Employee Relations

The influences of transformational leadership on employee employability: Evidence from China

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Evidence from China

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Abstract

Purpose – The purpose of this paper is to examine the mediating role of job characteristics and social exchange in transformational leadership (TFL) and employability relationship.

Design/methodology/approach – The sample is composed of 760 participants employed in Yangtze Delta and Pearl River Delta in China. The participants have worked under their line manager for more than one year. In order to better prevent data from possible common method bias, two waves of surveys (in 2014) on a stratified sample, included a mix of industries, such as construction, manufacturing, finance, insurance and communications, were used to investigate the proposed relationship between TFL, job characteristics, social exchange and employability.

Findings – The research has empirically tested the relationship between TFL and employability. While previous research has analyzed the relationship between them, the authors have enriched existing literature by exploring the mediating factors and illustrating the importance of indirect effects. Besides the direct effect, the results of this study showed that TFL could also improve employees' employability through job demands, skill discretion, decision authority, perceived organizational support and team–member exchange, but not leader–member exchange.

Originality/value – The study opens up a debate around the employability of employees as it stands apart from the performance measurement. The authors believe that this new mediating model can provide an insight into complex mechanisms of employability enhancement from the perspective of leader development.

Keywords Transformational leadership, Employability, Job characteristics, Social exchange

Paper type Research paper

Introduction

Introduced by Burns (1978) and Bass (1985), transformational leadership (TFL) has gained legitimacy over the last three decades and proved to be an effective and influential enabler in changing employees' attitudes and behaviors, ultimately resulting in better performance of organizations (García-Morales *et al.*, 2008; Katou, 2015; Para-González *et al.*, 2018). While there is more of an exchange relationship in transactional leadership behavior with contingent rewards (Burns, 1978), the transformational type requires that the leader encourages employees to alter their attitudes, beliefs and values (Rafferty and Griffin, 2004).

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TFL is premised on provision of individualized support and enhancement of the intellectual capabilities of employees resulting in better task performance (Lowe *et al.*, 1996; Judge and Piccolo, 2004) or overall improved efficacy of organizations (Avolio, 1999; Avolio *et al.*, 1999; De Groot *et al.*, 2000; Dumdum *et al.*, 2002; Boerner *et al.*, 2007).

Empirical research in the field suggests that TFL may also enhance employability (Camps and Rodríguez, 2011; Van der Heijden and Bakker, 2011; Van der Heijde and Van der Heijden, 2014) and well-being of employees (Nielsen *et al.*, 2008). Following the general definition of employability – the ability to retain a job or apply for a new desired one (Forrier and Sels, 2003; Fugate *et al.*, 2004; Rothwell and Arnold, 2007) – and in line with the more specific perceived (subjective) employability concept (Berntson *et al.*, 2006; De Cuyper *et al.*, 2011) we base our study on employees' perceptions of their potential and capabilities, which are believed to be necessary to secure a new job and make the necessary labor market transitions.

A number of key researchers in the realm of employability (Berntson *et al.*, 2006; De Cuyper *et al.*, 2008; Van Emmerik *et al.*, 2012) have pointed out the shift toward subjective or perceived employability due to a person-centered adaptation construct, which predisposes individuals to change, proactively emphasizing the high degree of autonomy (Crant, 2000; Pruijt, 2013). The authors of this paper adhere to the assumption that in current conditions employees are more likely to adopt a course of action based upon their own perceptions rather than any objective reality as the dynamic nature of employability requires consideration of both contextual and individual factors such as willingness to change jobs, skills, physical and cognitive suitability and adaptability.

As employability is seen as advantageous to both employees and employers (Day, 2000; De Vries *et al.*, 2001) by virtue of deteriorating job security, increased flexibility and greater individualization of employees (Berntson *et al.*, 2006), the factors influencing employability require research attention. One of them is TFL, the influence of which can potentially be observed on employees' attitudes and behaviors resulting in better performance of organizations through higher productivity (Fugate *et al.*, 2004) and improvement of the health and well-being of employees (Berntson and Marklund, 2007; De Cuyper *et al.*, 2008).

There is a small body of empirical research focusing on the relationship between TFL and self-perceived employability, along with the development of mediating models, hence, our focus is underpinned by a number of reasons.

First, due to drastic changes in the policies of the Chinese Government aimed at attracting foreign direct investment and encouraging the growth of the domestic private sector, the roles of company leaders become more significant (Newman and Butler, 2014). In this regard, a transformational leader by exertion of a greater influence on employees and through participation and involvement in both individual and team-focused tasks is able to challenge those employees intellectually and encourage creative thinking, thus, ultimately enhancing their employability (Purvanova and Bono, 2009).

