organizational commitment has positive causal influence on talent retention. This statistical finding is consistent with the prevailing theories and studies (e.g. Price and Mueller, 1981; Hom and Kinicki, 2001; Brown and Yoshioka, 2003; Mallol et al., 2007), which have proposed that organizational commitment is a significant predictor of talent retention. Qualitative materials from the interviews also provide evidence for this argument. For example, some participants from the empirical work undertaken from DBA document three talked about the influence of a high organizational commitment on their enthusiasm for work and their choice of remaining in the company.

*'If an employee has no sense of belonging to a company, [...] even if he sits there in the office for eight hours, he may not be doing his work; if he has a sense of belonging, he may work even beyond the working hours.'* (TR2)

### *Influence of organizational commitment on talent retention by dimension*

If the influence of organizational commitment on talent retention is broken down into more specific dimensions, correlation analysis and structural equation modeling indicates that talent's affective commitment to the organization has positive causal influence on talent retention ( $r=0.751$ ,  $t=2.526$ ). This is consistent with Chiu and Francesco's (2003) study, which proposes that affective commitment is significantly positively related to talent retention. It is also consistent with the results from the interviews. Most talent indicated that they are emotionally attached to the company because they have a sense of accomplishment working in such a promising company and industry, and they seemed very proud of it. This pride and accomplishment may constitute a sense of affective attachment to the company, and in turn keep talent remaining with the company.

*'At present, [the company] ranks No. 1 in all domestic players under the leadership of the President over the past three years, and it is much better than the No. 2 player. I have a strong sense of achievement working in such a company. This sense of achievement will also affect the sense of belonging. All of us are willing to work on such a vigorous and promising platform.'*  
(R6)

Correlation analysis indicates that talent's continuance commitment to the organization is moderately and positively correlated with talent retention ( $r=0.457$ ), but no significant causal relationship is found from structural equation modeling ( $t=0.613$ ). On this point, previous authors held different opinions. Abbott et al. (2005) and Joseph et al. (2007) reported that continuance commitment is unrelated to turnover intention, whereas, Kahneman et al. (1982) disagree and suggest that in a specific context of post-M&A integration, talent's decisions to remain with an acquired firm depend on the level of uncertainty they perceive to be associated with continued commitment. The interviews did not provide evidence on this point. This remains to be further investigated in future studies.

#### **5.2.4 Approach 4: Transformational Leadership--Job Satisfaction--Organizational Commitment--Talent Retention**

In the conceptual framework, the fourth approach through which transformational leadership can impact on talent retention is that transformational leadership's positive influence on



talent retention can be mediated firstly by job satisfaction, and then by organizational commitment of talent. Overall, both statistical findings and qualitative materials in this DBA study support this proposition.

In this approach, the influence of transformational leadership on talent retention can be broken down into three phases – (1) transformational leadership's influence on job satisfaction, (2) job satisfaction's influence on organizational commitment, and (3) organizational commitment's influence on talent retention. The first and the third have been discussed in approach 2 and 3 respectively. Statistical findings and qualitative materials support that transformational leadership has positive causal influence on talent's job satisfaction, and organizational commitment has positive causal influence on talent retention. Therefore, this section concentrates on the second phase: job satisfaction's influence on organizational commitment.

In sum, statistical findings and qualitative materials support that talent's job satisfaction has positive causal influence on their organizational commitment. To be more specific, talent's affective and continuance commitment can be enhanced by their satisfaction with regard to learning and development, job itself, and some of the external job factors; but whether their normative commitment can be increased by these factors remains to be further investigated. Further details will be discussed in the section below.

#### *Overall influence of job satisfaction on organizational commitment*

Statistically, correlation analysis indicates that talent's job satisfaction is moderately and positively correlated with their organizational commitment ( $r=0.529$ ); structural equation modeling further indicates that talent's job satisfaction has positive causal influence on their organizational commitment. This statistical finding is consistent with prevailing literature (e.g. Porter et al., 1974; Reyes and Shin, 1995; Fresko et al., 1997; Currivan, 1999) which supports that job satisfaction is an antecedent of organizational commitment.

## *Influence of job satisfaction on organizational commitment by dimension*

### Affective commitment

Correlation analysis and structural equation modeling indicates that talent's satisfaction with regard to learning and development opportunities has positive causal influence on their affective commitment to the organization ( $r=0.525$ ,  $t=2.572$ ). This is consistent with the results from the interviews. As mentioned previously, providing opportunities for learning and development on a continuous basis has been recognized as a very important measure to keep talent remaining. This is somewhat related to the fast-developing Chinese market, in which many see room for future development as even more important than current position or salary. Talent may have stronger sense of belonging if they believe they can grow up together with the company. For example, R4 expressed strong intention to remain due to the new development opportunity offered by the company:

*'I think I have had good command of experiences and skills required for my current position. The company is going to provide me a brand new opportunity. I'm really looking forward to it.'*  
(R4)

Correlation analysis and structural equation modeling indicates that talent's satisfaction with regard to job itself has positive causal influence on their affective commitment to the organization ( $r=0.504$ ,  $t=2.002$ ). As mentioned previously, all participants indicated unanimously that they like their current job, and they can have a strong sense of accomplishment from their current job. They may have stronger sense of belonging therefrom. As Leininger (2004) proposes, talent who saw their work as meaningful and who felt a sense of accomplishment may express higher commitment levels.

Correlation analysis indicates that talent's satisfaction with regard to external job factors is moderately and positively correlated with talent's affective commitment to the organization ( $r=0.545$ ), but no significant causal relationship is found from structural equation modeling ( $t=0.982$ ). However, qualitative materials provided some supports for this causal relationship. Especially, participants indicated that a sound interpersonal relationship may increase talent's affective commitment to the company. As mentioned earlier, all participants indicated

unanimously that they can get along well with their co-workers. In particular, they have very good relationship with the executive-leaders, due to their amiable personality and good communication skill. This is seen as very precious in an immigrant city like Shenzhen, and may thus make them reluctant to leave the company.

*'I like the job, probably because I have been working in the company for years, and I can get along well with my colleagues. I feel everything is fine for now.'* (R9)

### Continuance commitment

Correlation analysis indicates that talent's satisfaction with regard to learning and development opportunities is weakly and positively correlated with talent's continuance commitment to the organization ( $r=0.287$ ), but no significant causal relationship is found from structural equation modeling ( $t=1.204$ ). As mentioned before, the majority of participants indicated that they are satisfied with the opportunities for learning and development on their current position. Some even specifically indicated that they like their current job largely because it provides good opportunities for learning and development. This may add the cost of quitting the job, and thus increase talent's continuance commitment to the company.

Correlation analysis indicates that talent's satisfaction with regard to job itself is weakly and positively correlated with talent's continuance commitment to the organization ( $r=0.230$ ), but no significant causal relationship is found from structural equation modeling ( $t=0.667$ ). As mentioned before, the majority of participants indicated high level of satisfaction with regard to their current job itself. They can handle their job well in most circumstances, since their strength can be put into full play. Hence, they can gain a strong sense of accomplishment from the job. This may add the cost of quitting the job, and thus increase talent's continuance commitment to the company.

Correlation analysis indicates that talent's satisfaction with regard to external job factors is weakly and positively correlated with talent's continuance commitment to the organization ( $r=0.370$ ), but no significant causal relationship is found from structural equation modeling

( $t=1.103$ ). As mentioned earlier, participants indicated that external factors such as effective leadership, promising future of the company and the industry, reasonable salary, familiar working environment, and effectiveness of team are all critical factors for their decision to remain. These factors may increase talent's continuance commitment to the company and make them reluctant to leave.

*'I think the familiar working environment is very important. Besides, the salary here is fair enough. If I change a job, I have to make extra efforts to get accustomed to the new environment. [...] So I don't have any plan to quit the job for now.'* (R9)

## CHAPTER SIX: CONCLUSION

### 6.1 Conclusion

This DBA study answers research questions by describing four approaches through which transformational leadership can influence talent retention. With regard to the first research question: to what extent does executive-level leaders' transformational leadership exert *direct influence* on post-M&A talent retention in mainland China, the research implies that transformational leadership of executive-level leaders may have a direct and positive causal influence on talent retention in the studied context.

*Transformational leadership can be effective for talent retention in the post-M&A Chinese context*

First and foremost, leadership itself is important for talent retention. Talent's decision on remain or leave depends largely on their recognition for the ability, management style, and characteristic traits of their leader. Therefore, a well-accepted leadership style can be critical for retaining talent. This can be especially true in the Chinese context, where an authoritarian, centralized political system has long been implemented, and a collectivist culture profoundly cherished. FB's high retention rate and successful post-M&A integration may benefit largely from the right style of leadership adopted by the executive-level leaders – a transformational style. Especially, this DBA study indicates that executive-level leaders' transformational behaviors of attributed charisma, idealized influence, and inspirational motivation, which are recognized by Sosik and Dinger (2007) as the most 'charismatic' components of transformational leadership, seem particularly important in the post-M&A Chinese context. When multinational M&A investors in similar situation choose executive-level leaders, especially the President, for their new acquisitions, those with a transformational style may best fit the position for the following reasons:

Firstly, the post-M&A stage of a new entity is usually characterized by change, uncertainty, and distress, which may cause anxiety among talent. A transformational leader can become the heart and soul of the whole team, and gain faith from talent with their exceptional charisma. They can ease the anxiety raised among talent due to dramatic changes, win

respect and trust from talent, and thus keep talent from going to competitors. To achieve this, one valued quality is to faithfully keep their own words – delivered goals and promised rewards should be fulfilled. Besides, this DBA study also indicates that an easy-going and amiable personality may especially add charms to executive-level leaders in the Chinese context, and ease talent's upset and distrust at the post-M&A stage.

Secondly, post-M&A is a stage characterized of uncertainties and confusions. Many talent working at the acquired firm do not actually know what to do and how to do their job properly. Transformational leaders can set an all-around role model intellectually, morally, and behaviorally for talent to follow, but this should be done in a democratic and flexible way through empowering and encouraging talent to explore how to carry out their work themselves to a certain degree. Transformational leaders can also make talent more identifying with them through sharing their own values and believes with talent. They can use their own experiences as an example to persuade talent to remain, and based on this research, it did work for talent retention.

Thirdly, based on the research, it is very important that talent should have faith on the promising future of the company. Only on that premise would they believe that they could develop together with the company and thus decide to remain. In this cognitive process, transformational leaders' motivation and guidance may play an important role. With a clearly articulated and well communicated vision, transformational leaders make talent feeling that they are called to a higher objective and thus motivating them to achieve the organizational goals. The optimistic attitude of transformational leaders may also endow talent with more enthusiasm, hope, and courage to cope with challenges in their daily work. Moreover, if transformational leaders decide to retain a talent, they can keep him/her informed about the changes in the company, the industry, or even in the macro-economic environment. This can be particularly important for keeping talent remain at the post-M&A stage, and in the Chinese context, because talent in such a context tend to take a dynamic view on their career – they see a bright future as even more important than a fair pay or a decent position for the time being.

Fourthly, transformational leaders value the intellectual ability of talent, which is appealing to many talent who seek to put their strength into full play. They also listen to talent attentively and encourage new ways of thinking. This may create a supportive climate for learning opportunities, which based on the research, are highly valued by talent in the Chinese context. But one consideration raised from this DBA study is that the degree to which the innovation is encouraged might be subject to the hectic status of the company in its early post-M&A stage because talent may still lack adequate ability and experience to solve problems innovatively.

Finally, transformational leaders recognize individual uniqueness, carefully scout for employees with special talent, and provide opportunities for them to use their talent. Furthermore, they provide support, encouragement, coaching, mentoring, and design appropriate strategies to develop talent to achieve higher levels of potential and performance. This may attract talent who are looking for someone sincerely appreciate their abilities. Moreover, transformational leaders care for talent and considerably meet their specific needs with tailored incentives, which may make talent reluctant to leave. Besides, according to Nemanich and Keller (2007) and Hodges (2008), in an acquisition situation, transformational leaders with individualized consideration also make talent feel that they are valued and that their need to understand and resolve their personal uncertainties about the integration is respected. This may make talent less likely to leave. This can be particularly important in the Chinese context where interpersonal relationship matters significantly.

With regard to the second and third research questions: to what extent does executive-level leader's transformational leadership exert indirect influence on post-M&A talent retention in mainland China and what factors mediate the influence of transformational leadership on talent retention and why, the research implies that transformational leadership may exert indirect impact on talent retention through two important attitudinal constructs: job satisfaction and organizational commitment, and this impact may take effect through three approaches: (1) transformational leadership's positive influence on talent retention can be mediated by job satisfaction of talent; (2) transformational leadership's positive influence on

talent retention can be mediated by organizational commitment of talent; and (3) transformational leadership's positive influence on talent retention can be mediated firstly by job satisfaction, and then by organizational commitment of talent.

On this basis, it is suggested that transformational leaders may increase the rate of talent retention through enhancing the level of talent's job satisfaction and organizational commitment.

#### *The enhancement of talent's level of job satisfaction*

To enhance talent's overall job satisfaction, transformational leaders can make attempts in enhancing talent's satisfaction with regard to three aspects – the job itself, learning and development opportunities, and some external job factors. Improvement in the first two aspects, which are categorized by Herzberg et al. (1959) as motivators or intrinsic factors, may lead to higher level of job satisfaction; on the other hand, neglect in external job factors, defined by Herzberg et al. (1959) as Hygiene factors or extrinsic factors, may lead to higher level of job dissatisfaction. Multinational M&A practitioners should manage to improve in talent's satisfaction with regard to the job itself and learning and development opportunities, and meanwhile try to eliminate their dissatisfaction with regard to external job factors.

More specifically, to enhance talent's satisfaction with regard to the job itself, transformational leaders should firstly assure the fitness of a job for a talent through examining: (1) whether talent are interested in the nature of the job, (2) whether they can put his strength and expertise into full play on this specific job, (3) whether they are capable of handling the job well, and (4) whether they can gain a sense of accomplishment through the job. A job fitting a talent well in the above terms may keep him/her remain. This examination requires the leader's practice of individual consideration based on careful observation on talent in their daily work. It can be especially important at the post-M&A stage, as talent may expect exciting rearrangement about the nature of their job following such a radical organizational transformation.

Secondly, it is important to create opportunities of learning and development for talent, since



based on this research, talent in the Chinese context care even more about future development than current salary and position. To enhance talent's satisfaction with regard to learning opportunities, practical on-job training programs closely relevant to talent's daily work should be provided on a regular basis. Besides, Leader's hands-on coaching can also be critical. Based on the research, talent in the studied context are thirst for learning from their leaders through their daily instructions and their way of doing the job. It can be especially important at the early stage of post-M&A integration due to talent's confusion and ignorance of the newly established working flows. Transformational leaders could utilize their idealized influence to set an all-around role model for talent to follow. To enhance talent's satisfaction with regard to career development opportunities, a comprehensive and transparent performance evaluation system, which is linked to talent's promotion opportunities should be established. Besides, transformational leaders should also deliberately help talent to consider about their growth in the long run through discussing with them about their specific long-term career plan on a regular basis.

Finally, to retain talent with attractive external job factors, transformational leaders could firstly try to create a friendly and harmonious atmosphere among team members through their idealized influence, since based on the research, a sound relationship with co-workers is highly valued in the Chinese context. With their charisma and charm, especially an amiable personality and good communication skills, transformational leaders can also establish a harmonious superior-subordinate relationship with talent, which based on this DBA study is also critical for talent retention. Team cohesion generated from a sound social network may keep talent emotionally steady in such a dynamic environment as the post-M&A stage.

The effectiveness of communication and working flow could also be an important external job factor at the post-M&A stage. Transformational leaders should influence management at various levels with their exemplary role, and try to establish a fast and flexible working flow.

Although salary is seen very important in the Chinese context, and most talent may expect an increase in salary following the setup of a new entity, this DBA study indicates that the

gap between talent's expectation and satisfaction with regard to compensation can be filled if their other demands, such as accomplishment from the job itself, appealing learning and development opportunities, or a sound relationship with supervisors and co-workers, are fulfilled. But still, top talent should be taken care of in salary as they may receive competitive salary offers from competitors. To achieve this, some researchers (Birt et al., 2004; Ho et al., 2009; Sohail et al., 2011) suggest that the compensation system should be based on employee performance, and this also requires a scientific performance evaluation system.

It seems that talent in the Chinese context care less about their working conditions. But still, creating a comfortable and homey working environment may contribute to the enhancement of team cohesion.

#### *The enhancement of talent's level of organizational commitment*

To enhance talent's overall organizational commitment, transformational leaders can especially make attempts in enhancing their affective commitment. This can be especially important in a post-M&A context, which is full of uncertainties, stresses, and lures. Based on this DBA study, if talent are proud of working in a company with a promising future and a good reputation, they may have a higher level of affective commitment to the company. This requires transformational leader's inspirational motivation through explicitly articulated and well delivered vision and goals, as well as their efforts on the communication of business, industrial, and economic information from the top down. Besides, this DBA study also indicates that if talent trust, admire, and even have emotional attachment for their executive-level leaders, they may have a higher level of affective commitment to the company. This can be achieved through transformational leader's distinctive charisma and exemplary role. Moreover, this DBA study suggests that in a context that values interpersonal relationship so much like China, treating talent as a specific individual emotionally can also increase their affective commitment to the company. This requires transformational leaders' practice of individual consideration.

Based on the research, talent in today's mainland China, especially in such a dynamic city

as Shenzhen, may have relatively lower continuance and normative commitment to their company. Although a life-time commitment can hardly be achieved, the research indicates that transformational leaders may still persuade talent to remain for at least three to five years with their inspirational motivation and idealized influence. Meanwhile, leader's persuasion may deliver a message of hoping to keep talent remain, which may also keep talent more emotionally stable.

This DBA study contributes to the literature in several ways. Firstly, despite a significant degree of academic and practical interest, the topic of talent management remains under-investigated (Collings and Mellahi, 2009; Iles et al., 2010a; Zhang et al., 2014). This study increases this body of knowledge by defining talent and identifying critical factors that may affect the propensity of an individual to remain with or leave an organization. Furthermore, as Bass indicates in his works (1985; 1998), transformational leadership can be one of the most important factors to control talent turnover. However, although such association has been studied, it is surprising that little research has been conducted to understand the underlying mechanisms through which transformational leadership exerts its influence on talent retention. This study contributes an empirically-supported theoretical framework for relationships between transformational leadership and talent retention by describing four approaches through which transformational leadership can influence talent retention. It also contributes to this line of studies by recognizing transformational leadership's superior effectiveness in increasing the rate of talent retention over other leadership styles such as transactional and laissez-faire in Avolio and Bass' (1991) Full Range of Leadership Model.

With regard to lessons for managerial practice, this DBA study recognizes the important role of executive-level leaders on talent retention strategies in the post-M&A context. Furthermore, although talent retention has been studied extensively in a western context, there are few studies addressing these issues with regard to Chinese companies (Cooke, 2008; Zhang et al., 2014). By using a case from mainland China, this study attempts to provide strategic guidance for multinational M&A practitioners who seek to increase their

company's rate of talent retention in the Chinese context. In addition, only a limited number of studies examine the underlying relationship between leadership styles and talent retention have been carried out in such a dynamic and unstable environment as post-M&A integration. Finally, the study attempts to provide a guidance for post-M&A executive-level leaders to adopt a suitable leadership style, or for multinational firms to select 'the right leader' for their acquisitions.

## **6.2 Limitations and Future Studies**

As with any research, this DBA study has limitations. First and foremost, this DBA study is based on a single case, and the number of participants was limited. Fisher et al. (2007) indicate that a case-based approach often has too small a sample of cases to claim that the links of cause and effect identified apply generally. Bryman and Bell (2003) also suggest that case studies inevitably lack representativeness. Therefore, the problem of whether the outcomes of this DBA study are transferable remains debatable: firstly, the generality of results in this DBA study can be a particular weakness since the DBA study is conducted in just one successful M&A case; secondly, whether the outcomes are equally applicable to other settings besides Shenzhen, a city in China can also be a problem as Shenzhen has such a distinctive immigrant culture. Therefore, future research in a larger number of organizations across geographical areas and with a larger number of participants should help to improve the generality of the model proposed in this document. Studies exploring the differences between china and other countries may also help to better understand the Chinese context.

Secondly, the participant qualification of this DBA study is defined as employees recognized as talent in terms of performance, potential, and position. In such definition, talent who have left the company would be better included. However, this is not achieved as the case company could not provide contact information of these talent. The might have bias as to only collecting talent who remain stay in the company. Future research that involves talent who have left the company may provide more insights about talent turnover.

Thirdly, the high sensitivity of questions such as talent's intention to remain and talent's evaluation on their leader's leadership style may have been biased due to participant's concerns of being revealed to their company or leader. Talent may also hesitate when they comment on their leader in front of a senior manager from FA group.

## EXHIBITS

### Exhibit 1: What has been done in the previous documents

Exhibit 1	What has been done in the previous documents
	<p><i>In document two, based on a careful review of existing literature on post-M&amp;A integration, it was found that people issues have gained more focus in recent decades than traditional financial growth drivers (Schuler, 2001). In fact, a Towers Watson (2011) report revealed that companies with successful deals may most likely have very effective HR functions; meanwhile, these companies tend to use people factors, such as talent acquisition and retention, to measure their success. Based on this understanding, further literature on post-M&amp;A HR issues was reviewed, and leadership and talent retention were identified as the most frequently discussed and the most challenging people issues in the process of post-M&amp;A integration. These findings have aroused the author's interest in further exploration of the inherent ties between leadership styles and talent retention, and the impact of each of them on business performance of firms undergoing their post-M&amp;A integration process.</i></p> <p><i>Based on these findings in document two, semi-structured interviews were conducted at the stage of document tree, which involved four leader participants and five talent participants working in FB. The objective of this research is to identify the key influential leadership styles for a successful post-M&amp;A integration in the Chinese context, and whether these leadership styles can influence talent retention strategies and practices of Chinese local firms acquired by multinational corporations at a post-M&amp;A integration stage.</i></p> <p><i>It is argued by the author based on the findings of the document three research that (1) among all the eight leadership styles identified through</i></p>

*literature review, charismatic, coaching, task-focused, and relationship-focused are most claimed by participants as successful and applicable leadership styles in post-M&A integration in the Chinese context, and these styles may contribute most to the firm's post-M&A business performance; and (2) most participants agree that leadership can have significant direct or indirect influence on talent retention, especially through managerial system, corporate culture and cohesion in a team.*

*Based on these findings, a survey was conducted at the stage of document four, which involved 107 talent participants currently working in FB. The objective of this research is to investigate whether the leadership styles of coercive, democratic, empowering, relationship-focused, task-focused, coaching, pacesetting, and charismatic positively influence post-M&A performance of local companies acquired by multinational corporations in the Chinese context. After a comparison between the statistical findings in document four and findings from the document three qualitative interviews, it is concluded that of all the eight leadership styles identified from literature, charismatic, coaching, task-focused are supported by this DBA study as influential leadership styles on the performance of post-M&A integration, while the influence of empowering style remain to be further investigated.*

Source: Compiled by the author

## Exhibit 2: Previous research findings concerning leadership's influence on talent retention

Exhibit 2	Previous research findings concerning leadership's influence on talent retention
	<p><i>In the semi-structured interviews conducted for document three, participants were asked to discuss about possible influence of leadership styles on talent retention. An overwhelming majority of participants indicated that talent's choice to remain with the company is highly related to leadership style. To some extent, their remaining can even be seen as a direct recognition for their leaders' style.</i></p> <p><i>Besides, in the list of possible reasons for loss of talent identified by participants, a failure to get accustomed to the new managerial system or to the new leader's leadership style ranked in the second place, just next to 'salary below expectation'.</i></p>

Source: Compiled by the author



### Exhibit 3: Transformational behaviors exhibited by FB leaders

#### Exhibit 3

#### Transformational behaviors exhibited by FB leaders

##### ***Attributed Charisma***

*All participants believed unanimously that leaders can lead their staff to achieve the vision of the company as long as his staff follows him. Most leaders showed great confidence in their role in post-M&A integration.*

##### ***Idealized Influence***

*Leaders in the studied context would like to set a role model for talent to follow. Many TRs also emphasized the importance of leaders setting an all-around role model for talent to following due to talent's confusion and ignorance of newly established working flows at early stage of integration.*

##### ***Inspirational motivation***

*An overwhelming majority of participants claimed that leaders may share the vision and information about domestic and global macro-economy with talent. Some claimed in particular that keeping talent informed about the vision and objectives of the company may contribute to the stability of human resource.*

##### ***Intellectual stimulation***

*Most leaders indicated that they would like to listen to talent if their suggestions are constructive.*

*All participants claimed unanimously that leaders in their working context would like to help their staff grow. Many leaders do not mind taking all the trouble to teach talent how to do their jobs.*

##### ***Individual consideration***

*An overwhelming majority of participants indicated that leaders would like to help talent establish tailored long-term development goals for their personal career.*

*All participants indicated unanimously that leaders care about talent's sense of belonging and emotional changes, and would like to communicate with them individually if necessary.*

Source: Compiled by the author

#### Exhibit 4: Previous research findings concerning effective incentives for talent retention

Exhibit 4	Previous research findings concerning effective incentives for talent retention
	<p><i>In the semi-structured interviews conducted for document three, participants were asked to identify effective incentives for talent retention from a list. Research result indicates that salary increase is seen as the most effective retention incentive. As TR2 commented, 'it is the simplest and most direct way to retain talent's. On the other hand, among all possible reasons for loss of talent, low salary also ranks first.</i></p> <p><i>Research result also shows that options concerning personal career development, including promotion to more senior levels, no immediate promotion but providing more attractive plan for talent's personal career development in the medium or long run, are recognized as very effective incentives as well. To some extent, a promising future is perceived equal to salary increase and fulfillment of self-esteem.</i></p> <p><i>Interestingly, providing comprehensive training on professional skills, which is not as material as the above incentives, prove to be a highly welcomed incentive in this DBA study.</i></p> <p><i>Immediately following these incentives are providing improved welfare (such as paid annual holidays, medical care, shuttle buses to and from work, canteens, tours, care system for talent's family and children, etc.), providing opportunities for employees to laterally move to interested positions, allowing employees to move to more convenient working locations. These incentives seem all relevant to humanistic care, which is consistently valued in FB as a corporate culture inherited from FA.</i></p> <p><i>Besides, LR2 emphasized that to effectively retain talent, it can be very</i></p>

*important to meet each individual's expectation with tailored incentives.*

Source: Compiled by the author

**Exhibit 5: Leadership plays a critical role in post-M&A integration in the case company**

**Exhibit 5**

**Leadership plays a critical role in post-M&A integration in the case company**

*Following the acquisition, the former chairman of the board and the President of former FB continued to be the President of the new joint venture for about one year. In Sep., 2009, he resigned from this position due to personal reasons. A senior production manager from FA group, who has been highly involved in the acquisition project since its beginning, succeeded him as the President of the new joint venture.*

*The first year following the acquisition did not bring many changes to the company. Things began to change since 2009, when the former leader of FB was replaced by the new leader. His leadership style seems highly recognized by employees. This may provide evidence for the significance of leadership in the successful integration of FB. Moreover, many participants mentioned that FB is a firm with robust culture, and this culture may stem from the leadership of the new President as well.*

Source: Compiled by the author

## Exhibit 6: Previous research findings concerning successful leadership styles in the studied context

Exhibit 6	Previous research findings concerning successful leadership styles in the studied context
	<p><i>In the semi-structured interviews conducted for document three, participants' perceptions on the eight styles of leadership contributing to the successful post-acquisition integration process in the Chinese context were captured through two perspective: (1) participants are asked to comment on leadership styles of their own (for LRs) or of their leaders (for TRs); (2) they are then asked to suggest directly which styles of leadership could be more helpful in the studied context. Since all participants agreed that the leaders they commented on have adapted smoothly to the post-acquisition working environment with their leadership styles, it is evident that participants deem these FB leaders' styles as successful. Consequently, the identified leadership styles from these two perspectives are basically consistent.</i></p> <p><i>Research findings supported that among the eight above mentioned leadership styles, authoritative, coaching, task-focused, and relationship-focused are most claimed by participants as successful and applicable leadership styles in post-M&amp;A integration in the Chinese context.</i></p>

Source: Compiled by the author

## Exhibit 7: Background information about the case

### Exhibit 7

### Background information about the case

#### *About FA group<sup>1</sup>*

*The acquiring firm, FA group, is a world-leading multinational supplier of solution and systems for measurement of objects in one, two or three dimensions, headquartered in Sweden. It has more than 12,000 employees in 40 countries worldwide, and its product portfolio comprises a large number of world-class brands that represent high quality and reliability.*

*FA's vision is 'to be a market leader—number one or number two—in each strategic business in order to generate growth and shareholder value'. M&A is one of the most important strategic tools for FA to fast extend its businesses in new and existing markets. Its most important developments were mostly made through M&A activities.*

*FA's acquisition strategy is 'to monitor a large number of companies to find applicable acquisition targets that can strengthen the product portfolio or to improve the distribution network in both new and existing markets' (FA, 2013). FA continuously analyses more than 200 acquisition candidates worldwide. The acquisition candidates are regularly evaluated financially, technologically, and commercially. Candidate's potential is determined on the basis of synergy simulations and implementation strategies.*

*In Greater China region, FA is headquartered in Qingdao city, Shandong province, and has approximately 2,000 employees. Up to date, FA has acquired ten international and local firms in Greater China Region, each has a strong presence in its sector and serves a specific customer*

<sup>1</sup> Information about FA is valid till Dec, 2011.

demand.

