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The Mediating Effect of Employee Engagement on the Relationship of Transformational Leadership and Intention to Quit: Evidence from Local Colleges in Pampanga, Philippines

Jean Paolo G. Lacap
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Abstract: The study investigates the mediating effect of employee engagement on the transformational leadership and intention to quit relationship. The participants of the study were employees (teaching and non-teaching staff) from three local colleges in Pampanga, Philippines, and they were selected using convenience sampling technique. The study employed a quantitative research design and a causal research approach to measure the relationships of employee engagement, transformational leadership, and intention to quit. Using partial least squares-structural equation modeling (PLS-SEM), the findings revealed that transformational leadership has a significant and negative effect on intention to quit. Moreover, there is also a significant and positive relationship between transformational leadership and employee engagement. Regarding employee engagement and intention to quit, the results indicated that these two constructs are significantly and negatively related. The mediation model also suggested that employee engagement mediates the negative relationship of transformational leadership and intention to quit with small effect size. Implications of the study in organizations and the directions for future research were also provided.

Keywords: transformational leadership, employee engagement, intention to quit, mediation model, partial least squares, SEM

Most organizations now realize that the role of human resource management is becoming vital. This can be attributed to the fact that people in the organization can be a source of competitive advantage (DeNisi & Griffin, 2014). A capable and motivated workforce is expected to generate superior business position in the marketplace (Gulati, Mayo, & Nohria, 2013). Unfortunately, motivating people in the organization is increasingly neglected because most firms try to focus more on improving their organizational systems rather than motivating employees in attaining positive business performance (Warigon, 2014). From this
context, leadership is an integral factor in the picture. Leadership involves building culture and trust, and motivating and coaching people (Phillips & Gully, 2012). Organizations with rigorous development programs on leadership tend to do better than their competitors (Effron, Greenslade, & Salob, 2005). Thus, developing leadership skills encourages employees to show more positive behaviors towards their co-workers and to strive hard to accomplish organizational goals (Phillips & Gully, 2012).

One of the most researched concepts in organizational behavior and management is transformational leadership (Gulati et al., 2013). Transformational leadership does not only affect employee motivation, satisfaction, commitment, and business unit performance (Bass, 1998) but also produces effects that are seldom seen in groups led by diverse types of leaders. Transformational leaders can influence their followers to transcend self-interest and dedicate themselves to accomplish more than what is required of them (Bass, 1998, 1985; Bryman, 1992) because of their strong vision (Gulati et al., 2013). Those leaders with strong vision tend to have followers who perceive tasks as challenging, interesting, and important; thus, they set above performance standards (Yukl, 2006).

A growing interest among researchers is in employee engagement. It is relatively a new concept in the field of organizational behavior referring to an employee’s involvement, satisfaction, and enthusiasm for the work being done. An engaged worker is passionate about the job and displays a sturdy connection to the organization (Robbins & Judge, 2013). Studies revealed that highly engaged workers augment customer satisfaction. Moreover, high employee engagement results in better productivity (Harter, Schmidt, & Hayes, 2002). Contrary, a disengaged employee may find a reason to quit from the organization (Saks, 2006). Workers’ intention to quit can be attributed to several factors including leadership styles evident in the organization, level of engagement, and motivation (Buckingham & Coffman, 2005). Taking into consideration the level of employee engagement, transformational leadership the intention to quit, and how these constructs affect or predict one another is the fundamental goal of the present study. The undertaking investigates the mediating effect of employee engagement on the relationship of transformational leadership and intention to quit.

### Research Framework and Hypotheses

#### Transformational Leadership

Transformational leadership is a type of leadership where the leader sets aside his or her self-interest and inspires the followers to adopt his or her values and goals. Transformational leaders inspire their followers through a clear mission, optimism, enthusiasm, and emotional appeals (Phillips & Gully, 2012). They set behaviors to better the workplace and their people. They concentrate on the process of change, particularly when the best leadership is achieved under the environments of fast technological, social, and cultural change (Gulati et al., 2013). What differentiates transformational leaders from other types of leaders is that they are characterized by the following: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. They provide vision and mission, instill pride, and gain respect and trust (idealized influence). They communicate elevated expectations and utilize symbols to convey vital purposes in some much simpler ways (inspirational motivation). They promote intelligence, rationality, and cautious problem solving (intellectual stimulation). They express personal attention, act as coaches and advisers (individualized consideration), and inspire followers to put extra effort to achieve organizational goals (Robbins & Judge, 2013).