Our research has been developed to introduce several new elements of job characteristics and social exchange theory to the studies of TFL and employability. Thus, our second reason (linked to job characteristics theory) for choosing TFL is that these leaders encourage motivated behavior, through which employees are required to use and be capable of using a variety of skills. A transformational leader ensures that tasks are clearly identified and can be accomplished from start to finish and are significant to a variety of stakeholders, with greater autonomy assigned to the employee and feedback being provided upon the completion of the task.

Third, besides job characteristics theory, TFL is connected to social exchange theory (Wang *et al.*, 2005), at the heart of which there is an interaction between two agents: individuals and organizations (Cropanzano and Mitchell, 2005). We take into consideration three types of social exchange: perceived organizational support (POS), leader–member exchange (LMX) and team–member exchange (TMX).

For these reasons, the main aim of our paper is to examine the mediating role of job characteristics and social exchange in TFL and employability relationships. The study also opens up a debate around the employability of employees as it stands apart from the performance measurement. We believe that this new mediating model can provide an insight into complex mechanisms of employability enhancement from the perspective of leader development.

Theoretical background and hypotheses

Transformational leadership and employability

Given the drastic transformations observed across countries and intensified by globalization processes and technological advancement (Beck, 2000; Zhiwen and Van der Heijden, 2008; Smith, 2010), the established parity on the job market has changed, pointing to the lack of job security in the first instance for employees and ambiguity over where to invest time, financial resources and physical energy, while undergoing training, acquiring new skills or searching for jobs (De Grip *et al.*, 2004).

As jobs became volatile, employees' concerns accumulate in their abilities to offer marketable skills in order to secure a job and, thus, employability as a means to derive job security has been highlighted by numerous researchers in the field (Rothwell *et al.*, 2008; Scholarios *et al.*, 2008; Brown *et al.*, 2010; Van Emmerik *et al.*, 2012; Pruijt, 2013). Researchers appealed for the need to consider the mutual interest in investment into employability from the employer and employee sides, bringing about the "new psychological contract" (Pruijt, 2013) between parties with continuous investment expected from the former and commitment from the latter. A significant proportion of employers are able to recognize the need for such investments leading to achievement of competitive advantage and, thus, contributing to the success of organizations (De Cuyper *et al.*, 2011; Van den Broeck *et al.*, 2014).

According to the TFL stream of research, the norms and values of employees are transformed as a result of the behavior of the leader aiming for the amplification of followers' performance, which eventually results in increased performance of the organization (Bass, 1985; Nielsen *et al.*, 2008; Tims *et al.*, 2011). The main aspect of TFL is that through the facilitator (leader) it can convey an organization's clear vision to followers, inspire and shape others with the provision of energy, passion, enthusiasm and determination in the workplace (Bass, 1985; Yukl, 1989). Correspondingly, a transformational leader possesses a wide spectrum of attributes: friendly and supportive manner of acting, inspirational motivation, intellectual influence and individualized consideration (Bass, 1985).

Charismatic behavior is at the center of this concept and is performed through the diffusion of the emotional behavior of the employees into the broader visionary aspect (Rafferty and Griffin, 2004). TFL is seen to be in high demand at a time of austerity, when the organizational context is changing (Zhang *et al.*, 2012) and there is a widespread view among researchers that this leadership style has impact on the bottom-line performance of an organization (Koene *et al.*, 2002). Thus, the effectiveness of the organization is enhanced as a result of changes in followers' performance and individual effectiveness (Li and Hung, 2009; Zhang *et al.*, 2012). Therefore, the utilitarian behavior of employees can be observed as they are prepared by the transformational leader to act for the good of larger groupings, for instance teams or entire organizations revealing the collectivistic orientation of the leader (Dvir *et al.*, 2002; Jung *et al.*, 2009). Thus, the fulfillment of the followers' current needs are reoriented toward motivating them to perform beyond their contractual obligations by arousing dormant needs of the employees (Dvir *et al.*, 2002; Miao *et al.*, 2012).

One of the unique aspects of TFL is the anxiety of the leader about followers' development, with efforts made to evaluate their potential in order to match existing and

future requirements (Dvir *et al.*, 2002). This consequently requires continuous development of the employee as a result of the need to satisfy self-actualization criteria, thus, revealing their dormant needs (Bass, 1985; Dvir *et al.*, 2002). In this regard, the research on trust, work engagement and well-being is transfused into TFL studies (Nielsen *et al.*, 2008; Tims *et al.*, 2011; Shih *et al.*, 2012).

In the same vein, very few experts engaged with the research on employability and TFL (Camps and Rodríguez, 2011; Van der Heijden and Bakker, 2011). Thus, Camps and Rodriguez (2011) touched on the aspect of organizational learning culture as the mediating factor, appealing for continuous learning, and therefore competency improvement. Here TFL could trigger the need for learning and the results suggest that worker-perceived TFL can both affect followers' employability perception, and their actual employability. The requirement to enhance employability by the "continuous fulfilling, acquiring or creating of work through the optimal use of competences" (Van der Heijde and Van der Heijden, 2006) can be met through the TFL approach. In a similar vein, Van der Heijden and Bakker (2011) pointed out that TFL has an indirect relationship with supervisor ratings of employability through work-related flow. In order to find out how empirical evidence fits the theoretical framework, we aim to explore the relationship between employees' perceptions of their managers' TFL style and their self-perceived employability.

