

How Paradoxical Leadership makes Employees Loyal? The Role of Job Satisfaction

Received: 20.10.2021

Revised: 25.03. 2022

Accepted: 30.03. 2022

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Abstract

Based on demand theory and Self-determination Theory, the effect of Paradoxical Leadership on Employee Loyalty is explored, and the intermediary mechanism of Job Satisfaction is discussed based on the perspective of social exchange and psychological contract. The data analysis results of the questionnaire for 421 employees show that Paradoxical Leadership has a significant positive effect on Employee Loyalty, and Job Satisfaction plays a partial mediating role between Paradoxical Leadership and Employee Loyalty. Leaders should strengthen the construction of paradoxical leadership style, quickly and effectively solve the contradiction between organizational structure needs and individual needs, improve employee job satisfaction, and promote employee loyalty to leadership and organization.

Keywords: Paradoxical Leadership, Employee Loyalty, Job Satisfaction



Introduction

In recent years, with the rapid development of social economy, the business environment of organizations has become more and more dynamic, complex and competitive. Leaders of organizations are always facing conflicting demands from inside and outside the organization. The problem of contradictory needs is a key factor affecting the sustainable and healthy development of an organization. Therefore, the paradoxical leadership style, which is characterized by contingency, tolerance and flexibility, and focuses on handling contradictory situations, has attracted more and more attention from managers and researchers. With the continuous improvement of the education level in the world, the new generation of knowledge workers enter the organization and replace the older generation of traditional employees as the main force. The characteristics of the new generation of employees' autonomy, independence, and the pursuit of self-value realization make the traditional organization structure and incentive mechanism unable to fully meet their individual needs, and have caused many corresponding contradictions. It can be said that the contradiction between the individual needs of employees and the needs of organizational structure has become a common phenomenon in organizational management. How can leaders effectively resolve the tension, promote the steady improvement of management efficiency and avoid its negative impact has become one of the hot

topics in organizational management research.

Employees are the core resource for enterprise development. However, the high turnover rate of personnel is one of the most difficult problems faced by most enterprises. Whether enterprises can retain excellent employees is the key to their success or failure in operation. Research points out that improving employee loyalty is an effective way for companies to reduce turnover rate, maintain human capital advantages and sustainable development (Thomas, 2004; Robert & Keith, 2007). Facing the new generation of individualized and knowledgeable employees, the traditional human resources compensation reward and promotion channels can't completely and effectively improve the loyalty level of employees, and meeting the personalized needs of employees on the psychological level is the new trend of loyalty management of modern employees (Yao et al., 2008).

Paradoxical Leadership is a leadership behavior style that appears to be contradictory on the surface but actually interrelated. Paradoxical Leadership adopts management methods such as self and others, intimacy and alienation, personality and consistency, reinforcement and flexibility, control and autonomy to meet the simultaneous and persistent workplace contradictions (Zhang et al., 2015). Some studies have shown that paradoxical leadership has a significant impact on organizational performance, team innovation, proactive behavior, job engagement, job performance, and



constructive behavior (Amason, 2017; Knight et al., 2015; Zhang et al., 2015), but there are few discussions on the impact of employee loyalty. Therefore, exploring the influence of paradoxical leadership on employee loyalty and its mechanism has certain practical significance both in theory and practice.

In summary, from the perspective of self-requirements, this study explores how paradoxical leadership can meet the individual needs of employees to enhance their loyalty to the organization by solving the contradiction between employee needs and organizational needs. At the same time, based on the theory of social exchange and psychological contract, this paper constructs a job satisfaction as intermediary variable to deeply explore the internal influence mechanism of paradoxical leadership on employee loyalty, and provides theoretical basis and practical guidance for organizational leaders how to enhance employee loyalty in practice to reduce staff turnover and enhance organizational management effectiveness.

