

*Analyzing the Impact of Responsible Leadership on Employee Turnover and Organizational Performance: The Mediating Role of Trust*

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Received on: 20-07-2023

Accepted on: 22-08-2023

## Abstract

The purpose of this study is to analyze the impact of the responsible leadership on employee turnover and organizational performance, mediating the role of trust. Using the quantitative method of research, deductive approach has been carried out & data has been collected from 250 respondents of English Biscuit Manufacturing Company. Four research analysis techniques have been used which are frequency analysis, reliability analysis, correlation analysis & regression analysis. The software that has been utilized for analysis, is SPSS V.25. In order to check the mediating effect of trust between the independent variable and dependent variables, process v.4.1 regression analysis has been conducted. The results of this research emerged as the acceptance of all the 4 hypothesis, which describe that there exists a relation between responsible leadership, employee turnover & organizational performance. As a

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mediating role of trust is included, then there's impact of trust between the responsible leadership & organizational performance as well as with the Employee Turnover. The significance of this research is its real time application to an organization where employees leave their jobs very often and the company growth also decay. The impact of responsible leadership on the employee turnover as well as organizational performance may result in some profiteering outcomes which may be used to implement in any organization in order to reduce the employee turnover rate and to enhance the effective performance environment.

**Keywords:** Leadership, employee turnover, organizational performance

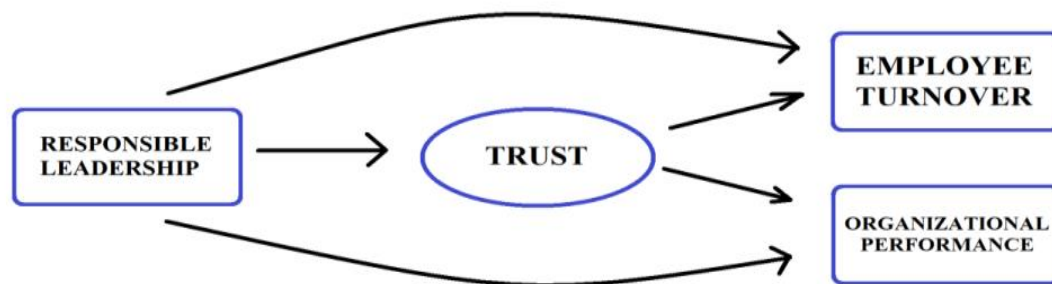
## INTRODUCTION

It is an undeniable fact that a leader always makes efforts to carry on the whole team, in order to get the fruitful outcomes. But the concept of responsible leadership along with organizational performance field, has achieved a pivotal role and has got a very good attention.<sup>1,2</sup> describe the responsible leadership as a process through which positive contacts can be established and endured. Due to this, responsible leadership stipulation has gained rise as well as it has become very indispensable communication.<sup>3</sup> Furthermore, Kates de vries et al., (2004)<sup>4</sup>, recognized the trend that the core values of an organization is set by the responsible leadership, which determines the different aspects like sustainability, social aspect as well as humanitarian aspects. This concept made the minds of a sustainable development of an organization.<sup>5</sup> It encourages to work under an environment like corporate social responsibility (CSR). Due to the privileging situation of this responsible leadership concept, researchers started finding another factor as Employee Turnover, which is being affected by the responsible leadership. Employees which tend to keep the willingness of leaving the organization for lifetime and try to do it voluntarily, possess the turnover intension.<sup>6,7</sup> discussed that the turnover intention is the basically indicator of employee turnover.<sup>8</sup> found the results from their study that the responsible leadership builds a strong affiliation with the employees of the organization, supposing the employees as their valuable stakeholders as well as reduces the employees' intensions about quieting their job (organization). When an employee leaves an organization, it started looking for another employee to fill that position as soon as possible. Human resource management field involves a very pivotal role of employee turnover subject from published studies. It should be intimated to the human resource managers to find out the employee turnover intension reasons and their deep understanding of the causes through which an employee tends to leave the organization.<sup>9</sup> In Asian countries, the recent researches show that the responsible leadership plays a very important role in an organization, which effects the organizational performance as well as the employee turnover.<sup>5</sup> Managerial leadership is the position which tells about the leadership pathways, aligning the employees and motivating those employees for the betterment of the firm.<sup>10</sup> According to manager's perception turnover is all about filling a vacancy. Whenever a position becomes available in an organization, a previous employee is replaced by a new one. Employees turnover mainly affects the organizational pathways or the decisions which leads to thrust the higher ups of the organization to determine the reasons of the employees' turnover intensions. Thus, there existed the proviso of the necessary research which is due to the effect of this phenomenon is being observed on the business development.<sup>6</sup> Furthermore, a number of researchers worked on quite a few