#### *About FB<sup>2</sup>*

*FB, held by FA, is a joint venture dedicated to developing, manufacturing and selling professional measuring equipment and instruments. Differentiated from other subsidiaries of FA group that target high-end markets, the market position of FB is offering 'leading technology, better quality, practical function at a moderate price' to customers' (FA, 2008). The company is headquartered in Shenzhen and has about 200 employees. Up to date, it has established an extensive sales and service network all over the country.*

*Before the acquisition, FB was a private-owned medium-scale local manufacturer of measuring instruments. It was an early pioneer in industrializing 3D laser scanning technology in China. With its strong R&D and production capacity, FB offered many high-precision measuring products, which have had a profound influence on the market.*

#### *About the Acquisition*

*The acquisition took place on August 1<sup>st</sup>, 2008. FA adopted an absorption strategy for the integration of the new entity, which is defined by Marks and Mirvis (cited in Bialek, 2008) as 'the acquired company conforming to the acquirer in terms of corporate culture, working styles and managerial system'. During the first months following the acquisition, FA sent several senior managers to headquarter of FB in Shenzhen, helping them to establish a brand new managerial system. Following the acquisition, all former employees were taken over by the new joint venture, except those*

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<sup>2</sup> Information about FB is valid till Dec, 2011.



*quitted at their own will.*

*In the previous qualitative research, participants describe the change of FB following the acquisition as an 'earthshaking' one and 'a reborn'. Taking advantages of FA group's global resources and international management systems, today's FB has achieved considerable growth in financial terms. The sales revenues and profit of FB were beyond the target set up before the acquisition integration, and the increased market share was also beyond the original target.*

*The acquisition is recognized by FA top management as a successful one not only financially, but also culturally. Among all the talent FB attempted to retain with special efforts following the acquisition, 70%-80% were successfully retained, and the majority of them are still working at FB currently, mostly as backbones of the company at various levels. This is a very high retention rate considering the high talent mobility of Shenzhen. Based on the previous qualitative research, one important reason for this is that the tradition of humanistic care advocated by FA has been largely inherited and highly accepted in the new entity. Employees feel cared and attended in such a company.*

Source: Compiled by the author

## **APPENDICES**

### **Appendix 1: High cost of turnover**

According to Sandhya and Kumar (2011), industry experts often quote 25% of the average employee salary as the total cost of employee turnover to organizations. But this estimate can be conservative, since it just takes the direct costs that are easily quantified into account. Some other studies (Crom, 2000; Ramlall, 2004) reported that combined with direct and indirect costs, the total cost of an employee turnover is a minimum of one year's salary, or a maximum of two years' salary.

Furthermore, some studies have shown that the costs of turnover for talent, such as technicians, professionals, and managerial employees, are especially high. And these people may constitute the main component of talent. For example, A BusinessWeek study (Mitchell et al., 2001a) estimated that if replacement costs alone are over \$10,000 for about half of all jobs, that for the top 20 percent jobs are over \$30,000. Fitz-enz (1997) stated that averagely company loses approximately \$1 million with every 10 managerial and professional employees leaving the organization. This can be a significant economic impact for an organization.

Turnover costs can be various in form. Organizations face many costs directly related to turnover. Losing talent can result in substantial costs regarding their quitting the organization, such as leave capitalization, exit interview time and administrative requirements, and the cost of temporary workers or overtime for coworkers asked to fill in. Subsequent replacement costs incurred subsequently may include advertising, processing of candidates, interviewing, selecting, and training for the position. (Mitchell et al., 2001a; Smither, 2003; Brown et al., 2004; Studer, 2004; Kotzé and Roodt, 2005; Petty et al., 2005; Yurchisin and Park, 2010).

Other costs, which are perceived as indirectly related to turnover, although more difficult to quantify, are also costly (Mitchell et al., 2001a; Kotzé and Roodt, 2005; Sandhya and Kumar, 2011). Firstly, Losing knowledge is a major concern to organization. Having remained in the

company for a considerable period of time, talented employees may have better understanding of the job, and possess the requisite knowledge and ability to perform at high levels (Kotzé and Roodt, 2005; Dey, 2009; Hausknecht et al., 2009). If the organization fails to retain them, leaving talent often take with them valuable knowledge and expertise gained through experience, and also information about projects and competitors (Mitchell et al., 2001a; Brown et al., 2004; Sandhya and Kumar, 2011).

Secondly, the risk of losing customers also increases with employee turnover (Smither, 2003; Brown et al., 2004; Kotzé and Roodt, 2005; Sandhya and Kumar, 2011). Customers do business with a company in part because of the people. Long-tenured employees develop personal relations with customers. These relations are the foundation for a reinforcing cycle of positive interactions between employees and customers. When an employee leaves the organization suddenly, customer services are interrupted. This could lead to loss of contact with potential customer. (Mitchell et al., 2001a; Kotzé and Roodt, 2005; Sandhya and Kumar, 2011) Therefore, talent retention has a positive effect on good customer relations and ultimately profitability (Kotzé and Roodt, 2005; Dey, 2009).

Furthermore, the replacement of employees, especially those regarded as organizational talent, may lead to reduced effectiveness and substantial productivity loss (Mitchell et al., 2001a; Brown et al., 2004; Studer, 2004; Kotzé and Roodt, 2005; Sandhya and Kumar, 2011). According to Dey (2009), various studies have shown that it takes anywhere from three to six months for a fresh hire to get trained and start performing.

Finally, losing talented employees is also costly in terms of the impact it has on company morale. According to Hay (2002) and Sandhya and Kumar (2011), turnover may, in turn, cause increased turnover, because when a talent leaves the organization, those that remain may often feel demotivated or disheartened, resulting in a drop in productivity and job satisfaction. If staff members witness the new job opportunities being snapped up by their colleagues, they could also follow suit. In contrary, by maintaining higher employee retention rates the employer can motivate potentially talented employees to join the organization by creating a secured environment.

## **Appendix 2: Herzberg's Motivation–Hygiene Theory**

Since the late 1950s, multiple theories of job satisfaction have been proposed, attempting to explain differences in job satisfaction as detected in empirical studies. One of the better-known theories was the Motivation-Hygiene Theory, or Two-Factor Theory, by Herzberg et al. (Herzberg et al., 1959; Herzberg, 1965a; Herzberg, 1965b; Herzberg, 1974; Herzberg, 1987). Despite some criticism of the clarity and validity of Herzberg's theory (King, 1970), this theory has had an enduring influence on job satisfaction research (Oplatka and Mimon, 2008).

According to Herzberg and his colleagues, factors involved in creating job satisfaction are separate and distinct from factors that lead to job dissatisfaction. Satisfaction and dissatisfaction are not on a continuum running from satisfaction to dissatisfaction but, instead, are on two different continua and each of these continua is independent. The continuum dealing with job satisfaction goes from satisfied to neutral and the continuum dealing with job dissatisfaction runs from dissatisfied to neutral, so a worker can be satisfied and dissatisfied simultaneously.

Based on this view, Herzberg and his colleagues carried a survey of 200 accountants and engineers. They discovered that employees tend to describe satisfying experiences in terms of factors that were intrinsic to the content of the job itself. These factors that lead to job satisfaction are called motivators, or intrinsic factors. Motivators may include, for example: achievement, recognition, work itself, appreciation, taking responsibility, the possibilities for advancement, etc. The motivation factors are listed as satisfiers, because they prompt employees to higher levels of performance (Oplatka and Mimon, 2008). The absence of intrinsic motivators does not cause dissatisfaction but results in neutrality on the continuum of satisfaction.

Conversely, the factors that lead to job dissatisfaction are called hygiene factors, or extrinsic factors. Hygiene factors are related to the environment in which the work is performed. These factors may include, for example: working conditions, organizational policies,

administration, salary, supervision, interpersonal relationships, etc. Herzberg argues that eliminating the causes of dissatisfaction through hygiene factors would not result in a state of satisfaction. Instead, it would result in a neutral state.

According to Hashim and Mahmood (2011), many academic researchers prefer to define job satisfaction based on the dual theory of Herzberg et al. For example, the Mohrman-Cooke-Mohrman Job Satisfaction Scale by Mohrman et al. (1977) closely follows Herzberg's theory by dividing factors of their study of job satisfaction into intrinsic/extrinsic groups. In empirical studies, many researchers have also measured job satisfaction with these two facets (Lucas et al., 1990; Bogler, 2001). For example, Weiss et al. (1967) utilized a multifaceted the Minnesota Satisfaction Questionnaire design to examine employee intrinsic and extrinsic satisfaction. Çoban's (2010) research classified all the items in the Minnesota Satisfaction Questionnaire into intrinsic and extrinsic satisfaction levels. Following these researchers, the two facets (intrinsic and extrinsic) of job satisfaction will also be employed in this DBA study.

## **Appendix 3: Critical Factors to Turnover or Retention Effectiveness**

### **Extrinsic factors**

#### *Competitive compensation*

Many researchers suggest that one of the most used retention strategy in organizations is offering competitive compensation and benefits (Sheridan, 1992; Izzo and Withers, 2002; Birt et al., 2004; Brown et al., 2004; Leininger, 2004; Chhabra and Mishra, 2008; Ho et al., 2009; Kerr-Phillips and Thomas, 2009; Gong et al., 2011; Grobler and de Bruyn, 2011; Smith et al., 2011; Sohail et al., 2011; Ya-Anan and Bunchapattanasukda, 2011; Gayathri et al., 2012). For example, according to the Harvard Management Update (1988, cited in Sandhya and Kumar, 2011), nine of ten managers think people remain or go because of money. Griffeth et al. (2000) note that pay and pay-related variables have a modest effect on turnover. They concluded that when high performers are insufficiently rewarded, they leave. The P-E Corporate Service's (cited in Kotzé and Roodt, 2005) international biannual survey of more than 800 companies employing 1,5 million people shows that one of the main reasons for leaving an employer was the prospect of better pay.

#### *Supervision*

Talent's decision on remain or leave also depends on their satisfaction with regard to the ability, effectiveness, and management style of their supervisor (Brown and Yoshioka, 2003; Leininger, 2004; Dey, 2009; Kontoghiorghe and Frangou, 2009; Sandhya and Kumar, 2011; Gayathri et al., 2012). For example, Hay's (2002) international study indicates that 74% of those who planned to remain were happy with their managers, and 'unhappy with their boss' was recognized as the second-highest factor contributing to high turnover. In a landmark study by the Gallup Organization (cited in Kotzé and Roodt, 2005) that includes interviews with 1 million employees and 80,000 managers, it emerged that people leave managers, not companies. Gentry et al. (2007) argue that talent feel connected with the organization if they get support from their supervisors which lead them to return the favor to the supervisors and organization through retention.

### *Social network*

Talent's decision on remain or leave also depends on their social network in the organization. According to Sohail et al. (2011), social network among employees is vital to retain talent because whenever talent left job, the whole relationship between worker and supervisor and among all workers is changed. Hausknecht et al. (2009) reviewed factors for successful talent retention in the major theories that have been advanced in the literature over the past 50 years and identified 12 retention factors, 34% of all participants identified constituent attachments, which is defined as the degree of attachment to individuals associated with the organization, such as supervisor, coworkers, or customers, as a critical factor.

Talent's social networking can be further specified as their relationship with supervisor (Brown et al., 2004; Kotzé and Roodt, 2005; Coldwell et al., 2008; Hausknecht et al., 2009; Kerr-Phillips and Thomas, 2009; Kontoghiorghe and Frangou, 2009; Sandhya and Kumar, 2011; Sohail et al., 2011) and with co-workers (Brown et al., 2004; Kotzé and Roodt, 2005; Hausknecht et al., 2009; Kerr-Phillips and Thomas, 2009; Sandhya and Kumar, 2011; Sohail et al., 2011). With regard to relationship with supervisors, Chatman (1991) demonstrated that the value congruence between employees and employers is positively related to job satisfaction, organizational commitment, intent to remain and actual retention. Samantrai (1992, cited in Brown et al., 2004) investigated social workers and found that poor relationships with the direct supervisor distinguished those who remained from those who left. With regard to relationship with co-workers, Izzo and Withers (2002) suggest that one of the best indicators of staff retention is the fostering of friendships at work. Schaufeli and Enzmann (1998) note that conflict with colleagues may lead to resignations.

### *Working environment*

Some researchers suggest that working environment or conditions may also impact on talent turnover (Milman, 2002; Leininger, 2004; Kerr-Phillips and Thomas, 2009; Grobler and de Bruyn, 2011; Sandhya and Kumar, 2011; Sohail et al., 2011). For example, The P-E Corporate Service's international biannual survey (cited in Kotzé and Roodt, 2005) of more than 800 companies employing 1.5 million people shows that a main reason for leaving an

employer was the prospect of better working conditions. In a Gallup survey (cited in Hodges, 2008), the general work environment was recognized by 16.5% participants as one of the six reasons for leaving. Gayathri et al.'s (2012) study suggests that out of 20 variables, well equipped and safety environment is recognized as one of the six factors that influences the talent retention more.

### *Organizational culture*

Another factor that may influence talent retention recognized by researchers is organizational culture (Chhabra and Mishra, 2008; Coldwell et al., 2008; Kerr-Phillips and Thomas, 2009; Kontoghiorghes and Frangou, 2009). For example, Kerr and Slocum (1987) and Kopelman et al. (1990) argue that the variation in talent retention across organizations may be related to organizational culture values. Sheridan (1992) demonstrated that organizational culture values have a significant influence on retention rates. Dey (2009) suggests that orienting the new talent to the organization's culture and making him feel wanted thus facilitating his being a part of the organization is a good retention management technique.

### *Selection and recruitment policies*

The influence of effective selection and recruitment of talent on retention have been supported by several authors. For example, Kontoghiorghes and Frangou's (2009) study suggests that effective selection and recruitment of talent is a strong predictors affecting talent retention. Dey (2009) suggests that one of the good retention management techniques is to hiring people who are best suited to the job and ensuring that they have understood their job properly. Sandhya and Kumar (2011) suggest that one of the high level retention strategies is to hire the right people for the right job in a right place at the right time from the beginning.

### *Open communications*

Many researchers has supported that open and effective communication may play an importance role in talent retention (Gering and Conner, 2002; Leiningner, 2004; Kotzé and



Roodt, 2005; Hodges, 2008; Kerr-Phillips and Thomas, 2009; Kontoghiorghes and Frangou, 2009; Grobler and de Bruyn, 2011; Sandhya and Kumar, 2011; Schweizer and Patzelt, 2012). For example, Milman's (2002) study indicates that talent were more likely to remain with their current employer because of improved talent communications. Carney (1998, cited in Gering and Conner, 2002) believes that the key to talent retention is quite simple: communicate, communicate, and communicate.

### *Organizational prestige*

Several studies have related the degree to which the organization is perceived to be reputable and well regarded to talent retention strategies (Sandhya and Kumar, 2011). For example, Kerr-Phillips and Thomas' (2009) research suggests that a reputable employer brand promotes the retention of top talent. Chhabra and Mishra (2008) suggest that organizational prestige is critical to a company's ability to attract, motivate and retain the best and the brightest, thus gaining competitive advantage in the marketplace. Hausknecht et al. (2009) reviewed factors for successful talent retention in the major theories that have been advanced in the literature over the past 50 years and identified 12 retention factors, 13% of all participants indicated that organizational prestige is a critical factor, which ranked the fifth among all factors.

### *Job Security or stability*

Some researchers job security or stability can also influence talent's intention to leave (Kotzé and Roodt, 2005; Gong et al., 2011; Smith et al., 2011). For example, a Gallup research (cited in Hodges, 2008) based on information gathered over a thirty year period reported job security as one of the key reasons for leaving.

### *Job alternatives*

Many researchers recognize job alternatives or talent's perceptions of alternative jobs as a main reason for people leaving their employer (Lee et al., 1996; Mitchell et al., 2001a; Milman, 2002; Sandhya and Kumar, 2011; Gayathri et al., 2012).

## **Intrinsic factors**

### *Promotion opportunities*

Previous studies recognize promotion opportunities as a key strategy to prevent talent turnover (Huselid and Day, 1991; Sheridan, 1992; Mitchell et al., 2001a; Gering and Conner, 2002; Kotzé and Roodt, 2005; Hodges, 2008; Gong et al., 2011; Gayathri et al., 2012). For example, a study conducted by McKinsey cited in Chhabra and Mishra (2008) measured nineteen talent value proposition dimensions, and opportunities of advancement and growth was recognized by participants as a relatively important factor. Hay's (2002) study also revealed that only 22% of talent planning to leave were satisfied with advancement opportunities.

### *Career development*

Compared with the immediate opportunity of promotion, more researchers consider the long-term career development as a more important factor for retention (Sheridan, 1992; Elsdon and Iyer, 1999; Crom, 2000; Smither, 2003; Birt et al., 2004; Leininger, 2004; Kotzé and Roodt, 2005; Chhabra and Mishra, 2008; Hausknecht et al., 2009; Kerr-Phillips and Thomas, 2009; Sandhya and Kumar, 2011; Smith et al., 2011; Sohail et al., 2011; Gayathri et al., 2012). For example, Hannay and Northan (2000) argue that future opportunities help in retaining talent because these opportunities are associated with more pay, additional work responsibilities, superior work environment and different incentives plans. Based on information gathered over a thirty year period, the Gallup organization recognized the lack of career advancement or opportunities for promotion as a key reasons for leaving (31.5%), ranked the first among all six reasons for leaving (Hodges, 2008).

### *Training and opportunities to learn*

Another factor that is related to future career development is training or opportunities to learn (Hom and Griffeth, 1991; Gering and Conner, 2002; Leininger, 2004; Kotzé and Roodt, 2005; Chhabra and Mishra, 2008; Hodges, 2008; Kerr-Phillips and Thomas, 2009; Kontoghiorghe and Frangou, 2009; Sandhya and Kumar, 2011). According to Hay's (2002) international

study, only 38% of those planning to leave were satisfied with the current opportunities to learn new skills. Izzo and Withers (2002) argue that a lack of opportunities to learn and grow often leads workers to move on to other employment.

### *Praise and recognition*

Many studies argue that talent's contribution should be valued. Praise and recognition are found to be highly associated with talent retention (Crom, 2000; Izzo and Withers, 2002; Kerr-Phillips and Thomas, 2009; Kontoghiorghes and Frangou, 2009; Grobler and de Bruyn, 2011; Sandhya and Kumar, 2011; Gayathri et al., 2012). For example, Gering and Conner (2002) suggest that treating talent with respect and dignity is critical to retaining them; recognition of talent's achievements, encouraging innovation, handling their complaints fairly rewarding them for jobs well done is some of the ways for employers to show workers respect and retain them. Hodges (2008) argues that If talent feel valued and respected for doing their jobs well, they are less likely to leave. In a study based on almost 20,000 interviews by the Saratoga Institute (cited in Hodges, 2008), feeling devalued and unrecognized is identified as one of the seven key reasons for talent loss.

### *Job autonomy*

Job autonomy is also found to be associated with talent retention (Brown et al., 2004; Kontoghiorghes and Frangou, 2009; Smith et al., 2011; Gayathri et al., 2012). For example, in a study conducted by McKinsey (cited in Chhabra and Mishra, 2008), nineteen talent value proposition dimensions were measured, and freedom and autonomy was recognized by participants as the third most important factor. Dey (2009) argues that one of the good retention management techniques adopted by successful companies is giving talent as much of freedom as they can handle.

### *Interest in job itself*

Many researchers consider talent's interest in job itself a very important factor for talent retention (Crom, 2000; Milman, 2002; Birt et al., 2004; Kotzé and Roodt, 2005; Hodges, 2008; Dey, 2009; Sandhya and Kumar, 2011). For example, Izzo and Withers (2002)

suggest that the most frequently cited reason for turning down job offers in favor of remaining with the current employer is that people are excited and engaged by the jobs they perform. Boxall et al. (2003, cited in Gayathri et al., 2012) found that the main reason by far for people leaving their employer was for more interesting work elsewhere. In a study conducted by McKinsey (cited in Chhabra and Mishra, 2008), the job has exciting challenges was recognized by participants as the fourth most important factor out of nineteen talent value proposition dimensions.

### *Job fulfillment*

To retain talent, it is also important to enhance their job fulfillment, making them feel both they themselves and their job are important (Gering and Conner, 2002; Leininger, 2004; Kotzé and Roodt, 2005). For example, Milman's (2002) study indicates that talent were more likely to remain with their current employer if they had a better sense of fulfillment with regard to their current job. Dey (2009) suggests that talent look for work that would stretch them enough. Therefore, one of the good retention management techniques is to give them a feeling that the management believes them by delegating them with larger responsibilities.

## **Appendix 4: Brief research history of leadership**

### **Trait Theories**

The earliest leadership theories focused on “what” an effective leader is, not on “how” to effectively lead (Syndell, 2008). Researchers began to identify effective leaders through discovering certain leadership characteristics or personality traits which characterized successful leaders (Johnson et al., 1998; Crist, 1999; Ogbonna and Harris, 2000; Murphy, 2005; Benjamin and Flynn, 2006; Syndell, 2008). These theories are referred to as trait theories. Trait theories assume that successful leaders are born, not made; and that they have certain innate qualities which distinguish them from non-leaders (Ogbonna and Harris, 2000; Turner and Müller, 2005; Syndell, 2008). Researchers compiled lists of traits that had been associated with leadership, typically through observations of characteristics of publicly visible leaders (Johnson et al., 1998). These traits may generally fall into five categories: (1) abilities traits, such as general intelligence, work-related knowledge, communicating and negotiating ability, originality, being driven to excel, being results-oriented, accepting of responsibility, problem-solving ability, etc. (Crist, 1999; Turner and Müller, 2005; Syndell, 2008; Boonyachai, 2011); (2) personality traits, such as self-confidence, ambition, adaptability, dependability, honesty and integrity, assertiveness, the desire to lead and influence others and emotional stability (Crist, 1999; Turner and Müller, 2005; Syndell, 2008; Boonyachai, 2011); (3) physical appearance traits, such as age, height, appearance and energy level (Crist, 1999; Turner and Müller, 2005; Syndell, 2008; Boonyachai, 2011); (4) Social background traits, such as education and being socially prominent or upwardly mobile (Syndell, 2008); (5) Social characteristics, such as being charismatic, charming, tactful, popular, cooperative, and diplomatic (Syndell, 2008).

During the period from 1904 to 1948, trait theories were influential with over one hundred trait studies being conducted (Crist, 1999; Murphy, 2005). However, trait theories have been extensively criticized later on, because firstly, it does not suggest that leadership styles can be developed or acquired through experience and training (Marquis and Huston, 2000), and secondly, these studies fail to create a practical framework that would guarantee leadership

success as different studies found different traits associated with leaders (Yukl, 2002). Besides, Stogdill (1948) concluded that leadership traits differ in various organizational situations. Thus, traits were deemphasized to take into account situational conditions (Syndell, 2008).

