

Effect of Leadership Styles on Job Stress and Turnover Intention of Indian Insurance Industry

*Dr. Rajul Bhardwaj**

ABSTRACT

Life insurance and retirement planning which have quite a lot to do with insurance industry are questions of interest. The insurance industry focuses on close contact among clients, sales people and managers. That is a human-oriented industry, for which the experienced leaders inspire the sales people through continuous training and encouragement and lead them by vision. Therefore, leader's leadership type is the critical factor for the success of the organization. This research explores the relationships among leader's leadership style, subordinate's personality characteristic, and job stress and turnover intention. We also identified the role of personality characteristic and job stress respectively. We used convenient sampling method to collect data. We adopt SPSS to do data analysis and draw conclusions.

Key words: Leadership Style, Job Stress, Personality Characteristic, Turnover Intention.

1. Introduction

Life insurance and retirement planning that have quite a lot to do with insurance are questions of interest. The insurance industry focuses on close contact and interaction among clients, sales people and managers. That is a human-oriented industry, for which the experienced leaders inspire the sales people through continuous training and encouragement and lead them to work hard to achieve goals by vision. The leader's leadership type plays an important role in performance of the organization. The leader's ability to adapt to internal and external environment changes and lead a group of cordial subordinates to work together is the key to success. Thus, this research explores the relationships among the leader's leadership style and the subordinate's personality characteristic, job stress and turnover intention. This research also studies the role of the variable of personality characteristic and job stress respectively and gives advice to managers to lower the turnover rate in the life insurance industry. The specific research objectives are listed as follows: (1) to explore the influence of leadership style on the subordinate's job stress; (2) to explore the influence of job stress on turnover intention; (3) to explore the influence of different leadership style on the turnover intention; (4) to explore the moderating role of personality characteristic

on leadership style and job stress respectively; (5) to explore the mediating effect of personality characteristic and job stress respectively.

2. Literature Review

2.1 Leadership Style

The practice and academic circles agree that leadership is really an important subject in the field of organizational behavior. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, whether a management is able to execute "collaborated effort" depends on leadership capability. The excellent leader not only inspires subordinate's potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals.

Stogdill (1957) defined leadership as the individual behavior to guide a group to achieve the common target. In latter days, Richards & Engle (1986) defined leadership as establishment of vision, value and creation of environment so that the objective can be accomplished. Definitions on leadership defined by selected authors are summarized in Table 1.

* Assistant Professor, Faculty of Management Studies, Gurukul Kangri University, Haridwar (U.K.)

Table 1 : Definitions of Leadership

Year	Author	Definition of Leadership
1957	Hemphill & Coons	Leadership is the individual behavior to guide a group to achieve the common target.
1957	Stogdill	Leadership is an activity to influence others or organization to achieve the target set by the leader.
1969	Bowers	Leadership is a process to influence interpersonal relationships; other's behavior is influenced through this process to achieve the set target.
1977	Davis	Leadership means persuasion of others to enthusiastically chase certain target.
1982	Morphet, Johns & Reller	Leadership means, in the social system, influencing the individual action, behavior, faith and target of others through voluntee cooperation.
1986	Richards & Engle	Leadership is about establishment of vision, value and creation of environment so that the objective can be accomplished.
1990	Sergiovanni	Leadership means satisfying staff's demand through consultation, negotiation and compromise.
1990	Jacobs & Jaques	Leadership helps others to strive and to enhance aspiration to achieve the target.
1993	Robbins	Leadership is the ability to influence the group to achieve the target.
1994	Yukl	Leadership is the process of influencing subordinate, in which the subordinates are inspired to achieve the target.
2001	Northouse	Leadership is exchanged relationship between the leader and subordinates.

2003 Fry

Leadership means use of leading strategy to offer inspiring motive and to enhance the staff's potential for growth and development.

