

# **Influence of Transformational Leadership on the Relationship among Organizational Commitment, Intention to Leave ,and Innovation Capability among Bank Employees in Nakhon Phanom Province, Thailand**

**Kusuma Soythong**  
Nakhon Phanom University, Thailand  
E-mail: hongthong.tuk@gmail.com

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## **Abstracts**

In recent years, there has been an increased focus on innovation in the banking sector, driven by the rise of fintech and changing customer demands. The bank sector has more competitions which affect the relationship among organizational commitment, intention to leave the bank employees, and the innovation capability of the firm, respectively. Moreover, the role of leadership in shaping those relationships requires further study because both innovation and leadership are crucial in contributing to competitiveness and organizational performance. The purpose of this research is to study the moderation effect of transformational leadership on the relationship between organizational commitment and innovation capabilities, as well as the relationship between intention to leave and innovation capabilities. This research is a quantitative study that collected data by way of using a questionnaire from 238 bank employees in Nakhon Phanom Province, Thailand. The results of the study found that transformational leadership has a positive influence on the positive relationship between organizational commitment and innovation capabilities. However, transformational leadership has a negative influence on the negative relationship between the intention to leave and innovation capabilities. The study finds that transformational leadership can help to mitigate the negative effects of the intention to leave a group on innovation capability by fostering a culture of innovation, building trust and commitment, and emphasizing the importance of long-term goals and visions. While, transformational leadership can increase employee commitment to the organization and translate into improved innovation capabilities for the firm.

**Keywords:** Transformational Leadership; Organizational Commitment; Intention to Leave; Bank Employees; Innovation Capability

## **Introduction**

In recent years, there has been an increased focus on innovation in the banking sector, driven by the rise of fintech and changing customer demands. This has led to the development of new financial products and services such as mobile banking, digital wallets, robo-advisors, and block chain technology. The banking industry in Thailand has experienced growth and increased competition in recent years due to investments in new technologies such as mobile banking platforms and data analysis. Thai national bank promotes innovation in the banking sector. This leads to the development of new technologies, services, and products that can improve customers' experiences by transforming traditional banking services into digital banking services (Thai National Bank, 2020 : 28). Moreover, digital banking is able to attract

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customers away from traditional banks with their innovative products and services. The increasing bank competition affects the relationship among organizational commitment, intention to leave among bank employees, and the innovation capability of the firm, respectively. Moreover, the role of leadership in shaping those relationships requires further study because both innovation and leadership are crucial in contributing to competitiveness and organizational performance (Afriyie, Du, and Ibn Musah (2019 : 1-25).

Employees are a crucial human resource of an organization's ability to innovate because knowledgeable and experienced employees impact the organization's knowledge base. As a result, retaining employees is critical to the development of innovative abilities, as their knowledge and expertise are valuable assets that can drive innovation and competitiveness (Le and Lei, 2019 : 527- 547). In contrast, the loss of employees increases the costs of recruiting and training new employees.

There are two distinct characteristics of the human resources of the organization that affect innovation capability. First, employees with a high level of commitment tend to have a tendency to participate in creative behaviors. This group of employees has a drive to develop new ideas and approaches that can benefit the organization's innovation capability. This can be referred to as a group with a high level of commitment to the organization. Conversely, employees with low commitment may have fewer opportunities to participate in innovative behaviors due to their lack of engagement in the organization and creating success. They may also have less drive to develop new ideas and approaches and may be less willing to take risks and experiments with new ideas. This can be referred to as a group with a high level of intention to leave the organization. As a result, a leader of the organization must be able to manage both groups of employees in order to drive the organization towards its goal of developing innovative capabilities. Adequate transformational leadership enhances the innovation capability ( Supriadi, Musthan, Sa'odah, Haryanti, Marwal, Purwanto, and Sumartiningsih, 2020 : 299-311) and organizational commitment (Eliyana and Ma'arif, 2019 : 144- 150) and reduces intention to leave the job (Park and Pierce, 2020 : 104624). However, Labrague, Nwafor, and Tsaras (2020: 1104-1113) state that the transformational leadership can still create fatigue among employees. Since the transformational leadership often expects high levels of effort and dedication from employees, who can lead to exhaustion, dissatisfaction among employees, declining commitment over time, and causing the mentioned group of employees to have the intention to leave the job. Zaman, Nadeem, and Nawaz (2020 : 1-26) recommend that transformational leadership in different industries in each country was due to the differences in the ability of innovation in each research context and the differences in competition in each industry. As a result, to response to a study of Zaman, Nadeem, and Nawaz (2020: 1-26), Supriadi, Musthan, Sa'odah, Haryanti, Marwal, Purwanto, and Sumartiningsih, 2020 (299-311), and Labrague, Nwafor, and Tsaras (2020: 1104- 1113), this study therefore raises the research question of, "what is the optimum level of transformational leadership that affects on organizational commitment and intention to leave the job in banking business in Thailand?"

