

# Transformational-Transactional Leadership Styles and Followers' Regulatory Focus

## Fit Reduces Followers' Turnover Intentions

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**Abstract.** Individuals' willingness to remain in their organizations contributes to workforce stability and organizational effectiveness. Working from the notion that different leadership styles encourage followers to self-regulate in distinct ways, we propose regulatory fit between leadership styles and followers' self-regulatory preferences may reduce followers' turnover intentions. Corroborating our reasoning, a survey study showed transformational leadership reduced turnover intentions for highly promotion-focused followers, whereas transactional leadership reduced turnover intentions for highly prevention-focused followers. Thus, tailoring leadership to followers' self-regulatory preferences may contribute to workforce stability and organizational effectiveness.

**Keywords:** regulatory fit, regulatory focus, leadership styles, turnover intentions

Individuals' intentions to stay in their organizations aid in maintaining a stable and well-functioning workforce (e.g., Steel & Ovalle, 1984). Although leadership is known to be influential in followers' turnover intentions (Gerstner & Day, 1997), research and practice may be helped by more insight into conditions in which leadership may, in fact, mitigate employees' intention to leave their organization. We propose addressing this issue may benefit from the notion that a central characteristic of leadership is its influence on *the way* followers attain goals (Bass, 1985; House, 1971). This core aspect of leadership is particularly relevant given recent self-regulation research indicating that a match between individuals' dispositional self-regulatory orientations and strategies used toward attaining goals exerts powerful influence on individuals' positive experience of their goal-striving (Higgins, 2000). That is, individuals goal-striving in a way that sustains their self-regulatory preference, a phenomenon known as *regulatory fit*, feel "right" about what they are doing, and attach more value and importance to the activity (Higgins, 2000).

Given the conceptualization of leadership as encouragement of goal-striving behavior, different *styles* of leadership behavior may be seen as encouraging followers to employ distinct self-regulatory means. Following regulatory fit theory, individuals experiencing fit from their leader's style may attach more value and importance to their work, and accordingly, be less likely to leave the organization. Thus, the current

study examined relations between the two most prominent leadership styles in the literature, transformational and transactional leadership (Bass, 1985; House, 1971, 1977), and followers' turnover intentions, while considering the moderating role of followers' self-regulatory focus (Higgins, 1997). Previous studies addressing leader-follower regulatory fit have shown enhanced leader effectiveness and follower performance under fitting visions (Stam, van Knippenberg, & Wisse, 2010), and enhanced engagement for promotion-focused followers under transformational leadership (e.g., Whitford & Moss, 2009). However, regulatory fit has not been studied in the context of turnover intentions, nor has empirical work integrated and incorporated both transformational and transactional leadership, and both promotion and prevention focus.

Transformational leadership stimulates an idealistic, optimistic outlook on the future, communicates high expectations, focuses followers' attention on an abstract, long-term vision, facilitates change, and encourages new ways of working (Bass, 1985; Bass & Avolio, 1995; House, 1977; Yukl, 1998). Thus, transformational leadership encourages followers to carry out and construe their work in terms of strategic means stressing ideals, optimism, positive expectations, change, eagerness, and an abstract long-term plan. Indeed, these transformational behaviors fit promotion-focused individuals' directedness at an ideal self (Higgins, 1997), their preference for optimism and positive expectations (Higgins

et al., 2001), their preference for focusing on a long-term time perspective (Förster & Higgins, 2005), working in changing situations (Lieberman, Idson, Camacho, & Higgins, 1999), and their eagerness to try out new things (Herzenstein, Posavac, & Brakus, 2007). In sum, transformational leadership may be seen as encouraging followers to carry out their work in a promotion-focused manner, and may accordingly elicit fit for those who prefer to use promotion means of self-regulation.

*Hypothesis 1:* Transformational leadership negatively relates to turnover intentions for promotion-focused followers.

In contrast, transactional leadership gives followers clarity about rules and standards to protect the status quo and entails closely monitoring and correcting followers' errors to ensure short-term success (Bass, 1985; Bass & Avolio, 1995; House, 1971; Yukl, 1998). Thus, transactional leadership encourages followers to carry out and construe their work in terms of strategic means stressing rules, responsibilities, expectations, stability, avoiding errors, and a concrete, short-term plan. Indeed, these transactional behaviors fit prevention-focused individuals' preference to direct goal-striving toward obligations and responsibilities (Higgins, 1997), their preference for stability (Lieberman et al., 1999), their concern with avoiding mistakes (Higgins et al., 2001), and their preference to look at short-term details (Förster & Higgins, 2005). In sum, transactional leadership may be seen as encouraging followers to carry out their work in a prevention-focused manner, and may accordingly elicit fit for those who prefer to use prevention means of self-regulation.