The studies on leadership theory could be divided into four periods:

- (1). Traits Theory (1930s): It focuses on the innate leadership qualities and competence. These innate qualities are not found in others. The so-called quality can be divided into physiological and mental aspects. The physiological aspect includes: height, weight, looks, and vigor while the mental aspect includes intelligence, confidence, and aggressiveness etc. Stogdill (1948) proposed twelve leadership related studies and was considered as representative of this period.
- (2). Behavioral Theory (from late 1940s to late 1960s): It believes that a leader will be able to achieve ideal organizational efficiency if he demonstrates effective leadership behaviors. These leadership behaviors may be trained or learned through experience. Actual behavior or leadership styles are emphasized. Representative research is conducted in Ohio State University. Ohio State University proposed "consideration" and "initiating structure" of leadership behaviors. Consideration is a behavior that focuses on strengthening relationship with subordinates based on their needs and perceptions, while "initiating structure" is a behavior that focuses on subordinate performance in goal accomplishment.
- (3). Contingency Theory (late 1960s): This theory states that there is no set of optimum leadership model in this world and that it depends on the situation encountered. Situational leadership theory began its development subsequently. It states that leaders need to adopt the most optimum leadership style based on different organizational situations. Among which, Fiedler's contingency theory (1967) is most well-known.
- (4). Contemporary Leadership Theory (since 1970s): The viewpoint of contemporary leadership theory states that leadership is a type of interactive process with the environment. Bass & Avolio (1990) proposed transactional leadership and transformational leadership:(i) transactional leadership---

encouraging subordinates through incentive establishment. In other words, incentive elicits work performance. Transactional leadership is the basis for most leadership theories. It focuses on the exchange relationship between the leader and the subordinate (Fry, 2003; Northouse, 2001); (ii) transformation leadership – to enhance staff’s trust and respect for the leader by altering intrinsic work value and faith of staff at the same time in order to elicit work capabilities. Because “charisma” is viewed as an essential element, transformation leader provides incentives for subordinates, enhance subordinate potential and development. (Fry, 2003); and (3) Charismatic leadership theory refers to the follower’s perception toward certain behaviors of the leader as being heroic or extraordinary.

2.2 Job Stress

Job stress means improper occupational stress or burden that badly affects the psychological and physical condition of the worker himself (Kroes, 1974). Peng (1998) states that psychological stress is neither stimulus nor reaction but a handling method or relationship; it is the interaction between the individual and the environment, which gains or consumes resources of human behavior and endangers the individual health. When the individual feels job stress, it usually comes along with following symptoms: (i) psychological aspect – passive, disconsolate, anxious and anger; (ii) physical aspect – imbalance incretion, headache, sleepless and disturbed; (iii) behavioral aspect– change of living behavior, decrease of job involvement, absence from work, and turnover. The definitions of Job stress given by various authors are summarized in Table 2.

Table 2 Definitions of Job Stress

Year	Author	Definition of Job Stress
1956	Seley	Stress means uncertain reaction of the body to demand from internal or external environment, or reaction result against threat of balance condition.
1971	French	Stress is the consequence that an individual’s ability or skills fail to coordinate with the job or the job environment cannot satisfy the individual demand.
1974	Kroes	Stress is improper

occupational pressure or burden which badly affects the psychological and physical condition of the worker himself.

1978	Beehr & Newman	Stress is the change that drives the worker from normal psychological and physical condition.
1980	Ivancevich & Matteson	Stress is some adaptive reaction, a consequence of special psychological or physical demand from the event, and such reaction takes personal character as intermediary.
1984	Fleming et al.	Stress is a conceptualized process and contains one’s recognition and reaction to danger or threat.
1985	Jamal	Stress is one’s reaction against threat in the working environment.
1998	Peng	The psychology claims that job stress is neither stimulus nor reaction but some handling method or relationship.

3. Personality Characteristics

Personality characteristic means one’s psychological and physical phenomenon. At different time and condition, it adapts to different environment by unique behavioral mode and thinking method. Friedman & Rosenman (1959) categorize personality characteristics into type A and B. Type A shows exuberant ambition and aggression. Type B has more patience and pays less attention to competition and sense of achievement.

Definitions of personality characteristic are summarized in Table 3.

Table 3: Definitions of Personality Characteristic

Year	Author	Definition of Personality Characteristic
1959	Guilford	Personality characteristic is a combination of individual trait and property, which generates a lasting and special characteristic different from the others.