This research contributes a role of transformational leadership on how it helps organizations retain valuable talents and drive innovation. This research addresses a significant role of transformational leadership on enhancing two distinct characteristics of the human resources of the organization possessing, namely, organizational commitment group and intention to leave group. And its impact as a moderator among the three variables highlight its importance in driving innovation within organizations. This research makes both the executives

and the human resource managers of the banks understand the different benefits of transformational leadership for employees with different levels of organizational commitment and those with an intention to leave their job.

## **Research Objectives**

1. To study the relationship of organizational commitment and intention to leave on innovation capability under the context of banking in Nakhon Phanom Province, Thailand
2. To assess the transformational leadership as a moderator on the relationship of organizational commitment and intention to leave on innovation capability under the context of banking in Nakhon Phanom Province, Thailand

## **Literature Review**

Transformational leadership refers to a leader who not only motivates and inspires followers to achieve their goals but also serves as a role model for growth and improvement (Xie, Xue, Li, Wang, Chen, Zheng and Li, 2018 : 257–265. The components of transformational leadership, as described by Oeij, Hulsegege, Preenen, Somers, and Vos (2022 : 76-98), are as follows: 1) Ideological influence: transformational leaders act as role models, bringing together the values and behaviors that followers want to see. 2) Inspirational motivation: transformational leaders create motivation and enthusiasm for followers to achieve more than they thought possible. 3) Intellectual stimulation: transformational leaders encourage creativity, innovation, and a continuous learning environment. 4) Individual consideration: transformational leaders take an individualized approach, focusing on the needs and abilities of each follower.

Organizational commitment refers to the emotional, moral attachment and loyalty that employees have towards the organization, characterized by a level of identification with and participation in the organization and its goals. Knotts and Houghton (2021 : 748-762) discussed the theory of organizational commitment, stating that commitment consisted of three distinct but interrelated components. These were: 1. Affective commitment, which referred to an individual's emotional attachment to a desire to remain with the organization, such as the costs associated with leaving the organization, such as the loss of benefits or difficulty finding new employment. 2. Normative commitment, which referred to an individual's sense of obligation to remain with the organization, often due to social pressures or a belief that it was the right thing to do. 3. Continuance commitment, which referred to an individual's commitment to stay with an organization because of the costs of leaving, such as loss of financial resources or difficulty finding new employment.

Intention to leave referred to a desire or a plan of an employee to leave their current organization, as a measure of their level of motivation to leave their job.

### **The Relationship among Transformational Leadership, Organizational Commitment, and Innovation Capability**

Battistelli, Odoardi, Vandenberghe, Di Napoli, and Piccione (2019: 361-381) stated that the commitment in an organization could greatly impact the ability to innovate within the company. Employees who were committed tend to participate, be motivated, and create work, leading to higher levels of innovation and creativity. The commitment to the organization could also impact the ability to innovate. 1. Increased motivation led employees who were committed to the organization to tend to have a motivation to start and come up with new innovative ideas. They had a tendency to feelings to be dedicated to in the success of the company and were determined to achieve their goals. (Ariyani and Hidayati, 2018 : 275-284). 2. Improved creative thinking led employees who were committed to have a positive attitude, a sense of worth, and a sense of ownership, which could all lead to improving creative thinking and problem-solving skills. (Eliyana and Ma'arif, 2019 : 144-150). 3. Increased teamwork led employees who were committed to tend to create positive relationships with their colleagues, which might lead to increased teamwork, communication, and cooperation. This was a key component in creating a harmonious and positive working environment. (Ariyani and Hidayati, 2018 : 275-284). 4. Problem solving improved when employees were determined, willing to participate, and motivated. They were also more likely to adapt and be less stressed, and problem solving and decision making were better. (Eliyana and Ma'arif, 2019 : 144-150). 5. Aligned with the company's goals, determined employees would align their personal goals with the company's. They were likely to invest time and effort to achieve the company's objectives, leading to improved innovation and performance (Gagné, 2018 : 148-156).