## **Behavioral Theories**

During the 1940s to the 1960s, the behavioral approach added a new dimension to leadership study (Crist, 1999; Ogbonna and Harris, 2000; Murphy, 2005; Turner and Müller, 2005). In contrast with trait theories, it assumes that effective leaders can be trained (Stogdill, 1948). Leaders adopt certain styles or behaviors to influence their subordinates, and their behavior will evoke some sort of expected, specific or measurable behavior in the followers (Davis and Luthans, 1979). In this way, behavioral theorists shift the emphasis away from the intrinsic traits of the leader to the behavior and style the leader adopts (Ogbonna and Harris, 2000)

According to Turner and Müller (2005), most of the best-known behavioral theories characterize leaders against one or two parameters, and place them on a one-dimensional continuum or in a two-dimensional matrix. For example, according to the degree of involvement of followers in decision-making and the extent to which employees are allowed to act on their own initiatives, coercive, democratic, empowering and laissez-faire leadership styles can be adopted by a leader (Murphy, 2005; Zhang, 2012). According to concern for people or task, Ohio State University, the University of Michigan, and Harvard University identified relationship-focused and task-focused leadership as leadership styles a leader could adopt (Yukl, 1999; Murphy, 2005; Madlock, 2008; Syndell, 2008).

Although behavioral studies were pivotal in the description of leadership styles (Crist, 1999), like trait theory, this approach emphasized only leader behaviors disregarding other variables such as situational elements that might moderate the relationship between leader behaviors and leader effectiveness (Ogbonna and Harris, 2000; Syndell, 2008). As a result, leadership theory in the 1960s began to focus on 'situational' and 'contingency' theories of

leadership.

### **Situational/ contingency theories**

In the late 1960s and 1970s, focus shifted away from the internal world of the leader to situational Leadership and contingency models of leadership. Two of the more well-known theories are Fiedler's (1967) contingency theory and Hersey and Blanchard' (1977) situational leadership theory.

These theories emphasize the importance of contextual factors in determining leader behavior and effectiveness (Syndell, 2008; Wang et al., 2011). Yukl (1989; 2002) identified the following contextual factors: the leader's authority and discretion, the nature of the work performed by the leader's unit, characteristics of the followers, the type of organization, and the nature of the external environment. Although each study emphasizes the importance of different factors, the general premise of the situational and contingency perspectives is that different situations demand different kinds of leadership. Leaders can select from a wide variety of leadership styles. They may also use multiple styles in a given time period depending on the business situation (Hersey and Blanchard, 1993; Yukl, 1999; Goleman, 2000; Yukl, 2002). It postulates that effective leaders must correctly identify the behaviors each situation requires and then be flexible enough to understand how they can be applied in that situation (Hersey and Blanchard, 1993; Ogbonna and Harris, 2000; Pierce and S., 2003; Hancott, 2005; Turner and Müller, 2005). This shift the emphasis away from 'the one best way to lead' to context-sensitive leadership (Ogbonna and Harris, 2000).

Situational/contingency leadership theories offer important insights into the interaction between contextual factors and leadership style. But it has also been found to be insufficient because the theory could not predict which leadership skills would be more effective in certain situation (Syndell, 2008).

## **Appendix 5: New models of turnover**

Apart from the traditional model of turnover, recent theories and studies have also suggested new and different ways to think about turnover. Some modifies traditional attitudinal measures, some introduced new constructs. Two of them are especially noticeable, one is the unfolding model from Lee and Mitchell (1994) about multiple paths for leaving; the other one is 'job embeddedness' from Mitchell et al. (2001b), a construct including both on- and off-the job causes of turnover. These models propose conceptual mechanisms that take factors excluded from the traditional model of turnover into account. For example, the unfolding model by Lee & Mitchell (1994) identifies 'shocks' as a major component in talent's decision to quit a job. A shock can be non-job-related personal events such as a marriage, a pregnancy, or a lottery. Job embeddedness recognizes off-the-job embeddedness or community embeddedness as a component that precipitates talent turnover behaviors.

These new ideas have helped scholars better understand the conceptual and empirical links between talent turnover and various factors that have not been included in the traditional model of turnover (Lee et al., 2004). However, this DBA study is not going to explore the mediating effect of these non-job-related factors in the association between transformational leadership and talent retention, because leadership can hardly impact on these factors.

### **The unfolding model of voluntary turnover**

One notable exception to the traditional models is Lee and Mitchell's (1994) unfolding model of voluntary turnover. Inspired by Beach's (1990) image theory and the turnover theories presented by Mobley (1977), Steers and Mowday (1981) and Hulin (1985), Lee and Mitchell (1994) provided a unique perspective on voluntary employee turnover that is not induced solely by job dissatisfaction and job alternatives. In addition, the Lee and Mitchell (1994) model expanded March and Simon's (1958) thinking by identifying the psychological and behavioral paths involved in the decision to quit a job, which were new to turnover research.

The unfolding model's major components include shocks, scripts, image violations, job



satisfaction, search and/or evaluation of alternatives, and likely offer (Lee et al., 1999). Before describing the four decision paths in further details, the concepts of shocks, scripts should be defined first. Other components will be specified in the follow-up descriptions of the four decision paths.

A shock is defined by Lee and Mitchell (1994), p60 as “a very distinguishable event that jars employees toward deliberate judgments about their jobs and, perhaps, to voluntarily quit their job”. Lee and Mitchell (1994) argue that in many cases, employees simply leave because the shock results in scripted behavior, where no extensive mental deliberations take place. Shocks can be personal events, job-related events, or organizational events. Personal events may include marriage, a pregnancy, an inheritance, a lottery, or a spouse receives a job offer in another city, etc. Job-related events may include being assigned a new sales territory, missing a promotion, receiving a job offer, having an argument with the boss, etc. Organizational events may include corporate takeovers, scandals, or downsizing. It should be noted that shocks can be positive (e.g. the birth of a child), neutral (e.g. a transfer of job location), or negative (e.g. missing a promotion opportunity); Shocks can also be expected (e.g., receiving a legally mandated warning, as opposed to layoff, letter after a previously announced reduction in the work force) or unexpected (e.g., announcement of a reduction in the work force for next year).

A script is a preexisting plan of action, and it can be based on past experience, observation of others, reading, or social expectations (Lee et al., 1999). The shock causes the employee to search his/her memory for script. If a relevant past experience or script exists, a match is said to occur, and the response of remaining or leaving is enacted. If recollection is absent, image violations occurs, and another decision path may be initiated (Lee et al., 1996). The following decision paths summarize how employees interpret their work environments and how they identify decision options and enact responses (Lee and Mitchell, 1994).

Decision path 1 requires the employee to go through three steps: Firstly, a shock occurs. Secondly, the shock causes the employee to search his/her memory for prior decisions,

rules, or learned responses, referred to as a script. Thirdly, if a match occurs between the shock and the script and it suggests that quitting is appropriate, the decision to quit is enacted automatically. If there is no match, a different decision-path is evoked (Lee and Mitchell, 1994). This decision Path takes very little mental deliberation. The person who has experienced the shock leaves without considering his/her current attachment to the organization and without considering alternatives. Moreover, levels of job satisfaction are essentially irrelevant in path 1 (Lee et al., 1996; Donnelly and Quirin, 2006).

In decision path 2, the employee could be affected by the same shock as for decision path 1. However, a search for a script based on previous experience finds no match to the shock. Therefore, the individual evaluates how well the shock fits with his/her personal principles, goals, and plans (referred to as value images). In image theory, this is referred to as a compatibility test (Beach, 1990). If the shock is compatible with the individual's images, the employee will remain. If the shock does not fit the individual's images, an image violation occurs, and the employee will either quit the organization or make a change in his/her images.

Decision path 3 begins in a similar manner as path two: a shock occurs and a search for a script was performed. However, in path three, the compatibility test finds the shock to be incompatible and the dissatisfaction initiates a search for alternatives. If alternatives are identified, the benefits of remaining are compared with the acceptable alternatives. If the current position maximizes the employee's benefits, s/he remains. If an alternative provides greater benefit, the employee quits (Lee & Mitchell, 1994). Unlike the first two paths, this path includes a search for and/or an evaluation of alternatives and requires considerable deliberation (Lee et al., 1996).

Decision path 4 differs from the first three processes because it does not begin with a shock event. Instead, over time either the organization or their own personal images gradually change to the point that they no longer have a compatible fit with their organization. This lack of compatibility results in job dissatisfaction and a reduced organizational commitment.

When dissatisfaction occurs, the employee will choose one of two decision processes. In decision-path 4(a) the employee's dissatisfaction results in the employee choosing to quit without considering job alternative. In decision-path 4(b) the individual's dissatisfaction will initiate a search for alternative and/or evaluation of each alternative's compatibility, and a decision to remain or leave based on the assessment of maximum benefit.

In summary, in decision path 1, a shock and matching script occur, but job search, evaluation of alternatives, and offers in hand do not; in decision path 2, a shock and at least one image violation occur, but a matching script, job search, evaluation of alternatives, and offers in hand do not; in decision path 3, a shock, at least one image violation, some disaffection, a job search, an evaluation of alternatives, and at least one job offer in hand occur, but a matching script does not; in decision path 4a, at least one image violation and some disaffection occur, but a shock, a matching script, a job search, and evaluation of alternatives, and offers in hand do not; in decision path 4b, at least one image violation, some disaffection, a job search, an evaluation of alternatives, and at least one job offer in hand occur, but a shock and a matching script do not. (Lee et al., 1996)

It should be noted that three of the four paths are caused by shocks, only path 4b represents the process suggested by most turnover theories, whereby people leave because of lower levels of job satisfaction.

Lee et al. (1996) conducted the first empirical test of the unfolding model since its publication and demonstrated that these four decision paths completely described the leaving process for approximately 63% of their sample. Lee et al.' (1999) findings also supported that employees generally used one of four distinct decision-paths in their decision to quit their job. Donnelly and Quirin (2006) classified 86% of the participants into one of the four decision paths and thus provided further evidence of the generalizability of the unfolding model.

### **Job embeddedness**

Another new construct presented by Mitchell et al. (2001b) is entitled 'job embeddedness'.

This construct addresses several individual-level factors that enmesh employees in their jobs (Felps et al., 2009). Distinct from major turnover models developed previously, job embeddedness makes more emphasis on why people remain in the job rather than on why they leave (Lee et al., 2004; Ramesh and Gelfand, 2010).

Drawing from the ideas of embedded figures and field theory (Lewin, 1951), Mitchell et al. (2001b) developed the concept of job embeddedness, which “describes the factors that keep an individual from leaving the organization, in spite of experiencing situations that might lead to thoughts of leaving” (Gong et al., 2011, p227). Mitchell et al. (2001b) and Lee et al. (2004) describes job embeddedness as like a net or a web in which an individual can become stuck or embedded in their job as a result of various organizational or community-related forces.

Job embeddedness has two dimensions: on-the-job embeddedness and off-the-job embeddedness (Mitchell et al., 2001b). On-the-job embeddedness, or organization embeddedness, refers to “how enmeshed a person is in the organization where he or she works” (Crossley et al., 2007), whereas off-the-job embeddedness, or community embeddedness, refers to “how entrenched a person is in his or her community” (Crossley et al., 2007).

According to Mitchell et al. (2001b), each of the two forms of embeddedness is represented by three independent components: (1) Link, which is described as formal or informal connections between employees and institutions, locations, and other people. Not only do employees establish these links within organizations (e.g., coworkers, subordinates, and supervisors), but they also establish links with individuals outside of work in the community in which they live (e.g., friends, families, community organizations, etc.) (Wheeler et al., 2010). The higher the number of links between the person and the web, the more she or he is bound to job and organization. (2) Fit, which is defined as an employee's perceived compatibility or comfort with job, organization, and community (Mitchell et al., 2001b). According to Mitchell et al. (2001b), an employee's personal values, career goals, and plans

for the future must fit with the larger corporate culture and the demands of his or her immediate job (job knowledge, skills, and abilities). The better the fit, the higher the likelihood that an employee will feel professionally and personally tied to an organization. The same rationale applies to community fit, where individuals possess unique interests in the community in which they live (Wheeler et al., 2010). (3) Sacrifice, which “captures the perceived cost of material or psychological benefits, such as relationship with colleagues, interesting projects, or perks, that may be forfeited by leaving a job (Mitchell et al., 2001b, p1105). The more they would give up when leaving, the more difficult it will be for them to sever employment with the organization (Shaw et al., 1998, cited from Mitchell et al., 2001b). Sacrifice also occurs outside the organization in that employees are forced to lose the benefits of belonging to a community should they relocate to another community for work purposes (Wheeler et al., 2010).

When the two forms of organizational and community embeddedness are associated with the three components of link, fit and sacrifice, six dimensions of job embeddedness are formed as organization fit (fit with an organization), community fit (fit with a community), organization links (connections with people in the organization), community links (connections with people in the community), organization sacrifice (what the individual gives up when leaving the organization), and community sacrifice (what the individual gives up when leaving the community) (Mitchell et al., 2001b).

Previous researchers claimed that job embeddedness is broader than job satisfaction in several ways. First, job satisfaction only assesses on-the-job dimensions, whereas job embeddedness assesses both on- and off-the-job dimensions (Mitchell et al., 2001b; Holtom and Inderrieden, 2006; Crossley et al., 2007; Wheeler et al., 2010). Secondly, according to Crossley et al. (2007), job satisfaction and the various forms of commitment represent specific reasons for being attached. In contrast, job embeddedness represents a general attachment construct that assesses the extent to which people feel attached, regardless of why they feel that way, how much they like it, or whether they chose to be so attached. Additionally, job embeddedness focuses on both the expected and unexpected events that

precipitate employee turnover behaviors, whereas job satisfaction focuses exclusively on expected events (Holtom and Inderrieden, 2006)

Many studies have shown strong support for the job embeddedness model. Mitchell et al. (2001b) provided initial empirical support for job embeddedness through a survey with 464 employees in a regional grocery store chain and a community-based hospital. The findings support their arguments that job embeddedness is a key mediating construct between specific on-the-job and off-the-job factors and employee retention, and that embeddedness predicts variance in voluntary turnover over and above job satisfaction, organizational commitment, perceived alternatives, and job search. Crossley et al. (2007) provided additional evidence for the convergent and discriminant validity of the job embeddedness measure and demonstrated the value of job embeddedness beyond that of job satisfaction, organizational commitment, and perceived alternatives. Holtom and Inderrieden (2006)'s study also suggests that job embeddedness is a key mediating construct between specific on the job and off the job factors and employee retention. Felps et al. (2009) choose to focus on job embeddedness in their research, as opposed to job satisfaction or organizational commitment, because they perceived job embeddedness as a broader construct that captures a greater range of factors that provoke leaving.

## **Appendix 6: Laissez-faire and transactional leadership in the Full Range of Leadership Model**

### **Laissez-faire leadership**

Laissez-faire leadership represents the absence of leadership in which the leader avoids making decisions, abdicates responsibility, and does not use their authority (Bass and Avolio, 1997; Bulter and Chinowsky, 2006). Laissez-faire leaders may answer basic questions but do not encourage discussion or make decisions in any way (Peterson, 1997; Wang et al., 2011).

Criticisms on the laissez-faire style in existing literature were mostly negative. Northouse (1997) placed the Full Range of Leadership Model along a continuum, with laissez-faire being at the far end of less effective leadership. Hartog et al. (1997) suggest that this type of leader is inactive, rather than reactive or proactive; in a sense this extremely passive type of leadership indicates the absence of leadership. Marquis and Huston (2000) cautioned that this style of leadership may precipitate disinterest in staff and thus cause a crisis in the group or the organization. Bass (1990) concluded that there is a negative association between laissez-faire leadership and a variety of subordinate performance, effort and attitudinal indicators. This implies that laissez-faire leadership may always be an inappropriate way to lead. Therefore, this DBA study will not spent time exploring this leadership.

### **Transactional leadership**

Prior to the prevailing of transformational leadership, most researchers referred to transactional leadership as the core component of effective leadership behavior in organizations (Bass et al., 2003). Bass (1985) proposes two factors of transactional leadership. The first factor is 'contingent reward', which means followers comply with the leader or meet performance targets in exchange for praise, rewards, resources, or the avoidance of punishment. The second factor is 'management by exception', which means leaders taking corrective action only when followers deviate from expectations or fail to meet the goals.

Transactional leaders emphasize the clarification of tasks, and discuss specifically expected outcomes and performance targets with followers (Bass et al., 2003; Mester et al., 2003; Muniapan, 2007; Sosik and Dinger, 2007). It involves an exchange of tangible and material resources in which the nature of the exchange is specified and expectations about the duration of the relationship are short term (Tabernero et al., 2009). It also involves encouraging others to develop and perform beyond standard expectations (Benjamin and Flynn, 2006).

Compared with transformational leadership, transactional leadership received more negative criticisms. For example, Bass (1985) argues transactional leadership primarily focused on follower goal and role clarification and the ways leaders rewarded or sanctioned follower behavior. This make it limited to inducing only basic exchanges with followers. Dunham and Klafehn (1990) criticized transactional leadership as lacking vision for the future and endorsing only first order changes which implicate on policy and or procedure rather than organizational or cultural change. Bottery (2001) contended that transactional leadership is insufficient to stimulate desired improvement. Such approaches necessarily did not touch deeper levels of workers' motivation, which were bound up with beliefs and culture. Additionally, Murphy (2005) argues that active management by exception may essentially prompt stressors. If situational factor is taken into consideration, transactional leaders are criticized as only suited to an existing system and stable structures by maintaining status quo (Bass et al., 1987; Bottery, 2001; Carter, 2009), because these leaders prefer avoiding risks, and do not try to make any changes (Bass, 1985; Lowe et al., 1996; Carter, 2009). On this point, transactional leadership is not seen as a suitable style in the post-M&A context.

On the other side, some researchers contended that whilst the merits of transactional leadership are few, it is still an effective style (Cable and Judge, 2003; Judge and Piccolo, 2004). For example, Trice and Beyer (1993) suggest that transactional leaders are most effective at integrating cultures. Bass et al. (2003) suggest transactional contingent reward style leadership to be positively related to followers' commitment, satisfaction, and performance. Stordeur et al. (2001) contended that transactional leaders can offer prompt



solutions for immediate staff needs, particularly under stressful conditions.

## **Appendix 7: Relationship between transformational and transactional leadership styles**

In existing literature, some scholars have described transformational and transactional leadership as competing approaches to motivating followers. In particular, Burns (1978) claimed that these two styles exist at opposite ends of a continuum, and a leader can display transformational leadership or transactional leadership, but not both.

But many other leadership scholars (Bass, 1985; Waldman et al., 1990; Bycio et al., 1995; Bass and Avolio, 1997; Bass, 1998; Avolio, 1999; Avolio and Bass, 1999) hold a different view, arguing that these styles are not competing, but complementary. This means a leader can be both transactional and transformational (Bass and Avolio, 1997; Hartog et al., 1997; Waldman et al., 2001; van Eeden et al., 2008; Boonyachai, 2011). Avolio and Bass (1991) stated that in practice, it is possible to describe a purely transactional organizational culture and a purely transformational one, but that most organizations have cultures characterized by both styles.

Some empirical studies also support this view. For example, van Eeden et al.'s (2008) research indicates that some of the managers relied on both transformational behaviors and active transactional behaviors with an absence of behaviors associated with passive styles. The rest of the managers used behaviors associated with all the styles. Bensimon (1993) examined differences in effect between transformational and transactional leadership styles among presidents and found that a blending of the two approaches appeared to be utilized and was potentially most effective. Transformational leadership helped build satisfaction among staff and faculty and increased morale, while transactional leadership helped build the infrastructure of the organization, its capacity and resources.

Although transformational and transactional leadership can be seen as complementary, Bass (1985) argues that transformational leadership builds on transactional leadership but not vice versa. Transactional leadership helps maintain a form of employment contract with followers and provides actions to protect the status quo by making sure that deviations from

expectations are corrected, thus helping to ensure expected performance levels; transformational leadership adds to the effect of transactional leadership on outcomes such as performance through motivate followers to put forth effort beyond expectations (Waldman et al., 2001). Therefore, Murphy (2005) suggests that effective organizations move in the direction of a transformational culture but also maintain a healthy level of transactional qualities. Stordeur et al. (2000) also asserted that effective leadership requires a balance between transactional and transformational leadership.

## **Appendix 8: Philosophical stances**

To prevent the research from using inappropriate methods that are incapable of answering the research questions, proper ontological and epistemological stance should be taken throughout the DBA study.

### *Ontological Stance*

One of the philosophical issues that should be concerned is ontological stance of the DBA study. It guides the ways in which research is carried out. Ontology concerns the nature of reality. According to Bryman and Bell (2003), the central question of social ontology is 'whether social entities can and should be considered objective entities that have a reality external to social actors', or 'whether they can and should be considered social constructions built up from the perceptions and actions of social actors'. These positions are frequently referred to respectively as objectivism and constructionism (or nominalism).

The objectivists think that universals were real and had an existence separate from people's thoughts about them. Therefore, an objectivist holds that the concepts people use when talking about management or an organization can be real (Bryman and Bell, 2003; Fisher et al., 2007).

In contrast, researchers who take a constructionist position believe that reality is socially constructed. According to Fisher et al. (2007), this means that 'people's understanding of reality is not a simple account of what is; rather, it is something that people in societies and groups form from their interpretation of reality, which is influenced by their values and their way of seeing the world'. Therefore, instead of an objective reality, constructionist researchers study the different accounts people give of issues and topics, and people's accounts of the process by which they make sense of the world.

### *Epistemological Stance*


Another philosophical issue that should be concerned is epistemological stance of the DBA

study. Epistemology refers to 'the study of the way one think about the development of knowledge' (Saunders et al., 1997). It mainly concerns whether human subjectivity is recognized or ignored when people seek knowledge of the world (Gill and Johnson, 2002). According to this discipline, former researchers (Saunders et al., 1997; Bryman and Bell, 2003; Fisher et al., 2007) have identified two dominant epistemological positions: positivism and phenomenology.

Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality (Bryman and Bell, 2003). According to Fisher et al. (2007), it rejects the subjective ideas, and holds that an accurate knowledge of things is possible. It develops covering laws and performs tests that prove them can be replicated. In a positivist research, highly structured methodology to facilitate replication and quantifiable observations that lead themselves to statistical analysis is emphasized (Saunders et al., 1997). Nevertheless, Fisher et al. (2007) point out that the problems with the positivist position is that it can predict only the average behavior, not the behavior of individuals, while in the business field, understanding particularities can be significant.

Phenomenology is seen as a contrasting epistemology to positivism (Bryman and Bell, 2003). Fisher et al. (2007) argue that people who take a phenomenological approach see the link between understanding and action as an indirect one, which is mediated through people's thinking, values and relationships with each other. They see the world as extremely complex and options for action are not always clear. Therefore, they are very concerned about interpretations and particularities.

Bearing in mind that this DBA study is going to establish relationships among constructs in the conceptual framework depicted previously, some theories are reviewed for consideration of ontological and epistemological positions in research design by former researchers. The model by Fisher et al. (2007) based on Gill and Johnson's (2002) framework (see Figure 8-1) seems practical for this DBA study.

	<b>Non-recognition of the relevance of human subjectivity</b>	<b>Recognition of the relevance of human subjectivity</b>
<b>Ontological realism</b>  <b>Ontological nominalism</b>	Positivism       Not a possible combination	Methodological pluralism Realist research Critical realism Standpoint research Action research  Interpretivism

**Figure 8-1 Methodological Choices**

Sources: Fisher et al. (2007), based on Gill and Johnson (2002)

This model tries to plot different methodological approaches in a matrix with two dimensions: (1) whether what is being researched is thought to have an objective existence or focuses on the subjective meanings that individuals and societies use to make sense of their world, which concerns ontological positions; and (2) whether our knowledge is an exact reflection of the world, or whether human subjectivity is recognized or ignored, which concerns epistemological positions.

With the aid of this model, it is suggested that realist research seems a proper methodological approach for this DBA study.

## Appendix 9: Sample frame by category of talent

### High performers

No.	Name	Position	Company phone No.
1	Concealed	Sales	Concealed
2		Internet promotion	
3		Accountant	
4		Warehouse executive	
5		Material planning specialist	
6		Accountant	
7		AE executive	
8		Commercial support specialist	
9		COS	
10		AE executive	
11		HR executive	
12		AE	
13		Image assembling executive	
14		Purchase specialist	
15		COS	
16		Commissioning Engineer	
17		After-sales service executive	
18		Commissioning team leader	
19		Warehouse keeper	
20		After-sales service	
21		After-sales service executive	
22		After-sales service	
23		AE	
24		Sales	
25		Configuration management engineer	

No.	Name	Position	Company phone No.
26		Assembling team leader	
27		After-sales service	
28		After-sales service	
29		After-sales service	
30		After-sales service	

*High potentials*

No.	Name	Position	Company phone No.
1	Concealed	Planning manager	Concealed
2		Material planning specialist	
3		Engineer	
4		Purchase executive	
5		Environmental equipment executive	
6		Commissioning team leader	
7		Commissioning team leader	
8		Assembling executive	
9		Image assembling executive	
10		Commissioning engineer	
11		Configuration management engineer	
12		Image product manager	
13		Vice director of marketing	
14		Marketing director	
15		Marketing director	
16		Marketing director	
17		Channel director	
18		Channel info management	
19		Service engineer	



No.	Name	Position	Company phone No.
20		AE executive	
21		Service executive	
22		After-sales service executive	
23		AE executive	
24		After-sales service executive	
25		Financial manager	
26		General ledger accountant	
27		HR executive	
28		Sales	
29		Sales	
30		Sales	
31		After-sales service	
32		After-sales service	

*Talent on pivotal positions*

No.	Name	Position	Company phone No.
1	Concealed	Production director	Concealed
2		Commercial director	
3		Marketing director	
4		Marketing director	
5		Marketing director	
6		Marketing director	
7		Marketing director	
8		Marketing director	
9		Marketing director	
10		Vice director of marketing	
11		Channel director	
12		Image product manager	
13		Service manager	

No.	Name	Position	Company phone No.
14		Service executive	
15		Service executive	
16		After-sales service executive	
17		AE executive	
18		AE executive	
19		After-sales service executive	
20		Financial manager	
21		HR executive	
22		Planning manager	
23		Purchase manager	
24		Purchase executive	
25		Assembling executive	
26		Image assembling executive	

## Appendix 10: Consolidated sample frame

No.	Name	Position	Company phone No.
1	Concealed	Commercial director	Concealed
2		Engineer	
3		AE	
4		After-sales service	
5		Sales	
6		After-sales service executive	
7		Purchase specialist	
8		COS	
9		Image assembling executive	
10		Planning manager	
11		General ledger accountant	
12		After-sales service	
13		AE executive	
14		Accountant	
15		COS	
16		Commissioning team leader	
17		Service engineer	
18		Material planning specialist	
19		Financial manager	
20		Marketing director	
21		After-sales service executive	
22		Commissioning Engineer	
23		Configuration management engineer	
24		Accountant	
25		Service executive	
26		Sales	
27		Commercial support specialist	

No.	Name	Position	Company phone No.
28		Service manager	
29		After-sales service	
30		Marketing director	
31		Sales	
32		After-sales service	
33		Marketing director	
34		Vice director of marketing	
35		Marketing director	
36		Production director	
37		After-sales service	
38		Image product manager	
39		Assembling executive	
40		After-sales service	
41		Purchase executive	
42		Internet promotion	
43		Channel director	
44		Commissioning team leader	
45		Commissioning engineer	
46		HR executive	
47		Channel info management	
48		Warehouse executive	
49		Sales	
50		Warehouse keeper	
51		AE	
52		AE executive	
53		Marketing director	
54		Assembling team leader	
55		After-sales service	
56		Purchase manager	

No.	Name	Position	Company phone No.
57		Service executive	
58		Marketing director	
59		Configuration management engineer	
60		Environmental equipment executive	
61		Marketing director	

## Appendix 11: Survey questionnaire

Dear participant,

First please allow me to thank you for your cooperation! Your participation will be of great help for the research I am undertaking for my Doctor's degree in business administration.