*Hypothesis 2:* Transactional leadership negatively relates to turnover intentions for prevention-focused followers.

## Method

### Participants and Procedure

Psychology students ( $N = 104$ , 81.7% female) were prescreened on holding a part-time or full-time job. Their average age was 20.08 years ( $SD = 4.22$ ), and they had worked at

their respective organizations on average 2.40 years ( $SD = 2.06$ ), for 12.74 hr per week ( $SD = 7.46$ ). Participants received course credit for completing an on-line survey about how they experienced their jobs and supervisors. The survey included measures of leadership styles, turnover intention, and regulatory focus.

### Measures

*Transformational and transactional leadership* were assessed using the Multifactor Leadership Questionnaire (Bass & Avolio, 1995; Dutch version, Den Hartog, Van Muijen, & Koopman, 1997). Participants indicated how often their supervisor exhibited certain behaviors on a scale from 1 (*not at all*) to 5 (*very often*). Twenty items (e.g., "My supervisor speaks optimistically about the future") measured transformational leadership ( $M = 3.29$ ,  $SD = .72$ ;  $\alpha = .92$ ). Transactional leadership ( $M = 3.32$ ,  $SD = .57$ ;  $\alpha = .64$ ) was assessed by the eight items from the contingent reward and active management-by-exception subscales (e.g., "My supervisor directs my attention toward irregularities, exceptions, and deviations of what is expected of me").

*Turnover intention* was assessed with the two items ( $M = 3.91$ ,  $SD = 1.82$ ;  $\alpha = .71$ ), "How likely is it that you will quit your job at this organization in the next six months?", and "How likely is it that you will stay with this organization for the coming two years?" (reverse coded; cf. Steel & Ovalle, 1984), on a scale ranging from 1 (*very unlikely*) to 7 (*very likely*).

*Regulatory focus* was measured using the Regulatory Focus Questionnaire (for all items see Semin, Higgins, de Montes, Estourget, & Valencia, 2005). On a scale ranging from 1 (*not at all*) to 5 (*very often*), six items (e.g., "I feel like I have made progress toward being successful in my life") measured promotion focus ( $M = 4.00$ ,  $SD = .47$ ;  $\alpha = .73$ ); six items (e.g., "Not being careful enough has gotten me into trouble at times") assessed prevention focus ( $M = 3.27$ ,  $SD = .82$ ;  $\alpha = .81$ ).

## Results

Table 1 presents descriptive statistics and correlations. To test our hypotheses, we performed two hierarchical regression analyses. First, we regressed turnover intentions on transformational leadership, promotion and prevention

Table 1. Descriptive statistics and intercorrelations for all variables

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5
1 Transformational	3.29	0.72	<b>.92</b>				
2 Transactional	3.32	0.57	.59**	<b>.64</b>			
3 Promotion	4.00	0.47	.22*	.06	<b>.73</b>		
4 Prevention	3.27	0.82	.00	.06	.20*	<b>.81</b>	
5 Turnover intention	3.91	1.82	-.44**	-.14	-.16	-.06	<b>.71</b>

Notes. Reliability coefficients alpha are presented in bold on the diagonal.  $N = 104$ . \* $p < .05$ . \*\* $p < .001$ .

Table 2. Hierarchical regression analyses for Hypothesis 1 (Transformational Leadership  $\times$  Promotion Focus interaction)

	Step 1			Step 2			Step 3			Step 4		
	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$
1 Sex	.37	.47	.08	.02	.46	.00	-.04	.45	-.01	-.03	.46	-.01
Age	-.03	.04	-.08	-.02	.04	-.05	-.02	.04	-.05	-.02	.04	-.05
2 TFL				-.76	.17	-.42	-.75**	.17	-.41	-.71**	.17	-.39
Promotion				-.11	.18	-.06	-.16	.18	-.09	-.17	.18	-.09
Prevention				-.09	.17	-.05	-.10	.17	-.05	-.09	.17	-.05
3 TFL $\times$ Prom <sup>a</sup>							-.39*	.17	-.21	-.39*	.17	-.21
TFL $\times$ Prev							-.10	.16	-.06	-.10	.17	-.05
4 Prom $\times$ Prev										.01	.18	.00
TFL $\times$ Prom $\times$ Prev										-.11	.17	-.06
<i>R</i> <sup>2</sup>	.01			.20***			.25***			.25**		
$\Delta R$ <sup>2</sup>	.01			.19***			.05*			.00		

Notes. <sup>a</sup>Incremental variance explained by only the hypothesized interaction,  $\Delta R^2 = .04$ ,  $F(1, 98) = 5.15$ ,  $p = .03$ . \* $p < .05$ . \*\* $p < .01$ . \*\*\* $p < .001$ .