**Hypothesis 1:** Organizational commitment has a positive relationship with the innovation capability of the firm.

### **The Relationship between Intention to Leave and Innovation Capability**

The relationship between intentionality in the revolving process and the ability to create innovation can be explained by "psychological contract theory," Rousseau, Hansen, and Tomprou (2018 : 1081- 1098) stated. When employees feel that the employer is not fulfilling their expectations and obligations, both parties have a psychological contract ;for example, giving opportunities for learning and growth may make employees feel left behind and have a desire to leave the organization, leading to increased turnover intentions. Additionally, when employees do not see opportunities for innovation, they may feel that their potential is not being fully utilized and their growth opportunities are limited. Potentially, all mentioned lead to a higher level of turnover intentions. (Newman, Herman, Schwarz, and Nielsen, 2018 : 1-9). Therefore, the psych contract that includes the provisions for opportunities to create innovative, learning and development opportunities, and enhancing the competencies of employees can help reduce job turnover and increase the potential for innovation. In conclusion, the psych contract theory suggests that when employees feel that their employer is fulfilling the psych contract and providing opportunities for learning, growth, and innovation, they are less likely to leave and more likely to have a high potential for innovation. (Rousseau, Hansen, and Tomprou, 2018 : 1081- 1098)

A high turnover rate may have a negative impact on the company's ability to innovate when employees leave the organization and cause a loss of work skills, which negatively impacts the company's focus on products, services, or process development. This is because turnover leads to a shortage of experienced and knowledgeable employees, and it also affects employee morale and participation, which can be a hindrance to innovation. Conversely, a low

turnover rate indicates that employees are satisfied with their jobs and have fewer opportunities to leave the organization, leading to a more skilled and stable workforce (Holston-Okae and Mushi, 2018 : 218-248) who can drive innovation when employees are satisfied and engaged. They may have a tendency to create new ideas and are willing to take risks, driven by their commitment to leave. This may impact innovation because a high turnover rate may make it difficult for the company to retain skilled and stable employees. On the other hand, a low turnover rate can indicate that employees are satisfied and engaged and may lead to more innovation (Holtom and Darabi, 2018 : 95-117).

**Hypothesis 2:** Intention to leave has a negative relationship with the innovation capability of the firm.

### **The Relationship between Transformational Leadership, Organizational Commitment, and Innovation Capability**

Transformational leadership has been acknowledged as one of the most important factors in innovation (Oeij, Hulsegege, Preenen, Somers and Vos, 2022 : 76-98). Eliyana and Ma'arif (2019 : 144- 150) stated that leadership could have a significant impact on the organization's internal innovation. A strong leader can create an environment that encourages creativity and risk-taking, which is essential for innovation to occur and can inspire employees to think creatively and propose new ideas. Leaders can also promote innovation by securing resources such as funding and personnel to support projects and new ideas. In addition, leaders who have an open mind to differing perspectives and ideas may lead to greater diversities of thoughts throughout the organization and may have a higher chance of receiving new and creative ideas from employees. (Al-Mansoori and Koç, 2019: 1-26)

The transformational leadership will inspire followers and increase their emotional attachment to the organization and its goals. This can lead to the development of a higher level of commitment and the desire to continuously improve and create new things. The leadership of change creates an environment that promotes creativity and innovation, making followers feel empowered to think outside the box and come up with new ideas. They are also recognized and rewarded for their unique abilities, which further encourages them to bring their skills and knowledge to creativeness and innovation (Oeij, Hulsegege, Preenen, Somers, and Vos, 2022: 76-98 and Al-Mansoori and Koç, 2019: 1-26)

As a result, individuals with high levels of emotional and behavioral commitment to the organization are likely to participate in the organization and have the motivation to improve and create new things. They also tend to participate in the success of the organization. (Holston-Okae and Mushi, 2018: 218-248)

**Hypothesis 3:** Transformational leadership strengthens a positive relationship between organizational commitment and the innovation capability of the firm.

### **The Relationship between Transformational Leadership, Intention to Leave, and Innovation Capability**

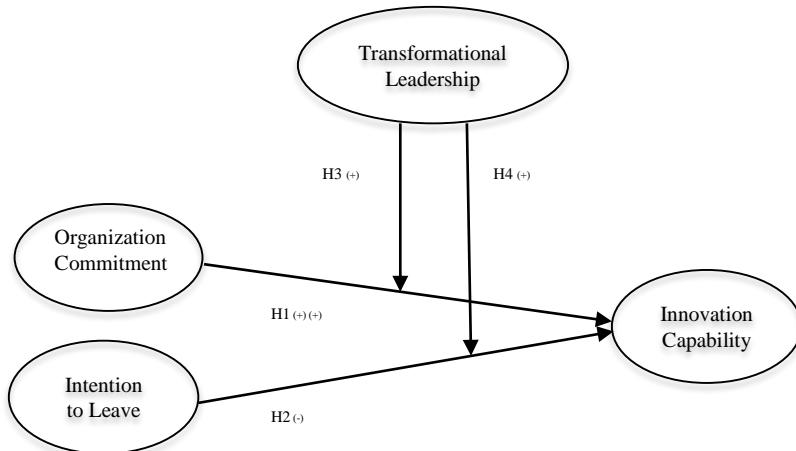
Holtom and Darabi (2018: 95-117) discussed the theory of job embeddedness, stating that an individual's decision to stay or leave an organization was influenced by the strength of the relationships they had with the organization, community, and other individuals. This showed that the stronger the relationships are, the less likely an employee would be to leave the organization. Additionally, Park and Pierce (2020: 104624) stated that transformational

leadership also created a positive work environment, emphasizing the goals and meaning, which might lead to reducing the intention to resign by giving employees a sense of ownership and participation. This could help reduce the chances of employees leaving the organization. Moreover, the ability of the leader of changes to inspire and encourage employees to think creatively and take risks which could lead to increased innovation capabilities.