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perspectives of relation among the responsible leadership, employee turnover intentions and organizational performances.<sup>1</sup> worked on the relation between perceived responsible leadership and employee turnover, the results of which show that the responsible leadership and the organizational commitments have been partially affected by employee turnover. It shows that there was lack of direction relationship between organizational commitments due to employee turnover. It can be observed that there was no any direct relation between the responsible leadership and employee turnover which may be considered as the concept that these two terms are inversely proportion to each other. Studies have also found that there is a detrimental relation between the organizational performance and employee turnover.<sup>11-13</sup>

**Theoretical Framework**



**MATERIAL AND METHODS**

**Research Approach:** The study is based on quantitative explanatory research methodology. The “Deductive Approach” has used which states that the data is tested by the theory. The social exchange theory taken as a reference explains the relationship between variables.

**Research Design:** It is a casual research that shows the impact of one independent variable on the dependent variables. In this study, survey has conducted for the purpose of collecting knowledge and data. The design which has used is cross-sectional design because of specific time across a sample population.

**Target Population:** The targeted population for this research study has taken as the manufacturing industry in Pakistan which mainly produces commodities, (especially Biscuit Manufacturing Industry).

**Sampling Design:** As the population of this research study is the manufacturing industry of Pakistan, we have mainly focused on the biscuit manufacturing factory that might be any of the industries. But, the official visit of English Biscuit Manufacturing Company of this manufacturing industry has taken on the account for this study.

**Sampling Technique:** Non-probability Convenience sampling technique has carried out as it provides faster results. Due to limited amount of time and need of collecting data quickly, so this remained convenient method of acquiring the data for this study.

**Sample Size:** For this study, data has collected from 250 employees of English Biscuit manufacturers which were the respondent of our study. Various respondents from different departments of the company were asked to fill out the questionnaire.

**Instrument of Data Collection:** There are many tools that are used for collecting data like surveys, interviews, and questionnaires. But questionnaire form as an instrument for our

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data collection has used. The questionnaire has adopted from some previous researchers. For instance, some of the following questions had been taken by previous researchers. Musinguzi's (2018)<sup>14</sup> instrument has been used to measure the trust factor. Opoku's (2015)<sup>15</sup> instrument utilized to measure responsible leadership. A global survey company that provides the referred questions, its instrument was utilized for organizational performance.

**Procedure of Data Collection:** To fulfill the research objectives, Primary data which has collected by close-ended structured questionnaire, created online questionnaire on Google survey form as well as on hard paper form. The instrument has distributed among 250 employees at different levels in the industry. A five point Likert scale had used to collect data, where respondents have been asked to opt for one, for a given statement, strongly disagree, disagree, neutral, agree, and strongly agree. The research industry taken into account for this research has briefly explained below.

**English Biscuit Manufacturing:** It is a Karachi (Pakistan) based biscuit manufacturing industry which had already been known as PEEK FRANS PAKISTAN. It has observed that almost 45% of the market share has been captured by EBM. It was founded in 1966 after the independence war of Pakistan. Their vision of being at the top of the leading food companies, they have expanded their products for providing their customers with nutritious and wholesome food-between-meal products.

### **Data Analysis**

As this study is all about observing the effect due to a cause, following analysis techniques have been utilized, by means of SPSS Software. Here total 04 number of analysis have been carried out which are frequency analysis (Demographics analysis), Reliability Analysis, Correlation Analysis & Regression Analysis.

**Ethical Consideration:** All the information has kept confidential and has used only for research purpose. Before taking the questionnaire survey from the EBM, the proper consent is admissible which has taken from a managerial officer of the EBM Company. All communication carried very transparently regarding the study. The unacceptable language avoided in the formulation of the Questionnaire.

### **RESULTS & DISCUSSION**

As this research is conducted which is based on 04 number of variables. Various questions of all the variables have been mentioned below. The responses which have collected from the company to be researched on by means of the above mentioned questions, are 250 which consist of the various job positions there with numerous educated employees.