Transformational leaders are said to be more effective than other types of leaders because they encourage creativity in the organization (Shin & Zhou, 2003; Eisenbeiss, van Knippenberg, & Boerner, 2008). The presence of transformational leaders in organizations exhibit greater decentralization of responsibility, high propensity for managers to take risks, and compensation plans that are geared toward long-term results; thus, promoting corporate entrepreneurship (Ling, Simsek, Lubatkin, & Veiga, 2008). Moreover, transformational leadership results in empowerment. When employees in a group experience team empowerment because of transformational leadership, the team becomes more effective (Özaralli, 2003). Transformational leadership has a significant and positive relation with innovation-supporting organizational climate and empowerment (Jung, Chow, & Wu, 2003). Additionally, it inspires organizational commitment and job satisfaction (Erkutlu, 2008), and it positively influences

**Employee Engagement**

In the field of organizational behavior, the concept of employee engagement is relatively new (Robbins & Judge, 2013). It has been identified as one of the widely used organizational behavior concepts (Robinson, Perryman, & Hayday, 2004). Several studies define it as the commitment to the organization in terms of emotion and intellect (Baumruk, 2004; Shaw, 2005; Richman, 2006). Others define it as a discretionary effort exerted by workers in their jobs (Frank, Finnegan, & Taylor, 2004). It refers to a psychological presence when one is performing or executing a role in an organization (Kahn, 1990, 1992). It has two vital components: attention and absorption. Attention is the mental ability and amount of time an individual spends in thinking about a work role, while absorption refers to embracing the work role and having a focus on the said role (Rothbard, 2001). It is work-related positive thinking of an employee that is characterized by vigor, dedication, and absorption (Schaufeli, Salanova, González-Romá, & Bakker, 2002; Bakker & Demerouti, 2008). It is the opposite of burnout—exhaustion, cynicism, and inefficiency. An engaged employee displays three characteristics: energy, involvement, and efficacy (Maslach, Schaufeli, & Leiter, 2001).

The primary antecedents of employee engagement include job and personal resources. Job resources may include autonomy, performance feedback, social support, and supervisory coaching while personal resources are those related to optimism, self-efficacy, resilience, and self-esteem (Bakker & Demerouti, 2008). Others identify job characteristics, perceived organizational support, perceived supervisor support, rewards and recognition, and procedural and distributive justice to be the predictors of employee engagement (Saks, 2006). Employee engagement can also be viewed in three perspectives: trait engagement (optimistic view of life and work), state engagement (feelings of energy and absorption), and behavioral engagement (extra-role behavior, e.g., organizational citizenship behavior). These elements are the conceptual space of employee engagement (Macey & Schneider, 2008).

**Intention to Quit**

The most immediate factors of actual behavior are intentions (Ajzen & Fishbein, 1980; Igbaria & Greenhaus, 1992; Firth, Mellor, Moore, & Loquet, 2004). In the context of turnover, intention to quit is the immediate antecedent (Elangovan, 2001). Intention to quit is the strength or propensity of an individual to move out of an organization. It is a cognitive indicator of an individual’s behavioral decision to quit (Elangovan, 2001; Boshoff, Van Wyk, Hoole, & Owen, 2002). When an employee intends to leave the organization, the decision commences with an evaluation of the present situation and work experience. The employee then considers a range of factors until a final decision of actual moving out of the firm is reached (Mobley, 1977; Arnold & Feldman, 1982; Lee & Mowday, 1987; Elangovan, 2001; Boshoff et al., 2002, Pienaar & Bester, 2008; Mowday, Porter, & Steers, 2013).