**Hypothesis 4:** The transformational leadership weakens a negative relationship between intention to leave and innovation capability of the firm.

## Conceptual Framework

In the conceptual framework of the research on the influence of transformational leadership on the relationship among organizational commitment, intention to leave ,and innovation capability as below:



**Figure 1.** The Conceptual Framework

## Research Methodology

The study on the influence of transformational leadership on the relationship among organizational commitment, intention to leave, and innovation capability among bank employees in Nakhon Phanom Province, Thailand, was designed as quantitative research as below:

Step 1: Literature reviewed the meaning and elements of transformational leadership, organization commitment, intention to leave, and innovation capability.

Step 2: Analyzed the research gap of 4 variables and created research questions and research objectives.

Step 3: Constructed a conceptual framework for developing research hypotheses.

Step 4: The questionnaires of the previous research were adopted to develop and customize the questions for this research. The questionnaire was designed as a checking list of answer and rating scale answer (5-point Likert scale). The questionnaire was divided into four sections, including demographic information, transformational leadership, organizational commitment, intention to leave, and innovation capability. The researcher conducted the test content validity of questionnaire by 5 experts to adjust the appropriateness of the wording used and made adjustments for accuracy and appropriateness. The questionnaires were brought to

try out by collecting the data from 40 people, who were similar to the sample in order to find the reliability value ( $\alpha = 0.952$ ) by using the method of Cronbach's alpha coefficient.

Step 5: The population of this research was the employees from the commercial banks in Nakhon Phanom province. There were 9 banks, such as Bangkok Bank, Krung Thai Bank, Krungsri Ayudhya Bank, Kasikornbank, Thai Tanacharty Bank, Siam Commercial Bank, UOB Bank (Thai), Land and Houses Bank and Thai Credit Retail Bank. Since the specific number of employees was unknown, the sample size need be calculated by using Cochran's formula. The sample size was 385, but the researcher collected the data from 400 customers in order to have the reliable information for data analysis. However, 238 responses were found to be useable after the initial screening and data cleaning. Non-probability sampling was used by selecting the sample using purposive sampling (Cochran, 1977 : 11) by selecting a sample group that was similar to the population group for referencing the results. Based on the properties of the sample group such as: 1. the sample group consisted of full-time employees, with no age/gender restrictions. 2. Employees worked in all positions. 3. The sample group fully cooperated in answering the questionnaire.

Step 6: Collecting sample through trained staffs who traveled to 9 banks : assistant regional managers, branch managers, branch assistant managers, division heads, account openers, and tellers were considered as good representatives of population. In the questionnaire, for section 1, the respondents were asked about demographic information including gender, age, marital status, education level, income range, work experience, and work position. For section 2, 3, 4 ,and 5, the respondents were asked to show the level of transformational leadership, organizational commitment, intention to leave, and innovation capability by using 5-point Likert- scale (1= very dissatisfied or strongly disagree to 5 = very satisfied or strongly agree).

## Research Results

In this research, the data were collected from 238 sets of questionnaires, and demographic information of the respondents divided into seven types: gender, age, marital status, education level, income range, work experience, and work position was shown as frequency and percentage in the table below:

**Table 1: Shown Demographic Information of All Respondents as Frequency and Percentage by Gender, Age, Marital Status, Education Level, Income Range, Work Experience, and Work Position**

Demographic Information	Frequency	Percentage
<b>Gender</b>		
Male	56	23.5%
Female	182	76.5%
<b>Age</b>		
21 – 30 years	50	21.0%
31 – 40 years	112	47.1%
41 – 50 years	47	19.7%
More than 51 years	29	12.2%

<b>Marital Status</b>		
Single	107	45.0%
Married / Living together	115	48.3%
Divorced / Separated / Windowed	16	6.7%
<b>Education Level</b>		
Below Bachelor's Degree	35	14.7%
Bachelor's Degree	185	77.7%
Above Bachelor's Degree	18	7.6%
<b>Income Range</b>		
Equal/Below 10,000 baht	21	8.8%
10,001 – 20,000 baht	42	17.6%
20,001 – 30,000 baht	62	26.1%
30,001 – 40,000 baht	68	28.6%
41,000 – 50,000 baht	7	2.9%
51,000 – 60,000 baht	8	3.4%
More than 61,000 baht	30	12.6%
<b>Demographic Information</b>		<b>Frequency</b>
		<b>Percentage</b>
<b>Work Experience</b>		
Less than 1 year	14	5.9%
1-4 years	29	12.2%
5-8 years	100	42.0%
9-12 years	43	18.1%
13 – 16 years	28	11.8%
17 – 20 years	24	10.1%
<b>Work Position</b>		
Senior Branch Manager	21	8.8%
Branch Manager	15	6.3%
Assistant Branch Manager	51	21.4%
Account Opening Officer	39	16.4%
Teller	55	23.1%
Credit Analyst	28	11.8%
Other Positions	29	12.2%