### **Demographic Analysis**

Below given Figure 1 shows the frequencies & percentages of items selected by the respondents, used in the questionnaire. The data shows that 85% Male & 15% females were able to respond to the questionnaire. The age's percentages show that the highest percentage belongs to the ages of 20 to 25, which is 46%. It may be observed from the table that majority of the educated employees of English Biscuit Manufacturers is 53% intermediate, who were able to fill the questions form. And in the experience data, it can be found that there is majority of employees with experience of 01 to 05 years & 06 to 10 years, which are in percentages as

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76% & 22% respectively.

### Reliability Analysis

Table 1 shows reliability test has also been conducted, to ensure the properties of measurement scales and the items compose the scales. The results of each variable, are mentioned in below table. The desired value of Cronbach's alpha leads 0.7 or even above than that. Greater the result, higher the reliability.<sup>16</sup> In the results, shown in the table-2, all the results are above the minimum required value of 0.7, which clearly show the significant reliability among the all items of an individual variable. **Table 1**

### Correlation Analysis

In order to determine whether there is linear correlation among all the variables or not, following table shows the Pearson-Correlation results obtained by means of SPSS software. The positive (+) & Negative (-) signs in results show the direction of the correlation between the variables (Kilic Selim, 2012)<sup>17</sup>. The results show that there exist positive as well as the negative relation among the variables. It can be observed from the table 2 that there is the positive linear correlation between Responsible Leadership & Trust (+0.606), Responsible Leadership & Organizational Performance (+0.348) as well as Trust & Organizational Performance (+0.379). Whereas, there is the negative linear relation between Responsible Leadership & Turnover (-0.263), Trust & Turnover (-0.287) as well as Turnover & Organizational Performance (-0.259). **Table 2**

### Regression Analysis

To have a glance at the impact or value of the dependent variable due to the effect of an independent variable, the regression analysis results of all the four hypothesis based on respective variables (before and after mediation) have been shown below. Regression Analysis shows the relationships between or among the variables (IV, DV, Med: & Mod).<sup>18</sup>

#### 1. Responsible Leadership has a significant relation with Employee Turnover

The results shown below are the linear regression results of the relation between responsible leadership & employee turnover. It can be observed that the value of "t-statics" is greater than 1.96 and probability (P) is less than 0.05, the results are significant and there exist a relation between these responsible leadership & employee turnover. It can also be observed that "B" value is in negative, therefore there exist inverse relation between the variables which can be interpreted as by increasing the 1 unit of responsible leadership, there would be decrease in employee turnover by 35.6 units. There also exists the R-square value which can be interpreted as there exist the variance of 6.9%. It can be said that this hypothesis is supported by the results. **Table 3 & 4**

#### 2. Responsible Leadership has a significant relation with organizational performance.

The results shown below are the linear regression results of the relation between responsible leadership & Organizational Performance. It can be observed that the value of "t-statics" is greater than 1.96 and probability (P) is less than 0.05, the results are significant and there



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exist a relation between responsible leadership & organizational performance. It can also be observed that “B” value is in positive (0.454), therefore there exist direct or positive relation between the variables which can be interpreted as by increasing the 1 unit of responsible leadership, there would be increase in organizational performance by 45.4 units. There also exists the R-square value which can be interpreted as there exist the variance of 12.1%. It can be said that this hypothesis is supported by the results. **Table 3 & 4**

**3. There is a mediating significant role of Trust between the relationship of Responsible Leadership and Employee Turnover**

The following table shows the results of the regression analysis of responsible leadership & employee turnover mediated by the role of trust. The Lower Level Confidence Interval (LLCI) & Upper Level Confidence Interval (ULCI) in the indirect effect of X on Y can be seen. It can be observed as LLCI is negative whereas ULCI is also negative, which show that both do not straddle zero. (i-e they are not crossing the zero point if a graph is obtained from these ranges), which can be interpreted (i-e there exist a vital significant impact of trust in between the relationship of Responsible Leadership & Employee Turnover in among the employees and EBM company. It can be said that this hypothesis is supported by the results. **Table 5**

**4. There is a mediating significant role of Trust between the relationship of Responsible Leadership and Organizational Performance**

The following table shows the results of the regression analysis of responsible leadership & organizational performance mediated by the role of trust. The Lower Level Confidence Interval (LLCI) & Upper Level Confidence Interval (ULCI) in the indirect effect of X on Y can be seemed. These can be observed as both ULCI & LLCI are positive (i-e confidence intervals don't straddle zero), which can be interpreted as there exist a significant impact of trust in between the relationship of Responsible Leadership & Organizational Performance. It can be said that this hypothesis is supported by the results. **Table 6**