Therefore the following hypothesis is proposed:

H1. Employees' perceptions of TFL style inside the organization positively affect their self-perceived employability.

The role of job characteristics

The job characteristics approach introduced by Hackman and Oldham (1975) and job strain model developed by Karasek (1979) are based on the notion of separation of job demands (JD) and decision latitude. JD refers to the psychological factors involved in accomplishing the workload, unexpected tasks and job-related personal conflicts, while job decision latitude refers to the extent of influence that employees can exert over their work routine. Influencing factors include opportunities to use various job-related skills (i.e. skill discretion (SD)) and the authority to make decisions over work (i.e. decision authority (DA)).

Van den Broeck *et al.* (2014) provided evidence that high JD negatively influences employees' job performance because employees may feel exhausted and worn out in the face of high pressure coming from high JDs (Schaufeli and Bakker, 2004; Schaufeli *et al.*, 2009). However, if the job is accomplished, it may have a positive effect on employees (Van Emmerik *et al.*, 2009).

The role of TFL is important in developing positive feelings of accomplishment, resulting in better job performance. The leader not only provides the required resources and support, but also exerts pressure on followers in order to help them perform better. Leaders can use verbal persuasion emphasizing the organization's mission as a means to guide their followers toward making better judgments about the work environment (Shamir *et al.*, 1993). Transformational leaders are able to develop an understanding of JDs for employees, and to motivate their followers through job characteristics. Besides, employees would be motivated to acquire knowledge and skills necessary for the completion of the task, minimizing the stress. Therefore, the authors propose the hypothesis that appropriate JDs are helpful to employees' employability.

SD and DA could be considered as work-related resources, and they have been found to be positively associated with staff dedication and work engagement (Van den Broeck *et al.*, 2010). Moreover, employees may benefit from job resources even when working under demanding conditions (Van den Broeck *et al.*, 2011). This is because job resources may buffer the impact of JDs on burnout. A significant degree of control and discretion over work

may help employees to perform better in the face of high JDs. This environment provides employees with autonomy and flexibility on when and how to deal with their JDs. Apart from the above advantages, job resources also stimulate personal growth, learning and development (Van Emmerik *et al.*, 2012).

Van Emmerik *et al.* (2012) found the association between resources and employability was mediated by extrinsic motivation. This present study proposes that more job resources (SD and DA) are directly good for employability. TFL encourages employees in continuous learning, developing skills and provides them authority, which is doubtless favorable to their SD and DA. Leaders who engage in individualized consideration by coaching and teaching should have followers who see more autonomy and feedback in their jobs (Piccolo and Colquitt, 2006).

Furthermore, TFL supports followers by offering them more work-related resources, thus followers can feel less stress and process tasks as smoothly as possible. TFL is more likely to promote employees' employability through SD and DA.

This leads us to the following hypotheses:

H2. Job characteristics will play a mediating role in the relationship between TFL style and self-perceived employability.

H2a. JDs will play a mediating role in the relationship between TFL style and self-perceived employability.

H2b. SD will play a mediating role in the relationship between TFL style and self-perceived employability.

H2c. DA will play a mediating role in the relationship between TFL style and self-perceived employability.

The role of social exchange

Seen by many researchers as one of the most influential conceptual paradigms in organizational behavior, social exchange is based upon trust, kindness and respect (Hofmann and Morgeson, 1999; Cole *et al.*, 2002; Cropanzano and Mitchell, 2005; Lavelle *et al.*, 2007). The interaction between two agents (individuals or organizations) is central to social exchange theory (Cropanzano and Mitchell, 2005). In the workplace, most workers form their social exchange relationships with their organizations, supervisors and coworkers. This study takes into consideration three types of social exchange. POS refers to the "quality" of the social exchange that takes place between an employee and organization (Cropanzano and Mitchell, 2005), while LMX and TMX have been viewed, respectively, as the exchange relationships that take place between an employee and the supervisor (Gerstner and Day, 1997), and between an employee and team members (Seers, 1989).