When the general data of informants were analyzed, it was found that employees of banks in Nakhon Phanom, totally 238 people, could be classified as above. In terms of gender, the majority of employee were male. There were 56 male employees, accounting for 23.5% and 182 female employees, accounting for 76.5%. In terms of age, the majority of employees were 21-30 years. There were 50 employees, accounting for 21.0%; 112 employees were 31 - 40 years, accounting for 47.1%; 41 employees were 41 - 50 years, accounting for 19.7%; and 29 employees were more than 51 years, accounting for 12.2%. In terms of marital status, the majority of employee were single, and married/ living together. There were 107 single

employees, accounting for 45.0%; 115 employees were married / living together, accounting for 48.3%; and 16 employees were divorced / separated / widowed, accounting for 6.7%. In terms of education level, the majority of employees were below a bachelor's degree. 35 employees graduated with below bachelor's degree, accounting for 14.7%; 185 employees graduated with a bachelor's degree, accounting for 77.7%; and 18 employees graduated with a bachelor's degree, accounting for 7.6%. In terms of an income range, there were 21 employees earning equal / below 10,000 baht, accounting for 8.8%. There were 42 employees earning 10,001 – 20,000 baht a month, accounting for 17.6%. There were 62 employees, accounting for 26.1%; 62 employees earned 20,001 – 30,000 baht a month, accounting for 26.1%; 68 employees earned 30,001 – 40,000 baht a month, accounting for 26.2%; 7 employees earned 40,001 – 50,000 baht a month, accounting for 2.9%; and 30 employee earned more than 60,001 baht a month, accounting for 12.6%. In terms of work experience, there are 14 employees working less than 1 year, accounting for 5.9%; 29 employees had been working for 1-4 years, accounting for 22.2%; 100 employees had been working for 5-8 years, accounting for 18.1%; 43 employees had been working for 9-12 years, accounting for 18.1%; 28 employees had been working for 13-16 years, accounting for 11.8%; and 24 employees had been working for 17-20 years, accounting for 10.1%. In terms of work position, there were 21 senior branch managers, accounting for 8.8%; 15 employees were branch managers, accounting for 6.3%; 51 employees were assistant branch managers, accounting for 21.4%; 39 employees were account opening officers, accounting for 16.4%; 55 employees were tellers, accounting for 23.1%; 28 employees were credit analysts, accounting for 11.8%; and 29 employees were other position, accounting for 12.2%.

**Table 2: Confirmatory Factor Analysis of the Measurement Model**

Factor	Factor Loading	Standard Error	t-Value
<b>Organizational Commitment</b>	AVE = 0.82	C.R. = 0.99 Cronbach's alpha = 0.945	
Affective commitment	0.876	0.07	12.590
Continuance commitment	1.000		
Normative commitment	0.837	0.062	13.487
<b>Intention to Leave</b>	AVE 0.73=	C.R. = 0.99 Cronbach's alpha = 0.921	
Factor 1	1.00		
Factor 2	0.800	0.029	25.719
Factor 3	0.750	0.037	25.712
<b>Transformational Leadership</b>	AVE = 0.52	C.R. = 0.99 Cronbach's alpha = 0.957	
Ideological influence	0.445	.022	25.161
Inspirational motivation	0.627	.018	28.274
Intellectual stimulation	1.000		
Individual consideration	0.700	.029	31.309

**Table 2: Confirmatory Factor Analysis of the Measurement Model (Continued.)**

Factor	Factor Loading	Standard Error	t-Value
<b>Innovation Capability</b>	AVE = 0.66	C.R. = 0.99 Cronbach's alpha = 0.945	

Factor1	1.000		
Factor2	0.660	0.023	28.672
Factor3	0.754	0.027	27.461

$\chi^2 = 121.4$  df = 42, p = 0.001 relative  $\chi^2 = 7.3$ , GFI = 0.900, CFI = 0.950, NFI = 0.951, TLI = 0.485, RMSEA = 0.045, RMR = 0.032

According to Table 2, the reliability and the validity of a measurement instrument were shown. Average variance (AVE) represented the levels of shared variability that could be explained by the same underlying construct or factor. AVE of organization commitment equaled 0.82, AVE of intention to leave equaled 0.73, AVE of transformational leadership equaled 0.52, and AVE of innovation capability equaled 0.66, greater than 0.5 which indicated that the measurement model displayed good convergent validity (Fornell, Larcker, 1981 : 39-50). The C.R. values for all factors were above 0.7 which indicated that the measures used in a research study were reliable and consistent internally. The observed variables in a scale or instrument were reliable and could be considered as a representative of the underlying construct which they were intended to measure (Fornell, Larcker, 1981 : 39-50).