A review of related literature showed that there are different predictors of turnover. The antecedents include job satisfaction, organizational commitment, job search, comparison of alternatives, withdrawal cognitions, and quit intentions (Mobley, Griffeth, Hand, & Meglino, 1979; Price & Mueller, 1986; Hom & Griffeth, 1995; Kim, Price, Mueller, & Watson, 1996; Griffeth, Hom, & Gaertner, 2000). Other studies identified workplace bullying increases the employees’ intention to quit (Glambek, Matthiesen, Hetland, & Einarsen, 2014) while trust in the organization is significantly and negatively related to intention to quit (Bobbio & Manganelli, 2015). Mohsin, Lengler, and Kumar (2013) also revealed that professional and organizational enthusiasm, perception about work being stimulating, and organizational loyalty negatively affect intention to quit among hotel staff. Furthermore, Robyn and Du Preez (2013) indicated that employee engagement, job satisfaction, remuneration, reward, recognition, and transformational leadership are significantly related to intention to quit. Their findings further revealed that employee engagement and job satisfaction are negatively related to intention to quit. Other antecedents of intention to quit include: promotional/advancement opportunity, work-life balance, community fit, work-group cohesion, leader-related factors, and pay (Qiu, Ye, Hung, & York, 2015).
Hypothesis Development

Several studies revealed that transformational leadership and intention to quit are negatively related. For instance, Amankwaa and Anku-Tsede (2015) investigated the relationship of transformational leadership and intention to quit on bank employees in Ghana. The results indicated that the presence of transformational leadership diminishes employees’ intention to quit and the availability of alternative job opportunities has no moderating effect on transformational leadership and intention to quit relationship. Sun and Wang (2017) also explored how transformational leadership impacts the intention to quit using structural equation modeling. The results revealed that transformational leadership significantly decreases employees’ intention to quit and indirectly inspires collaborative culture. Moreover, in the study of El Badawy and Bassiony (2014), it also revealed that transformational leadership is significantly and negatively associated with intention to quit. Same is true with Robyn and Du Preez (2013) who also revealed that transformational leadership is inversely related to intention to quit.

Lavoie-Tremblay, Fernt, Lavigne, and Austin (2016) revealed that transformational leadership may lead to high-quality care and diminishes intention to quit among nurses. Contrary, abusive leadership behaviors lead to poor quality care and increase the chance for the employees to leave the organization. It also indirectly decreases intention to quit if mediated by on-the-job embeddedness (Eberly, Bluhm, Guarana, Avolio, & Hannah, 2017). Transformational leadership leads employees’ psychological empowerment and augments organizational commitment; thus, decreases intention to quit among people in the workplace (Mittal & Mittal, 2016). Therefore,

Hypothesis 1. Transformational leadership is negatively related to intention to quit.

Transformational leadership significantly predicts employee engagement (Avolio & Bass, 1995; Vinger & Cilliers, 2006; Woodcock, 2012; Pieterse-Landman, 2012; Bezuidenhout & Schultz, 2013; Sow, Ntamon, & Osuoha, 2016). Employees become more engaged in their work when transformational leadership is anchored with optimism (Tims, Bakker, & Xanthopoulou, 2011). Moreover, transformational leadership decreases the intention to quit when employee engagement is inculcated in workers’ responsibilities, meaningfulness, and innovative behaviors (Aryee, Walumbwa, Zhou, & Hartnell, 2012). When the perception of the leader on follower’s characteristics is not favorable than the follower’s self-evaluation, employee engagement diminishes (Zhu, Avolio, & Walumbwa, 2009). Additionally, employees become more vigorous when they find security and confidence in the organization, particularly when leaders exhibit emotional support and offer recognition to followers’ contributions (Moss, 2009). Thus,

Hypothesis 2. Transformational leadership is positively related to employee engagement.

When employee engagement is high, intention to quit decreases (Saks, 2006; Mendes & Stander, 2011; Bhatnagar, 2012; Brunetto, Teo, Shacklock, & Farr-Wharton, 2012; Pieterse-Landman, 2012). In the study of Hoigaard, Giske, and Sundsli (2012), employee engagement and efficacy are negatively related to intention to quit. Agarwal, Datta, Blake-Beard, and Bhargava (2012) further identified that employee engagement is positively related to innovative work behavior and negatively related to intention to quit. Employee engagement is significantly and negatively related to intention to quit while burnout and alienation intensify employee’s intention to quit (Du Plooy & Roodt, 2010). Thus,

Hypothesis 3. Employee engagement is negatively related to intention to quit.