POS is valued as assurance that aid will be available from the organization when it is needed to carry out one's job effectively and to deal with stressful situations (Rhoades and Eisenberger, 2002). Employees with a sense of POS feel that in circumstances where they need work or life support, the organization is willing to help (Hashemi *et al.*, 2012). Supervisors always act as agents of the organization, responsible for directing and evaluating subordinates' performance, so employees would view their supervisor's favorable or unfavorable orientation toward them as indicative of the organizational support (Eisenberger *et al.*, 1986). TFL supports and encourages employees whose work or lives require help, therefore employees would feel strong support from the organization, which then generates their level of responsibility to the organization. A study has found that perceived supervisor support leads to POS (Eisenberger *et al.*, 2002). POS can strengthen employees' sense that an organization recognizes and rewards their achievements.

High POS represents employees' self-perceived support from the organization, meaning that employees view their job or task more positively and have more resources to deal with a dilemma, contributing to employees' employability.

LMX theory has long been recognized as an important leadership theory capturing dyadic relationships in organizations (Ozer, 2008). The relationally oriented nature as one factor of Chinese culture makes LMX an important type of exchange relationship in the workplace (Loi *et al.*, 2009). In general, leaders count on their followers to provide them with assistance whenever needed, and followers rely upon their leaders for support, encouragement and career investments. Exchanges between leaders and followers can occur at any time. Idealized influence and individualized consideration can catalyze employees' behaviors to strengthen the relationship with supervisors (Deluga, 1994). Gerstner and Day (1997) proposed to carry out conceptual and empirical research focusing on the relationship between TFL and LMX. The review of the literature led the authors to believe that there is a positive association between TFL and LMX (Wang *et al.*, 2005; Asgari *et al.*, 2008). Further, high-quality LMX symbolizes support, acceptance and security, and it can empower and motivate employees to try new things, which is of benefit to one's ability and working skills. When employees have high-quality LMX relationships, they value this personal relationship, and reciprocate by responding positively to demanding work expectations (Kamdar and Van Dyne, 2007). During this process, they must improve their capacity in all aspects for not letting leaders down. Therefore, TFL can influence followers' employability through LMX.

TFL articulates a compelling vision of the future of the organization, encourages team collaboration and offers work-related assistance. Under such circumstances, team members work together and provide conditions necessary for enhanced perceptions of TMX. High-quality TMX involves exchange of resources and support that goes beyond what is required for task accomplishment (Tse and Dasborough, 2008). A team member having high TMX shares information and knowledge with other members, and in turn he/she can get much more knowledge and novel thoughts from others. Liu *et al.* (2011) found that work unit TMX increases the intention to share knowledge. It is understandable that one way to improve employees' employability is to promote information sharing and reinforce learning. Similar to LMX, TMX can act as the mediator between TFL and employability. This leads us to the following hypotheses:

H3. Social exchange will play a mediating role in the relationship between TFL style and self-perceived employability.

H3a. POS will play a mediating role in the relationship between TFL style and self-perceived employability.

H3b. LMX will play a mediating role in the relationship between TFL style and self-perceived employability.

H3c. TMX will play a mediating role in the relationship between TFL style and self-perceived employability.

Methodology

Sample and procedure

The sample is composed of 760 participants (49.9 percent male, 48.0 percent female and 2.1 percent unspecified) employed in Yangtze Delta and Pearl River Delta in China. The participants have worked under their line manager for more than one year. Most participants are between 25 and 35 years old (57.8 percent), with the remaining participants under 25 years old (24.7 percent) and more than 35 years old (17.5 percent). Education levels

of these participants included "below the high school education level" (12.6 percent), "high school education level" (17.6 percent), "junior college education level" (29.3 percent), "college education level" (41.7 percent), and "master education level" (5.1 percent). They were employed on a full-time basis in general staff (54.5 percent), supervisor (15.1 percent), middle manager (16.2 percent) and senior manager (6.3 percent) positions.

In order to avoid possible common method bias, two waves of surveys (in 2014) on a stratified sample, included a mix of industries, such as construction, manufacturing, finance, insurance and communications, were used to investigate the proposed relationship between TFL, job characteristics, social exchange and employability. In the first wave, employees completed a survey assessing control variables, TFL, job characteristics and social exchange. Of 956 individuals invited, 925 returned the first-wave survey, of which 890 were valid. The second wave survey assessing employability took place after one week with the 890 employees. This wave of survey returned 825 responses, 760 of which were valid. The total response rate for the two waves was 82.15 percent (760 out of 925 responses).

Measures

Since the instruments used in the study were developed in English, careful forward-back translation procedures (Behling and Law, 2000) were used. A bilingual translator translated these scales into Chinese, and another bilingual translator having no knowledge of the original English scales back-translated them into English. Then, a group of HR scholars discussed the ambiguity of the translated script, making it clearer.

TFL was assessed using a 20-item scale from Multifactor Leadership Questionnaire (MLQ) (Bass and Avolio, 1995), including five sub-dimensions: idealized influence – attribute, idealized influence – behavior, inspirational motivation, intellectual stimulation, and individualized consideration. Responses were designed on a five-point scale: 0 ("Not at all") and 4 ("Frequently, if not always"). Sample items are as follows: "Articulates a compelling vision of the future," "Gets me to look at problems from many different angles."