Yasin, et al.,<sup>19</sup> found the significant positive correlation between responsible leadership and employee turnover intentions. Similarly, author has worked to develop hypotheses & analytical frameworks by using deductive logic approach and found that there is a positive relationship between responsible leadership and ethical climate and a negative relationship between ethical climate and employee turnover intentions. Author confirms that his study examines how responsible leadership influences employees' perceptions of the organization and assesses the role trust plays within the organization.<sup>20</sup> Amlan, Mario, Peter, 2019 perform the research on the relationship between ethical leadership and organizational commitment through the use of the mediating role of employee turnover intentions.<sup>1</sup> To analyze the data, structural equation modelling was used. Their findings show that employees' perceptions of responsible leadership have a big impact on their organizational commitment and their intention to leave. When Mobley et al.,<sup>21</sup> modelled how employees' satisfaction affected their turnover, he came to the conclusion that workers' attitudes about staying or leaving were influenced by their views about the task or the leadership. Additionally, Griffith et al.,<sup>22</sup> stated that the relationship between leadership and turnover is better described in terms of employee satisfaction with the organization, including the leader.

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## **CONCLUSION & FUTURE SCOPE**

### **Conclusion**

Literature and findings of this research has proved that there is positive as well as the negative relation among the variables. After analyzing the data, results appeared that responsible leadership has a negative impact on employee turnover whereas positive impact on organizational performance. All hypothesis of this research has been accepted. So if companies work on these factors then their turnover rate will be low and their employees don't want to leave their organization, hence company can attract employees to stay connected with the organization for long time.

Finally, current research provides greater insight into the importance of the concept of responsible leadership and its relationship to employee performance. By establishing the relational component of responsible leadership as a descriptive concept through the lens of CSR and social identity theory, the current study makes a new contribution to the literature on the relationship between responsible leadership and employee turnover. This study yields new theoretical insights into how employee turnover intentions are influenced by responsible leadership and confidence in organizational performance.

### **Limitation and Future Research Directions:**

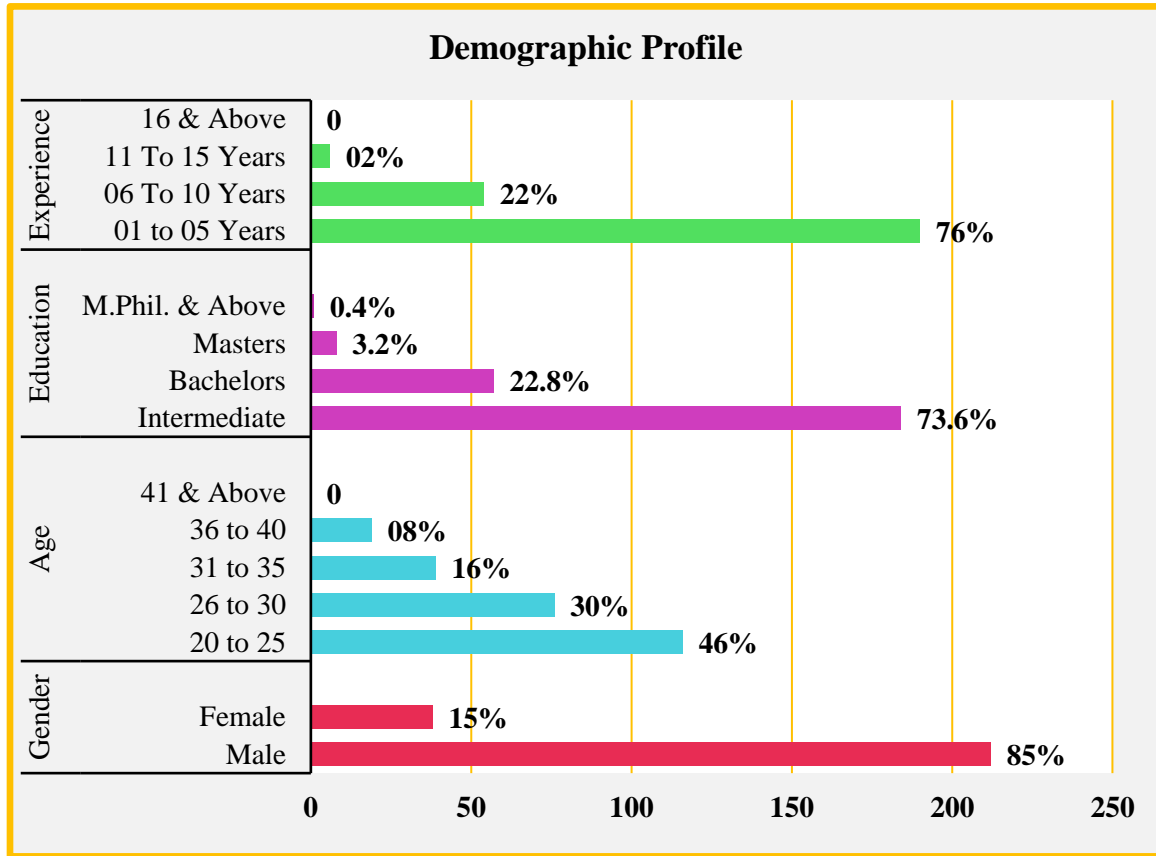
Data collection was by self-report survey, but the data collected may have been skewed for socially desirable responses.<sup>25</sup> Future researchers are tackling this problem through other techniques to data gathering (getting data from both managers and employees) /(collecting data from both managers and employees). This reduces the impact of discrimination and produces results that can be trusted. The second drawback of this study is the use of a cross-sectional strategy for data collecting, which could be rectified in the future by adopting a longitudinal approach. Another drawback that could be resolved by future research using cross-cultural methods or data from other sectors is the data that were only gathered from the manufacturing sector in Pakistan. The hypothetical model may be extended in future studies by looking at additional mediators (organizational justice, positive conduct, etc.) or by including moderators (political influence, etc.). The results will be more accurate in this way. Moreover, sample size of this research conducted was low so the results of this study cannot be generalizable. In future, researcher should work on the larger sample size.