Several studies identified the various mediating factors on the relationship of transformational leadership and intention to quit. Employee engagement and affective commitment were found to mediate the relationship between transformational leadership and intention to quit (Gyensare, Kumedzro, Sanda, & Boso, 2017). In addition, Khan’s (2015) study suggested that trust and job performance mediate the relationship of transformational leadership and intention to quit.

Wang and Hu (2017) investigated the relationship between transformational leadership and intention to quit in athletics. The findings revealed that coach-athlete relationship mediates the link between transformational leadership and intention to quit. On the other hand, Caillier’s (2016) study suggested that mission valence partially mediates the relationship
between transformational leadership and turnover intentions. Several studies also found that employee engagement mediates the relationship between transformational leadership and intention to quit (Henriques, 2010; Pieterse-Landman, 2012; El Badawy & Bassiouny, 2014). Thus,

**Hypothesis 4.** Employee engagement mediates the negative relationship between transformational leadership and intention to quit.

From the hypotheses presented, Figure 1 presents the research framework showing the three possible relationships: transformational leadership and employee engagement, employee engagement and intention to quit, and transformational leadership and intention to quit. Moreover, the mediating effect of employee engagement in the negative relationship between transformational leadership and intention to quit was likewise investigated.

**Methods**

**Participants**

The respondents of the study were selected using convenience sampling technique, and they were the employees of higher education institutions (HEIs) classified by the Commission on Higher Education as local universities and colleges (LUCs). Particularly, the participants were teaching and non-teaching personnel of three LUCs in Pampanga, Philippines. These three LUCs started their operations in 2007, 2009, and 2012. Out of 200 survey questionnaires floated, 155 were answered completely and correctly by the respondents, a 77.5% response rate. The distribution of the questionnaires was done in July 2017, and the answered instruments were retrieved in September 2017.

To check the sufficiency of the sample size to test a structural model, inverse square root and gamma exponential methods were used. The inverse square root method utilizes inverse square root of the size of the sample in estimating standard error. The gamma exponential method, on the other hand, uses gamma and exponential smoothing function corrections in estimating standard error. The inverse square and gamma exponential methods simulate Monte Carlo experiments and the estimates produced by these methods are the same as the estimates produced by the Monte Carlo method (Kock & Hadaya, 2018). The gamma exponential method produces more precise estimates as compared to inverse square root method because the latter sometimes overestimate the minimum required sample size; therefore, both results must be reported to ensure that the power level achieved by the study will be beyond the one required (Kock, 2017).

With the minimum absolute significant path coefficient in the structural model of 0.23, level of significance of 0.05, and statistical power level of .8, the minimum required sample sizes are as follows: 104 for gamma exponential method and 117 for inverse square root (see Figure 2). The required minimum sample size must be between 104–117; thus, the actual sample size of 155 is sufficient enough to explain the

![Figure 1. Research framework.](image-url)
results of the structural model. Both tests were gauged using WarpPLS 6.0.

The value of 0.23 for the minimum absolute significant path coefficient is found in the results of the mediation model in Figure 3. The statistical power level of 0.8 signifies that the probability of making Type II error is very minimal. A statistical power of 0.8 is the usual acceptable level of power (Kock & Hadaya, 2018). As 155 samples were used in the present study, there is sufficient evidence that the results of the structural model are highly acceptable.

Table 1 shows that majority of the respondents were female (57.4%). Furthermore, 58.1% of the participants were in the age group of 30 years old and below. In terms of classification, 52.3% were teaching personnel. Almost all of the respondents had 1 to 5 years of service in their respective local college, and 64.5% of the participants were non-permanent.