The Cronbach's Alpha maintained stable and adequate for researching (organizational commitment,  $\alpha = 0.945$ ; intention to leave,  $\alpha = 0.921$ ; transformational leadership,  $\alpha = 0.957$ ; and innovation capability,  $\alpha = 0.945$ ). It indicated greater internal consistency and reliability. Cronbach's alpha value of 0.7 or higher was considered acceptable for research purposes.

CFA could be used to evaluate the extent to which a set of observed variables or indicators measured the same construct or factor. The model evaluation results showed that the model with the lowest value showed the value  $\chi^2$  value at 121.4, the number of degrees of freedom was 42, and p-value was 0.001 to be statistically significant. And it showed that hypothetical models were not fit with empirical data. But since the  $\chi^2$  statistic already displayed that limitation. Therefore, other evaluation indexes had to be considered, resulting in the following results: Comparative Fitness Index (CFI) of 0.950, Well-being Index (GFI) of 0.900, and Normal Fitness Index (NFI) of 0.951. It was acceptable that the fitness model was consistent with the empirical data, an RMSEA index of .0045 was considered good, and a normal  $\chi^2/df$  value of 2.890 or less than 3 was considered eligible. It was concluded that the theoretical model was fit or consistent with the empirical data.

**Table 3: Correlation between Variables**

	OC	INL	INNO	TRL
OC	<b>1</b>	-0.076	0.296**	0.153*
INL		<b>1</b>	-0.186**	-0.139*
INNO			<b>1</b>	.428**
TRL				<b>1</b>

N = 238

OC = Organizational leadership; INL = Intention to leave; INNO = Innovation capability; TRL = Transformational leadership., \*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

According to Table 3, the positive correlation was found between organizational commitment and innovation capability ( $\beta = 0.296$ ) with the statistically significant correlation at the level 0.01. The positive correlation was found between transformational leadership and organizational commitment ( $\beta = 0.153$ ) with the statistically significant correlation at the level 0.05. While the negative correlation was found between the relationship between intention to leave and innovation capability ( $\beta = -0.186$ ) with the statistically significant correlation at the level 0.01, the relationship between transformational leadership and intention to leave was negative correlation ( $\beta = -0.139$ ) with the statistically significant correlation at the level 0.05. However, organizational commitment did not display a correlation with intention to leave.

**Table 4: Comparing Square Root of AVE and Matrix of Correlation between Variable**

	OC	INL	INNO	TRL
OC	<b>(0.90)</b>	0.005	0.087	0.023
INL		<b>(0.85)</b>	0.034	0.020
INNO			<b>(0.77)</b>	0.023
TRL				<b>(0.81)</b>

The values shown in bold were the square root of AVE. According to Table 4, to assess discriminant validity and to compare the square root of AVE value with the square of correlation value between variables. A square root of AVE value higher than the squared correlation value between the component raised to the power of two indicated good discriminant validity (Fornell, Larcker, 1981: 39-50).

**Table 5: Showing Mean ( $\bar{x}$ ), Standard Deviation (S.D), of Variables**

Organizational Commitment with	$\bar{x}$	S.D.	Skewness	Kurtosis	Level
Organizational commitment	3.75	0.74	-1.07	1.57	High
Intention to leave	2.78	1.04	-0.27	-1.08	Middle
Transformational leadership	4.14	0.75	+0.45	-0.77	High
Innovation capability	4.59	0.70	-1.60	3.32	Maximum

The result of variables in Table 5 indicated that organizational commitment displayed a value of mean at 3.75, intention to leave displayed a mean value at 2.78, transformational leadership displayed a mean value at 4.14, and innovation capability displayed a mean value at 4.59.

The revealed values of skewness (at least less than 2) and kurtosis (at least less than 7) suggested normal distribution of the data. The results indicated the satisfactory level of construct validity and internal consistency of this modified questionnaire.

The reliability of variables. The Cronbach's Alpha was maintained stable and adequate for researching (organizational commitment,  $\alpha = 0.945$ ; intention to leave,  $\alpha = 0.921$ ; transformational leadership,  $\alpha = 0.963$ ; and innovation capability,  $\alpha = 0.945$ ). The researcher used the data to calculate the inter-correlation coefficient of the four variables. It was found that the variables were related.