This research is designed to explore the influence of leadership on post-M&A talent retention strategies in the Chinese context. It will take you about 15 minutes to finish the questionnaire. Please note that all the questions in the questionnaire should be answered.

Before you start to fill in the questionnaire, please be noted that participation in this research is voluntary. Compensation, monetary incentives or otherwise, will not be provided; There are also no penalties for non-participation and this decision will only be known to the researcher.

If you agree to participate in the research, to ensure your anonymity, you do not need to reveal your identity in the questionnaire. All ensuing information will be organized so that the participants and the organization cannot be identified. Only the academics from Nottingham Business School (Professor Tansley and Professor Teng) and examiners of this doctorate in business administration will have access to the anonymized data should it be required for confirmatory purposes.

When you have finished the questionnaire, please put the completed questionnaire in the collection box placed in the small meeting room within one week. Your answers will be utilized as precious material and appear in my research document. All data will be stored in accordance with the UK Data Protection Act (1998) and the confidentiality of your data will be maintained at all times.

Besides, you have the right to withdraw the data provided here at any time without giving a reason. If you wish to withdraw the data you have provided, please contact me at research-mailbox@163.com by May 31, 2013.

Thanks very much for your cooperation!

Best regards,

Connie Zhang (Jiali)

May 9, 2013

# A SURVEY ON LEADERSHIP AND TALENT RETENTION

## 1. Participant information

*Please tick as appropriate.*

1. Your age level
  - ☐ 19 and below
  - ☐ 20-29
  - ☐ 30-39
  - ☐ 40-49
  - ☐ 50-59
  - ☐ 60 and above
2. Your gender
  - ☐ Male
  - ☐ Female
3. What is the highest level you have completed in your education?
  - ☐ Did not have any education
  - ☐ Primary school or junior middle school
  - ☐ High school or technical school
  - ☐ Junior college
  - ☐ Undergraduate
  - ☐ Master
  - ☐ Doctor or above
4. When did you join in the company?  
Month/Year  
: : - / : : -
5. What is your current position in the company?
  - ☐ Staff
  - ☐ Team leader
  - ☐ Mid-range manager
  - ☐ Senior manager

## 2. Leadership styles

*You can find below a group of statements about leadership styles of executive level managers in your company (executive level managers mean those who can make decisions and implement strategies at a corporate level). Please indicate the extent to which you agree on each of the following statements by ticking appropriate scores (1 means 'strongly*

*disagree', 5 means 'strongly agree'). Here is an example:*

ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
The executive-level leaders of my company would like to listen to suggestions from employees	1	2	3	4 ✓	5

*Please indicate your degree of agreement on the following statements according to the above requirements:*

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
1	The executive-level leaders of my company instills pride in employees for being associated with them	1	2	3	4	5
2	The executive-level leaders of my company goes beyond self-interest for the good of the company	1	2	3	4	5
3	The executive-level leaders of my company acts in ways that builds employees' respect for them	1	2	3	4	5
4	The executive-level leaders of my company displays a sense of power and confidence	1	2	3	4	5
5	The executive-level leaders of my company talks about their most important values and beliefs	1	2	3	4	5
6	The executive-level leaders of my company specifies the importance of having a strong sense of purpose	1	2	3	4	5
7	The executive-level leaders of my company considers the moral and ethical consequences of decisions	1	2	3	4	5
8	The executive-level leaders of my company emphasizes the importance of having a collective sense of mission	1	2	3	4	5



NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
9	The executive-level leaders of my company talks optimistically about the future	1	2	3	4	5
10	The executive-level leaders of my company talks enthusiastically about what needs to be accomplished	1	2	3	4	5
11	The executive-level leaders of my company articulates a compelling vision of the future	1	2	3	4	5
12	The executive-level leaders of my company expresses confidence that goals will be achieved	1	2	3	4	5
13	The executive-level leaders of my company re-examines critical assumptions to question whether they are appropriate	1	2	3	4	5
14	The executive-level leaders of my company seeks differing perspectives when solving problems	1	2	3	4	5
15	The executive-level leaders of my company gets employees to look at problems from many different angles	1	2	3	4	5
16	The executive-level leaders of my company suggests new ways of looking at how to complete assignments	1	2	3	4	5
17	The executive-level leaders of my company spends time teaching and coaching	1	2	3	4	5
18	The executive-level leaders of my company treats employees as an individual, rather than just as a member of the company	1	2	3	4	5
19	The executive-level leaders of my company considers an individual as having different needs, abilities, and aspirations from others	1	2	3	4	5

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
20	The executive-level leaders of my company helps employees to develop their strengths	1	2	3	4	5

### 3. Job satisfaction

*You can find below a group of statements about your level of satisfaction with regard to the current job. Please indicate the extent to which you agree on each of the following statements by ticking appropriate scores (1 means 'strongly disagree', 5 means 'strongly agree').*

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
1	I am able to keep myself busy at work all of the time	1	2	3	4	5
2	I have the chance to work alone on the job, and control over how I do my work	1	2	3	4	5
3	I have the chance to do different things from time to time	1	2	3	4	5
4	I am able to do things that don't go against my conscience	1	2	3	4	5
5	I have the chance to help others at work	1	2	3	4	5
6	I have the chance to teach others at work	1	2	3	4	5
7	I have the chance to do something that makes use of my abilities	1	2	3	4	5
8	I have the freedom to use my own judgment	1	2	3	4	5
9	I have the chance to try my own methods of doing the job	1	2	3	4	5
10	I can often receive recognition or praise for doing good work from my supervisor or my customer	1	2	3	4	5

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
11	My job gives me a sense of accomplishment	1	2	3	4	5
12	I have the chances for promotion on this job	1	2	3	4	5
13	Someone at work often talked to me about my progress and encouraged my career development	1	2	3	4	5
14	The company or my supervisor offers adequate training or coaching that I need to grow in my job	1	2	3	4	5
15	My supervisor manages people effectively	1	2	3	4	5
16	My supervisor has adequate competence in making decisions	1	2	3	4	5
17	I am satisfied with my total compensation (salary, incentive pay and total benefits) compared with my workload.	1	2	3	4	5
18	I am satisfied with the overall circumstances of my work environment (heating, lighting, ventilation, etc.)	1	2	3	4	5
19	My co-workers work as a team and get along with each other	1	2	3	4	5
20	I like the way company policies are put into practice	1	2	3	4	5
21	I am afraid I may lose the job	1	2	3	4	5
22	I have the chance to be somebody in the team	1	2	3	4	5

#### 4. Organizational commitment

*You can find below a group of statements about your commitment to the company you are working with. Please indicate the extent to which you agree on each of the following statements by ticking appropriate scores (1 means 'strongly disagree', 5 means 'strongly agree')*

agree’).

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
1	I would be very happy to spend the rest of my career with this organization	1	2	3	4	5
2	I enjoy discussing about my organization with people outside it	1	2	3	4	5
3	I really feel as if this organization's problems are my own	1	2	3	4	5
4	I think that I could easily become as attached to another organization as I am to this one	1	2	3	4	5
5	I feel like 'part of the family' at my organization	1	2	3	4	5
6	I am emotionally attached to this organization	1	2	3	4	5
7	This organization has a great deal of personal meaning for me	1	2	3	4	5
8	I have a sense of belonging to my organization	1	2	3	4	5
9	I am not afraid of what might happen if I quit my job without having another one lined up	1	2	3	4	5
10	It would be very hard for me to leave my organization right now, even if I wanted to	1	2	3	4	5
11	Too much in my life would be disrupted if I decided to leave my organization now	1	2	3	4	5
12	It wouldn't be too costly for me to leave my organization now	1	2	3	4	5
13	Right now, staying with my organization is a matter of necessity as much as desire	1	2	3	4	5
14	I feel that I have very few options to consider leaving this organization	1	2	3	4	5
15	One of the few serious consequences of	1	2	3	4	5

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	leaving this organization would be the scarcity of available alternatives					
16	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have here	1	2	3	4	5
17	I think that people these days move from company to company too often	1	2	3	4	5
18	I do not believe that a person must always be loyal to his or her organization	1	2	3	4	5
19	Jumping from organization to organization does not seem at all unethical to me	1	2	3	4	5
20	One of the major reasons I continue to work in this organization is that I believe loyalty is important and therefore feel a sense of moral obligation to remain	1	2	3	4	5
21	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization	1	2	3	4	5
22	I was taught to believe in the value of remaining loyal to one organization	1	2	3	4	5
23	Things were better in the days when people stayed in one organization for most of their careers	1	2	3	4	5
24	I think one should always be loyal to a same company	1	2	3	4	5

## 5. Intention to stay

*You can find below a group of statements about your intention to continuously stay in the company you are working with. Please indicate the extent to which you agree on each of the following statements by ticking appropriate scores (1 means 'strongly disagree', 5 means*

*‘strongly agree’).*

NO	ITEM	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
1	I will most likely stay with this company for the coming two years	1	2	3	4	5
2	I hardly ever think about leaving this company	1	2	3	4	5
3	I am actively seeking employment with another company	1	2	3	4	5
4	I will probably look for a new job in the next one year	1	2	3	4	5

*The end of the questionnaire. Thanks for your participation!*

## Appendix 12: Questionnaire modification following pilot test

No.	Problems in original version	Changes in new version
<b>General problems</b>		
1	Key words in in the opening statement were not highlighted	Key words in the opening statement is underlined for the ease of reading
2	Some participants skipped some of the questions in the questionnaire	A notice is added in the opening statement: 'all the questions in the questionnaire should be answered'
<b>1. Participant information</b>		
	None	
<b>2. Leadership styles</b>		
1	Some participants indicated that they are confused about the term 'executive level managers'	Added a definition for 'executive level managers' (those who can make decisions and implement strategies at a corporate level)
2	In order to test logic consistence of participants, the author changed 2-19 to a reverse question: 'The executive-level leaders of my company treats employees just as a member of the company rather than as an individual'. But it seems that most participants did not get the point from the Chinese translation.	Changed the statement of the question from negative to positive: 'The executive-level leaders of my company treats employees as an individual, rather than just as a member of the company'.
<b>3. Job satisfaction</b>		
1	When examining participants' feedback, the author found that it is not appropriate to add a time period to an item and ask participants to indicate the extent to which they agree to this statement. For example: '3-10 In the last three month I have received recognition or praise for doing good work from my supervisor or my customer', this question should be a 'yes' or 'no' question, not a Likert-scale question.	Changed the item to: I can often receive recognition or praise for doing good work from my supervisor or my customer
2	Similarly, '3-13 In the last one year,	Changed the item to: Someone at work

	someone at work has talked to me about my progress and encouraged my career development' should be changed to a Likert-scale question.	often talked to me about my progress and encouraged my career development
<b>4. Organizational commitment</b>		
1	The original Organizational Commitment Questionnaire by Allen and Meyer (1990) contains as many as 8 reverse questions. Participants suggested that it is difficult to indicate their agreement on a 'I don't think' question.	Reverse questions are reduced to 4. The statement of the following 4 questions are changed from negative to positive:
2	4-5 I do not feel like 'part of the family' at my organization	I feel like 'part of the family' at my organization
3	4-6 I do not feel emotionally attached to this organization	I am emotionally attached to this organization
4	4-8 I do not feel a 'strong' sense of belonging to my organization	I have a sense of belonging to my organization (PS: the adj. 'strong' is removed, because extreme word should not be used in a Likert-scale question)
5	4-24 I do not think that to be a 'company man' or 'company woman' is sensible anymore	I think one should always be loyal to a same company (PS: the expression is changed slightly, because it is difficult for participants to comprehend 'company man' or 'company woman' in Chinese)
<b>5. Intention to stay</b>		
	None	



### Appendix 13: Details about participants of the interviews in document five

Participant	Category	Current position	Job field	Level of position	Date of interview	Duration
R1	Potential	Concealed	Product	Mid-level manager	26th Jul., 2013	37'
R2	Potential		Marketing	Mid-level manager	26th Jul., 2013	44'
R3	Performance		Procurement	Team leader	26th Jul., 2013	44'
R4	Potential		Logistics	Mid-level manager	26th Jul., 2013	35'
R5	Position		Production	Team leader	26th Jul., 2013	29'
R6	Position		Commerce	Mid-level manager	29th Jul., 2013	45'
R7	Performance		Finance	Mid-level manager	29th Jul., 2013	29'
R8	Position		Marketing	Mid-level manager	29th Jul., 2013	30'
R9	Performance		Strategic planning	Mid-level manager	29th Jul., 2013	25'

## **Appendix 14: Cover Letter of Semi-structured interview**

Jiali Zhang  
Leica Geosystems AG  
Room 2002-2005, China Life Tower  
No.16, Chao Yang Men Wai Street  
Chao Yang District, Beijing, 100020

**Jul. 16, 2013**

**Dear participant,**

Thank you for agreeing to be interviewed for my doctoral research, entitled 'The Importance of Transformational Leadership on Executive Managers' Post-M&A Talent Retention Effectiveness in the Chinese Context'.

This research will take place through a face-to-face interview between you and me, and the interview will last about 1 hour. If you do not mind, I will keep a digital record of the interview. I will turn off the recorder anytime at your request.

Before we start the interview, please be noted that participation in this research is voluntary. On completion of the interview, your answers will be utilized as precious material and appear in my doctoral thesis. All data will be stored in accordance with the UK Data Protection Act (1998) and the confidentiality of your data will be maintained at all times.

For the protection of your privacy, your identity will be protected in the doctoral thesis by the use of a participant number. All ensuing information will be organized so that the participants and the organization cannot be identified. Only the academics from Nottingham Business School (Professor Tansley and Professor Teng) and examiners of this doctorate in business administration will have access to the anonymized data should it be required for confirmatory purposes.

You have the right to withdraw the data provided here without giving a reason any time before the document is officially submitted to Nottingham Business School. If you wish to do so, please contact me at research-mailbox@163.com by Oct. 31, 2013.

Thanks very much for your cooperation!

Best regards,

Jiali Zhang

## Appendix 15: Interview Protocol

### Interview Protocol

#### I. Leadership

*Please talk about the executive-level leaders of your company in the following aspects. Executive level managers mean those who can make decisions and implement strategies at a corporate level. When you discuss about the following questions, you may talk about the executive-level management team as a whole, or you may talk about any one of them that you are more acquainted with.*

1. Do you think the executive-level leaders of your company have won most employees' respect and trust?
  - ✧ 【If so】 What do you think is the reason for them to win employees' respect and trust?
  - ✧ 【If not】What do you think is the reason for them to lose employees' respect and trust?
2. Do you think they can cope with various problems in business and management at ease?
  - ✧ 【If so】 In which ways did they manage to cope with these problems? Can you give me an example?
  - ✧ 【If not】 What do you think is the reason for their failure?
3. Do they usually share their own values and beliefs with employees?
  - ✧ 【If so】 In which ways do you think their values and beliefs have influenced yours?

4. Can you describe their style of management? **【Leave adequate time for participant to think it over and respond. If s/he still cannot catch the thread, offer the following hints; If their answer does not include the following aspect, continue to probe】** For example, do they usually set an example by their own action and let employees follow them, or encourage employees to explore how to carry out their work themselves?

✧ **【No matter yes or no】** In which ways do you think their style of management have influenced you in your work?

5. Is there a clear vision in your company, describing what kind of enterprise the firm expect to become in the future, what is the ultimate objectives of the firm, etc.?

✧ **【If so】**

1) In which ways did the executive-level leaders of your company deliver this vision to employees?

2) In which ways do you think this vision has inspired you in your work?

6. Do they often optimistically talk about the future of the company in front of employees?

✧ **【If so】** In which ways has their optimistic expectation inspired you in your work?

7. Do they value the intellectual ability of employees and recognize the employee's sense of logic and analysis?

✧ **【If so】** Can you think of anyone, you or your colleague, promoted by the executive-level leaders of your company because of his intellectual ability?

✧ **【If not】** What aspects do they value more?

8. Do they especially encourage employees to seek innovative methods when solving problems?

✧ 【If so】 Can you give me an example?

9. Do they help employees to develop their own strengths?

✧ 【If so】 Can you think of anyone, you or your colleague, who can put his (her) strength into full play in the help of executive-level leaders of your company?

10. When they intent to retain an employee, do they consider to satisfy specific needs and aspirations of him (her)?

✧ 【If so】 Can you think of anyone, you or your colleague, who are retained by the executive-level leaders of your company successfully through satisfying his (her) specific needs and aspirations?

## **II. Job satisfaction**

*Please talk about your level of satisfaction with regard to your current job in the following aspects.*

1. In which ways are you satisfied/dissatisfied with your current job itself (excluding external factors such as salary, relationship with co-workers, and so on)? Please discuss in the following aspects.

1) In which ways do you like or dislike your current job?

2) In which ways can you put your strengths into full play in your current job?

3) In which ways do you think you can or cannot handle your current job well?

4) In which ways does your current job give you a sense of accomplishment?

5) So overall, in which ways are you satisfied or dissatisfied with the current job itself (excluding external factors such as salary, relationship with co-workers, and so on)? 【Summary question. Lead participants to recall, summarize and revise their answers to (1)-(4)】

✧ 【No matter satisfied or dissatisfied】 In which ways do you think your satisfaction or dissatisfaction is related to the leadership style of the executive-level leaders of your company?

✧ 【With regard to dissatisfied aspects】 Will you consider to leave the company because of this dissatisfaction, and why? 【probe the reason especially when the interviewee is dissatisfied but still decide to stay】

2. In which ways are you satisfied/dissatisfied with the learning and training opportunities on your current job? Please discuss in the following aspects.

1) Can you learn new experience and skills from your current job?

✧ 【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?

✧ 【If not】 Will you consider to leave the company because you cannot learn new things any more, and why? 【probe the reason especially when the interviewee cannot learn new things but still decide to stay】

2) Do you think you can have opportunities for promotion or long-term career advancement if you stay in this company?

✧ 【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?

✧ 【If not】 Will you consider to leave the company because you cannot have

any room for career development, and why? 【probe the reason especially when the interviewee indicates that s/he has little room for career development but still decide to stay】

3. In which ways are you satisfied/dissatisfied with the following external factors of your current job?

1) Are you satisfied with your total compensation (salary, incentive pay, and benefits), especially when compared with your workload?

✧ 【If not】 Will you consider to leave the company because of this dissatisfaction, and why? 【probe the reason especially when the interviewee is dissatisfied but still decide to stay】

2) Do you get along with your supervisors and co-workers?

✧ 【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?

✧ 【If not】 Will you consider to leave the company because you cannot get along with them, and why? 【probe the reason especially when the interviewee indicates that s/he cannot get along with them but still decide to stay】

3) Can you describe the organizational culture of your company? 【Leave adequate time for participant to think it over and respond. If s/he still cannot catch the thread, offer the following hints; If their answer does not include the following aspects, probe in these aspects】 For example, caring about employee, innovative, or goal-oriented?

✧ 【If a certain culture is described】

1) In which ways do you think this culture is related to the leadership style

of the executive-level leaders of your company?

2) Do you feel comfortable with this culture?

✧ **【If not】** Will you consider to leave the company because you cannot become accustomed into this culture, and why? **【probe the reason especially when the interviewee do not feel comfortable with this culture but still decide to stay】**

4) Do you think the communication between supervisors and followers, and among co-workers is effective?

✧ **【No matter yes or no】** In which ways do you think this is related to the leadership style of the executive-level leaders of your company?

✧ **【If not】**

1) What do you think is the reason for this inefficiency?

2) Will you consider to leave the company because of this ineffective communication, and why? **【probe the reason especially when the interviewee is dissatisfied with the communication but still decide to stay】**

5) Can you describe the management style or working flow of the company when it put policies into practice? For example, fast or slow, flat or hierarchical structured, fair or not?

✧ **【If a certain style is described】**

1) In which ways do you think this is related to the leadership style of the executive-level leaders of your company?

2) Do you feel comfortable with this management style?



- ✧ 【If not】 Will you consider to leave the company because you cannot become accustomed into this management style, and why? 【probe the reason especially when the interviewee do not feel comfortable with the management style but still decide to stay】 ?

6) Do you think the human resource management of your company is effective and fair enough?

- ✧ 【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?
- ✧ 【If not】 Will you consider to leave the company because of this inefficiency or injustice, and why? 【probe the reason especially when the interviewee is dissatisfied with HR management but still decide to stay】

### III. Organizational commitment

*Please talk about your commitment to the company you are working with in the following aspects.*

1. Can you describe the reputation of your company in the industry? Please specify in various aspects if you can.
2. Are you emotionally attached to this company?
  - ✧ 【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?
3. In which ways do you think quitting this job may disrupt your life or your career development?
  - ✧ 【No matter yes or no】 In which ways do you think this disruption, especially in career development, is related to the leadership style of the executive-level

leaders of your company?

4. Did the executive-level leaders of your company teach you to believe in the value of remaining loyal to a same company?

✧ **【If so】**

- 1) In which ways did they do so?
- 2) In which ways has this influenced your commitment to the company?

#### **IV. Talent retention**

1. Do you intend to stay in this company for another two or more years?

✧ **【No matter yes or no】**

- 1) What are the main reasons for your decision to stay in the company/leave in the coming future? **【Summary question. Lead participants to recall, summarize and revise their answers in the previous conversation】**
- 2) In which ways do you think your decision is related to the leadership style of the executive-level leaders of your company? **【Summary question. Lead participants to recall, summarize and revise their answers in the previous conversation】**

*The end of this interview, Thanks for your cooperation!*

## Appendix 16: Main procedures of Independent-Samples T-test used to test item discrimination

- 1) Seven items in the questionnaire (see table 16-1) are set as reverse questions to test participants' consistency of logic or for a more logical and fluent expression. These items were reversely scored before further analysis by redefining value from 1-5 to 5-1 (i.e. 1=5, 2=4, 3=3, 4=2, 5=1). By doing so, they can represent corresponding dimensions in a proper way.

No.	Corresponding dimensions	Reversed items
Q3-2-7	Job security	I am afraid I may lose the job
Q4-1-4	Affective commitment	I think that I could easily become as attached to another organization as I am to this one
Q4-2-1	Continuance commitment	I am not afraid of what might happen if I quit my job without having another one lined up
Q4-3-2	Normative commitment	I do not believe that a person must always be loyal to his or her organization
Q4-3-3	Normative commitment	Jumping from organization to organization does not seem at all unethical to me
Q5-3	Talent's intention to stay	I am actively seeking employment with another company
Q5-4	Talent's intention to stay	I will probably look for a new job in the next one year

**Table 16-1 Reverse questions**

**Source: Compiled by the author**

- 2) The total score of each scale (transformational leadership, job satisfaction, organizational commitment, and talent retention) were calculated;
- 3) Total scores were arranged in descending order;
- 4) Identifying the critical value that dividing the sample into two groups at the point of 27% .
- 5) Dividing the total scores into two groups—the high group (the first 27%) and the low group (the rest) with the critical value;

- 6) The Independent Samples T-Test is used to compare the mean of the high groups vs. that of the low group.
- 7) Remove items that do not report a significant difference from the questionnaire.

## Appendix 17: Factor analysis

### Factor Analysis on Transformational Leadership Scales

#### *KMO and Bartlett's test*

KMO and Bartlett's test indicates the suitability of the data for structure detection. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is a statistic that indicates the proportion of variance in the variables that might be caused by underlying factors. High values (greater than 0.5) generally indicate that a comparatively strong correlation may exist among variables, and a factor analysis may be useful with the data; If the value is less than 0.50, the results of the factor analysis will probably not be very useful. Bartlett's test tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that the correlation matrix is significantly different from identity matrix, and a factor analysis may be useful with the data. (IBM SPSS Statistics Information Center, 2011)

According to table 17-1, the KMO value of transformational leadership scale (0.761) is greater than 0.5; The Bartlett's test is significant at a 0.01 level ( $p=0.000$ ). This may indicate that a factor analysis may be useful with the transformational leadership scale.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy .		.761
Bartlett's Test of Sphericity	Approx. Chi-Square	818.288
	df	190
	Sig.	.000

**Table 17-1 KMO and Bartlett's test: transformational leadership**

**Source: Compiled by the author**

#### *Communalities*

Communalities indicate the extent to which variables can explain factors. Initial

communalities are the proportion of variance accounted for in each variable by the rest of the variables; Extraction communalities are estimates of the variance in each variable accounted for by the factors in the factor solution. The range of this index is +1 to -1. Small values indicate variables that do not fit well with the factor solution, and should possibly be dropped from the analysis. (IBM SPSS Statistics Information Center, 2011) The greater the value, the more it can be seen as including a large proportion of original variable information. It is normally agreed that values that are higher than 0.5 indicate high validity. According to table 17-2, all the communality values of transformational leadership are greater than 0.5. This may indicate that variables can be satisfactorily explained by factors.