Research Instrument

The research instrument utilized in the study was a questionnaire. It consisted of two parts—demographic factors and the constructs on employee engagement, transformational leadership, and intention to quit. The demographic characteristics include the respondent’s sex, age, classification, years of service, and employment status. On the other hand, employee engagement was measured using Utrecht work engagement scale (UWES9) which was comprised of nine items (Schaufeli & Bakker, 2003). With regard to the assessment of transformational leadership, the Multifactor Leadership Questionnaire – Form 5X (MLQ-5X) by Avolio and Bass (1995) was utilized. Out of 45 items in the original questionnaire, only 20 items on transformational leadership (Pieterse-Landman, 2012) was adopted. On the other hand, to measure the level of intention to quit, a four item intention to quit scale – shortened version (Arnold & Feldman, 1982) was utilized.

All items in the three constructs were measured using a 5-point Likert scale where 1 means never and 5 as always. The validity and reliability of the said constructs were gauged as shown in Tables 3 and 4.

Data Analysis

A quantitative research design was used in the present study. Moreover, a causal research approach was utilized to measure the relationships of employee engagement, transformational leadership, and intention to quit. The partial least square – structural equation modeling (PLS-SEM) using WarpPLS 6.0 software was employed to estimate the parameters of the mediation model. A PLS-SEM is a variance-based estimation method (Reinartz, Haenlein, & Henseler, 2009) which assesses the reliability and validity of the constructs and estimates the relationships between these measures (Barroso, Carrion, & Roldan, 2010).

Results

The study utilized PLS-SEM to investigate the relationships of the three variables: employee engagement, transformational leadership, and intention to quit. In PLS-SEM, the evaluation of the path model involves two phases (Hulland, 1999). In the first phase, the measurement model is being assessed. In this phase, the reliability and validity of the variables are gauged.
In the second phase, the structural model is being evaluated where the hypothesized relationships among variables are analyzed (Hulland, 1999; Dimaunahan & Amora, 2016).

Model Fit and Quality Indices

Table 2 presents the coefficients of the model fit and quality indices of the structural equation model. The general results indicate that the SEM estimates are within the acceptable range.

For the model to be acceptable, the p-values of the average path coefficient (APC), average R-squared (ARS), and average adjusted R-squared (AARS) must be equal to or lower than 0.05. Regarding average block VIF (AVIF) and average full collinearity VIF (AFVIF) indices, the recommended value is 3.3 or less (Kock, 2017). In terms of Tenenhaus goodness of fit (GoF), an index showing the explanatory power of the model (Kock, 2017), the following thresholds are being followed: small if equal to or more than 0.1, medium if equal to or greater than 0.25, and large if equal to or more than 0.36 (Wetzels, Odekerken-Schroder, & van Oppen, 2009; Kock, 2017). The GoF is the square root of the product between the average communality index and the ARS (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005). With the results shown in Table 2, the fit and quality indices of the model are within the acceptable ranges.

Reliability and Validity Measurements

To assess the measurement model, reliability and validity (convergent and discriminant) results
Table 3
Item Loadings, AVE, and Reliability of the Variables