Job characteristics were measured in three dimensions – JD, SD, DA (Karasek, 1979). JD included seven items, with answers ranging from 1 = never to 5 = extremely often. An example item is: "To what extent does your job require you working fast?" SD and DA are separately assessed with two four-item scales. Items are scored on a five-point scale, ranging from 1 = never to 5 = extremely often. A sample item of SD reads "To what extent is high skill level required?", while a sample item of DA reads "To what extent do you have the freedom to decide how to organize your work?"

Three work-related sources of social exchanges were included: POS, LMX and TMX. To assess POS, we used the same six items developed in previous studies (Shanock and Eisenberger, 2006). An example item reads "My work organization strongly considers my goals and values." Respondents indicated the extent of agreement with each statement on a seven-point scale, ranging from 1 = strongly disagree to 7 = strongly agree. As the item-total correlation was low and significantly reduced the scale's reliability, we removed a reverse item to increase reliability. LMX was measured with a seven-item scale (Scandura and Graen, 1984). Sample items are, "How would you characterize your working relationship with your leader?" (1 = "extremely ineffective," 5 = "extremely effective") and "How well does your leader understand your job problem and needs?" (1 = "not a bit," 5 = "a great deal"). TMX was measured with a nine-item scale (Seers, 1989). Items were rated on a seven-point scale, ranging from 1 = very unlikely to 7 = very likely. A sample item reads "My coworkers have asked for my expertise in solving a job-related problem of theirs."

Employability (EA) was assessed with a ten-item scale developed in a seminal work by Rothwell and Arnold (2007). It contains two sub-dimensions: internal employability and external employability. Participants indicated the extent to which they agreed with each of the ten statements on a five-point scale (1 = strongly disagree to 5 = strongly agree).

Sample items are, "Among the people who do the same job as me, I am well respected in this organization" (internal employability), "The skills I have gained in my present job are transferable to other occupations outside this organization" (external employability).

Moreover, we included control variables in order to isolate the test effects (Boselie *et al.*, 2005) and followed Anand *et al.* (2010) with an intention to use individual level control variables in testing the hypothesized leadership–employability social relationship. Specifically, the tests were controlled by gender (0 = female, 1 = male), age (1 = below 25 years, 2 = 26–35 years, 3 = 36–45 years, 4 = 46–55 years, 5 = above 55 years), education level (1 = below senior high school, 2 = senior high school, 3 = college, 4 = bachelor's degree, 5 = master's degree, and 6 = doctorate or above) and position level (1 = operational employee, 2 = first line manager, 3 = middle manager and 4 = senior manager).

Data analysis and results

We followed the approach suggested by Podsakoff *et al.* (2003) to control and test common method bias. First, in addition to using the translation-back-translation method and panel discussion to ensure the quality of the items, we also provided detailed instructions about the research purpose and assured the anonymity of participation on the first page of the questionnaire. Second, the results of an exploratory factor analysis on all the measures showed there were 11 factors with eigenvalues greater than 1. In addition, the Harman's one-factor test did not identify any general factor that accounted for most of the variance among all the items, because the first factor explained only 35.89 percent of the total variance.

Third, the patterns of the scale variables were assessed. Table I presents means, standard deviations, reliability coefficients (α) and correlations among all variables. Confirmatory Factor Analysis (CFA) was performed to evaluate the measurement of the scales (Tabachnick and Fidell, 2007). As illustrated in Table II, the hypothesized CFA model (M1) specified two second-order scales (TFL and EA) and six first-order scales (JD, SD, DA; and POS, LMX and TMX). An acceptable model fit indices were found in the hypothesized model (M1): the χ^2 statistic was 4,862.944 (df = 1,952), root-mean-square error of approximation (RMSEA) (0.044) and standardized RMR (SRMR) (0.057) were below the cut-off levels of 0.05 and 0.08, respectively (Schumacker and Lomax, 2004); and comparative fit index (CFI) (0.913) and Tucker–Lewis index (TLI) (0.904) were also above the threshold level of 0.9 (Byrne, 2010). Therefore, the hypothesized CFA model (M1) was selected, as it resulted in better goodness of fits compare to alternative models (M2–M6).