Theoretical basis and research hypothesis

Paradoxical leadership and employee loyalty

Meyer and Allen (1991) define employee loyalty as an attitude and behavior that employees identify with the core values of the organization and are willing to do their best to work and contribute for the organization. Meyer et al. (1993) believes that employee loyalty can be manifested

not only in the behavior of whether employees are willing to stay in the enterprise to work for it, but also in the attitude of identity and dedication to the enterprise. Employee loyalty is not only a concrete manifestation of the internalization of the core values of the company in the hearts of the members of the organization, but also an important way for employees to contribute to the organization and improve work output. There are many factors influencing whether employees are loyal to the organization, and one of the important factors is the leadership style (Mayfield et al., 2002). According to Maslow's hierarchy of needs theory and self-determination theory, people need and continue to meet three basic psychological needs throughout their lives: autonomy, competence, and relationship needs. When these needs are met, people tend to be higher level of perception and behavior motivation. In the work, paradoxical leadership is strict with management and keeps decision-making control, but it is appropriate to delegate power to specific things and leave them to handle independently. This kind of control and autonomy management mode can meet the needs of employees for job autonomy, make employees experience individual freedom, and then make employees more willing to work and serve the organization. Although paradoxical leadership treats subordinates equally, it still recognizes the unique personality and ability differences of each employee. It can flexibly assign tasks according to the ability of the employee in the work, reduce the work pressure of the ordinary employee, and at



the same time, it can also enable the competent employee to complete the challenging tasks, let them experience the sense of achievement and meet their competent needs. At the same time, paradoxical leadership meets the individual needs of each employee and can make them feel the care from the leader. This kind of care perception can make employees more loyal to the leadership and dedicated to the organization. In the process of handling the relationship with employees, paradoxical leadership maintains the authority of leaders, but it is easy to treat people, maintain the dignity of subordinates, and learn from subordinates with an open mind. This way of dealing with employee relations can make employees feel the respect and trust from organizations and leaders, meet the needs of establishing mutual respect and connection between employees and others, and enhance trust and loyalty between employees and leaders.

According to the theory of social exchange, when leaders meet the three basic needs of employee autonomy, relationship and competence at the same time, out of the principle of reciprocity, the most direct way of return for employees is to work hard, be loyal to the leadership, and contribute to the organization. Relevant empirical studies also show that leadership empowerment, support and care for employees can directly affect employee loyalty to the organization and leaders (Chou et al., 2005). Therefore, this research proposes the following hypotheses:

Hypothesis 1: Paradoxical leadership has a positive effect on employee loyalty.

The mediating role of job satisfaction

As a leadership behavior style that can simultaneously take into account the needs of the organization and the needs of employees, and effectively deal with contradictions in the workplace, paradoxical leadership can affect employees' job satisfaction from the following aspects:

First of all, paradoxical leadership gives employees autonomy in their work, allowing employees to autonomously control work tasks, flexibly control work processes and implementation standards, and contingent consideration and management, so that employees can fully experience the fun of work in an autonomous and relaxed atmosphere, let employees freely display their talents. Secondly, paradoxical leaders respect subordinates, maintain the dignity of subordinates, maintain a closer relationship with subordinates, advocate learning from "teachers", and maintain effective communication with subordinates. This series of measures can close the relationship between leaders and subordinates, enable employees to efficiently and freely respond to actual work problems, and promote employee job satisfaction. On the other hand, this flexible, autonomous, intimate, and humble leadership style is not without boundaries. While ensuring employees' work autonomy and flexibility, paradoxical leadership still strictly controls decision-making and requires employees to complete work tasks with quality and quantity; although they maintain a close



distance with employees and meet their individual needs, they still manage their employees in a unified manner, Unbiased, maintain the authority and fairness of the leader. This balanced leadership style meets the individual needs of employees to the greatest extent, and at the same time avoids the management deviation caused by "overstepping too late", ensuring organizational fairness, making employees feel a comfortable and balanced working environment, and improving Employees' job satisfaction. Therefore, this research proposes the following hypotheses:

Hypothesis 2: Paradoxical leadership has a positive effect on employee job satisfaction.

According to the theory of western economics, employers and employees are a kind of relationship between employment and being employed, which is essentially an act of labor exchange. Employees' satisfaction with work means that employers have the ability to meet their own needs in the past labor exchange. The satisfaction of the exchange result is the basis of whether the employee can work continuously for the employer (Tang Yao et al, 2008). According to the theory of psychological contract, individuals will act on the basis of perceived performance of the commitment with the organization (Blau, 1964), while relational psychological contract is more likely to make it lasting for a long time and promote mutual commitment and loyalty. Specifically, when employees obtain higher job satisfaction in their current work, they will have confidence in the ability of employers to meet their own needs, and

form a psychological contract. At this time, employees hold the expectation that the organization will give them corresponding rewards for their hard work, hoping to continue this employment relationship, persist in working hard for the organization for several years, and then produce the psychological contract loyal. Therefore, this research proposes the following hypotheses:

Hypothesis 3: Employee job satisfaction has a positive effect on loyalty.