<table>
<thead>
<tr>
<th>Constructs/Items</th>
<th>Item Loading</th>
<th>AVE</th>
<th>CR</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Engagement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In my institution, I feel bursting with energy.</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In my institution, I feel strong and vigorous.</td>
<td>0.827</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am enthusiastic about my job.</td>
<td>0.801</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My job inspires me.</td>
<td>0.824</td>
<td>0.643</td>
<td>0.942</td>
<td>0.930</td>
</tr>
<tr>
<td>When I get up in the morning, I feel like going to work.</td>
<td>0.857</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel happy when I am working intensely.</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am proud of the work that I do.</td>
<td>0.758</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am very much involved in my work.</td>
<td>0.753</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I get carried away when I am working.</td>
<td>0.717</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transformational Leadership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My immediate supervisor/head…. acts in ways that builds my respect.</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-examines critical assumptions to question whether they are appropriate.</td>
<td>0.875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talks about his/her most important values and beliefs.</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeks differing perspectives when solving problems.</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talks optimistically about the future.</td>
<td>0.848</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instils pride in being associated with him/her.</td>
<td>0.782</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talks enthusiastically about what needs to be accomplished.</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specifies the importance of having a strong sense of purpose.</td>
<td>0.852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spends time supporting and coaching.</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goes beyond his/her self-interest for the good of the group.</td>
<td>0.815</td>
<td>0.699</td>
<td>0.979</td>
<td>0.977</td>
</tr>
<tr>
<td>Treats us as an individual rather than just as a member of the group.</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considers the moral and ethical consequences of his/her decisions.</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Displays a sense of power and confidence.</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Articulates a compelling vision of the future.</td>
<td>0.853</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considers me as having different needs, abilities and aspirations from others.</td>
<td>0.778</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gets me to look at problems from many different angles.</td>
<td>0.843</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helps me to develop my strengths.</td>
<td>0.833</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggests new ways of looking at how to complete tasks/assignments.</td>
<td>0.869</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emphasizes the importance of having a collective sense of mission.</td>
<td>0.889</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expresses confidence that goals will be achieved.</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intention to Quit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wanting to leave this institution.</td>
<td>0.933</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Searching for another position.</td>
<td>0.828</td>
<td>0.814</td>
<td>0.946</td>
<td>0.923</td>
</tr>
<tr>
<td>Planning to leave this institution.</td>
<td>0.956</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actually leaving this institution within the next year.</td>
<td>0.886</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*All item loadings are significant at 0.001 (p<0.001); AVE=average variance extracted; CR=composite reliability; CA=Cronbach’s alpha*
were analyzed. The assessment of construct reliability permits the evaluation of the consistency of reflective item or set of items in terms of what it intends to measure (Straub, Boudreau, & Gefen, 2004; Roldan & Sanchez-Franco, 2012). Composite reliability and Cronbach’s alpha are typically used in assessing construct reliability (Roldan & Sanchez-Franco, 2012; Kock, 2017). The values of the composite reliability (CR) and Cronbach’s alpha (CA) must be equal to or greater than 0.7 to reflect good reliability (Nunnally, 1978; Fornell & Larcker, 1981; Nunnally & Bernstein, 1994). In Table 3, the results revealed that the variables employee engagement (EE), transformational leadership (TL), and intention to quit (IQ) satisfied the criterion for the reliability of the research constructs.

On the other hand, convergent validity gauges the quality of the set of items or question statements in a research instrument. This means that the items or question-statements in each construct are understood by the participants in the same manner as they were intended by the designers of the items or question-statements (Kock, 2017). To achieve an acceptable level of convergent validity, the p-values for each item should be equal to or lower than 0.05 and the loadings should be equal to or higher than 0.5 (Hair, Anderson, & Tatham, 1987; Kock, 2017). The item loading is the correlation between item and construct (Amora, Ochoco, & Anicete, 2016; Kock, 2017). In Table 3, the item loadings of all variables are statistically significant and higher than the 0.5 requirement.

Moreover, the average variance extracted (AVE) measures the amount of variance of each construct from its items relative to the amount due to measurement error (Chin, 1998; Amora et al., 2016). The AVE for each latent variable is greater than 0.5, the threshold recommended for acceptable validity (Fornell & Larcker, 1981). The coefficients of AVE satisfied the acceptable validity.

Table 4 depicts the correlations among variables with square roots of AVE coefficients to measure the discriminant validity of the instrument. Discriminant validity gauges if the statements associated with each latent variable are not confusing when respondents answer the questionnaire given to them. Moreover, it tests whether the statements related to one variable, for instance, are not confusing with the statements connected with other variables (Kock, 2017). For each variable, the square root of the AVEs should be greater than any of the correlations involving the said variable (Fornell & Larcker, 1981). Thus, the results indicate that the measures used in the study have discriminant validity.

Table 4

<table>
<thead>
<tr>
<th></th>
<th>EE</th>
<th>TL</th>
<th>IQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE</td>
<td>0.802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL</td>
<td>0.570</td>
<td>0.836</td>
<td></td>
</tr>
<tr>
<td>IQ</td>
<td>-0.288</td>
<td>-0.304</td>
<td>0.902</td>
</tr>
</tbody>
</table>

Diagonal elements are the square root of AVE of constructs while the off-diagonal elements are the correlation between constructs.