	<b>Initial</b>	<b>Extraction</b>
Q2-1-1	1.000	.792
Q2-1-2	1.000	.866
Q2-1-3	1.000	.867
Q2-1-4	1.000	.649
Q2-2-1	1.000	.774
Q2-2-2	1.000	.721
Q2-2-3	1.000	.828
Q2-2-4	1.000	.704
Q2-3-1	1.000	.845
Q2-3-2	1.000	.895
Q2-3-3	1.000	.787
Q2-3-4	1.000	.884
Q2-4-1	1.000	.772
Q2-4-2	1.000	.801
Q2-4-3	1.000	.873
Q2-4-4	1.000	.666
Q2-5-1	1.000	.705
Q2-5-2	1.000	.744
Q2-5-3	1.000	.864
Q2-5-4	1.000	.806

**Table 17-2 Communalities: transformational leadership**

**Source: Compiled by the author**

### *Total Variance Explained*

Table 17-3 shows the variance explained by the initial solution. The first four factors in the initial solution have eigenvalues greater than 1 (1.064 to 11.662). Together, they account for 79.212% of the variability in the original variables.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.662	58.308	58.308	11.662	58.308	58.308
2	1.706	8.530	66.838	1.706	8.530	66.838
3	1.410	7.052	73.891	1.410	7.052	73.891
4	1.064	5.321	79.212	1.064	5.321	79.212
5	.914	4.572	83.784			
6	.676	3.381	87.165			
7	.468	2.340	89.505			
8	.387	1.936	91.441			
9	.324	1.622	93.063			
10	.291	1.457	94.519			
11	.254	1.272	95.792			
12	.204	1.022	96.814			
13	.166	.831	97.644			
14	.143	.713	98.358			
15	.107	.535	98.892			
16	7.795E-02	.390	99.282			
17	6.394E-02	.320	99.602			
18	4.891E-02	.245	99.846			
19	1.954E-02	9.771E-02	99.944			
20	1.123E-02	5.617E-02	100.000			

Extraction Method: Principal Component Analysis.

**Table 17-3 Total variance explained: transformational leadership**

**Source: Compiled by the author**

### Factor Loading Matrix

	Factor A	Factor B	Factor C	Factor D
Q2-1-1	.776	-.402	1.953E-03	-.170
Q2-1-2	.800	.425	-.104	.185
Q2-1-3	.801	-.401	-.223	.125
Q2-1-4	.655	-7.515E-02	.363	.287
Q2-2-1	.715	.450	-.214	-.122
Q2-2-2	.655	.128	.461	.248
Q2-2-3	.696	.572	8.991E-02	-9.422E-02
Q2-2-4	.762	6.789E-03	.318	-.147
Q2-3-1	.845	-.224	4.901E-02	.279
Q2-3-2	.823	-.343	-.254	.185
Q2-3-3	.784	-.315	-.184	.199
Q2-3-4	.672	.199	-.444	.442
Q2-4-1	.783	.366	.132	7.960E-02
Q2-4-2	.829	8.450E-03	.333	6.007E-02
Q2-4-3	.857	-.248	3.933E-02	-.276
Q2-4-4	.729	-6.207E-02	.357	-6.295E-02
Q2-5-1	.738	-.177	.145	-.329
Q2-5-2	.750	.270	-.108	-.311
Q2-5-3	.774	.149	-.471	-.144
Q2-5-4	.784	-.133	-.200	-.365

**Table 17-4 Component matrix: transformational leadership**

**Source: Compiled by the author**

Since the explanation of items for factors is difficult to observe in the factor loading matrix, maximum variance orthogonal rotation is performed as below.



	<b>Factor A</b>	<b>Factor B</b>	<b>Factor C</b>	<b>Factor D</b>
Q2-1-1	9.056E-02	<b>.693</b>	.309	.457
Q2-1-2	<b>.753</b>	8.799E-02	.401	.360
Q2-1-3	.140	.475	.247	<b>.749</b>
Q2-1-4	.123	.164	<b>.711</b>	.319
Q2-2-1	<b>.800</b>	.260	.165	.197
Q2-2-2	.259	.111	<b>.785</b>	.159
Q2-2-3	<b>.788</b>	.189	.412	-8.915E-03
Q2-2-4	.307	.508	<b>.581</b>	.121
Q2-3-1	.200	.318	.546	<b>.636</b>
Q2-3-2	.201	.417	.257	<b>.784</b>
Q2-3-3	.180	.377	.299	<b>.723</b>
Q2-3-4	.585	-8.699E-02	.148	<b>.715</b>
Q2-4-1	<b>.636</b>	.192	.540	.197
Q2-4-2	.313	.387	<b>.698</b>	.259
Q2-4-3	.255	<b>.750</b>	.349	.352
Q2-4-4	.213	.458	<b>.621</b>	.160
Q2-5-1	.224	<b>.703</b>	.359	.179
Q2-5-2	<b>.663</b>	.500	.192	.133
Q2-5-3	<b>.674</b>	.424	-3.136E-02	.478
Q2-5-4	.395	<b>.723</b>	9.797E-02	.343

**Table 17-5 Rotated component matrix: transformational leadership**

**Source: Compiled by the author**

In sum, a factor analysis of the 20-item transformational leadership scale done with the varimax rotation yielded four interpretable factors with eigenvalues greater than 1 (1.064 to 11.662). The total item variance explained by the four-factor solution was 79.212%. As displayed in table 17-5, factor A have comparatively larger loadings (0.636 to 0.800) on Q2-1-2, Q2-2-1, Q2-2-3, Q2-4-1, Q2-5-2, Q2-5-3; factor B have comparatively larger loadings (0.693 to 0.750) on Q2-1-1, Q2-4-3, Q2-5-1, Q2-5-4; factor C have comparatively larger loadings (0.581 to 0.785) on Q2-1-4, Q2-2-2, Q2-2-4, Q2-4-2, Q2-4-4; factor D have comparatively larger loadings (0.636 to 0.784) on Q2-1-3, Q2-3-1, Q2-3-2, Q2-3-3, Q2-3-4.

*New transformational leadership factors extracted following the analysis*

<b>Factor</b>	<b>No.</b>	<b>Item</b>
<b>Factor A</b>	Q2-1-2	The executive-level leaders of my company goes beyond self-interest for the good of the company
	Q2-2-1	The executive-level leaders of my company talks about their most important values and beliefs
	Q2-2-3	The executive-level leaders of my company considers the moral and ethical consequences of decisions
	Q2-4-1	The executive-level leaders of my company re-examines critical assumptions to question whether they are appropriate
	Q2-5-2	The executive-level leaders of my company treats employees as an individual, rather than just as a member of the company
	Q2-5-3	The executive-level leaders of my company considers an individual as having different needs, abilities, and aspirations from others
<b>Factor B</b>	Q2-1-1	The executive-level leaders of my company instills pride in employees for being associated with them
	Q2-4-3	The executive-level leaders of my company gets employees to look at problems from many different angles
	Q2-5-1	The executive-level leaders of my company spends time teaching and coaching
	Q2-5-4	The executive-level leaders of my company helps employees to develop their strengths
<b>Factor C</b>	Q2-1-4	The executive-level leaders of my company displays a sense of power and confidence
	Q2-2-2	The executive-level leaders of my company specifies the importance of having a strong sense of purpose
	Q2-2-4	The executive-level leaders of my company emphasizes the importance of having a collective sense of mission
	Q2-4-2	The executive-level leaders of my company seeks differing perspectives when solving problems
	Q2-4-4	The executive-level leaders of my company suggests new ways of looking at how to complete assignments
<b>Factor D</b>	Q2-1-3	The executive-level leaders of my company acts in ways that builds employees' respect for them
	Q2-3-1	The executive-level leaders of my company talks optimistically about the future
	Q2-3-2	The executive-level leaders of my company talks enthusiastically about what needs to be accomplished
	Q2-3-3	The executive-level leaders of my company articulates a compelling vision of the future
	Q2-3-4	The executive-level leaders of my company expresses confidence that goals will be achieved

**Table 17-6 New transformational leadership factors extracted following the analysis**

**Source: Compiled by the author**

According to table 17-5, the loading of factor A on Q2-2-1 and Q2-2-3 are 0.800 and 0.788 respectively, remarkably larger than that of factor A on other variables. This may indicate that Q2-2-1 and Q2-2-3 can explain factor A better than other variables. Since both Q2-2-1 and Q2-2-3 describes transformational leadership behavior of idealized influence, factor A can represent the transformational dimension of idealized influence in subsequent analysis.

The loading of factor B on Q2-4-3 is 0.750, the largest in all the four variables included in factor B. Closely followed are the loadings on Q2-5-1 and Q2-5-4 (0.703 and 0.723 respectively). : : Since both Q2-5-1 and Q2-5-4 describes transformational leadership behavior of individual consideration, although their loadings are not the highest, they may explain factor B better than Q2-4-3 alone. So factor B can represent the transformational dimension of individual consideration in subsequent analysis.

Factor C include five items, of which Q2-4-2 and Q2-4-4 describe transformational leadership behavior of intellectual stimulation, Q2-2-2 and Q2-2-4 describe transformational leadership behavior of idealized influence. The loadings of the two group of variables are quite close (0.698 and 0.621 versus 0.785 and 0.581), no significant difference can be identified. Therefore, factor C cannot be classified as anyone of the five dimensions in the transformational leadership theory. It will not participate in subsequent analysis.

Factor D include five items, four of them describe transformational leadership behavior of inspirational motivation. These four items can satisfactorily explain factor D. Therefore, factor D can represent the transformational dimension of inspirational motivation in subsequent analysis.

Attributed charisma as an original dimension of transformational leadership is not selected as an independent factor according to the criterion that eigenvalues should greater than 1. This may indicate that this dimension is inadequate to appear as a factor in this analysis, probably because participants' answer to items of this dimension do not satisfactorily explain

transformational leadership.

## Factor Analysis on Job Satisfaction Scales

### *KMO and Bartlett's test*

-According to table 17-7, the KMO value of job satisfaction scale (0.685) is greater than 0.5; The Bartlett's test is significant at a 0.01 level ( $p=0.000$ ). This may indicate that a factor analysis may be useful with the job satisfaction scale.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy .		.685
Bartlett's Test of Sphericity	Approx. Chi-Square	425.290
	df	105
	Sig.	.000

**Table 17-7 KMO and Bartlett's test: job satisfaction**

**Source: Compiled by the author**

### *Communalities*

According to table 17-8, the communalities of Q3-2-3 and Q3-2-4 are smaller than 0.5. These items are removed because they cannot satisfactorily explain the factors (see table 17-9). Other communality values of job satisfaction variables are all greater than 0.5. This may indicate that these variables can be satisfactorily explained by factors.

	Initial	Extraction
Q3-1-3	1.000	.558
Q3-1-5	1.000	.803
Q3-1-6	1.000	.777
Q3-1-7	1.000	.730
Q3-1-8	1.000	.606
Q3-1-9	1.000	.730
Q3-1-11	1.000	.683
Q3-1-12	1.000	.702
Q3-1-13	1.000	.660
Q3-1-14	1.000	.691
Q3-2-2	1.000	.637
Q3-2-3	1.000	.463
Q3-2-4	1.000	.440
Q3-2-5	1.000	.741
Q3-2-6	1.000	.823

**Table 17-8 Communalities—job satisfaction (before adjustment)**

**Source: Compiled by the author**

No.	Item
Q3-2-3	I am satisfied with my total compensation (salary, incentive pay and total benefits) compared with my workload.
Q3-2-4	I am satisfied with the overall circumstances of my work environment (heating, lighting, ventilation, etc.)

**Table 17-9 Items removed from job satisfaction variables**

**Source: Compiled by the author**

According to table 17-10, following the adjustment, all the communality values of job satisfaction variables are greater than 0.5. This may indicate that variables can be satisfactorily explained by factors.

	<b>Initial</b>	<b>Extraction</b>
Q3-1-3	1.000	.569
Q3-1-5	1.000	.802
Q3-1-6	1.000	.796
Q3-1-7	1.000	.788
Q3-1-8	1.000	.607
Q3-1-9	1.000	.729
Q3-1-11	1.000	.681
Q3-1-12	1.000	.665
Q3-1-13	1.000	.680
Q3-1-14	1.000	.706
Q3-2-2	1.000	.648
Q3-2-5	1.000	.762
Q3-2-6	1.000	.866

**Table 17-10 Communalities: job satisfaction (after adjustment)**

**Source: Compiled by the author**

*Total Variance Explained*

Table 17-11 shows the variance explained by the initial solution. The first three factors in the initial solution have eigenvalues greater than 1 (1.200 to 6.716). Together, they account for 71.531% of the variability in the original variables.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.716	51.662	51.662	6.716	51.662	51.662	3.577	27.518	27.518
2	1.383	10.636	62.298	1.383	10.636	62.298	2.899	22.296	49.814
3	1.200	9.233	71.531	1.200	9.233	71.531	2.823	21.717	71.531
4	.956	7.356	78.887						
5	.707	5.436	84.323						
6	.629	4.840	89.163						
7	.426	3.281	92.444						
8	.285	2.195	94.639						
9	.247	1.898	96.537						
10	.218	1.677	98.214						
11	.105	.811	99.025						
12	9.430E-02	.725	99.751						
13	3.243E-02	.249	100.000						

Extraction Method: Principal Component Analysis.

**Table 17-11 Total variance explained—job satisfaction**

**Source: Compiled by the author**

### *Factor Loading Matrix*

	Factor E	Factor F	Factor G
Q3-1-3	.570	5.053E-02	.492
Q3-1-5	.648	.545	.291
Q3-1-6	.717	.403	.347
Q3-1-7	.626	.395	-.489
Q3-1-8	.771	8.421E-02	6.872E-02
Q3-1-9	.814	-.235	.106
Q3-1-11	.808	.132	.105
Q3-1-12	.758	-.257	-.158
Q3-1-13	.668	-.484	-6.395E-03
Q3-1-14	.808	-.231	7.645E-03
Q3-2-2	.582	-.491	.261
Q3-2-5	.733	.267	-.392
Q3-2-6	.779	-.135	-.490

**Table 17-12 Component matrix—job satisfaction**

**Source: Compiled by the author**

Since the explanation of items for factors is difficult to observe in the factor loading matrix,

maximum variance orthogonal rotation is performed as below.

	<b>Factor E</b>	<b>Factor F</b>	<b>Factor G</b>
Q3-1-3	.385	<b>.646</b>	-5.570E-02
Q3-1-5	3.670E-02	<b>.840</b>	.309
Q3-1-6	.195	<b>.833</b>	.255
Q3-1-7	4.480E-02	.256	<b>.849</b>
Q3-1-8	.439	<b>.511</b>	.391
Q3-1-9	<b>.713</b>	.379	.277
Q3-1-11	.430	<b>.580</b>	.400
Q3-1-12	<b>.663</b>	.171	.443
Q3-1-13	<b>.794</b>	9.015E-02	.202
Q3-1-14	<b>.694</b>	.317	.352
Q3-2-2	<b>.776</b>	.206	-5.326E-02
Q3-2-5	.222	.304	<b>.787</b>
Q3-2-6	.545	4.304E-02	<b>.753</b>

**Table 17-13 Rotated component matrix—job satisfaction**

**Source: Compiled by the author**

In sum, a factor analysis of the 13-item job satisfaction scale done with the varimax rotation yielded three interpretable factors with eigenvalues greater than 1 (1.200 to 6.716). The total item variance explained by the three-factor solution was 71.531%. As displayed in table 17-13, factor E have comparatively larger loadings (0.663 to 0.794) on Q3-1-9, Q3-1-12, Q3-1-13, Q3-1-14, Q3-2-2; factor F have comparatively larger loadings (0.580 to 0.840) on Q3-1-3, Q3-1-5, Q3-1-6, Q3-1-8, Q3-1-11; factor G have comparatively larger loadings (0.753 to 0.849) on Q3-1-7, Q3-2-5, Q3-2-6.



*New job satisfaction factors extracted following the analysis*

<b>Factor</b>	<b>No.</b>	<b>Item</b>
<b>Factor E</b>	Q3-1-9	I have the chance to try my own methods of doing the job
	Q3-1-12	I have the chances for promotion on this job
	Q3-1-13	Someone at work often talked to me about my progress and encouraged my career development
	Q3-1-14	The company or my supervisor offers adequate training or coaching that I need to grow in my job
	Q3-2-2	My supervisor has adequate competence in making decisions
<b>Factor F</b>	Q3-1-3	I have the chance to do different things from time to time
	Q3-1-5	I have the chance to help others at work
	Q3-1-6	I have the chance to teach others at work
	Q3-1-8	I have the freedom to use my own judgment
	Q3-1-11	My job gives me a sense of accomplishment
<b>Factor G</b>	Q3-1-7	I have the chance to do something that makes use of my abilities
	Q3-2-5	My co-workers work as a team and get along with each other
	Q3-2-6	I like the way company policies are put into practice

**Table 17-14 New job satisfaction factors extracted following the analysis**

**Source: Compiled by the author**

Factor E include five items, three of them describe the internal job satisfaction concerning learning and development opportunities (Q3-1-12, Q3-1-13, Q3-1-14). Therefore, factor E can represent one important aspect of internal job satisfaction: learning and development opportunities in subsequent analysis.

Factor F include five items, all of them describe internal job satisfaction concerning employee's control and interest in job itself. Therefore, factor F can represent one important aspect of internal job satisfaction—job itself in subsequent analysis.

According to table 17-13, the loading of factor G on Q3-2-5, Q3-2-6, Q3-1-7 are 0.787, 0.753, 0.849 respectively. Albeit the loading of Q3-1-7 is higher than that of Q3-2-5 or Q3-2-6 alone, Q3-2-5 and Q3-2-6 describe a same dimension and account for 2/3 of the total number of variables in this factor, therefore, the two variables together may better explain factor G.

Since both Q3-2-5, Q3-2-6 describe external job satisfaction, factor G can represent external job satisfaction in subsequent analysis.

## Factor Analysis on Organizational Commitment Scales

### *KMO and Bartlett's test*

-According to table 17-15, the KMO value of organizational commitment scale (0.756) is greater than 0.5; The Bartlett's test is significant at a 0.01 level ( $p=0.000$ ). This may indicate that a factor analysis may be useful with the organizational commitment scale.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy .		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	493.180
	df	153
	Sig.	.000

**Table 17-15 KMO and Bartlett's test: organizational commitment**

**Source: Compiled by the author**

### *Communalities*

According to table 17-16, the communality of Q4-3-1 is smaller than 0.5. This item is removed because it cannot satisfactorily explain the factors (see table 17-17). Other communality values of organizational commitment variables are all greater than 0.5. This may indicate that these variables can be satisfactorily explained by factors.

	Initial	Extraction
Q4-1-1	1.000	.657
Q4-1-2	1.000	.743
Q4-1-3	1.000	.751
Q4-1-5	1.000	.821
Q4-1-6	1.000	.727
Q4-1-7	1.000	.669
Q4-1-8	1.000	.850
Q4-2-2	1.000	.762
Q4-2-3	1.000	.880
Q4-2-4	1.000	.809
Q4-2-6	1.000	.699
Q4-2-8	1.000	.773
Q4-3-1	1.000	.443
Q4-3-2	1.000	.820
Q4-3-3	1.000	.595
Q4-3-5	1.000	.641
Q4-3-6	1.000	.563
Q4-3-7	1.000	.810
Q4-3-8	1.000	.772

**Table 17-16 Communalities—organizational commitment (before adjustment)**

**Source: Compiled by the author**

No.	Item
Q4-3-1	I think that people these days move from company to company too often

**Table 17-17 Items removed from organizational commitment variables**

**Source: Compiled by the author**

According to table 17-18, following the adjustment, all the communality values of organizational commitment variables are greater than 0.5. This may indicate that variables can be satisfactorily explained by factors.

	<b>Initial</b>	<b>Extraction</b>
Q4-1-1	1.000	.633
Q4-1-2	1.000	.749
Q4-1-3	1.000	.750
Q4-1-5	1.000	.826
Q4-1-6	1.000	.724
Q4-1-7	1.000	.727
Q4-1-8	1.000	.861
Q4-2-2	1.000	.770
Q4-2-3	1.000	.878
Q4-2-4	1.000	.810
Q4-2-6	1.000	.700
Q4-2-8	1.000	.778
Q4-3-2	1.000	.859
Q4-3-3	1.000	.633
Q4-3-5	1.000	.642
Q4-3-6	1.000	.565
Q4-3-7	1.000	.807
Q4-3-8	1.000	.769

**Table 17-18 Communalities: organizational commitment (after adjustment)**

**Source: Compiled by the author**

### *Total Variance Explained*

Table 17-19 shows the variance explained by the initial solution. The first four factors in the initial solution have eigenvalues greater than 1 (1.120 to 8.080). Together, they account for 74.884% of the variability in the original variables.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.080	44.886	44.886	8.080	44.886	44.886	4.819	26.771	26.771
2	2.617	14.536	59.422	2.617	14.536	59.422	3.470	19.279	46.050
3	1.663	9.241	68.663	1.663	9.241	68.663	2.868	15.932	61.982
4	1.120	6.221	74.884	1.120	6.221	74.884	2.322	12.902	74.884
5	.811	4.503	79.387						
6	.691	3.837	83.224						
7	.599	3.327	86.551						
8	.502	2.789	89.340						
9	.410	2.279	91.619						
10	.344	1.912	93.531						
11	.277	1.537	95.068						
12	.235	1.307	96.374						
13	.202	1.121	97.495						
14	.155	.863	98.359						
15	.107	.594	98.952						
16	7.803E-02	.433	99.386						
17	6.958E-02	.387	99.773						
18	4.094E-02	.227	100.000						

Extraction Method: Principal Component Analysis.

**Table 17-19 Total variance explained—organizational commitment**

**Source: Compiled by the author**

### Factor Loading Matrix

	Factor H	Factor I	Factor J	Factor K
Q4-1-1	.696	-.243	.295	5.021E-02
Q4-1-2	.704	-.452	4.556E-02	-.214
Q4-1-3	.591	-.412	-.237	.418
Q4-1-5	.738	-.366	-.335	.184
Q4-1-6	.721	-.432	.115	-7.150E-02
Q4-1-7	.676	-.266	-.428	-.127
Q4-1-8	.763	-.431	-.216	-.217
Q4-2-2	.834	-9.180E-02	-.139	-.214
Q4-2-3	.740	.341	.169	-.431
Q4-2-4	.695	.547	-.161	-3.174E-02
Q4-2-6	.597	.476	7.259E-02	-.333
Q4-2-8	.295	.748	-.348	-9.902E-02
Q4-3-2	.588	7.045E-02	.675	.229
Q4-3-3	.516	-.158	.579	-8.064E-02
Q4-3-5	.773	.209	1.765E-02	1.688E-02
Q4-3-6	.525	.247	-.322	.352
Q4-3-7	.666	.355	.255	.414
Q4-3-8	.740	.367	-3.505E-02	.293

**Table 17-20 Component matrix—organizational commitment**

**Source: Compiled by the author**

Since the explanation of items for factors is difficult to observe in the factor loading matrix, maximum variance orthogonal rotation is performed as below.

	<b>Factor H</b>	<b>Factor I</b>	<b>Factor J</b>	<b>Factor K</b>
Q4-1-1	.496	.102	<b>.591</b>	.164
Q4-1-2	<b>.777</b>	.110	.361	-4.730E-02
Q4-1-3	<b>.647</b>	-.201	.128	.524
Q4-1-5	<b>.799</b>	2.775E-02	7.440E-02	.425
Q4-1-6	<b>.721</b>	5.518E-02	.444	6.574E-02
Q4-1-7	<b>.793</b>	.234	-7.923E-02	.193
Q4-1-8	<b>.896</b>	.180	.151	4.867E-02
Q4-2-2	<b>.703</b>	.450	.222	.155
Q4-2-3	.304	<b>.795</b>	.392	-2.170E-02
Q4-2-4	.181	<b>.756</b>	.106	.441
Q4-2-6	.139	<b>.785</b>	.244	6.959E-02
Q4-2-8	-.128	<b>.762</b>	-.259	.337
Q4-3-2	5.579E-02	.151	<b>.875</b>	.259
Q4-3-3	.250	.115	<b>.744</b>	-6.683E-02
Q4-3-5	.371	<b>.507</b>	.334	.368
Q4-3-6	.235	.284	-4.103E-02	<b>.654</b>
Q4-3-7	4.098E-02	.342	.531	<b>.637</b>
Q4-3-8	.211	.473	.290	<b>.645</b>

**Table 17-21 Rotated component matrix: organizational commitment**

**Source: Compiled by the author**

In sum, a factor analysis of the 18-item organizational commitment scale done with the varimax rotation yielded four interpretable factors with eigenvalues greater than 1 (1.120 to 8.080). The total item variance explained by the four-factor solution was 74.884%. As displayed in table 17-21, factor H have comparatively larger loadings (0.647 to 0.896) on Q4-1-2, Q4-1-3, Q4-1-5, Q4-1-6, Q4-1-7, Q4-1-8, Q4-2-2; factor I have comparatively larger loadings (0.507 to 0.795) on Q4-2-3, Q4-2-4, Q4-2-6, Q4-2-8, Q4-3-5; factor J have comparatively larger loadings (0.591 to 0.875) on Q4-1-1, Q4-3-2, Q4-3-3; factor K have comparatively larger loadings (0.637 to 0.654) on Q4-3-6, Q4-3-7, Q4-3-8.