Finally, we tested our hypotheses via structural equation modeling (SEM) in AMOS (Arbuckle, 2006), assessing model fit via χ^2 and the χ^2/df ratio, as well as with absolute (RMSEA) and relative indices (NFI, CFI, IFI) to evaluate the goodness of fit of the model. AMOS provides five SEM procedures for parameters estimation. Unweighted-least squares, weighted-least squares and asymptotic-distribution free require a sample $> 1{,}000$, but make no distributional assumptions (Wu, 2009); maximum likelihood (ML) and generalized least squares (GLS) require smaller samples. ML generates significantly less bias than GLS if the path model is correctly specified and the data are continuous and normally distributed (Olsson *et al.*, 2000). We tested our hypotheses by ML. The hypothesized path model (P1) in which job characteristics (JD, SD and DA) and social exchanges (POS, LMX and TMX) mediated between TFL and employability. As illustrated in Table II, this model (P1) showed acceptable fit to the data: the χ^2 statistic was 5,456.779 (df = 2,218), RMSEA (0.044) and SRMR (0.068) were below the cut-off levels of 0.05 and 0.08, respectively (Schumacker and Lomax, 2004), and CFI (0.904) and TLI (0.896) were also approaching the threshold level of 0.9 (Byrne, 2010). Therefore, the data-to-model fit is at a satisfactory level.

Bootstrapping analysis in AMOS was employed to estimate the bias and aid the path estimations (Shrout and Bolger, 2002). The Bollen–Stine bootstrap analysis (sample size set to 2,000) was used to evaluate bootstrap p-value, overall model fit and to validate and to

Table I.
Means, standard deviations, reliability coefficients (α) and correlations among all variables

Variable	*M*	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	0.51	0.50	–											
2. Age	1.97	0.77	0.13**	–										
3. Education level	3.32	0.94	−0.03	−0.16**	–									
4. Position level	1.72	0.98	0.09*	0.29**	−0.21**	–								
5. TFL	2.53	0.71	0.00	0.09*	−0.15**	0.22**	$\alpha = 0.938$							
6. JD	3.43	0.79	0.06	0.08*	−0.09*	0.14**	0.41**	$\alpha = 0.886$						
7. SD	3.59	0.69	0.08*	0.07*	−0.09*	0.13**	0.52**	0.68**	$\alpha = 0.711$					
8. DA	3.57	0.80	0.09*	0.12**	−0.14**	0.25**	0.63**	0.44**	0.61**	$\alpha = 0.859$				
9. POS	5.03	1.17	−0.03	0.12**	−0.10*	0.09*	0.63**	0.45**	0.47**	0.54**	$\alpha = 0.930$			
10. LMX	3.79	0.70	0.00	0.08*	−0.17**	0.15**	0.60**	0.41**	0.38**	0.46**	0.67**	$\alpha = 0.855$		
11. TMX	5.25	1.16	−0.02	0.13**	−0.01	−0.06	0.50**	0.44**	0.47**	0.42**	0.73**	0.57**	$\alpha = 0.946$	
12. EA	3.70	0.62	0.05	0.09*	−0.06	0.15**	0.62**	0.50**	0.55**	0.58**	0.65**	0.50**	0.63**	$\alpha = 0.882$

Notes: The Employability (EA) data were from wave 2; the others were from wave 1. Reliability coefficient (α) are in parentheses along the diagonal. *$p < 0.05$; **$p < 0.01$

Table II. Results of confirmatory factor analysis and SEM path analysis

Models	χ^2	df	$\Delta\chi^2$	Δdf	RMSEA	CFI	TLI	SRMR
M1: hypothesized	4,862.944	1,952	–	–	0.044	0.913	0.904	0.057
M2: loading items of POS, LMX, TMX into a factor SE	6,302.477	1,965	1,439.533	13	0.054	0.870	0.858	0.064
M3: loading items of JD, SD, DA into a factor JC	5,649.011	1,965	786.067	13	0.050	0.890	0.879	0.061
M4: loading items of POS, LMX, TMX into a factor SE, and loading items of JD, SD, DA into a factor JC	7,058.119	1,974	2,195.175	22	0.058	0.848	0.834	0.067
M5: one higher-order factor model (Combining TFL, EA, SE, JC into a higher-order factor)	7,100.663	1,976	2,237.719	24	0.058	0.846	0.833	0.066
M6: one factor model (Loading all items into a factor)	10,116.113	1,987	5,253.169	35	0.073	0.756	0.737	0.080
P1: hypothesized path model	5,456.779	2,218	–	–	0.044	0.904	0.896	0.068

Notes: TFL, transformational leadership; EA, employability; POS, perceived organizational support; LMX, leader–member exchange; TMX, team–member exchange; SE, social exchange; JD, job demands; SD, skill discretion; DA, decision authority; JC, job characteristics

compare each of the path estimates and their standard errors (Loehlin, 2004). The ML bootstrap analysis revealed that all the samples were useable (Byrne, 2010) and indicated that the data-to-model fit was good, i.e. accept the modified model. As illustrated in Table III, the bootstrap result indicated that the paths and estimates in the modified model were also significant and acceptable.