### **Acknowledgement**

We all authors acknowledges the Sigma Research Solutions and Development Consultancy (SMC) Pvt. Ltd for technical assistance and data analysis in this research.

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**References:**



**Figure 01: Distribution of the study participants according to Demographic profile**

**Table 01: Reliability Analysis**

Variables	Cronbach's Alpha Value
Responsible Leadership	0.763
Trust	0.771
Employee Turnover	0.871
Organizational Performance	0.773

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



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**Table 02: Correlations Analysis Results**

		RL	TR	T0	OP
RL	Pearson Correlation	1			
TR	Pearson Correlation	.606**	1		
ET	Pearson Correlation	-.263**	-.287**	1	
OP	Pearson Correlation	.348**	.379**	-.259**	1

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

**Table 03: ANOVA Table of Regression Results**

ANOVA <sup>a</sup>						
Relationship between Responsible Leadership & Employee Turnover						
a. Dependent Variable: ET						
b. Predictors: (Constant), RL						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.511	1	2.511	18.370	.000 <sup>b</sup>
	Residual	33.894	248	.137		
	Total	36.405	249			
ANOVA <sup>a</sup>						
Relationship between Responsible Leadership & Organizational Performance						
a. Dependent Variable: OP						
b. Predictors: (Constant), RL						
1	Regression	4.081	1	4.081	34.176	.000 <sup>b</sup>
	Residual	29.615	248	.119		

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	Total	33.696	249			
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**Table 04: Coefficients Table of Regression Results**

<b>Coefficients<sup>a</sup></b>							
<b>Relationship between Responsible Leadership &amp; Employee Turnover</b>							
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>R Square</b>		
1	(Constant)	3.246	.373			8.695	.000
	RL	-0.356	.083	-.263	.069	-4.286	.000
<b>Coefficients<sup>a</sup></b>							
<b>Relationship between Responsible Leadership &amp; Organizational Performance</b>							
1	(Constant)	2.368	.349			6.787	.015
	RL	.454	.078	0.348	0.121	5.846	.000

**Table 05: Regression Analysis between Responsible Leadership & Employee Turnover by mediating role of Trust.**

<b>Direct effect of X on Y</b>					
Effect	se	t	p	LLCI	ULCI
-.1905	.1032	-1.8463	.0000	-.5200	-.1926
<b>Indirect effect(s) of X on Y:</b>					
		Effect	SE	LLCI	ULCI
	TR	-.1657	.0641	-.2747	-0.0296

**Table 06: Regression Analysis between Responsible Leadership & Organizational performance by mediating role of Trust.**

<b>Direct effect of X on Y</b>					
Effect	se	t	p	LLCI	ULCI
.2447	.0953	2.5672	.0018	.0570	.4325
<b>Indirect effect(s) of X on Y:</b>					

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		Effect	SE	LLCI	ULCI
	TR	.2095	.0745	.0432	.3329