Research by Morgan and near found that leadership behavior does not directly affect employee loyalty, but must be influenced by other behaviors such as job satisfaction. Smith and Barry (1997) explained the mechanism of influencing employee loyalty from the perspective of reciprocity in social exchange theory. They believed that loyalty is the long-term willingness and commitment behavior of an individual who believes that the relationship has value. When the party who benefits from the relationship does not gain benefits and considers the relationship worthless, it will not actively maintain the willingness and commitment. Job satisfaction is a significant perceived result of paradoxical leadership behavior on employees, and it is also an important reason to promote employees' loyalty to the organization and leadership. Therefore, this research proposes the following hypotheses:

Hypothesis 4: Job satisfaction plays a mediating role in the relationship between paradoxical leadership and employee loyalty

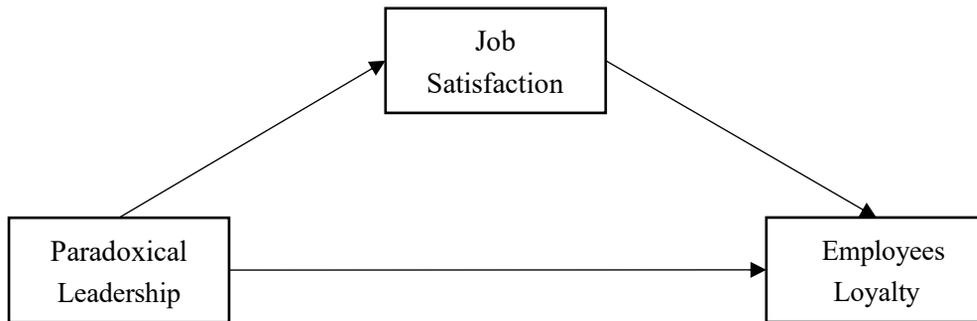


Figure 1 Theoretical model of the relationship between Paradoxical Leadership and Employees Loyalty

Research design

Participants

We conducted a survey with data from Chinese organizations, and the questionnaire was sent out and recovered by the method of convenient sampling and snowball sampling. A total of 500 employee questionnaires were distributed, and 411 valid questionnaires were recovered, with an effective rate of 82.2%.

In the sample information of the survey respondents, women accounted for 51.3% and men accounted for 48.7%. The age was 18-30 years old, accounting for 71.9%. Bachelor's degree or above accounted for 84.1%; the average length of service in their company was 1.96 years; The respondents are mainly engaged in production, sales, consulting, finance, administration, technology research and development and other related work.

Measures

We developed a questionnaire survey for the research model and used existing tools to measure each construct. The response to each item was made on a 7-point Likert scale ranging from 1 = very low to 7 = very high.

We evaluated paradoxical leadership using a custom-designed tool that we developed based on Zhang et al.'s (2015) scale. The scale contains 22 items, such as "Maintains overall control, but gives subordinates appropriate autonomy" and "Puts all subordinates on an equal footing, but considers their individual traits or personalities".

We use the employee loyalty scale developed by Tang and Huang, which includes two dimensions of employee attitude loyalty and behavior loyalty, with a total of 7 items, such as "working in this enterprise is my best choice" and "if there is no significant reason, I will not leave the enterprise I am working in".

We use the job satisfaction scale developed



by Hackman (1980), which has three items, such as "generally speaking, I am satisfied with my work".

Analysis method

In this study, AMOS 21.0 software was used for confirmatory factor analysis to test the validity of the scale. SPSS 22.0 software was used for descriptive statistical analysis and regression analysis. The PROCESS plug-in developed by Hayes was used for bootstrap test. The model hypothesis was further tested by 5000 repeated sampling method and 95% confidence interval estimation. According to relevant research, this paper takes gender, age, education and Seniority as control variables for statistical analysis.