**Mediation Model Results**

Figure 3 presents the model for a mediating effect significant test. The path between transformational leadership and employee engagement is significant ($β=0.60, p<0.01$) and the path between employee engagement and intention to quit is also significant ($β=-0.27, p<0.01$). Additionally, the path between transformational leadership and intention to quit is likewise significant ($β=-0.23, p<0.01$).

Table 5 describes the parameter estimates of the mediation model. Analysis of the data indicated that transformational leadership affects respondents’ intention to quit ($β=0.231, p=0.001$). The negative path coefficient magnifies that the presence of transformational leadership in the organization decreases the employees’ intention to quit. The effect size of the path from transformational leadership to intention to quit is small (Cohen’s $f^2=0.083$). The finding suggests that $H_1$ is supported.

On the other hand, transformational leadership significantly affects employee engagement ($β=0.597, p<0.001$). The positive path coefficient signifies that the presence of transformational leadership in the organization increases the level of employee engagement. The effect size of the path from transformational leadership to employee engagement is large (Cohen’s $f^2=0.356$). Thus, $H_2$ is supported.

Analysis of the data also revealed that employee engagement and intention to quit are negatively related ($β=-0.267, p<0.001$). The negative path coefficient depicts that as employees become more engaged in the workplace, their intention to quit diminishes. The effect size of the path from employee engagement to
intention to quit is small (Cohen’s $f^2=0.101$). Thus, $H_3$ is also supported.

The indirect effect of employee engagement on the relationship between transformational leadership and intention to quit is statistically significant ($\beta=-0.160, p=0.002$). This suggests that employee engagement mediates the relationship between transformational leadership and intention to quit with a small extent of mediation effect (Cohen’s $f^2=0.057$). That is transformational leadership is positively related to employee engagement ($\beta=0.597, p<0.001$, Cohen’s $f^2=0.356$) which in turn affects intention to quit negatively ($\beta=-0.267, p<0.001$, Cohen’s $f^2=0.101$); therefore, $H_4$ is supported.

**Discussion**

Findings of the study revealed that transformational leadership has a significant and negative effect on intention to quit. This indicates that, as transformational leaders become more evident in the firm, the intention of the employees to move out of the organization diminishes. This is also true among previous studies (Pieterse-Landman, 2012; Robyn & Du Preez, 2013; El Badawy & Bassiouney, 2014; Amankwaa & Anku-Tsede, 2015; Mittal & Mittal, 2016; Sun & Wang, 2017). The presence of transformational leaders can increase employee motivation, satisfaction, commitment, and performance (Bass, 1998); thus, it decreases the tendencies of the workers to resign and find better opportunities outside the organization.

Furthermore, transformational leadership significantly affects employee engagement. The positive relationship between transformational leadership and employee engagement suggests that employee engagement rises when workers experience transformational leadership in the organization. This result validates prior undertakings (Avolio & Bass, 1995; Vinger & Cilliers, 2006; Woodcock, 2012; Pieterse-Landman, 2012; Bezuidenhout & Schultz, 2013; Sow et al., 2016). As transformational leadership foster decentralization of responsibility, risk-taking, and corporate entrepreneurship (Ling et al., 2008), it can lead to empowered employees. When employees experience team empowerment because of transformational leadership, the team becomes more effective (Özaralli, 2003).

In terms of employee engagement and intention to quit, the findings showed that these two variables are significantly and negatively related. This is also the case in preceding studies (Saks, 2006; Mendes & Stander, 2011; Bhatnagar, 2012; Brunetto et al., 2012; Pieterse-Landman, 2012). This signifies that an engaged employee would not likely to quit his or her job. Aside from remuneration and reward, non-financial factors such as job satisfaction, transformational leadership, and employee engagement can significantly decrease the propensity of the workers to quit their jobs (Robyn & Du Preez, 2013).

The mediation model revealed that employee engagement mediates the negative link between transformational leadership and intention to quit, and
The Mediating Effect of Employee Engagement on the Relationship of Transformational Leadership and Intention to Quit

The effect size is small. This is supported by other studies (Henriques, 2010; Pieterse-Landman, 2012; El Badawy & Bassiouny, 2014). It validated that transformational leadership is positively related to employee engagement, with large effect size, which in turn affects intention to quit negatively, with medium effect size. Therefore, employee engagement helps the presence of transformational leadership in the organization in minimizing the propensity of a worker to leave his or her workplace.