focus, and the interactions between transformational leadership and promotion focus and between transformational leadership and prevention focus. The significant interaction (see Table 2) between transformational leadership and promotion focus is plotted in Figure 1. The interaction between transformational leadership and prevention focus was not significant. Supporting Hypothesis 1, simple slopes analyses (Aiken & West, 1991) showed a negative relation between transformational leadership and turnover intentions for highly (+1 *SD*) promotion-focused followers,  $\beta = -.63$ ,  $t(98) = -4.86$ ,  $p < .001$ , but not for followers low (-1 *SD*) in promotion focus,  $t(98) = -1.51$ , *ns*. Further, high, relative to low, promotion-focused followers reported low turnover intentions at high transformational leadership,  $\beta = -.30$ ,  $t(98) = -2.17$ ,  $p = .03$ . At low transformational leadership, no differences in turnover intentions were found

for high, relative to low, promotion-focused follower,  $t(98) = 1.04$ , *ns*.

Second, we regressed turnover intentions on transactional leadership, promotion and prevention focus, and the interactions between transactional leadership and promotion focus and between transactional leadership and prevention focus. The significant interaction (see Table 3) between transactional leadership and prevention focus is plotted in Figure 2. The interaction between transactional leadership and promotion focus was not significant. Supporting Hypothesis 2, the relation between transactional leadership and turnover intentions was negative for highly prevention-focused followers,  $\beta = -.41$ ,  $t(98) = -3.22$ ,  $p = .002$ , but nonsignificant for followers low in prevention focus,  $t(98) = 1.00$ , *ns*. Further, high, relative to low, prevention-focused followers reported low turnover intentions at high transactional leadership,

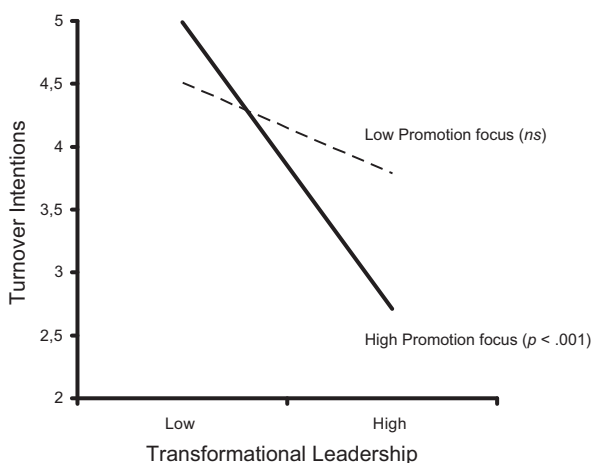


Figure 1. The moderating role of followers' promotion focus in the link between transformational leadership and turnover intentions.

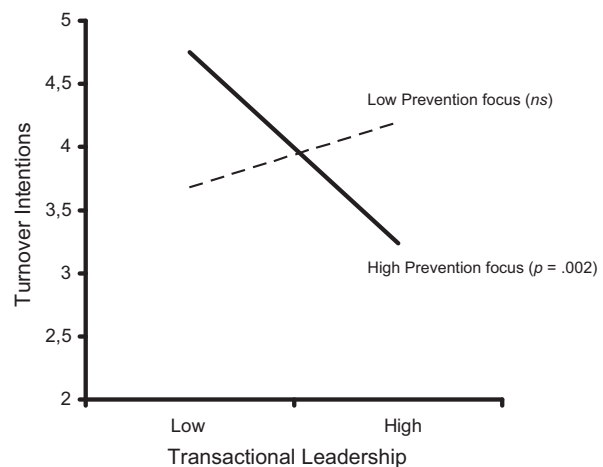


Figure 2. The moderating role of followers' prevention focus in the link between transactional leadership and turnover intentions.

Table 3. Hierarchical regression analyses for Hypothesis 2 (Transactional Leadership  $\times$  Prevention Focus interaction)

	Step 1			Step 2			Step 3			Step 4		
	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$	<i>B</i>	<i>SE<sub>b</sub></i>	$\beta$
1 Sex	.37	.47	.08	.12	.50	.03	.23	.47	.05	.23	.48	.05
Age	-.03	.04	-.08	-.04	.04	-.10	-.02	.04	-.06	-.02	.04	-.05
2 TAL				-.25	.18	-.14	-.26	.17	-.14	-.29	.19	-.16
Promotion				-.27	.19	-.15	-.26	.18	-.14	-.26	.18	-.14
Prevention				-.04	.19	-.02	.04	.18	.02	.05	.18	.03
3 TAL $\times$ Prom							-.31	.19	-.16	-.31	.19	-.17
TAL $\times$ Prev <sup>a</sup>							-.51**	.18	-.28	-.50**	.18	-.28
4 Prom $\times$ Prev										-.00	.19	-.00
TAL $\times$ Prom $\times$ Prev										.09	.19	.05
<i>R</i> <sup>2</sup>	.01			.05			.19**			.19*		
$\Delta R$ <sup>2</sup>	.01			.04			.14**			.00		