**Table 6: The Results of the Structural Model**

Hypotheses	The Research Structural Model			
	Beta ( $\beta$ )	t-value	P value	Results
H1: Organizational commitment → Innovation capability	0.336	4.604	0.001	H1 Support
H2: Intention to leave → Employee performance	-0.214	-4.524	0.001	H2 Support
Transformational leadership → Employee performance	0.363	6.725	0.001	
H3: Organization commitment * Transformational leadership → Organization commitment	0.047	2.870	0.004	H3 Support
H4: Intention to leave *Transformational leadership → Organizational commitment	0.161	6.186	0.001	H4 Support

N = 238

OC = Organization leadership; INL = Intention to leave; INNO = Innovation capability; TRL = Transformational leadership

\*\*\*. Correlation was significant at the 0.001 level (2-tailed).

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

\*. Correlation was significant at the 0.05 level (2-tailed).

The results of the SEM structural model were shown in Table 6. The results showed the direct and moderation effect in this study. The SEM outputs supported the direct positive and significant impacts of organization commitment on innovation capability ( $\beta = 0.336$ ,  $p < 0.001$ ) and the direct negative and significant intention to leave on innovation capability ( $\beta = 0.336$ ,  $p < 0.001$ ); accordingly, hypotheses **H1 and H2 were supported**. The moderation effect of transformational leadership on the relationship between organizational commitment and innovation capability was positive and significant ( $\beta = 0.047$ ,  $p = 0.004$ ; accordingly, hypothesis **H3 was supported**). The moderation effect of transformational leadership on the relationship between intention to leave and innovation capability was positive and significant ( $\beta = 0.161$ ,  $p = 0.004$ ), accordingly, hypothesis **H4 was supported**.

## Discussion

One of the main theoretical explanations for the relationship between transformational leadership and organizational commitment is the Social Exchange Theory (SET). This theory proposes that employees engage in a social exchange relationship with their organization, which they contribute their time, effort, and skills in exchange for rewards such as salary, benefits, and job security. When employees perceive that they are receiving adequate rewards in exchange for their contributions, they are more likely to feel committed to the organization. Transformational leaders are thought to enhance this social exchange relationship by providing followers with a sense of meaningful work, personal development, and social support, which

can increase their perceived rewards and their commitment to the organization. There is a significant body of research that supports the relationship between transformational leadership and organizational commitment. For example, a study by Zhu, Sun, Zhang, & Wang (2019: 1468) found that transformational leadership was positively related to employees' affective commitment to the organization, and that relationship was mediated by perceived organizational support.

Transformational leadership strengthens the positive relationship between organizational commitment and innovation capability by creating a work environment that encourages employees to be committed and innovative. According to Schuckert, Kim, Paek, and Lee, (2018: 776-796), transformational leaders inspired and motivated their followers to achieve a shared vision by providing intellectual stimulation, individualized consideration, and charisma.

Firstly, transformational leadership enhances organizational commitment by promoting a shared vision and a sense of ownership among employees. This is because transformational leaders communicate a clear and compelling vision that employees can relate to, and this shared vision creates a sense of identity and belonging among employees. When employees feel that their work is meaningful and aligned with the organization's goals, they are more likely to be committed to the organization and its success.

Secondly, transformational leadership promotes innovation capability by encouraging employees to think creatively, take risks, and experiment with new ideas. This is because transformational leaders create a work environment that fosters innovation by providing employees with the necessary resources, autonomy, and support to explore new opportunities and develop innovative solutions to problems. This empowers employees to take ownership of their work and become more dedicated to the organization's success.

Furthermore, transformational leadership also promotes a culture of innovation by encouraging collaboration and teamwork. This is because transformational leaders create a work environment that values, rewards collaboration, and encourages employees to work together towards common goals. By promoting collaboration, transformational leaders create a diverse range of perspectives, which can lead to more creative and innovative ideas.

In conclusion, transformational leadership strengthens the positive relationship between organizational commitment and innovation capability by creating a work environment that encourages employees to be committed and innovative. By promoting a shared vision, providing resources and support ,and encouraging collaboration, transformational leaders create a work environment that empowers employees to take ownership of their work and become more dedicated to the organization's success, ultimately leading to enhancing organizational performance.

Research has supported the link among transformational leadership, employees' intention to leave ,and innovation capability. For instance, a study by Kim and Beehr (2017: 231-242) found that transformational leadership was negatively related to employee intention to leave their current organization. Similarly, another study by Shin and Zhou (2007: 1709-1721) found that transformational leadership was positively related to employee creativity and innovation. Furthermore, research suggests that employees who have the intention to leave their current organization are less likely to engage in innovative behaviors because they may not feel committed to the organization or dedicated to its success. This is supported by a study by Kim and Beehr (2017 231-242), which found that employees who had the intention to leave

their organization were less likely to engage in innovative behaviors. There is a significant body of research that supports the relationship between transformational leadership and intention to leave. For example, a meta-analysis by Wang, Sui, Liao, and Wu (2018: 1261-1275) found that transformational leadership was negatively related to employees' intention to leave their organizations. Similarly, a study by Huang, Iun, Liu and Gong (2020: 59-70) found that transformational leadership was negatively related to employees' turnover intentions, and this relationship was mediated by job satisfaction.