1961	Allport	Personality means dynamic behavior from psychological and physical aspect to adapt to the environment.
1970	Pervin	Personality represents structure and dynamics in reaction to the environment.
1972	Scott & Mitchell	Personality is formed from accumulation of psychological growth and development.
1998	Robbins	Personality is one's reaction to the others and consequence of interaction with others.
1985	Lee	Personality characteristic means psychological attributes of affection and thought among people; it's also a specific and lasting behavioral pattern.
1997	Lu	The formation of personality is affected by gene, culture, environment, and social factor.

4. Turnover Intention

Turnover intention means the subjective perception of the organizational member to quit the current job for other opportunity (Fan, 1978). Table 4 showed definitions of turnover intention defined by various authors.

Table 4: Definitions of Turnover Intention

Year	Author	Definition of Turnover Intention
1973	Porter & Steers	Retreating behavior from job dissatisfaction.
1975	Kraut	The best anticipation for turnover
1975	Fishbein & Ajzen	The best measurement to presume the worker's turnover behavior
1978	Mobely	Idea of leaving the current organization or post
1982	Bluedorn	It is differ from actual turnover behavior which is influenced by more external element .
1993	Tett & Meyer	Perception of a series of retreating cognitions.

5. Research Methodology

Research Framework

Insurance is human-oriented business. The service it offers is intangible and the services of competitors are highly similar, for which the salespeople must face keen competition and challenge from competitors. The salesmen keep the turnover rate of life insurance high because of such job compensation without base pay and suffering from heavy stress that is hard to be accepted by the people.

The experienced leader is well aware of this fact and keeps training, assisting and inspiring the sales personnel. Therefore, the leader's leadership style is very important for the performance achievement of organization. Therefore, we have a great interest in exploring the relationships among leadership style, personality characteristic, job stress and turnover intention. This research also tries to identify the role of variable for personality characteristic and job stress respectively. Framework of this research is shown as Figure 1.

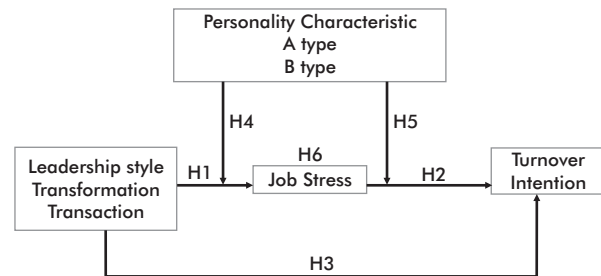


Fig 1 Research framework

6. Research Hypotheses

If the organization intends to keep outperforming in the violently competitive environment, leadership is the most influential factor. The objective of this research is to explore the relationships among leadership style and sales people job stress and turnover intention and the role of personality characteristic and job stress respectively. We learn from the above literature review that the leader's leadership style has significant influence on the staff's job stress and turnover intention. Thus, this research develops following hypothesis based on the research framework:

Different leadership style has different impact on the subordinate's work willingness. The leader's ability to adapt to internal and external environmental change and lead a group of cordial subordinates fighting together is one of the keys to success. Hsu (1986) conducts research on 222 operators of China Steel Company in Kaohsiung

on the relationship among leader's personality characteristic, the leader behavior, the staff's job stress and job satisfaction. The research indicated that consideration leadership had significantly negative connection with job stress, but the initiating structure is positively connected with job stress, the leadership style and job stress are negatively connected. Hence, we develop hypothesis as below:

H1 Leadership style has significant influence on job stress

H1a Transformational leadership has negative influence on job stress

H1b Transactional leadership has positive influence on job stress

Job stress is usually generated along with change of productivity such as passive job involvement, indifference to colleagues, envy and suspicion, efficiency drop, job absence, turnover, etc. Parasuraman & Alutto (1984) studied 217 employees of a food manufacturing company and found that job stress had positive connection with turnover intention. Therefore, we propose the hypothesis as follows.

H2 Job stress has positive influence on turnover intention.

Fleishman & Harris (1962) conducted research on relationships among leadership style, turnover rate and complaint rate. The research result reveals that consideration leadership style (transformational) has apparently negative connection with turnover, while initiating structure (transactional) is positively connected with turnover. Therefore, we develop hypotheses as below:

H3 Leadership style has significant influence on turnover intention.

H3a Transformational leadership has negative influence on turnover intention.

H3b Transactional leadership has positive influence on turnover intention.