Notes. <sup>a</sup>Incremental variance explained by only the hypothesized interaction,  $\Delta R^2 = .07$ ,  $F(1, 98) = 8.15$ ,  $p = .005$ . \* $p < .05$ . \*\* $p < .01$ .

$\beta = -.26$ ,  $t(98) = -2.05$ ,  $p = .04$ , and high turnover intentions at low transactional leadership,  $\beta = .30$ ,  $t(98) = 2.06$ ,  $p = .04$ .<sup>1</sup>

## General Discussion

As expected, transformational leadership negatively related to turnover intentions for highly promotion-focused followers, but not for those low in promotion focus; transactional leadership negatively related to turnover intentions for highly prevention-focused followers, but not for those low in prevention focus. Thus, this study adds to the literature on leader-follower fit by providing support for the role of leader-follower regulatory fit in shaping turnover intentions, and by incorporating fitting styles for both promotion- and prevention-focused followers (cf. Whitford & Moss, 2009).

To our knowledge, this is the first study linking regulatory fit to turnover intentions. By considering leadership as encouragement of different manners of self-regulation, and investigating followers' preferred self-regulatory means, a strength of this research is that it addresses turnover intentions as a result of core motivational characteristics – both of leadership and of follower individual differences. Previous research revealed that followers' personalities influence perceptions and effects of leaders' characteristics, and particularly, that these effects may be driven by leader-follower similarity (e.g., Felfe & Schyns, 2006, 2010). Indeed, if we

speculate that the strategies encouraged by transformational and transactional leaders stem from leaders' own promotion and prevention focus, future research may reveal similarity perceptions occur in, or drive, the fit between transformational-transactional leadership and promotion-prevention focus.

Note that although we have no reason to suspect that students who hold part-time or full-time jobs would respond differently to leadership than employees not enrolled in higher education programs, it may be valuable to replicate these findings in a different sample. Common method variance may be a limitation of this study. However, given that our conclusions rest on interactions, we believe it does not threaten their validity (Siemens, Roth, & Oliveira, 2010). Nevertheless, future research may lend further credence to these conclusions by linking regulatory fit to outcomes using different methods, and, although intention is the most established antecedent to actual turnover (Steel & Ovalle, 1984), by investigating whether regulatory fit reduces actual turnover.

Previous research (Markovits, Ullrich, van Dick, & Davis, 2008; cf. Meyer, Becker, & Vandenberghe, 2004) found that promotion-focused employees tend toward affective commitment to their organizations while prevention-focused individuals tend toward continuance commitment. When we combine these findings with the findings of the present study, the question emerges whether fitting leadership styles reduce turnover intentions by strengthening followers' commitment. If so, does this work differently for promotion- and prevention-focused followers? Future

<sup>1</sup> Originally, the MLQ measures all three components of transactional leadership (Bass, 1985; Bass & Avolio, 1995): contingent reward, active management-by-exception, and passive management-by-exception (see also Hater & Bass, 1988). However, the inclusion of passive management-by-exception in the construct of transactional leadership has become increasingly controversial, on both theoretical and empirical grounds (e.g., Den Hartog et al., 1997; Garman, Davis-Lenane, & Corrigan, 2003; Yammarino & Bass, 1990). Particularly, including passive management-by-exception tends to decrease the internal consistency of the transactional leadership scale (e.g., Den Hartog et al., 1997; Felfe & Gohl, 2002). Therefore, following Den Hartog and colleagues (1997), our main results are based on the combination of the contingent reward and active management-by-exception dimensions only. However, an analysis with the transactional leadership scale hosting all three original components generates a similar pattern of results. Moreover, further analyses conducted with each of the components separately indicate that, although similar patterns of results are found for all three components, the effects were most pronounced for active management-by-exception.

research may explore this issue. Moreover, although the present study sheds light on the relationship between fit and retention, research on the relationship between fit and other critical outcome variables is also warranted. For instance, although transformational leadership has been related to engagement for promotion-focused individuals (Whitford & Moss, 2009), it remains unclear which type of leadership enhances engagement for prevention-focused followers. However, we would argue that tailoring leadership behavior to followers' self-regulatory orientations may not only enhance organizational retention and stability, but also follower engagement.

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