**Management Implications and Future Research Directions**

The present study on the mediating effect of employee engagement on the relationship of transformational leadership and intention to quit establishes that the presence of transformational leadership in the organization reduces the intention to quit of the employees. There are diverse types of leadership styles but transformational leadership is said to be highly correlated with lower turnover rates, higher productivity, lower employee stress and burnout, and higher employee satisfaction (Lowe, Kroeck, & Sivasubramaniam, 1996; Hetland, Sandal, & Johnsen, 2007). The current undertaking also showed that employee engagement is a factor in the relationship between transformational leadership and decreased intention to quit. It has been noted that employee engagement mediates the relationship of transformational leadership and intention to quit with small effect size. This signifies that employee engagement aids transformational leadership in decreasing employees’ intention to quit. In any workplace, the role of the leaders and the employees’ energy, involvement, and efficacy are important considerations whether workers will stay in the organization or not. Once employee engagement is heightened, transformational leadership reduces turnover intention.

LUCs are quite unique in terms of their characteristics because they are public higher education institutions established by local government units (LGUs) through an ordinance and financially sustained by their respective LGU (Commission on Higher Education, 2006), unlike state universities and colleges (SUCs), which are financially supported by the national government. The way LUCs are being managed is quite different from other HEIs in the Philippines. As LUCs budgets come heavily from LGU heads (City or Municipal Mayors), any change in the management of an LGU, for instance, can trigger changes in the LUC; thus, sometimes, employees are negatively affected, and the result is they leave the organization. Therefore, the current undertaking is milestone research on LUCs’ organizational behavior, particularly in areas of employee engagement, transformational leadership, and intention to quit.

### Table 5
**Parameter Estimates of the Mediation Model**

<table>
<thead>
<tr>
<th>H1: TL→IQ</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.231</td>
<td>0.076</td>
<td>0.001</td>
<td>0.083</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2: TL→EE</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.597</td>
<td>0.071</td>
<td>&lt;0.001</td>
<td>0.356</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H3: EE→IQ</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.267</td>
<td>0.076</td>
<td>&lt;0.001</td>
<td>0.101</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H4: Total Effect (c):</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.391</td>
<td>0.074</td>
<td>&lt;0.001</td>
<td>0.140</td>
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</table>

<table>
<thead>
<tr>
<th>H4: Direct Effect (c’): TL→IQ</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.231</td>
<td>0.076</td>
<td>0.001</td>
<td>0.083</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H4: Path a: TL→EE</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.597</td>
<td>0.071</td>
<td>&lt;0.001</td>
<td>0.356</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H4: Path b: EE→IQ</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.267</td>
<td>0.076</td>
<td>&lt;0.001</td>
<td>0.101</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H4: Indirect Effect (a*b): TL→EE→IQ</th>
<th>B</th>
<th>SE</th>
<th>P-value</th>
<th>f²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.160</td>
<td>0.055</td>
<td>0.002</td>
<td>0.057</td>
</tr>
</tbody>
</table>

\( f² \) is the Cohen’s (1988) effect size: 0.02=small, 0.15=medium, 0.35=large; SE = standard error; \( \beta \)=standardized path coefficient. Total effect c is equal to the sum of direct effect \( c’ \) and indirect effects; i.e. \( c = c’ + (a*b) \)
and intention to quit. The present study is an additional body of knowledge in organizational behavior (OB). The scarcity of organizational behavior researches in the Philippines is one of the motivations why I pursued a study on the mediating role of employee engagement on transformational leadership and intention to quit relationship. Therefore, it is timely to explore various OB concepts and apply to the milieu of LUCs.

A similar study may be conducted in the future by exploring transformational leadership, employee engagement, and intention to quit in SUCs or private HEIs. Other researchers may also come up with a study by comparing LUCs, SUCs, and private HEIs in terms of the three identified constructs.

Conflict of interest:

None.

Ethical clearance:

The study was approved by the institution.

References


The Mediating Effect of Employee Engagement on the Relationship of Transformational Leadership and Intention to Quit