*New organizational commitment factors extracted following the analysis*

<b>Factor</b>	<b>No.</b>	<b>Item</b>
<b>Factor H</b>	Q4-1-2	I enjoy discussing about my organization with people outside it
	Q4-1-3	I really feel as if this organization's problems are my own
	Q4-1-5	I feel like 'part of the family' at my organization
	Q4-1-6	I am emotionally attached to this organization
	Q4-1-7	This organization has a great deal of personal meaning for me
	Q4-1-8	I have a sense of belonging to my organization
	Q4-2-2	It would be very hard for me to leave my organization right now, even if I wanted to
<b>Factor I</b>	Q4-2-3	Too much in my life would be disrupted if I decided to leave my organization now
	Q4-2-4	It wouldn't be too costly for me to leave my organization now
	Q4-2-6	I feel that I have very few options to consider leaving this organization
	Q4-2-8	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have here
	Q4-3-5	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization
<b>Factor J</b>	Q4-1-1	I would be very happy to spend the rest of my career with this organization
	Q4-3-2	I do not believe that a person must always be loyal to his or her organization (Reverse)
	Q4-3-3	Jumping from organization to organization does not seem at all unethical to me (Reverse)
<b>Factor K</b>	Q4-3-6	I was taught to believe in the value of remaining loyal to one organization
	Q4-3-7	Things were better in the days when people stayed in one organization for most of their careers
	Q4-3-8	I think one should always be loyal to a same company

**Table 17-22 New organizational commitment factors extracted following the analysis**

**Source: Compiled by the author**

Factor H include seven items, six of them describe affective commitment. These six items can satisfactorily explain factor H. Therefore, factor H can represent the affective dimension of organizational commitment in subsequent analysis.



Factor I include five items, four of them describe continuance commitment. These four items can satisfactorily explain factor I. Therefore, factor I can represent the continuance dimension of organizational commitment in subsequent analysis.

Factor J include three items, two of them describe normative commitment; Factor K include three items, all of them describe normative commitment. This indicates that factor K can explain normative commitment better than factor J. Therefore, factor K can represent the normative dimension of organizational commitment in subsequent analysis, whereas factor J will not participate in subsequent analysis.

### Factor Analysis on Talent Retention Scales

#### *KMO and Bartlett's test*

-According to table 17-23, the KMO value of talent retention scale (0.636) is greater than 0.5; The Bartlett's test is significant at a 0.01 level ( $p=0.000$ ). This may indicate that a factor analysis may be useful with the talent retention scale.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy .		.636
Bartlett's Test of Sphericity	Approx. Chi-Square	66.540
	df	6
	Sig.	.000

**Table 17-23 KMO and Bartlett's test: talent retention (before adjustment)**

**Source: Compiled by the author**

#### *Communalities*

According to table 17-24, the communality of Q4-3-1 is smaller than 0.5. This item is removed because it cannot satisfactorily explain the factors (see table 17-25). Other communality values of talent retention variables are all greater than 0.5. This may indicate that these variables can be satisfactorily explained by factors.

	Initial	Extraction
Q5-1	1.000	.556
Q5-2	1.000	.678
Q5-3	1.000	.480
Q5-4	1.000	.837

**Table 17-24 Communalities—talent retention (before adjustment)**

Source: Compiled by the author

No.	Item
Q5-3	I am actively seeking employment with another company

**Table 17-25 Items removed from talent retention variables**

Source: Compiled by the author

According to table 17-26, following the adjustment, all the communality values of talent retention variables are greater than 0.5. This may indicate that variables can be satisfactorily explained by factors.

	Initial	Extraction
Q5-1	1.000	.687
Q5-2	1.000	.794
Q5-4	1.000	.722

**Table 17-26 Communalities: talent retention (after adjustment)**

Source: Compiled by the author

Meanwhile, following the adjustment, the KMO value is 0.699, which is improved than the original value (0.636); The Bartlett's test is still significant at a 0.01 level. (see table 17-27)

#### **KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy .		.699
Bartlett's Test of Sphericity	Approx. Chi-Square	39.422
	df	3
	Sig.	.000

**Table 17-27 KMO and Bartlett's test: talent retention (after adjustment)**

Source: Compiled by the author

### *Total Variance Explained*

Table 17-28 shows the variance explained by the initial solution. The first factor in the initial solution have eigenvalues greater than 1 (2.203). It accounts for 73.425% of the variability in the original variables.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.203	73.425	73.425	2.203	73.425	73.425
2	.478	15.926	89.351			
3	.319	10.649	100.000			

Extraction Method: Principal Component Analysis.

**Table 17-28 Total variance explained—talent retention**

**Source: Compiled by the author**

### *Factor Loading Matrix*

	<b>Factor L</b>
Q5-1	<b>.829</b>
Q5-2	<b>.891</b>
Q5-4	<b>.850</b>

**Table 17-29 Component matrix—talent retention**

**Source: Compiled by the author**

In sum, a factor analysis of the 3-item talent retention scale done with the varimax rotation yielded one interpretable factor with eigenvalues greater than 1 (2.203). The total item variance explained by the one-factor solution was 73.425%. As displayed in table 17-29, factor L have large loadings (0.829 to 0.850) on Q5-1, Q5-2, Q5-4.

*New talent retention factors extracted following the analysis*

Factor	No.	Item
Factor L	Q5-1	I will most likely stay with this company for the coming two years
	Q5-2	I hardly ever think about leaving this company
	Q5-4	I will probably look for a new job in the next one year (Reverse)

**Table 17-30 New talent retention factor extracted following the analysis**

**Source: Compiled by the author**

All the three variables describing talent retention in factor L has high loadings. This indicates that they can explain factor L satisfactorily. Therefore, factor L can represent talent retention in subsequent analysis.

According to results derived from factor analysis, new factors and original dimensions they represent in conceptual framework are displayed as below.

New factor	Original dimension in conceptual framework
Factor A	Leader's idealized influence
Factor B	Leader's individual consideration
Factor C	None, does not participate in subsequent analysis
Factor D	Leader's inspirational motivation
Factor E	Talent's satisfaction with regard to learning and development opportunities (internal job satisfaction 1)
Factor F	Talent's satisfaction with regard to job itself (internal job satisfaction 2)
Factor G	Talent's satisfaction with regard to external job factors
Factor H	Talent's affective commitment to the organization
Factor I	Talent's continuance commitment to the organization
Factor J	None, does not participate in subsequent analysis
Factor K	Talent's normative commitment to the organization
Factor L	Talent retention

**Table 17-31 New factors and original dimensions they represent in conceptual framework**

**Source: Compiled by the author**

## Appendix 18: Correlation Analysis

### *Correlations between transformational leadership and talent retention factors*

Table 18-1 displays pairwise correlations between transformational leadership and talent retention factors (significant level=0.01).

	Factor L
Factor A	0.413
Factor B	0.668
Factor D	0.547

**Table 18-1 Correlation between transformational leadership and talent retention factors**

**Source: Compiled by the author**

Statistics in table 18-1 indicate that all the factors are moderately correlated:

- 1) Leader's idealized influence is moderately correlated with talent retention ( $r=0.413$ );
- 2) Leader's individual consideration is moderately correlated with talent retention ( $r=0.668$ );
- 3) Leader's inspirational motivation is moderately correlated with talent retention ( $r=0.547$ ).

### *Correlations between transformational leadership and job satisfaction factors*

Table 18-2 displays pairwise correlations between transformational leadership and job satisfaction factors (significant level=0.01).

	Factor E	Factor F	Factor G
Factor A	0.666	0.347	0.500
Factor B	0.730	0.605	0.728
Factor D	0.697	0.448	0.625

**Table 18-2 Correlation between transformational leadership and job satisfaction factors**

**Source: Compiled by the author**

Statistics in table 18-2 indicate that all the factors are correlated to different degree:

- 1) Leader's idealized influence is moderately correlated with talent's satisfaction with regard to learning and development opportunities ( $r=0.666$ );
- 2) Leader's individual consideration is strongly correlated with talent's satisfaction with regard to learning and development opportunities ( $r=0.730$ );
- 3) Leader's inspirational motivation is moderately correlated with talent's satisfaction with regard to learning and development opportunities ( $r=0.697$ );
- 4) Leader's idealized influence is weakly correlated with talent's satisfaction with regard to job itself ( $r=0.347$ );
- 5) Leader's individual consideration is moderately correlated with talent's satisfaction with regard to job itself ( $r=0.605$ );
- 6) Leader's inspirational motivation is moderately correlated with talent's satisfaction with regard to job itself ( $r=0.448$ );
- 7) Leader's idealized influence is moderately correlated with talent's satisfaction with regard to external job factors ( $r=0.500$ );
- 8) Leader's individual consideration is strongly correlated with talent's satisfaction with regard to external job factors ( $r=0.728$ );
- 9) Leader's inspirational motivation is moderately correlated with talent's satisfaction with regard to external job factors ( $r=0.625$ ).

*Correlations between transformational leadership and organizational commitment factors*

Table 18-3 displays pairwise correlations between transformational leadership and organizational commitment factors (significant level=0.01).

	<b>Factor H</b>	<b>Factor I</b>	<b>Factor K</b>
<b>Factor A</b>	0.080	0.010	0.052
<b>Factor B</b>	0.218	0.084	0.165
<b>Factor D</b>	0.096	0.037	0.162

**Table 18-3 Correlation between transformational leadership and organizational commitment factors**

**Source: Compiled by the author**

Statistics in table 18-3 indicate that transformational leadership factors have no or very weak correlation with the organizational commitment factors:

- 1) Leader's idealized influence has no significant correlation with talent's affective commitment to the organization ( $r=0.080$ );
- 2) Leader's individual consideration is weakly correlated with talent's affective commitment to the organization ( $r=0.218$ );
- 3) Leader's inspirational motivation has no significant correlation with talent's affective commitment to the organization ( $r=0.096$ );
- 4) Leader's idealized influence has no significant correlation with talent's continuance commitment to the organization ( $r=0.010$ );
- 5) Leader's individual consideration has no significant correlation with talent's continuance commitment to the organization ( $r=0.084$ );
- 6) Leader's inspirational motivation has no significant correlation with talent's continuance commitment to the organization ( $r=0.037$ );
- 7) Leader's idealized influence has no significant correlation with talent's normative commitment to the organization ( $r=0.052$ );
- 8) Leader's individual consideration has no significant correlation with talent's normative commitment to the organization ( $r=0.165$ );

- 9) Leader's inspirational motivation has no significant correlation with talent's normative commitment to the organization ( $r=0.162$ ).

The majority of transformational leadership factors have no correlation with the organizational commitment factors, but transformational leadership is moderately correlated with organizational commitment ( $r=0.660$ ) in general.

*Correlations between job satisfaction and talent retention factors*

Table 18-4 displays pairwise correlations between job satisfaction and talent retention factors (significant level=0.01).

	<b>Factor L</b>
<b>Factor E</b>	0.490
<b>Factor F</b>	0.487
<b>Factor G</b>	0.491

**Table 18-4 Correlation between job satisfaction and talent retention factors**

**Source: Compiled by the author**

Statistics in table 18-4 indicate that all the factors are moderately correlated:

- 1) Talent's satisfaction with regard to learning and development opportunities is moderately correlated with talent retention ( $r=0.490$ );
- 2) Talent's satisfaction with regard to job itself is moderately correlated with talent retention ( $r=0.487$ );
- 3) Talent's satisfaction with regard to external job factors is moderately correlated with talent retention ( $r=0.491$ ).

*Correlations between job satisfaction and organizational commitment factors*

Table 18-5 displays pairwise correlations between job satisfaction and organizational commitment factors (significant level=0.01).



	<b>Factor H</b>	<b>Factor I</b>	<b>Factor K</b>
<b>Factor E</b>	0.525	0.287	0.268
<b>Factor F</b>	0.504	0.230	0.347
<b>Factor G</b>	0.545	0.370	0.342

**Table 18-5 Correlation between job satisfaction and organizational commitment factors**

**Source: Compiled by the author**

Statistics in table 18-5 indicate that job satisfaction factors are moderately correlated with talent's affective commitment, and weakly correlated with talent's continuance and normative commitment:

- 1) Talent's satisfaction with regard to learning and development opportunities is moderately correlated with talent's affective commitment to the organization ( $r=0.525$ );
- 2) Talent's satisfaction with regard to job itself is moderately correlated with talent's affective commitment to the organization ( $r=0.504$ );
- 3) Talent's satisfaction with regard to external job factors is moderately correlated with talent's affective commitment to the organization ( $r=0.545$ );
- 4) Talent's satisfaction with regard to learning and development opportunities is weakly correlated with talent's continuance commitment to the organization ( $r=0.287$ );
- 5) Talent's satisfaction with regard to job itself is weakly correlated with talent's continuance commitment to the organization ( $r=0.230$ );
- 6) Talent's satisfaction with regard to external job factors is weakly correlated with talent's continuance commitment to the organization ( $r=0.370$ );
- 7) Talent's satisfaction with regard to learning and development opportunities is weakly correlated with talent's normative commitment to the organization ( $r=0.268$ );

- 8) Talent's satisfaction with regard to job itself is weakly correlated with talent's normative commitment to the organization ( $r=0.347$ );
- 9) Talent's satisfaction with regard to external job factors is weakly correlated with talent's normative commitment to the organization ( $r=0.342$ ).

*Correlations between organizational commitment and talent retention factors*

Table 18-6 displays pairwise correlations between organizational commitment and talent retention factors (significant level=0.01).

	<b>Factor L</b>
<b>Factor H</b>	0.751
<b>Factor I</b>	0.457
<b>Factor K</b>	0.444

**Table 18-6 Correlation between organizational commitment and talent retention factors**

**Source: Compiled by the author**

Statistics in table 18-6 indicate that all the factors are strongly or moderately correlated to different degree:

- 1) Talent's affective commitment to the organization is strongly correlated with talent retention ( $r=0.751$ );
- 2) Talent's continuance commitment to the organization is moderately correlated with talent retention ( $r=0.457$ );
- 3) Talent's normative commitment to the organization is moderately correlated with talent retention ( $r=0.444$ ).

## Appendix 19: Structural equation modeling

### *Causal relationships between constructs in the conceptual framework*

Generally, results from structural equation modeling analysis lead to the following findings:

- 1) Transformational leadership has positive influence on talent retention.
- 2) Transformational leadership has positive influence on talent's job satisfaction.
- 3) Transformational leadership has positive influence on talent's organizational commitment.
- 4) Talent's job satisfaction has positive influence on their organizational commitment.
- 5) Talent's job satisfaction has positive influence on talent retention.
- 6) Talent's organizational commitment has positive influence on talent retention.

In order to check the goodness of fitting of the concise model to the data, the following indices were tested (table 19-1):

Index	DF	$\chi^2$	P	NFI	NNFI	CFI
Index value	1057	2118.621	0.0	0.904	0.954	0.961
Index	IFI	GFI	AGFI	RFI	RMR	RMSEA
Index value	0.961	0.825	0.787	0.887	0.055	0.040

**Table 19-1 Structural equation model index**

**Source:** Compiled by the author

- 1) According to the result of  $\chi^2$  test,  $p < 0.05$ , this indicates a good fitness between the theoretical equation and the data;
- 2) Value-Added Goodness-of-Fit Indices, which compare the concise model to the Null Model (the model in which no relationship exist among variables at all; it may fit the

data the least)

- a) A Normal Goodness-of-Fit Index (NFI) greater than 0.9 (0.904) indicates a very good fitness;
  - b) A Non-Normal Goodness-of-Fit Index (NNFI) greater than 0.9 (0.954) indicates a very good fitness;
  - c) A Comparison of Goodness of Fit Index (CFI) greater than 0.9 (0.961) indicates a very good fitness;
- 3) An Incremental Fit Index (IFI) greater than 0.9 (0.961) indicates a very good fitness;
- 4) Absolute Goodness of Fit Indices, which compare the concise model to the saturated model (the model in which all variables are related, and the degree of freedom is zero; it may exactly fit the data)
- a) A Goodness of Fit Index (GFI) greater than 0.7 (0.825) indicates a good fitness;
  - b) An Adjusted Goodness of Fit Index (AGFI) greater than 0.7 (0.787) indicates a good fitness;
- 5) A Root Mean Square Residual (RMR) smaller than 0.1 (0.055) indicates a close tolerance;
- 6) A Root Mean Square Error of Approximation (RMSEA) smaller than 0.1 (0.040) indicates a close tolerance;

On this basis, six structural equation models can be established in this DBA study:

*Causal relationships between transformational leadership and talent retention factors*

Generally, transformational leadership exerts positive influence on talent retention.

Table 19-2 displays statistics and conclusions derived from model 1. If the absolute value of T-test value is greater than 2, then the test is passed; a positive T-test value indicate a positive influence, and a negative T-test value indicate a negative influence. If the absolute value of T-test value is small than 2, the P value should be considered; if the P value is smaller than 0.05, then the test is also passed.

Factor	T-test value	Conclusion
Factor A to factor L	-0.824	Leader's idealized influence has no significant influence on talent retention (t=-0.824)
Factor B to factor L	2.437	Leader's individual consideration have positive influence on talent retention (t=2.437)
Factor D to factor L	2.272	Leader's inspirational motivation have positive influence on talent retention (t=2.272)

**Table 19-2 Causal relationships between transformational leadership and talent retention factors**  
**Source: Compiled by the author**

(Factor A, B, D of transformational leadership are exogenous latent variables; factor L of talent retention is endogenous latent variable.)

*Causal relationships between transformational leadership and job satisfaction factors*

Generally, transformational leadership exerts positive influence on job satisfaction of talent.

Factor	T-test value	Conclusion
Factor A to factor E	-0.655	Leader's idealized influence has no significant influence on talent's satisfaction with regard to learning and development opportunities (t=-0.655)
Factor B to factor E	2.337	Leader's individual consideration have positive influence on talent's satisfaction with regard to learning and development opportunities (t=2.337)
Factor D to factor E	2.414	Leader's inspirational motivation have positive influence on talent's satisfaction with regard to learning and development opportunities (t=2.414)
Factor A to factor F	-0.785	Leader's idealized influence has no significant influence on talent's satisfaction with regard to job itself (t=-0.785)
Factor B to factor F	-0.695	Leader's individual consideration has no significant influence on talent's satisfaction with regard to job itself (t=-0.695)
Factor D to factor F	-2.356	Leader's inspirational motivation have negative influence on talent's satisfaction with regard to job itself (t=-2.356)
Factor A to factor G	-1.065	Leader's idealized influence has no significant influence on talent's external job satisfaction (t=-1.065)
Factor B to factor G	2.147	Leader's individual consideration have positive influence on talent's external job satisfaction (t=2.147)
Factor D to factor G	0.214	Leader's inspirational motivation has no significant influence on talent's external job satisfaction (t=0.214)

**Table 19-3 Causal relationships between transformational leadership and job satisfaction factors**  
**Source: Compiled by the author**

(Factor A, B, D of transformational leadership are exogenous latent variables; factor E, F, G of talent retention is endogenous latent variable.)

*Causal relationships between transformational leadership and organizational commitment factors*

Generally, transformational leadership exerts positive influence on organizational commitment of talent.

Factor	T-test value	Conclusion
Factor A to factor H	-0.325	Leader's idealized influence has no significant influence on talent's affective commitment to the organization (t=-0.325)
Factor B to factor H	0.337	Leader's individual consideration has no significant influence on talent's affective commitment to the organization (t=0.337)
Factor D to factor H	1.564	Leader's inspirational motivation has no significant influence on talent's affective commitment to the organization (t=1.564)
Factor A to factor I	-0.785	Leader's idealized influence has no significant influence on talent's continuance commitment to the organization (t=-0.785)
Factor B to factor I	1.998*	Leader's individual consideration have positive influence on talent's continuance commitment to the organization (t=1.998)
Factor D to factor I	-1.356	Leader's inspirational motivation has no significant influence on talent's continuance commitment to the organization (t=-1.356)
Factor A to factor K	1.334	Leader's idealized influence has no significant influence on talent's normative commitment to the organization (t=-1.334)
Factor B to factor K	0.768	Leader's individual consideration has no significant influence on talent's normative commitment to the organization (t=0.768)
Factor D to factor K	0.497	Leader's inspirational motivation has no significant influence on talent's normative commitment to the organization (t=0.497)

**Table 19-4 Causal relationships between transformational leadership and organizational commitment factors**

**Source: Compiled by the author**

(Factor A, B, D of transformational leadership are exogenous latent variables; factor H, I, K, of organizational commitment is endogenous latent variable.)

#### *Causal relationships between job satisfaction and talent retention factors*

Generally, job satisfaction of talent exerts positive influence on talent retention.

Factor	T-test value	Conclusion
Factor E to factor L	2.325	Talent's satisfaction with regard to learning and development opportunities have positive influence on talent retention (t=2.325)
Factor F to factor L	2.113	Talent's satisfaction with regard to job itself have positive influence on talent retention (t=2.113)
Factor G to factor L	2.006	Talent's satisfaction with regard to external job satisfaction have positive influence on talent retention (t=2.006)

**Table 19-5 Causal relationships between job satisfaction and talent retention factors**

**Source: Compiled by the author**

(Factor E, F, G of job satisfaction are exogenous latent variables; factor L of talent retention is endogenous latent variable.)

*Causal relationships between job satisfaction and organizational commitment factors*

Generally, job satisfaction of talent exerts positive influence on their organizational commitment.



Factor	T-test value	Conclusion
Factor E to factor H	2.572	Talent's satisfaction with regard to learning and development opportunities have positive influence on their affective commitment to the organization (t=2.572)
Factor F to factor H	2.002	Talent's satisfaction with regard to b itself have positive influence on their affective commitment to the organization (t=2.002)
Factor G to factor H	0.982	Talent's satisfaction with regard to external job factors has no significant influence on their affective commitment to the organization (t=0.982)
Factor E to factor I	1.204	Talent's satisfaction with regard to learning and development opportunities has no significant influence on their continuance commitment to the organization (t=1.204)
Factor F to factor I	0.667	Talent's satisfaction with regard to job itself has no significant influence on their continuance commitment to the organization (t=0.667)
Factor G to factor I	1.103	Talent's satisfaction with regard to external job factors has no significant influence on their continuance commitment to the organization (t=1.103)
Factor E to factor K	2.379	Talent's satisfaction with regard to learning and development opportunities have positive influence on their normative commitment to the organization (t=2.379)
Factor F to factor K	1.976*	Talent's satisfaction with regard to job itself have positive influence on their normative commitment to the organization (t=1.976)
Factor G to factor K	2.735	Talent's satisfaction with regard to external job factors have positive influence on their normative commitment to the organization (t=2.735)

**Table 19-6 Causal relationships between job satisfaction and organizational commitment factors**  
**Source: Compiled by the author**

(Factor E, F, G of job satisfaction are exogenous latent variables; factor H, I, K of organizational commitment is endogenous latent variable.)

*Causal relationships between organizational commitment and talent retention factors*

Generally, organizational commitment of talent exerts positive influence on talent retention.

Factor	T-test value	Conclusion
Factor H to factor L	2.526	Talent's affective commitment to the organization have positive influence on talent retention (t=2.526)
Factor I to factor L	0.613	Talent's continuance commitment to the organization has no significant influence on talent retention (t=0.613)
Factor J to factor L	-2.216	Talent's normative commitment to the organization have negative influence on talent retention (t=-2.216)

**Table 19-7 Causal relationships between organizational commitment and talent retention factors**  
**Source: Compiled by the author**

(Factor H, I, K of organizational commitment are exogenous latent variables; factor L of talent retention is endogenous latent variable.)

## Appendix 20: Details about participants of the interviews in document three

Participant	Company	Current position	Job field	Level of position	Date of interview	Duration
LR1	FA	Concealed	Finance	Executive level manager	17th Aug., 2011	63'
LR2	FB		Management	Executive level manager	6th Sep., 2011	77'
LR3	FB		Management	Senior manager	7th Sep., 2011	74'
LR4	FB		Finance	Mid-level manager	7th Sep., 2011	46'
TR1	FB		Finance	Mid-level manager	6th Sep., 2011	44'
TR2	FB		Technology	Staff	7th Sep., 2011	38'
TR3	FB		Production	Team leader	7th Sep., 2011	58'
TR4	FB		Sales	Staff	7th Sep., 2011	56'
TR5	FB		Sales	Staff	7th Sep., 2011	58'

## **Appendix 21: Retention vs. control of turnover**

First of all, the relationship between retention and control of turnover should be clarified. Drawing on March and Simon's (1958) early work, previous studies usually focused on why people leave, using perceived ease and desirability of leaving one's job to predict turnover (Mobley, 1977; Griffeth et al., 2000). Despite the vast literature on talent turnover, much less is known about the factors that compel talent to remain (Hausknecht et al., 2009; Kontoghiorghes and Frangou, 2009) than to leave.

Researchers have only recently asserted that turnover and retention are actually distinguishable constructs (Mitchell et al., 2001b; Lee et al., 2004; Holtom and Inderrieden, 2006; Harman et al., 2007; Cardy and Lengnick-Hall, 2011). That is to say, the reasons why people remain are not always the same as the reasons why people leave (Steel et al., 2002). For example, according to Cardy and Lengnick-Hall (2011), job offers, family situations, and pursuit of new opportunities, etc., can lead talent to quit their current jobs. However, the culture of an organization, developmental opportunities, the quality of supervision, etc., can increase talent commitment to remain. Based on these debates, Cardy and Lengnick-Hall (2011) argue that it is important to conceptually distinguish retention and turnover.

But on the other hand, it is found through the interviews conducted for DBA document three that participants often talked about retention strategy and control of turnover interchangeably. This is perhaps because the two cannot be easily separated in practice. As Cardy and Lengnick-Hall (2011) note, at an operational level, retention and turnover are inversely related: poor retention means a higher turnover rate. Therefore, this DBA study sees retention and control of turnover as two sides of the same construct.

## **Appendix 22: Definition of turnover**

Based on different principles, turnover can be categorized into different types. For example, turnover can be categorized as 'involuntary turnover' and 'voluntary turnover'. Involuntary turnover include downsizing, laid off, or dismissal (Kontoghiorghes and Frangou, 2009; Swider et al., 2011). Since involuntary turnover is oftentimes initiated by the organization, talent leave involuntarily are obviously not those organizations strive to retain. Therefore, involuntary turnover is not the focus of this DBA study.