Wang (1990) made his research on the subject of connection among employee with A-type personality characteristic, leader's leadership style, and employee's job stress" and found that people with A-type personality characteristic perceive more job stress than those with B-type, while B-type feels more job stress at low self-respect than those with A-type. Thus, hypotheses are developed as follows.

H4 Personality characteristic has moderate effect on the relationship between leadership style and job stress.

H5 Personality characteristic has moderate effect on the relationship between job stress and turnover intention.

H6 Job stress has mediation effect on the relationship between leadership style and turnover intention.

7. Research Design

According to the purpose of the paper, we develop structural questionnaire. A 5-likert scale is used. The measurement of constructs is shown in Table 5.

Table 5: Measurement of Constructs

Construct	item
Leadership style	25
Transformation	20
Transaction	5
Job stress	8
Personality characteristics	14
Turnover intention	5

This research chooses sales personnel of local insurance companies as the subject and collects data by convenient sampling method. The survey instrument was initially pre-tested by 50 employees of M insurance company for content, readability, and ambiguity. Based on results of the pretest, minor changes were made to select questionnaire items, and the instrument were sent to 220 employees of insurance companies, for which 176 returned mailings were valid, with effective response rate at 80%.

After collecting the valid questionnaires, SPSS is used to do data analysis.

8. Data Analysis

Sample Profile

After collecting the valid questionnaires, we provide demographic information first and then SPSS is used to do data analysis. Descriptive statistics analysis (frequency allocation and percentage analysis) is used to display the profile of samples. Basic statistics of samples are shown in Table 6.

Table 6: Basic Statistics of Samples

Item	Contents	No. of samples	%
Sex	Male	71	40.3
	Female	105	59.7
Age	Under 20	1	0.5
	21-30	74	42.0
	31-40	65	40.0
	41-50	29	16.5
	Over 50	7	4.0
Education	Junior High School	4	2.3
	Senior High School	60	34.1
	College, University	106	60.2
	Graduate School or above	6	3.4
Marital Status	Married	74	42.0
	Single (including divorced, widowed)	102	58.0
Seniority	Under 1 year	35	19.9
	2-4 years	61	34.7
	5-7 years	31	17.6
	8-10 years	18	10.2
	Over 11 years	31	17.6

9. Statistical Analysis

This research starts with factor analysis of leadership style and then moves to reliability analysis and regression analysis.

Leadership style construct comprises of 33 measurement items. The main components analysis with the variant of orthogonal notation is used to extract the factor. Two factors are extracted and factor’s loading is over 0.7 and the accumulative explained variation is at 67.19%. These two factors are named as transformational leadership and transactional leadership. After factor analysis, 25 items are selected.

Reliability means accuracy of measurement tool. This research adopts Cronbach's α to verify the internal consistency. Roberts & Wortzel (1979) state that Cronbach's α lying in 0.79 to 0.96 means high reliability. For the reliability analysis done for this research, reliability of each construct is over 0.8 (Table 8), which means this research is highly reliable and trustworthy.

Table 7 Cronbach's α of Constructs

This paper uses regression analysis to study the relationships between predictive variable and criterion variable.

Construct	No. of Items	Cronbach's α
Leadership Style	25	.962
Leadership - transformational	20	.975
Leadership - transactional	5	.833
Job stress	8	.891
Personality Characteristic	14	.882
Turnover Intention	5	.864

Regression analysis result shown in Table 8 indicates that leadership style has significant connection with job stress. Therefore, the hypothesis H1 is supported. Furthermore leadership style is divided into transformational style and transactional style to do separate analysis. The result reveals that transformational leadership is negatively connected with job stress. H1a is therefore supported as shown in Table 9. The positive influence of transactional leadership on job stress is not significant, so H1b is not supported as shown in Table 10.

Table 8: Regression of Leadership Style on Job Stress

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	B	Std. Error	Beta			
Constant	2.967	.288		10.317	.000	
Leadership Style	-.166	.076	-.163	-2.178	.031	.027

Table 9: Regression of Transformational Leadership on Job Stress

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	B	Std. Error	Beta			
Constant	3.038	.263		11.560	.000	
Transformational Leadership	-.181	.068	-.198	-2.669	.008	.039

Table 10: Regression of Transactional Leadership on Job Stress Analysis

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	B	Std. Error	Beta			
Constant	2.069	.232		9.350	.000	
Transactional Leadership	.055	.067	.062	.816	.416	.004

Regression analysis of job stress on turnover intention as shown in Table 11 indicates that job stress has positive relationship with turnover intention, **H2** is supported. It means that the more job stress, the more turnover intention.