Figure 1 depicts the model P1 which job characteristics (JD, SD and DA) and social exchanges (POS, LMX and TMX) partially mediated the effect of TFL on employability. The coefficient of the path from TFL to three types of job characteristic (JD, SD and DA) and three types of social exchange (POS, LMX and TMX) were positive and highly significant. Additionally, the standardized effects of TFL, three types of job characteristic (JD, SD and DA) and two types of social exchange (POS and TMX) on employability were significant, LMX was the exception. Therefore, all the hypotheses were supported except *H3b*, which states that LMX will play a mediating role in the relationship between TFL style and self-perceived employability, was not supported.

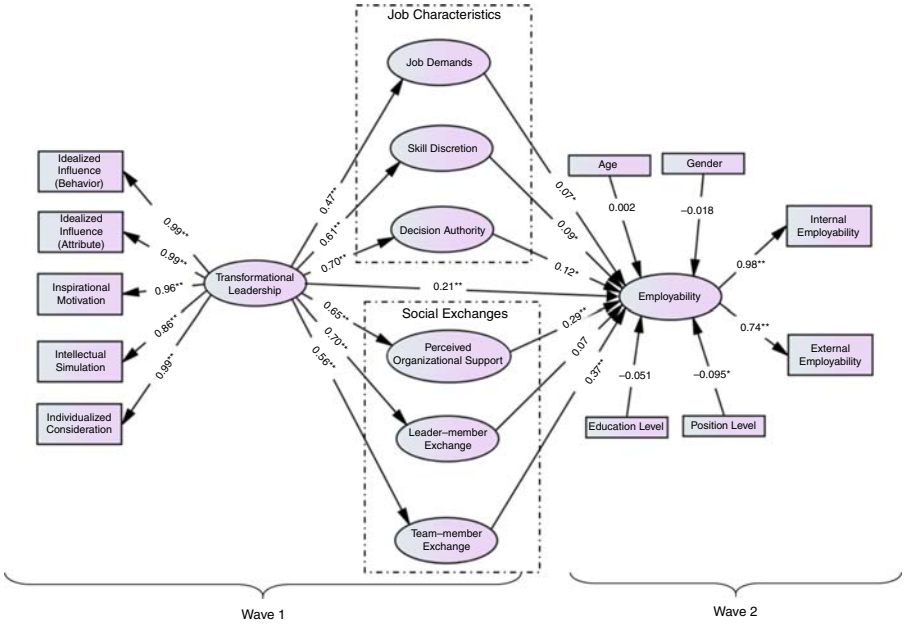
Discussion and conclusion

A considerable amount of research attention has been devoted to TFL body of literature. In our research, we empirically tested the relationship between TFL and employability and the study made a number of important contributions. First, this study enriches the literature though the exploration of the mediating factors and illustration of the significance of indirect effects. To the best of our knowledge, this is the first study applying job

Table III. Results of mediation tests predicting employability: standardized total, direct and indirect effects of TFL through the six mediators

Paths	Estimate	BC 95% CI SE	Lower	Upper
TFL → EA(Total effect)	0.719***	0.033	0.653	0.780
TFL → EA(Direct effect)	0.205***	0.055	0.103	0.317
TFL → EA through: (Indirect effects)	0.514***	0.050	0.417	0.611

Notes: TFL, transformational leadership; EA, employability; POS, perceived organizational support; LMX, leader–member exchange; TMX, team–member exchange; JD, job demands; SD, skill discretion; DA, decision authority. ***$p < 0.01$



Notes: *$p<0.05$; **$p<0.01$

Figure 1.
The structural model P1 with standardized coefficients

characteristics theory (Hackman and Oldham, 1975) and social exchange theory (Homans, 1958) to explain the effect of TFL on employability. Consistent with previous findings (Camps and Rodríguez, 2011; Van der Heijden and Bakker, 2011), the data supported our hypothesis in that TFL had a positive effect on employees' employability.

Second, besides the direct effect, the results of our study showed that TFL could also improve employees' employability through JDs, SD, DA, POS and TMX, but not LMX. This is consistent with our research hypotheses and is beneficial for understanding of the mediating mechanism between TFL and employee employability. It shows that TFL can positively affect employees' employability by means of job characteristics and social exchange. With respect to job characteristics, the transformational leader is able not just to influence the employees to work harder and accomplish tasks faster, but rather stimulate the followers to be more efficient and effective. Similarly, the transformational leader can enrich job resources, so the employees may feel that their work is non-repetitious, creative and skillful. This approach aims for greater freedom of employees, their control over their own decisions and autonomy in task accomplishment, which in turn forms a conducive mechanism of enhancement of employees' employability. In terms of social exchange, a transformational leader can facilitate the creation of a specific organizational climate (i.e. POS) and team climate (i.e. TMX), thus, the employees have a sense of being respected, recognized and supported by the organization, in which cooperation among team members, friendship and sharing are embedded in its values. Good social climate is also conducive to the employees' motivation to further enhance their employability.