Voluntary turnover means the unplanned loss of workers who voluntarily leave and whom employers would prefer to keep (Frank et al., 2004). Dalton et al. (1982) distinguish voluntary turnover further into 'dysfunctional turnover' and 'functional turnover'. From the organization's perspective, dysfunctional turnover occurs when an talent leaves voluntarily, but the organization's evaluation of the talent is positive; functional turnover occurs when an talent leaves voluntarily and the organization's evaluation of the talent is negative. In this DBA study, turnover is used synonymously with dysfunctional voluntary turnover, since talent involved in involuntary turnover or functional turnover are obviously not deemed as talent — employee that organizations strive to retain.

## **Appendix 23: The influence of each of the five transformational dimensions on talent's job satisfaction**

Some researchers have gone further and studied the influence of each of the four transformational dimensions on talent's job satisfaction. Most of them agreed that attributed charisma has a consistent positive influence upon the job satisfaction of talent. For example, Nguni et al. (2006) found in their research that charismatic leadership had a great influence on teacher's job satisfaction. Yang (2009) explained that the transformational leader with charisma can encourage the development of an attainable vision that provides a solution to the adaptation required and, thus, attracts those who believe in the vision. Through this vision, transformational leadership can cause talent to internalize their job attitudes and beliefs as sources of intrinsic motivation to fulfill the organizational mission. As a result of this influence, talent trust and respect the leader, and are more satisfied with the job they are doing.

Similarly, most researchers also agreed that idealized influence has a consistent positive influence upon the job satisfaction of talent. For example, Nemanich and Keller's (2007) research suggests that in an acquisition situation, through idealized influence, followers are motivated to adopt the leader's enthusiasm for conforming to the changes of the newly merged firm. This may make talent more satisfied with their jobs because they believe that they are doing important work for leaders who are role models intellectually, morally, and behaviorally. In Yang's (2012) study, when PR practitioners in Taiwan perceived a higher degree of idealized influence on the part of their supervisors, both their levels of intrinsic and extrinsic job satisfaction rose.

Most researchers also agreed that inspirational motivation has a consistent positive influence upon the job satisfaction of talent. For example, Bass (1985) points out that transformational leaders are thought to enhance the job satisfaction of their subordinates by making them feel they are called to a higher objective through inspirational motivation. Yang (2009) argues that transformational leadership can motivate talent through creating and communicating a vision for the organization, which brings them together to accomplish goals.

Therefore, transformational leadership can logically be associated with satisfaction: talent are motivated to perform beyond general expectations and thus more satisfied with their job.

Most researchers also agreed that individual consideration has a consistent positive influence upon the job satisfaction of talent. For example, Leithwood et al. (1996) indicated that transformational leadership behavior involving individual consideration and structuring was positively related to teacher's job satisfaction. Bass (1985) points out that transformational leaders are thought to enhance the job satisfaction of their subordinates by making them feel special through individual consideration.

## **Appendix 24: The influence of each of the five transformational dimensions on talent's organizational commitment**

Many researchers also studied the influence of each of the five transformational dimensions on talent's organizational commitment. Similar with the result of job satisfaction, many of them also suggest that attributed charisma, idealized influence, inspirational motivation, and individual consideration have been identified as important dimensions that have a positive impact on the organizational commitment of talent. For example, Yang (2012) and Nguni et al. (2006) suggest that the dimensions of transformational leadership, specifically charismatic vision and individual consideration, influence talent's organizational commitment. Leininger (2004) argues that one of the key factors that foster talent commitment is inspired leadership and management. In the research of Lok and Crawford (1999), a consideration leadership style was found to have a greater influence on commitment than a task orientated leadership style.



## **Appendix 25: The influence of each of the two categories of job satisfaction on talent's retention**

Some researchers have further studied the two categories of job satisfaction — intrinsic and extrinsic, and propose that intrinsic job satisfaction may be a stronger predictor of talent retention. For example, Lucas et al. (1987) found intrinsic job satisfaction to be negatively related to turnover, indicating talent who were least satisfied with the content of their jobs were more likely to leave than those talent who were satisfied. Yang's (2012) study found that retention commitment is determined by intrinsic rather than extrinsic job satisfaction.

## **Appendix 26: The influence of each of the two categories of job satisfaction on talent's organizational commitment**

On this basis, some researchers have gone further and studied the influence of each of the two types of job satisfaction: intrinsic and extrinsic job satisfaction, on talent's organizational commitment. Most researchers agreed that organizational commitment has been shown to be a consequence of intrinsic job satisfaction. For example, Lucas et al.'s (1990) study suggests that intrinsic job satisfaction had a stronger positive impact on organizational commitment than extrinsic job satisfaction. Shim et al. (2002) conducted a quantitative survey with 205 managers in national retail chain store companies and found that intrinsic satisfaction had a stronger influence on commitment than did extrinsic commitment. On the other side, some researchers also propose that organizational commitment has been shown to be a consequence of extrinsic job satisfaction. For example, Eker et al. (2008) found in their study that rather than intrinsic job satisfaction, it is extrinsic job satisfaction such as working conditions and wages, career improvement, facilities, job security, and social utility significantly affected organizational commitment of the healthcare workers they studied.

## Appendix 27: Summary in qualitative data analysis

Code	Description	R1		R2		R3	
		Product manager		Marketing director		Procurement executive	
Leadership style of the studied leader		Refer specifically to the President				Refer to the whole executive-level team, including the President and the direct leader of the participant	
Note		Used to be a product manager of a competitor		Want to show himself off in front of the interviewer		He made an additional note at the end of the interview: it is not that we don't care about details, but we don't care too much about details and lose the whole picture	
Q1	<b>Leadership</b>						
Q1_1	Do you think the executive-level leaders of your company have won most employees' respect and trust?	5	Yes	5	Yes	5	Yes
Q1_1_a	【If so】 What do you think is the reason for them to win employees' respect and trust?		The wisdom of the executive-level leaders, strategic planning, never give up		Common idea, efficient cooperation, caring for employee, daily coaching, all the above make them more reliable		The executive power, convincing ability in formulating strategies, amiable personality, charisma, all the above make employees willing to follow them
Q1_1_b	【If not】 What do you think is the reason for them to lose employees' respect and trust?		--		--		--
Q1_2	Do you think they can cope with various problems in business and management at ease?	5	Yes	5	Yes	5	Yes
Q1_2_a	【If so】 In which ways did they manage to cope with these problems? Can you give me an example?		If a customer makes an order urgently and there is no inventory, our leader can solve this problem immediately		They could always make it when we failed and asked help		No idea. We do not possibly know how they make decisions, but at least the company is growing rapidly, and I believe this is related to their wisdom
Q1_2_b	【If not】 What do you think is the reason for their failure?		--		--		--
Q1_3	Do they usually share their own values and beliefs with employees?	4	Sometimes	5	Yes	5	Yes
Q1_3_a	【If so】 In which ways do you think their values and beliefs have influenced yours?		I have been influenced. He said never put a stick on yourself, thinking that you cannot do something. I think I can even switch to another industry or department now.		We could not see problems from such a high position, because we did not have the opportunity to work in such a corporate culture. We can learn from how they deal with problems.		They shared their experiences and values in yearly meeting, gave us some positive energy, which is very good
Q1_4	Can you describe their style of management? For example, do they usually set an example by their own action and let employees follow them, or encourage employees to explore how to carry out their work themselves?		Practical, respect facts, fully trust and empower employees, but sometimes give some directions		They are more like idols rather than leaders for us. We admire them a lot as if anything they have said are right. It cannot be wrong if we follow their direction. We cannot 100% imitate their acts. They would rather help you to establish your own style. I like new things.		Highly effective, practical, have clear goals, strict to followers but do not mind to take all troubles to help them grow
Q1_4_a	【No matter yes or no】 In which ways do you think their style of management have influenced you in your work?		Full of energy		Sometimes I tried to figure out why I was wrong, but oftentimes the results proved that they took a broader and long-term view		Very big influence, we will adjust our style according to theirs. If they care about results, we will be result-oriented; if they are good at communication, we are too.
Q1_5	Is there a clear vision in your company, describing what kind of enterprise the firm expect to become in the future, what is the ultimate objectives of the firm, etc.?	5	Yes	5	Yes	5	Yes, we propose a new target every year in the yearly meeting, a one year plan or a three year plan. We also reflect on if the former target has been achieved. If we propose a three year plan, we will also break it down to each of the three years
Q1_5_a	【If so】 In which ways did the executive-level leaders of your company deliver this vision to employees?		Yearly meetings and meetings with mid-range managers, through PPT presentation		Quarterly meetings, the President always communicates with those who have emotional fluctuations with patience		

Code	Description	R1		R2		R3	
			Product manager		Marketing director		Procurement executive
Q1_5_b	【If so】 In which ways do you think this vision has inspired you in your work?		Have a common target; everyone makes his best effort to achieve the target without thinking about our personal benefits		See it as a ultimate target!		I can see the company's development in the future, be proud of the company, be clear about my contribution. I am so proud of my company when I communicate with people from other companies
Q1_6	Do they often optimistically talk about the future of the company in front of employees?	5	Yes	5	The President is always like this	5	Yes, often
Q1_6_a	【If so】 In which ways has their optimistic expectation inspired you in your work?		Helped me in my work		More passionate		Make me so proud of our company
Q1_7	Do they value the intellectual ability of employees and recognize the employee's sense of logic and analysis?	3	This is definitely important, but the moral aspect of a person is more important	5	Yes	3	I have no idea about how the executive-level leaders evaluate employees
Q1_7_a	【If so】 Can you think of anyone, you or your colleague, promoted by the executive-level leaders of your company because of his intellectual ability?		--		I myself can be a good example. I was sent the north China region When I just joined FB for three months. I stayed there for one year and seven months, and made some contribution to the company. Also, I can achieve my target every quarter after I returned to Shenzhen office.		
Q1_7_b	【If not】 What aspects do they value more?				--		
Q1_8	Do they especially encourage employees to seek innovative methods when solving problems?	5	Yes, many times	5	Yes	5	Yes. Our company encourages employees to make reasonable suggestions on working flow, strategies, current problems, communication and so on. We will be rewarded if our suggestion is accepted.
Q1_8_a	【If so】 Can you give me an example?		Those technical things have become status-quo, but when we need changes we have to break the law		There was no shortcuts to deal with competitors. But now we changed our way to communicated with customers, we lead them to think about their future development by using our products		
Q1_9	Do they help employees to develop their own strengths?	5	Definitely yes	5	Yes	3	I did not notice that
Q1_9_a	【If so】 Can you think of anyone, you or your colleague, who can put his (her) strength into full play in the help of executive-level leaders of your company?		A guy in technical department, used to be a paper work specialist, but he likes to learn about machines, even after work. This is noticed by our leader, and finally the specialist was transferred to an engineering position. Now he is doing well.		My colleague used to be a driver. The president transferred him to a sales position because he is aspiring and cares much about details. Now he is the sales champion of the company		
Q1_10	When they intent to retain an employee, do they consider to satisfy specific needs and aspirations of him (her)?	3	No idea, as far as I know. But the talent's demand might be met if it does not contradict with the benefit of the company	3	No idea. It depends on what special demand. They will not accept if the demand is not reasonable. But our leaders are quite considerate	3	Never heard about that

Code	Description	R1		R2		R3	
		Product manager		Marketing director		Procurement executive	
Q1_10_a	【If so】 Can you think of anyone, you or your colleague, who are retained by the executive-level leaders of your company successfully through satisfying his (her) specific needs and aspirations?				--		
Q2	<b>Job satisfaction</b>						
Q2_1	In which ways are you satisfied/dissatisfied with your current job itself (excluding external factors such as salary, relationship with co-workers, and so on)? Please discuss in the following aspects.						
Q2_1_1	In which ways do you like or dislike your current job?		What I like is my job can give me a sense of self-esteem; what I dislike is that...I think I should improve my ability in technical aspects		What I like is that my job makes me full of energy, I have a thousand things to do everyday, I can make real contribution to my company, I can help others to achieve their targets, which give me a sense of satisfaction; what I dislike...I have not thought of any		I like my job
Q2_1_2	In which ways can you put your strengths into full play in your current job?		Commercial		I am mainly good at sales. I have a strong sense of satisfaction every time when I win a customer against competitors		I speak English quite well and often communicate with foreigners; I have good logical ability, which is helpful for my job -- data processing; also, I am quite good at communication
Q2_1_3	In which ways do you think you can or cannot handle your current job well?		I think I have the ability to complete my task, what I lack is the ability to coordinate the operation of the whole team		I think I can improve my ability to manage people		I think I am qualified for this position. If I have any problem, I will consult my leader, and my leader can always give me valuable suggestions
Q2_1_4	In which ways does your current job give you a sense of accomplishment?		I can complete my tasks and succeed in the competition with other companies in the industry		Win orders, and help my team members to grow		Very much satisfied. I feel so satisfied when I strive to meet the requirements of customers, when my suggestions are accepted by the company, and of course when my efforts are recognized
Q2_1_5	So overall, in which ways are you satisfied or dissatisfied with the current job itself (excluding external factors such as salary, relationship with co-workers, and so on)?		Overall I am satisfied		I am qualified for the job is important		A sense of achievement is the most important thing
Q2_1_5_a	【No matter satisfied or dissatisfied】 In which ways do you think your satisfaction or dissatisfaction is related to the leadership style of the executive-level leaders of your company?	1	This have nothing to do with charisma. It is related to product positioning	4	Sometimes it is related. This is a relationship of need and be needed. The leader's trust can put your ability into full play	5	It is related. I can put my ability into full play when their style fits my style well
Q2_1_5_b	【With regard to dissatisfied aspects】 Will you consider to leave the company because of this dissatisfaction, and why?		--		--		--
Q2_2	In which ways are you satisfied/dissatisfied with the learning and training opportunities on your current job? Please discuss in the following aspects.						
Q2_2_1	Can you learn new experience and skills from your current job?	5	Yes, I can learn a lot on my current position	5	Yes	5	Yes
Q2_2_1_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	2	Somewhat related (quite hesitated)	5	Yes, our executive level leaders expect good performance of us, which is an important impetus for us	5	Yes, because they just let us do it without any hesitation, this gives us good opportunities to practice. Also, they are willing to teach us and encourage us to learn
Q2_2_1_b	【If not】 Will you consider to leave the company because you cannot learn new things any more, and why?		--		--		--

Code	Description	R1		R2		R3	
		Product manager		Marketing director		Procurement executive	
Q2_2_2	Do you think you can have opportunities for promotion or long-term career advancement if you stay in this company?	5	Definitely yes	5	I think I will if I make enough efforts	5	Yes
Q2_2_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	1	It is mainly related to personal ability rather than leadership style	4	Perhaps yes, our leaders also grow from the roots. They have many experiences. Nobody is born to be a leader.	1	Seems no relationship. It is mainly related to the development of the company
Q2_2_2_b	【If not】 Will you consider to leave the company because you cannot have any room for career development, and why?	--	--	--	--	--	--
Q2_3	In which ways are you satisfied/dissatisfied with the following external factors of your current job?						
Q2_3_1	Are you satisfied with your total compensation (salary, incentive pay, and benefits), especially when compared with your workload?	5	Yes	5	Yes	5	Yes, we can get more pay for more work done
Q2_3_1_a	【If not】 Will you consider to leave the company because of this dissatisfaction, and why?	--	--	--	--	--	--
Q2_3_2	Do you get along with your supervisors and co-workers?	5	Currently I can get along with my leader and my followers	5	Yes, very much	5	Yes, I can get along with my leader
Q2_3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Yes, it is related to the leader's personality. If he is coercive, our relationship can not be so good	5	Definitely related. It is the leaders who get us to work together for a common goal	5	Very much related. If the leader is open and good at communication, we will also be willing to communicate with him
Q2_3_2_b	【If not】 Will you consider to leave the company because you cannot get along with them, and why?	--	--	--	--	--	--
Q2_3_3	Can you describe the organizational culture of your company? For example, caring about employee, innovative, or goal-oriented?		We are working for a common goal		One of the eight requirement of the company for its staff is honesty		Highly effective, result-oriented but not too much result-oriented
Q2_3_3_a	【If a certain culture is described】 In which ways do you think this culture is related to the leadership style of the executive-level leaders of your company?	5	Definitely related to the personality and working style of the leader. Different people may make different decisions	5	I have new ideas every time when I communicate with the President	5	Direct relationship. If he cares about details, we will also do so
Q2_3_3_b	【If a certain culture is described】 Do you feel comfortable with this culture?	4	We can all accept the culture after a while	5	Why not? It's a good culture	5	Yes
Q2_3_3_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this culture, and why?	--	--	--	--	--	--
Q2_3_4	Do you think the communication between supervisors and followers, and among co-workers is effective?	5	Yes	4	To leaders, effective; to followers, not so effective	5	Yes, it is not a highly hierarchical company, there is no problem with communication
Q2_3_4_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Related to working attitude	4	Perhaps related with leaders	5	Related, because they are willing to communicate with employees, and good at it, the message can be delivered to them
Q2_3_4_b	【If not】 What do you think is the reason for this inefficiency?	--	--	--	--	--	--
Q2_3_4_c	【If not】 Will you consider to leave the company because of this ineffective communication, and why?	--	--	--	--	--	--
Q2_3_5	Can you describe the management style or working flow of the company when it put policies into practice? For example, fast or slow, flat or hierarchical structured, fair or not? 【If a certain style is described】	5	Our working flow is effective, straight to commercial department	5	Very effective, sometimes the President replied my email even late at night	4	Not slow, relatively fast

Code	Description	R1		R2		R3	
			Product manager		Marketing director		Procurement executive
Q2_3_5_a	【If a certain style is described】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Related, because the executive level leaders trust us	5	The leader firstly set a role model for us	5	Yes, He developed these strategies because he is result-oriented
Q2_3_5_b	【If a certain style is described】 Do you feel comfortable with this management style?	5	At least the mid-range managers feel comfortable	4	I am still try to get used to it	5	Yes
Q2_3_5_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this management style, and why?		--		--		--
Q2_3_6	Do you think the human resource management of your company is effective and fair enough?	5	I should say it is effective and fair	5	Highly effective, all the talents are used properly	4	OK, we don't know other's salary, but all of us seem happy with our reward
Q2_3_6_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Definitely related to the personal style of our leader	4	Leaders are making efforts for the development of the company, we have common goals and vision	5	Quite strong influence, our leaders are honest and fair, even prince will be punished if he violates the law
Q2_3_6_b	【If not】 Will you consider to leave the company because of this inefficiency or injustice, and why?		--		--		
Q3	Organizational commitment						
Q3_1	Can you describe the reputation of your company in the industry? Please specify in various aspects if you can.	5	Quite good, I used to work in a Taiwan company, what I disliked the most at that time is that the leader could make decisions by himself without considering our suggestions; in FB, the decision made through open discussion will definitely be implemented	5	Our reputation in the industry is quite good, the target made by our President to be No. 1 in domestic market will soon be realized; as for customer service, we have always been trying our best	3	I don't know, I have little communication about it with others, but I know that the reputation of our product is quite good in the industry
Q3_2	Are you emotionally attached to this company?	5	Definitely yes if you have stayed here for so long	5	Definitely yes	5	Yes, I like the company very much
Q3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Related, you will certainly has a sense of attachment if our leader communicate with you and help you a lot	5	Definitely related, our leaders are the core and soul of the company, we admire, even warship them	5	Of course, their leadership style has influenced the atmosphere and policies of the company, which allow us to work in a highly effective environment. They encourage learning, eliminate complicated interpersonal relationship, which enable us to concentrate on work
Q3_3	In which ways do you think quitting this job may disrupt your life or your career development?	1	No big influence	4	I have never thought about this...It may have influence on my life quality and development of career for a while, I have been in the company for four years after all. But I think I can quickly get accustomed to a new position	3	I have never considered to leave the company, I like it very much
Q3_3_a	【No matter yes or no】 In which ways do you think this disruption, especially in career development, is related to the leadership style of the executive-level leaders of your company?			5	Definitely related. The President used to tell me he can understand that I cannot stay in the company for the rest of my life, but he hope I can become a professional manager here and be qualified for any management position in the future. I see the President as my teacher		
Q3_4	Did the executive-level leaders of your company teach you to believe in the value of remaining loyal to a same company?	1	Not really	5	Yes, I have worked for fourteen years in three companies. I can learn the most from FB, so I really enjoy staying here	4	We encourage rather than instill
Q3_4_a	【If so】 In which ways did they do so?				Mainly when they made long-term plans for the company and for our personal development		Each of us has a salary pool. One month's salary is deposited in the pool each year, and we can withdraw the money after three years. We also have attractive employee welfare
Q3_4_b	【If so】 In which ways has this influenced your commitment to the company?				Encouraged us to develop together with the company		

Code	Description	R1		R2		R3	
		Product manager		Marketing director		Procurement executive	
Q4	<b>Talent retention</b>						
Q4_1	Do you intend to stay in this company for another two or more years?	5	Yes	5	I am willing to work here for another five or ten years if possible	5	Yes
Q4_1_a	【No matter yes or no】What are the main reasons for your decision to stay in the company/leave in the coming future?		The company is rapidly growing, it has promising future, and I can learn here.		The enhancement of my ability, and the improvement of my life quality		Firstly, working here makes me happy. I like the company, I can learn here, I can develop my career here, the company has a promising future and offer me a good stage; I am proud of my contribution here; the interpersonal relationship is quite simple here, we can all concentrate on work, which is what I am good at.
Q4_1_b	【No matter yes or no】In which ways do you think your decision is related to the leadership style of the executive-level leaders of your company?	1	No	5	Direct relationship, it is the leaders who gave us commitment and recognition	5	Related. Leadership style influence policies, which in turn influence daily work and communication among employees. All of our daily work are directly related to high-level leadership. If the leadership changes all will change with it.



Code	Description	R4		R5		R6	
		Logistics manager		Production executive		Commerce director	
Leadership style of the studied leader		Refer to the whole executive-level team		Refer specifically to the President		Refer specifically to the President	
Note		Used to work in FA, has stronger attachment to the city where FA locates					
Q1	Leadership						
Q1_1	Do you think the executive-level leaders of your company have won most employees' respect and trust?	5	Yes	5	Yes	5	Yes
Q1_1_a	【If so】 What do you think is the reason for them to win employees' respect and trust?		Dedication, devotion and profession		Our leaders always follow the strategies they made and brought benefits to employees		He has brought new management style, better stage, his ability and charisma, and well implemented commitments. All of us are changed a lot.
Q1_1_b	【If not】 What do you think is the reason for them to lose employees' respect and trust?		--		--		--
Q1_2	Do you think they can cope with various problems in business and management at ease?	5	Yes	5	Yes	5	Yes
Q1_2_a	【If so】 In which ways did they manage to cope with these problems? Can you give me an example?		They may also need the help from experts, and they would like to empower the mid-range managers instead of doing all by themselves		He even coach us by doing. For example, if the mid-range managers cannot deal with a project, they will firstly teach you how to plan, how to communicate with customers, how to serve customers, and how to make the project sustainable.		We have four sales meetings a year, to achieve common target, get feedback, the executive-level team give us their idea, but they can also accept ideas from sales, because they know more about the market
Q1_2_b	【If not】 What do you think is the reason for their failure?		--		--		--
Q1_3	Do they usually share their own values and beliefs with employees?	4	Yes, something like their idea about the future of the company	5	Yes	4	Used to share a couple of years ago, when I had more communication with he (the President)
Q1_3_a	【If so】 In which ways do you think their values and beliefs have influenced yours?		Their values encouraged me		Usually, he shares in yearly or monthly meetings. They would like to share their values about life, which has influenced mine a lot. I think I will have a promising future in this company		His values deserve pondering, I was influenced a lot
Q1_4	Can you describe their style of management? For example, do they usually set an example by their own action and let employees follow them, or encourage employees to explore how to carry out their work themselves?		Authoritative, and empowering at the same time		Swiftness and perfection		He always rest on principles, but at the same time, very flexible. Market is the first important thing for him. Very democratic.
Q1_4_a	【No matter yes or no】 In which ways do you think their style of management have influenced you in your work?		Be determined and meanwhile willing to take the responsibility		Definitely yes, we can gradually meet their requirements; But if not, they will remind us of the right direction		I am basically imitating his style
Q1_5	Is there a clear vision in your company, describing what kind of enterprise the firm expect to become in the future, what is the ultimate objectives of the firm, etc.?	5	Yes	5	Yes	5	Yes, no. 1 in target markets
Q1_5_a	【If so】 In which ways did the executive-level leaders of your company deliver this vision to employees?		Communicate on a daily basis		Our leaders will present our target for the coming year in year-end meetings		Quarterly and yearly meetings

Code	Description	R4		R5		R6	
			Logistics manager		Production executive		Commerce director
Q1_5_b	【If so】 In which ways do you think this vision has inspired you in your work?		Of course. This is a main source of inspiration. Our leaders gave us strong confidence. Every time when we had unsolved problems, our leader's suggestions always made us suddenly enlightened. They seem to see problems from a higher perspective		--		You cannot stop from approaching to the ultimate target after you have got one
Q1_6	Do they often optimistically talk about the future of the company in front of employees?	5	Yes		--	5	The President is good at influencing others with his charisma
Q1_6_a	【If so】 In which ways has their optimistic expectation inspired you in your work?		When we meet any difficulty, despise it, see it as a piece of case, this is very important, nothing cannot be solved, our leaders told us to be brave and scare of nothing		--		Through continuous communication and inspiration, I see my job as a challenge rather than a threat
Q1_7	Do they value the intellectual ability of employees and recognize the employee's sense of logic and analysis?	3	I cannot answer, I have no idea; But I think this can be a consideration	5	I cannot answer, I have no idea; But I think this can be a consideration	3	Definitely it is one of the most critical factors, but I think loyalty and a down-to-earth attitude is more important
Q1_7_a	【If so】 Can you think of anyone, you or your colleague, promoted by the executive-level leaders of your company because of his intellectual ability?		--		For example, some team leaders, when they were engineers, they could complete their tasks quickly and also make some reasonable suggestions related to cost saving or technical innovation		--
Q1_7_b	【If not】 What aspects do they value more?		--		--		Loyalty and a down-to-earth attitude
Q1_8	Do they especially encourage employees to seek innovative methods when solving problems?	5	Yes	5	Yes	3	Yes, but there is a gap between the convention of the former FB and the practice of the new President. More strategies are implemented in the past three years, but these were not innovative strategies, because we have not achieved that level. But definitely we will try to be innovative in the future
Q1_8_a	【If so】 Can you give me an example?		My job is related to the market, there is no a fixed law, we have to be innovative but to adhere to old habits		We have new programs each year, we have to be innovative		--
Q1_9	Do they help employees to develop their own strengths?	5	Yes	5	Use their talent instead of their shortage	5	Yes
Q1_9_a	【If so】 Can you think of anyone, you or your colleague, who can put his (her) strength into full play in the help of executive-level leaders of your company?		My colleague used to be a driver. The president transferred him to a sales position because he is aspiring and cares much about details. Now he is the sales champion of the company				A technician, wanted to be a sales personnel, our leader offered an opportunity and realized his dream
Q1_10	When they intent to retain an employee, do they consider to satisfy specific needs and aspirations of him (her)?	3	I never met this situation	3	It depends on the contribution of the employee and the loss caused by his leave	3	It depends on the position of the talent. Usually when talents have problems, they will try to communicate with them about their specific needs