Overall, transformational leadership can decrease the negative relationship between the intention to leave employees and innovation capability by creating a positive work environment that increases employee engagement and job satisfaction. By doing so, employees are more likely to be motivated to engage in innovative behaviors and less likely to have the intention to leave their current organization.

## **Recommendation**

### **Policy Recommendations**

Policy recommendations for transformational leadership, organizational commitment, intention to leave and innovation capability can include:

1. Developing leadership training programs focuses on transformational leadership skills, such as inspiring and motivating employees, creating a shared vision, and fostering a positive work environment.
2. Creating policies and practices supports employees' commitment to the organization, such as providing opportunities for professional development, recognizing and rewarding good performance, and offering flexible work arrangements.
3. Implementing policies discourages the intention to leave employees, such as providing competitive compensation and benefits, ensuring a safe and healthy work environment, and fostering a culture of open communication and transparency.
4. Encouraging a culture of innovation is within the organization, by promoting risk-taking, providing resources for research and development, and recognizing and rewarding innovative ideas and behaviors.
5. Establishing performance metrics incorporates both innovative behavior and employee commitment, to help leaders evaluate their success in promoting a positive and innovative work environment.

Overall, policy recommendations for transformational leadership, organizational commitment, intention to leave, and innovation capability can help organizations create a positive work environment that fosters employee commitment, reduces intention to leave, and encourages innovation.

### **Operational Recommendations**

Employee recommendations for transformational leadership, organizational commitment, intention to leave and innovation capability can include:

1. Engaging in professional development opportunities enhances leadership and innovation skills, such as attending training programs, seeking mentorship, and participating in innovation projects.
2. Building positive relationships with colleagues and supervisors creates a supportive and collaborative work environment that promotes organizational commitment and reduces the likelihood of turnover.

3. Providing feedback and suggestions to leadership on ways improves the work environment and promote innovation, such as recommending new tools or resources to support innovation, or suggesting ways to improve communication and collaboration within the organization.

4. Taking ownership of one's work and actively seeking out opportunities contributes to the organization's goals, in order to demonstrate commitment and dedication to the organization.

5. Embracing a growth mindset and being willing takes risks and tries new approaches in order to foster innovation.

Overall, employee recommendations for transformational leadership, organizational commitment, intention to leave, and innovation capability focus on individual actions that can contribute to a positive work environment and support the organization's goals. By taking ownership of their work and seeking out opportunities for growth and collaboration, employees can help create a culture of innovation and commitment that benefits both themselves and the organization.

#### **Recommendations for future research**

Future research on the relationship between transformational leadership, organizational commitment, intention to leave, and innovation capability can focus on several areas. Here are a few potential avenues for future research:

1. Further research can be conducted to explore the specific mechanisms through which transformational leadership may impact the relationship between employee commitment and innovation capability. For example, researchers can investigate whether there are certain types of innovation that are more affected by transformational leadership or whether the impact of transformational leadership on innovation is moderated by other factors, such as the availability of resources.

2. Another avenue for future research can be to examine how different aspects of organizational culture interact with transformational leadership to influence innovation capability. Researchers can investigate the specific cultural values and practices that are most important for fostering a culture of innovation, and how these values and practices can be effectively promoted and sustained by transformational leaders.

3. Cross-cultural analysis: Most of the research on transformational leadership, organizational commitment, intention to leave, and innovation capability has been conducted in Western countries. Future research can examine whether these relationships hold true across different cultures and regions.

4. Longitudinal studies: Much of the research on this topic has been cross-sectional in nature, meaning that data was collected at one point in time. Longitudinal studies, which follow employees over time, can provide more insight into the causal relationships between these variables.

5. Mediating and moderating variables: While much research has shown that transformational leadership is positively related to organizational commitment and innovation capability and negatively related to intention to leave. Less is known about the mechanisms through which these relationships occur. Future research can explore the mediating and moderating variables that might explain these relationships.

6. Alternative leadership styles: Although transformational leadership has been shown to be effective in increasing organizational commitment and innovation capability, it is

not the only leadership style. Future research can examine how other leadership styles, such as servant leadership or authentic leadership, might affect these variables.

7. Multi-level analysis: Most research has focused on individual-level variables, such as employee commitment and intention to leave. Future research can examine how leadership and organizational variables at the team and organizational levels might impact innovation capability.

In summary, future research on transformational leadership, organizational commitment, intention to leave, and innovation capability can explore cross-cultural differences, longitudinal effects, mediating and moderating variables, alternative leadership styles, and multi-level analysis.

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