Table 11 Regression of Job Stress on Turnover Intention

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	B	Std. Error	Beta			
Constant	.612	.144		4.247	.000	
Job Stress	.287	.058	.350	4.930	.000	.123

Regression of leadership style on turnover intention as shown in Table 12 indicates that job stress has negative relationship with turnover intention but not significant. **H3** is not supported. It means that leadership style has no positive impact on turnover intention. So, no further testing and discussion about **H3a** and **H3b** are needed.

Table 12 Regression of Leadership Style on Turnover Intention

Model	Unstandardized Regression Coefficient		Standardized Regression Coefficient	t value	Significance	R ²
	B	Std. Error	Beta			
Constant	1.719	.237		7.258	.000	
Leadership Style	-.117	.063	-.139	-1.858	.065	.019

Analysis is done on personality characteristic, leadership style and job stress and finds the interaction effect of personality characteristics *leadership style is not significant. It means personality characteristic has no interfering effect on the relationship of leadership style and job stress as shown in Table 13. Therefore, the hypothesis H4 is not supported.

Table 13: Regression Analysis with Interactive Effect on Job Stress

Source	Type III Sum of Squares	df	Mean Square	F value	Significance
Constant					
Personality Characteristic	17.639	37	.477	1.606	.247
Leadership Style	42.581	59	.722	2.431	.090
Personality Characteristic*					
Leadership style	33.064	70	.472	1.591	.249

a. R. Squared = .976 (Adjusted R. Squared = .481)

Analysis is done on personality characteristics, job stress and turnover intention and finds the interaction effect of personality characteristics *job stress is not significant. It means that personality characteristic has no moderating effect on relationship between job stress and turnover intention as shown in Table 14. Therefore, **H5** is not supported.

Table 14: Regression Analysis with Interactive Effect on Turnover Intention

Source	Type III Sum of Squares	df	Mean Square	F value	Significance
Constant					
Personality Characteristic	9.350	38	.246	.853	.680
Job Stress	18.939	27	.701	2.431	.011
Personality Characteristic*					
Job Stress	26.408	82	.322	1.116	.382

Adjusted R. Squared = .880 (Adjusted R. Squared = .481)

According to path diagram shown in Figure 2, the result indicates $(-0.163) \times (0.35) > -0.0139$. It means that the indirect effect of job stress on leadership style and turnover intention is larger than direct effect, which means job stress has mediating effect on the relationship of leadership style and turnover intention. So the hypothesis H6 is supported.

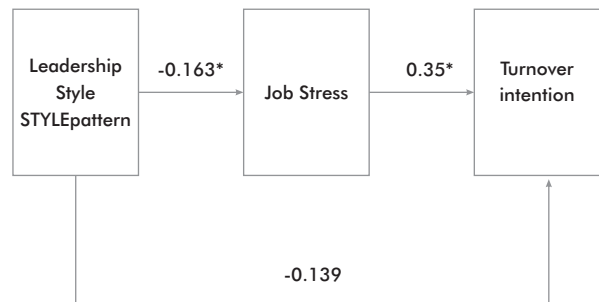


Fig. 2: Path diagram

10. Conclusions

We choose the insurance industry as the object of study and explore the interrelationship between leadership style and job stress and turnover intention. This research also investigates the variable role of personality characteristic. According to the result of empirical analysis, the following conclusions are generated:

- (i) For the insurance operators, transformational leadership style has negative influence on job stress, which has something to do with the characteristic of insurance industry because the insurance employees have no base pay and the majority of their income comes from sales bonus. Under such bonus system, if the transformational leadership gives more consideration and encouragement, the employees will be aroused instinct of compression resistance for gaining high income.
- (ii) Job stress has positive relationship with turnover intention. Job stress usually results in psychological and physical discomfort, and then turnover intention increases.
- (iii) The style indicates that leadership style has negative relationship with turnover intention.
- (iv) The verification indicates no interfering effect on the relationship between personality characteristics and leadership style and job stress. Such result differs from those of previous researches and property of such industry may probably be the reason. Different personality characteristics do not moderate the leadership style and high compression resistance of the insurance operators.
- (v) Personality characteristics bring no moderating effect on the relationship between job stress and turnover intention. Generally speaking, personality characteristic of insurance salespeople are more enthusiastic and compression resistant than that of other business. The bonus system of insurance industry retains salespeople sticking to the post in order to keep getting commission from the client's policy premium. Therefore, personality characteristic brings no interfering effect on job stress and turnover intention.
- (vi) The verification indicates that job stress has bigger indirect effect on leadership style and turnover intention than the direct effect. So, job stress has mediation effect on relationship between leadership style and turnover intention.

11. Managerial Implications

This research chooses insurance industry as object and explores, through regression analysis, the relationship among the insurance leader's leadership style and the subordinate's personality characteristic, job stress and turnover intention. According to the conclusion of this

research, following suggestions are provided for management.

- (i) Transformational leadership is used to make the subordinates aware that rewards need making efforts. Proper encouragement and consideration are required for future vision and to accomplishment of mutual goal.
- (ii) Insurance job has no base pay and the salespeople are highly autonomous. The leader should spend more time in assistance and communication so that the subordinates understand that the real stress comes from economic income pressure but not from the job itself.

12. Limitations

(1) Limitation of Research Scope

Because the research object is the insurance industry only, it's not easy to generalize the research result to other industry.

(2) Limitation of Research Variables

This research only considers the variables in question. Other variables such as organizational citizen behavior, organizational climate, job involvement and job efficiency are not taken into investigation.

(3) Limitation of Resources

Due to limit of research time, manpower and budget, this research only sent out 220 questionnaires and the sample size is small.

Reference

- Davis, K. 1977. Human behavior at work: organizational behavior, New York: McGraw- Hill.
- Fiedler, F. E. 1971. Validation and extension of the contingency model of leadership effectiveness: A review of empirical findings, *Psychological Bulletin*, 76, 128-148.
- Fiedler, F.E. 1972. The effects of leadership training and experience: A contingency model interpretation, *Administration Science Quarterly*, 443-468.
- Fiedler, F.E. 1978. The contingency model and the dynamics of the leadership process, In Berkowitz, L., *Advances in experimental social psychology*, New York: Academic Press.
- Fisher, C.D. & Gitelson, R. 1983. A meta analysis of the correlates of role conflict and ambiguity, *Journal of Applied Psychology*, 68(2), 320-333.

Fleishman, E.A. & Harris, E.F. 1962. Patterns of leadership behavior related to employee grievances and turnover, *Personnel Psychology*, 15, 43-56.

French, J.R.P. 1974. *Adjustment as a person - environment fit*, New York: Basic books.

Fry, L.W. 2003. Toward a theory of spiritual leadership, *The Leadership Quarterly*, 14, 693-727.

Hackley, J.A. 1990. Role conflict, coping and stress in clergy wives school of psychology, *Fuller Theological Seminary*, 328-351.

Hemphill, J.K. & Coons, A.E. 1957. Development of the leader behavior description and measurement, *Columbus: Business Research, Ohio State University*, 1-18.

Jacobs, T.Q. & Jaques, E. 1990. Military executive leadership", In Clark, K.E. & Clark, M.B., *Measure of Leadership*, West Orange, New Jersey: Leadership Library of America, 281-295.

Jamal, M. 1990. Relationship of job stress and type- A behavior to employees' job satisfaction, organizational

commitment, psychosomatic health problem and turnover motivation, *Human Relations*, 43(8), 715-733.

Lin, Shu-Feng. 2002. The relationships of personality traits, organizational commitment and flow experience: an exploratory study on the female health care volunteers in Chang-hua County. Department of Leisure and Recreation. Da-Yeh University.

Margolis, B.L., Krose, W.H. & Owmn, R.P. 1974. Job stress an unlisted occupational hazard, *Journal of Occupational Medicine*, 16, 245-258.

Maslow, A.H. 1954. A theory of human motivation, *Psychological Review*, 50, 370~396.