Code	Description	R4		R5		R6	
		Logistics manager		Production executive		Commerce director	
Q1_10_a	【If so】Can you think of anyone, you or your colleague, who are retained by the executive-level leaders of your company successfully through satisfying his (her) specific needs and aspirations?		--		--		
Q2	<b>Job satisfaction</b>						
Q2_1	In which ways are you satisfied/dissatisfied with your current job itself (excluding external factors such as salary, relationship with co-workers, and so on)? Please discuss in the following aspects.						
Q2_1_1	In which ways do you like or dislike your current job?		I like it		I like that we have a technical training every year, and I can continuously learn from it		Full of challenges; I can lead my team to refresh our sales records on a continuous basis; but those are also what I dislike, I often feel tired of it, I have to adjust my mood on a continuous basis too.
Q2_1_2	In which ways can you put your strengths into full play in your current job?		I am doing my specialty, and I have been working in this industry for more than ten years. I am very familiar with my job and I can handle it with ease		I am a technician. I have been on this position for years, and I am quite familiar with my products		Market development, channel management and sales
Q2_1_3	In which ways do you think you can or cannot handle your current job well?		I am certainly qualified for my current position, but I think there is room for improvement if I am promoted to a higher position		I am good at technical things but I should improve my ability to manage people		Our company set very challenging targets, and our team is quite young. It is not unusually that some people will be knocked out if they fail to improve themselves
Q2_1_4	In which ways does your current job give you a sense of accomplishment?		There is no such problems that cannot be solved. I feel especially satisfaction when I can solve problems for my company, and when I am trusted		Salary, and other incentives		Offer me a good stage, give me an opportunity to better understand my strengths and weaknesses, give me the chance to communicate with some many customers and distributors
Q2_1_5	So overall, in which ways are you satisfied or dissatisfied with the current job itself (excluding external factors such as salary, relationship with co-workers, and so on)?		I am qualified for the job is important		I am good at it is important		A sense of achievement is the most important thing
Q2_1_5_a	【No matter satisfied or dissatisfied】In which ways do you think your satisfaction or dissatisfaction is related to the leadership style of the executive-level leaders of your company?	3	Perhaps a little, I am not sure, the leader may be target-oriented or process-oriented, but I am qualified for the position is the most important thing	4	There is a influence but not very influential	5	The leader's style may influence my thoughts and my management style. The President is full of positive and optimistic energy, which has influenced me a lot.
Q2_1_5_b	【With regard to dissatisfied aspects】Will you consider to leave the company because of this dissatisfaction, and why?		--		--		--
Q2_2	In which ways are you satisfied/dissatisfied with the learning and training opportunities on your current job? Please discuss in the following aspects.						
Q2_2_1	Can you learn new experience and skills from your current job?	5	I have enough experience and skills for my current position. The company is considering to promote me to a higher position	5	Yes	5	We have many opportunities
Q2_2_1_a	【No matter yes or no】In which ways do you think this is related to the leadership style of the executive-level leaders of your company?		--	5	Related. He does everything so quickly, so we also follow his style	5	The President is always willing to help others grow, especially for those who are diligent
Q2_2_1_b	【If not】Will you consider to leave the company because you cannot learn new things any more, and why?		--		--		--

Code	Description	R4		R5		R6	
		Logistics manager		Production executive		Commerce director	
Q2_2_2	Do you think you can have opportunities for promotion or long-term career advancement if you stay in this company?	5	I believe I will	5	Yes	3	FB has very high sales target, I have not got the chance to think about future. The company has a rapid development in the recent three years. From my perspective, I was learned so much in the company in these three years, I will pay back for at least another six years, no matter whether I will be promoted to a higher position
Q2_2_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Related. Our leaders are also young. They grew up from the roots and totally understand employee's desires for their career. They often communicate with employees about that	5	Related. The executive-level leaders care about evaluation of mid-range managers and ordinary staff	5	I learned much from him, which allow me to make more contributions
Q2_2_2_b	【If not】 Will you consider to leave the company because you cannot have any room for career development, and why?		--		--		--
Q2_3	In which ways are you satisfied/dissatisfied with the following external factors of your current job?						
Q2_3_1	Are you satisfied with your total compensation (salary, incentive pay, and benefits), especially when compared with your workload?	5	Yes	4	Yes	5	Yes
Q2_3_1_a	【If not】 Will you consider to leave the company because of this dissatisfaction, and why?		--		--		--
Q2_3_2	Do you get along with your supervisors and co-workers?	5	Yes	5	Yes	4	OK
Q2_3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	4	Should be related	5	Related, the leader will not seem so superior if he is kind to employees	5	It is related to the management style of the executive-level leaders. The President is quite positive and open, he do not like secret small groups, so there is no such things in the company
Q2_3_2_b	【If not】 Will you consider to leave the company because you cannot get along with them, and why?		--		--		--
Q2_3_3	Can you describe the organizational culture of your company? For example, caring about employee, innovative, or goal-oriented?		We do have a culture, that is be practical and respect facts		The executive level leaders care much about details		Yes, caring for people is the most important culture, another one is target-oriented
Q2_3_3_a	【If a certain culture is described】 In which ways do you think this culture is related to the leadership style of the executive-level leaders of your company?	5	Directly related. The culture of the company is the same with his personal style	5	Definitely related. He set a role model and we all follow him	5	He is always instilling this style, which has influenced people around him a lot
Q2_3_3_b	【If a certain culture is described】 Do you feel comfortable with this culture?	5	Comfortable and like it	5	Yes	5	Not so familiar for the first year, but now I can accept the culture completely
Q2_3_3_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this culture, and why?		--		--		--
Q2_3_4	Do you think the communication between supervisors and followers, and among co-workers is effective?	4	Most communications are effective, to some people it is not	5	Yes, we have fixed working flow	4	Generally it is OK, but we have not done it 100 well
Q2_3_4_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	1	Not so related, the problem will always exist as long as it involves people	5	The executive level leaders are flexible, they can always made the working flow effective	4	Perhaps more related to mid-range managers. When the executive level leaders made a decision, it is the job of mid-range managers to implement it
Q2_3_4_b	【If not】 What do you think is the reason for this inefficiency?		--		--		--
Q2_3_4_c	【If not】 Will you consider to leave the company because of this ineffective communication, and why?		--		--		--
Q2_3_5	Can you describe the management style or working flow of the company when it put policies into practice? For example, fast or slow, flat or hierarchical structured, fair or not? 【If a certain style is described】	5	Quite straightforward, I like it	5	Yes, our working flow is quite fast	5	The working flow of our company is relatively fast and easy

Code	Description	R4		R5		R6	
			Logistics manager		Production executive		Commerce director
Q2_3_5_a	【If a certain style is described】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?		--	5	Yes, you can always reach them quickly through email and phone call if there is an emergency	5	His personality will influence the efficiency of the team. If we used to need 3-4 days, he will try to make it 1-2 days
Q2_3_5_b	【If a certain style is described】 Do you feel comfortable with this management style?		--	5	Yes	5	Yes
Q2_3_5_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this management style, and why?		--		--		--
Q2_3_6	Do you think the human resource management of your company is effective and fair enough?	4	Effective, comparatively fair	4	Fair, as for effectiveness, it mainly depend on talent turnover	4	I don't know much about HR, but I think it is fair and effective
Q2_3_6_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	3	I don't know	4	Should be related, the strategies of executive level leaders determine the recruitment of talent	5	The requirement of the executive leaders on talent recruitment will influence HR's requirement
Q2_3_6_b	【If not】 Will you consider to leave the company because of this inefficiency or injustice, and why?		--		--		--
Q3	Organizational commitment						
Q3_1	Can you describe the reputation of your company in the industry? Please specify in various aspects if you can.	5	I don't know quite well, but I think we never fail in our commitments to customers	5	Very good, our reputation is good in the industry, you can see it from the rapid development in sales	5	Our reputation is quite good in the industry
Q3_2	Are you emotionally attached to this company?	4	We are all outsiders in Shenzhen. We are somewhat attached to the company, which has already been rare in Shenzhen	2	I cannot say I have a strong attachment to the company, this is related to the macro-environment of Shenzhen, because we are not residents here	5	Yes
Q3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Yes, the leaders are attached to the company, so we are attached too. I have very strong emotional attachment to the company, I hope we can create a miracle together	1	Not very much related. It is mainly related to the macro-environment	5	We have been No 1 in domestic market under the leadership of the President, and we have left No 2 far behind. This gives us strong sense of achievement and attachment. We are all willing to work in such a company
Q3_3	In which ways do you think quitting this job may disrupt your life or your career development?	3	I cannot answer the question, because if you leave with different reason, you will have different answer	5	For my family, yes, due to the decrease in salary, and also I am not sure if I can find a better company	4	I have never thought about leaving in recent years, but I think I will feel empty for a while if I leave
Q3_3_a	【No matter yes or no】 In which ways do you think this disruption, especially in career development, is related to the leadership style of the executive-level leaders of your company?		--		--	5	The personal charisma and ability of the President make us willing to work together with him in this company
Q3_4	Did the executive-level leaders of your company teach you to believe in the value of remaining loyal to a same company?	5	Yes	5	Yes	5	Yes
Q3_4_a	【If so】 In which ways did they do so?		Yearly meetings, our leaders will present to us the development of the industry, the company, and even the country. This makes us so proud of what we are doing		Yearly meetings, they mentioned that we cannot stay for the rest of our lives, but we should stay for 3-5 years and see if the company is suitable for us		Quarterly and yearly meetings. He also communicates with employees face-to-face, or through mid-range managers
Q3_4_b	【If so】 In which ways has this influenced your commitment to the company?		Very big influence, makes us so proud of working here and grow together with the company. The company also brought us so many surprises		To some extent, mainly due to financial burden		We can get to understand what our leaders are thinking about

Code	Description	R4		R5		R6	
		Logistics manager		Production executive		Commerce director	
Q4	<b>Talent retention</b>						
Q4_1	Do you intend to stay in this company for another two or more years?	5	Yes	5	Yes	5	I have the plan to work here for at least another six years
Q4_1_a	【No matter yes or no】What are the main reasons for your decision to stay in the company/leave in the coming future?		The position of the company in the industry, the development of the industry itself, and the development of the country. As for personal reasons, trust for executive leaders		If the industry has a promising future, if I have the chance to learn new things, and salary		Firstly, my boss, secondly, the future of the company, thirdly, the executive level leaders' ability of implementation
Q4_1_b	【No matter yes or no】In which ways do you think your decision is related to the leadership style of the executive-level leaders of your company?		--	5	Related. We follow and grow with the leaders	5	I like him, as a manager. I admire his personality, ability, and charisma. We are all willing to follow such a leader.

Code	Description	R7		R8		R9	
		Finance manager		Marketing manager		Strategic planning manager	
Leadership style of the studied leader				Refer specifically to the President			
Note							
Q1	Leadership						
Q1_1	Do you think the executive-level leaders of your company have won most employees' respect and trust?	5	Yes	5	Yes	5	Yes
Q1_1_a	【If so】 What do you think is the reason for them to win employees' respect and trust?		The strategies they made have brought rapid growth and financial benefit to the company		Ability and his believe in just, fair and open		Ability and reliability as a leader
Q1_1_b	【If not】 What do you think is the reason for them to lose employees' respect and trust?		--		--		--
Q1_2	Do you think they can cope with various problems in business and management at ease?	5	Yes	5	Yes	5	Yes, no problem
Q1_2_a	【If so】 In which ways did they manage to cope with these problems? Can you give me an example?		I cannot think of any for now		Every time when I raise a question, my boss can always give me convincing answers, so I think he has enough ability to solve problems		They had a very detailed plan in the first place
Q1_2_b	【If not】 What do you think is the reason for their failure?		--		--		--
Q1_3	Do they usually share their own values and beliefs with employees?	5	Yes	5	Share working experiences in quarterly meeting	5	Yes
Q1_3_a	【If so】 In which ways do you think their values and beliefs have influenced yours?		A big influence, for e.g., they always emphasize on the implementation ability of the team. The implementation in our company has been enhanced since acquired by FA		I should say his values are just what I believe		I learned how to make a long-term plan, a 3-5 year plan, and how to plan for future
Q1_4	Can you describe their style of management? For example, do they usually set an example by their own action and let employees follow them, or encourage employees to explore how to carry out their work themselves?		They would like to tell us the right direction, and lead us to that direction		Sharp, charisma; they often work late, even on weekends, they work very hard, and also share their experience with us		Determination. Firstly they set a role model for employees, then they also require employees to do the same and help their fellows to do the same.
Q1_4_a	【No matter yes or no】 In which ways do you think their style of management have influenced you in your work?		Give me a firm believe and a clear goal		Positive influence		Prudent
Q1_5	Is there a clear vision in your company, describing what kind of enterprise the firm expect to become in the future, what is the ultimate objectives of the firm, etc.?	5	Yes	5	Yes	5	Yes
Q1_5_a	【If so】 In which ways did the executive-level leaders of your company deliver this vision to employees?		Presented in yearly meetings		In the PPT presentations of our company, and also in year-end meetings and new staff trainings		In meetings

Code	Description	R7		R8		R9	
		Finance manager		Marketing manager		Strategic planning manager	
Q1_5_b	【If so】 In which ways do you think this vision has inspired you in your work?		It makes me more target-oriented, I can see that our company is developing to the right direction, and we are approaching to our common target. If we work hard together, our company may become No. 1 in the industry. This makes me so proud		Man struggles upwards, water flows downwards. Everybody wants to work in a company that is developing upwards		Have a target
Q1_6	Do they often optimistically talk about the future of the company in front of employees?	5	Yes	4	Definitely yes for mid-range managers, and the facts proved that our communication is not empty talk; for ordinary staff, mid-range managers can be good mediators	5	He often told us to do our best
Q1_6_a	【If so】 In which ways has their optimistic expectation inspired you in your work?		More passionate about my work		--		Be happy, don't see your job as a burden
Q1_7	Do they value the intellectual ability of employees and recognize the employee's sense of logic and analysis?	4	It is also important	4	Very important, but moral is always more important than intellectual ability	4	I did not notice that, I have no idea what the executive-level leaders consider more important, but I care more about moral aspects
Q1_7_a	【If so】 Can you think of anyone, you or your colleague, promoted by the executive-level leaders of your company because of his intellectual ability?		I cannot think of any		--		
Q1_7_b	【If not】 What aspects do they value more?		--		Wisdom in solving problems, and constructive solutions		
Q1_8	Do they especially encourage employees to seek innovative methods when solving problems?	5	Yes	5	Yes. He always asks if we have any good solution	3	They did not explicitly do so. Usually they will tell you to figure it out by yourself, but if it is a very important project, they will tell you specifically what to do.
Q1_8_a	【If so】 Can you give me an example?		Our leader always told us not to give ourselves heavy burden		--		
Q1_9	Do they help employees to develop their own strengths?	5	Yes	5	Yes, use people according to their talent	1	No
Q1_9_a	【If so】 Can you think of anyone, you or your colleague, who can put his (her) strength into full play in the help of executive-level leaders of your company?		There was a AR accountant in our department. He came to our company after graduation. But our leader found that he is not good at communication, so he was transferred to a cost accountant position, which do not require much communication with people. He is happier with his job now.		There was a new marketing specialist in our company. Our leader found that he is not good at communication with customers, but more good at technical things. So he was transferred to a pre-sales technician position, which is more suitable for him		
Q1_10	When they intent to retain an employee, do they consider to satisfy specific needs and aspirations of him (her)?	4	They will talk to them individually, tell them the future development of the company, and tell them that their demands can be met in the future	3	I don't know. Maybe they will	1	No



Code	Description	R7		R8		R9	
		Finance manager		Marketing manager		Strategic planning manager	
Q1_10_a	【If so】 Can you think of anyone, you or your colleague, who are retained by the executive-level leaders of your company successfully through satisfying his (her) specific needs and aspirations?		They are all from other departments, I don't know much details		--		
Q2	<b>Job satisfaction</b>						
Q2_1	In which ways are you satisfied/dissatisfied with your current job itself (excluding external factors such as salary, relationship with co-workers, and so on)? Please discuss in the following aspects.						
Q2_1_1	In which ways do you like or dislike your current job?		I like it because finance is my specialty and my interest		I like challenging job, not conventional job		I like my job because I get along quite well with my colleagues in the company
Q2_1_2	In which ways can you put your strengths into full play in your current job?		Lead my financial team... we are using our own specialty, and we can communicate quite well with other departments		I am quite good at proposing new ideas and solving problems		Ability of crisis management
Q2_1_3	In which ways do you think you can or cannot handle your current job well?		I believe I can lead my team to achieve new targets each year, as for what I cannot handle, I cannot think of any for the time being		I can handle my jobs, but what I cannot handle is when there is too much work and too few people to do it		I am qualified for my position, perhaps because my job is quite easy for me
Q2_1_4	In which ways does your current job give you a sense of accomplishment?		The growth of my team, the close relationship among my colleagues		My suggestions are accepted by my leaders		No complains from customers
Q2_1_5	So overall, in which ways are you satisfied or dissatisfied with the current job itself (excluding external factors such as salary, relationship with co-workers, and so on)?		I like it, this is the most important		Firstly, I like it; secondly, it gives me a sense of achievement		A sense of achievement is the most important thing
Q2_1_5_a	【No matter satisfied or dissatisfied】 In which ways do you think your satisfaction or dissatisfaction is related to the leadership style of the executive-level leaders of your company?	5	The optimistic view of executive leaders can influence us significantly	5	Closely related. If the leaders do not use people according to their talent, we will not have the opportunity to do what we like to do	5	Related. The executive leaders give us a right direction
Q2_1_5_b	【With regard to dissatisfied aspects】 Will you consider to leave the company because of this dissatisfaction, and why?		--		--		--
Q2_2	In which ways are you satisfied/dissatisfied with the learning and training opportunities on your current job? Please discuss in the following aspects.						
Q2_2_1	Can you learn new experience and skills from your current job?	5	Yes	4	I can learn interpersonal relationships and management skills, not technical aspects	5	Yes
Q2_2_1_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Firstly, the leaders give you a stage and an opportunity, then they give you support. You don't have to worry about anything, you just do it. If you are doing wrong, they will remind you	5	Related. Their values will influence your values and your objectives		We have on-line trainings. Our company always encourage us to learn, which is very good. Sometimes our leaders even bought books for us
Q2_2_1_b	【If not】 Will you consider to leave the company because you cannot learn new things any more, and why?		--		--		--

Code	Description	R7		R8		R9	
		Finance manager		Marketing manager		Strategic planning manager	
Q2_2_2	Do you think you can have opportunities for promotion or long-term career advancement if you stay in this company?	5	Yes	4	Probably yes, if your boss is a diligent person, the whole team will grow with him	4	I don't know about my position, but my ability, yes
Q2_2_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	The executive level leaders care much about employee's incentives	5	If he has a big heart, he will give you opportunities; if not, he will just knock you out when you are useless	5	Yes
Q2_2_2_b	【If not】 Will you consider to leave the company because you cannot have any room for career development, and why?		--		--		--
Q2_3	In which ways are you satisfied/dissatisfied with the following external factors of your current job?						
Q2_3_1	Are you satisfied with your total compensation (salary, incentive pay, and benefits), especially when compared with your workload?	5	Yes	2	I think my work definitely deserves my pay	5	Yes
Q2_3_1_a	【If not】 Will you consider to leave the company because of this dissatisfaction, and why?		--		--		--
Q2_3_2	Do you get along with your supervisors and co-workers?	5	Yes	5	Yes, most of the members in the team are straightforward and open	5	Yes, I am happy working here
Q2_3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	The executive-level leaders of the company always emphasize the communications between colleagues and departments. All the parties involved should solve the problem together	5	Should be related. If he makes a simple problem complicated, the problem will become more difficult; if he makes a complicated problem too simplified, the problem will also become difficult to deal with. So the leader should be smart enough. He should understand the inner feeling of everybody.	5	He is kind to others, very easy to get along with
Q2_3_2_b	【If not】 Will you consider to leave the company because you cannot get along with them, and why?		--		--		--
Q2_3_3	Can you describe the organizational culture of your company? For example, caring about employee, innovative, or goal-oriented?		Details determine success or failure		No obvious culture, but has obvious leadership		Details determine success or failure
Q2_3_3_a	【If a certain culture is described】 In which ways do you think this culture is related to the leadership style of the executive-level leaders of your company?	5	He always tells us to care about details	--		5	He has high standard for both employees and himself
Q2_3_3_b	【If a certain culture is described】 Do you feel comfortable with this culture?	5	Yes	--		5	Yes
Q2_3_3_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this culture, and why?		--		--		--
Q2_3_4	Do you think the communication between supervisors and followers, and among co-workers is effective?	4	OK	4	Most communications are effective, some are not	5	Yes
Q2_3_4_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Executive-level leaders care much about the effectiveness of working flow. If the problem is interdepartmental, we will try to solve it together	5	If the communication is not effective, he will try to teach you how to communicate	5	The President often talk about the effectiveness of working flow
Q2_3_4_b	【If not】 What do you think is the reason for this inefficiency?		--		--		--
Q2_3_4_c	【If not】 Will you consider to leave the company because of this ineffective communication, and why?		--		--		--
Q2_3_5	Can you describe the management style or working flow of the company when it put policies into practice? For example, fast or slow, flat or hierarchical structured, fair or not? 【If a certain style is described】	5	Our working flow is quite fast and straightforward, perhaps because there is not many staff in our company	5	I report directly to the President, so for me it is super fast	5	Fast is the feature of our company, this is fair, you will gain more if you pay more

Code	Description	R7		R8		R9	
			Finance manager		Marketing manager		Strategic planning manager
Q2_3_5_a	【If a certain style is described】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	They themselves do not like trifles, they like simple and effective ways	5	Highly related with his effective leadership style	5	The executive leaders lead us to develop
Q2_3_5_b	【If a certain style is described】 Do you feel comfortable with this management style?	5	Yes	5	No problem	5	Yes, quite well
Q2_3_5_c	【If not】 Will you consider to leave the company because you cannot become accustomed into this management style, and why?		--		--		--
Q2_3_6	Do you think the human resource management of your company is effective and fair enough?	5	Effective and fair	3	Sometimes yes, sometimes no	4	OK
Q2_3_6_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Yes, the executive level leaders instill it to us	1	This is related to the early stage of the company, you cannot solve all problems on such a stage, but it will become better in the future	5	The executive leaders treat all departments the same, including HR
Q2_3_6_b	【If not】 Will you consider to leave the company because of this inefficiency or injustice, and why?		--		--		--
Q3	Organizational commitment						
Q3_1	Can you describe the reputation of your company in the industry? Please specify in various aspects if you can.	5	We have the best reputation in the industry, our leader told us to be the No 1, and leave the No 2 far behind	4	Comparing to other competitors in the industry, we are producing products with a conscience	4	I never did any research myself, but I heard that 90% customers are quite satisfied with our products.
Q3_2	Are you emotionally attached to this company?	5	Yes	3	I have no attachment to the FA group, but to the executive leaders of FB, yes. I have never met any leader as smart and considerate as him	4	To some extent, but Shenzhen is different with other cities, you cannot have a strong attachment to such a immigrant city
Q3_2_a	【No matter yes or no】 In which ways do you think this is related to the leadership style of the executive-level leaders of your company?	5	Yes, because our executive leaders see the company as their home, just like us	5	The most important is fair, open and just	4	Somewhat related, caring for people
Q3_3	In which ways do you think quitting this job may disrupt your life or your career development?	3	Certainly have influence, but I am not sure how strong an influence it will be, because I have never thought about leaving	1	Personally I cannot see strong influence, because it is not the first time for me to leave a company or even an industry	3	I will not leave recently, never think about that
Q3_3_a	【No matter yes or no】 In which ways do you think this disruption, especially in career development, is related to the leadership style of the executive-level leaders of your company?		--		--		
Q3_4	Did the executive-level leaders of your company teach you to believe in the value of remaining loyal to a same company?	5	Yes	5	Yes	4	Not for the rest of my life, but 3-5 years is possible, it mainly depend on the development of my career
Q3_4_a	【If so】 In which ways did they do so?		Monthly, quarterly and yearly meetings		Set a role model himself		Before I signed the contract
Q3_4_b	【If so】 In which ways has this influenced your commitment to the company?		They tell us these information indicate that they recognize our ability		It is very important to have a good boss who recognizes your ability. You can even die for such a person		Yes, we will feel more stable

Code	Description	R7		R8		R9	
		Finance manager		Marketing manager		Strategic planning manager	
Q4	<b>Talent retention</b>						
Q4_1	Do you intend to stay in this company for another two or more years?	5	Yes	5	Yes	5	Yes
Q4_1_a	【No matter yes or no】What are the main reasons for your decision to stay in the company/leave in the coming future?		The development of the company and my personal career		Mainly because of my boss		A familiar environment, a job I likes. I will have to get accustomed to a new job if I leave the company
Q4_1_b	【No matter yes or no】In which ways do you think your decision is related to the leadership style of the executive-level leaders of your company?	5	The executive leaders teach you how to develop your career	5	He can use people according to their talent, this is very important.	5	Related. The policies they made are effective, our life and work are getting better.
1	STRONGLY DISAGREE						
2	DISAGREE						
3	NEUTRAL						
4	AGREE						
5	STRONGLY AGREE						

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