Third, the study contributes to the broad notion of universal applicability of TFL concept (Bass, 1997). Previous research has portrayed Chinese culture as more collectivist compared to most western cultures (Oyserman *et al.*, 2002) and as rather inclined toward autocratic and command-based leadership styles (Newman and Butler, 2014). Given the recent opening-up to foreign direct investment, aiming to reform the largely inefficient state-owned enterprises,

our research also addressed the calls made by professionals as to how to proceed with such needed drastic transformations in organization management, but also benefitting its employees. TFL exerts greater influence on the latter through participation and involvement, resulting in earning the required organizational commitment of the younger generation of employees, who are individualistic and value more self-enhancement, interest and creativity in the job (Fu and Tsui, 2003).

Fourth, the study findings show that, although followers in high-quality LMX relationships are more open to the social influence of transformational leaders and it is easier for the former to achieve the goals set by the latter, the assumption that TFL can improve LMX and then improve employees' employability was not supported by the results. The main cause of this is that LMX does not make a unique prediction of employability. First, because of the close relationship between them, the other variables shared the effect of LMX on employability. For instance, on the one hand, the effect of LMX on employees' employability could be further mediated by other variables; as indicated by previous studies LMX can influence POS and TMX. On the other hand, POS and TMX include the element of LMX because a leader is the agent of an organization while also acting as the core member of the team. Second, there is a possibility that because of traditional Chinese culture high-quality LMX may relate more to Guanxi and Renqing characteristics. Therefore, top management care more about employees' salaries and promotion opportunities, while putting less emphasis on developing employees' creativity and their ability. Supervisor support is an important type of supervisor–subordinate Guanxi which is an indigenous Chinese construct (Cheung and Wu, 2011). Supportive supervision has a positive effect on the motivation and resultant performance of subordinates (Jin-liang and Hai-zhen, 2012). JDs, SD and DA are job characteristics. TFL gives employees jobs that require a variety of activities and appropriate demands, and encourages them to decide how their jobs should be done. These behaviors are all useful to promote employees' employability.

Implications for management practice

Our study has important practical implications for leaders in the workplace who are interested in finding ways to stimulate employees' employability in China. There is an indication that managers should show more TFL behaviors, caring more about followers' capacity and career development, thus establishing good relationships with employees. Then, they should encourage employees to develop more skills to handle challenges at work. Similarly, by being given DA, employees can feel themselves more worthy and better control their work. Moreover, the impact of JDs cannot be ignored. Employees may lose their skills and employability if they are always asked to perform routine simple tasks. TFL can give followers appropriate pressure and the right level of JDs which can improve employees' ability.

Besides, Chinese leaders should encourage followers' communication and cooperation as employees obtain 80 percent of their knowledge at work by informal learning, such as learning from cooperation with coworkers (Weintraub and Martineau, 2002). By offering work-related assistance, team members can provide conditions necessary for enhanced perceptions of TMX (Tse and Dasborough, 2008), which is important for employability enhancement. It is necessary for Chinese organizations to give employees more support, such as offering them monetary rewards, protecting their labor rights, listening to their needs and providing formal and informal on the job training. Some evidence indicates that employees with high levels of POS judge their jobs more favorably and are more invested in their organizations (Chen *et al.*, 2009). These actions are all favorable to employees' development.

Limitations and future studies

This study is subject to a number of limitations that need to be addressed. First, the data were based on self-reports and there was only a week interval between the first and

second surveys. In all contexts, employees' self-reported data are unlikely to be free of social desirability bias (Ma and Qu, 2011). Future research may consider collecting data from different sources and allowing more time between surveys, however, the focus of our study is on the cross-sectional, not a longitudinal data analysis, and therefore the two-wave survey interval is not mainly designed here to provide a reasonable time for inferring causality, but rather to better prevent data from possible common method bias.

Second, this study has not explored the relationships between five dimensions of TFL and employability. In the future, we need to examine the specific relationships in order to provide the targeted guiding opinions for management practice. Moreover, different leadership may have different effects on employees' employability. It will be meaningful to connect different types of leadership styles to employees' employability and explore which leadership style is more effective in improving employability. The results of this research also revealed that only the respondent's work position was a significant control variable, therefore, this variable deserves further research attention.

In conclusion, the present research opens a new direction for research concerning how TFL influences employees' employability. Thus, we suggest that more mediating factors (e.g. work autonomy, feedback and variety, intrinsic and extrinsic job opportunities, employability orientation, self-regulatory processes, development program participation) and moderating factors (e.g. core self-evaluations, career orientation, employability culture) can be incorporated in future studies. More research attention can also be paid to the leadership theories, which have in them a common underpinning concept of altruism (Sosik *et al.*, 2009). We suggest examining the potential impact of altruistic leadership on employability, given a widely recognized trend of promoting positive change through ethics, social entrepreneurship and community volunteerism.

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