Data analysis and results

Common method bias and validity test

In this study, anonymous filling, multi-attribute samples and project reversal were used to control the common method deviation. Since the same source data are used, in order to further test whether there is a common method deviation, this study uses Podsakoff et al.'s (2003) method to conduct single factor confirmatory factor

analysis on all self-rated items to determine whether they can explain the variation degree of all variables. According to the analysis results, the data fitting index of single factor model is not good ($\chi^2/df = 9.439$, RMSEA = 0.143), so there is no serious common method deviation problem. At the same time, through the comparison of factor competition models, according to the results of confirmatory factor analysis, the goodness of fit of the four factor model is the best ($\chi^2/df = 1.076$, RMSEA = 0.014, CFI = 0.992, TLI = 0.991, IFI = 0.992), indicating that the measurement in this study has good discriminant validity.

correlation analysis

Table 1 lists the mean, standard deviation and correlation coefficient of the study variables. There was a significant positive correlation between paradoxical leadership and employee loyalty ($r = 0.0.298$, $P < 0.01$), a significant positive correlation between paradoxical leadership and job satisfaction ($r = 0.345$, $P < 0.01$), and a significant positive correlation between job satisfaction and employee loyalty ($r = 0.393$, $P < 0.01$). The results of correlation analysis preliminarily verify our hypothesis.



Table 1 Correlation analysis and descriptive statistics

| Variables | M | SD | 1 | 2 | 3 |
|-----------|-------|-------|---------|---------|---|
| 1. PL | 3.589 | 1.168 | 1 | | |
| 2. JS | 3.833 | 1.428 | 0.345** | 1 | |
| 3. EL | 3.862 | 1.440 | 0.298** | 0.393** | 1 |

Note: PL=Paradoxical Leadership, JS=Job Satisfaction, EL=Employee Loyalty

* $p < 0.05$, ** $p < 0.01$,

Hypothesis testing

We used hierarchical regression analysis to test the hypotheses, and Baron and Kenny's (1986) mediating effect test steps are used to preliminarily test the mediating effect of job satisfaction. First, the direct effects of independent variables and dependent variables are tested. From the results of Table 2, we can see that the independent variable paradox leadership has a significant positive impact on the dependent variable employee loyalty (model 4, $\beta = 0.297$, $P < 0.001$), and the direct effect is significant. Hypothesis 1 is supported. Secondly, the intermediary variable is introduced to test its influence on independent variable and dependent variable respectively. Hierarchical

regression results show that paradoxical leadership has a significant positive impact on job satisfaction (model 2, $\beta = 0.343$, $P < 0.001$), and job satisfaction has a significant positive impact on employee loyalty (Model 5, $\beta = 0.391$, $P < 0.001$). Hypothesis 2 and hypothesis 3 are supported respectively. When the mediating variable job satisfaction was introduced, the positive effect of paradoxical leadership on employee loyalty was weakened, but the effect was still significant (model 3, $\beta = 0.185$, $P < 0.001$). Therefore, from the above analysis results, we can see that job satisfaction plays a mediating role between paradoxical leadership and employee loyalty, and Hypothesis 4 is supported.

Table 2 Hierarchical Regression Analysis Result

| Variables | Job Satisfaction | | | Employee Loyalty | | |
|-----------------|------------------|-----------|---------|------------------|-----------|-----------|
| | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 | Model 6 |
| Sex | 0.040 | 0.034 | -0.013 | -0.019 | -0.029 | -0.030 |
| Age | -0.075 | -0.058 | -0.061 | -0.046 | -0.032 | -0.028 |
| Education | -0.020 | -0.022 | -0.019 | -0.021 | -0.011 | -0.014 |
| Seniority | 0.066 | 0.072 | 0.039 | 0.045 | 0.014 | 0.021 |
| PL | | 0.343*** | | 0.297*** | | 0.185*** |
| JS | | | | | 0.391*** | 0.327*** |
| R ² | 0.010 | 0.127*** | 0.005 | 0.093*** | 0.157*** | 0.187*** |
| ΔR ² | | 0.117*** | -0.004 | 0.082*** | 0.146*** | 0.175*** |
| F | 1.038 | 11.834*** | 0.559 | 8.341*** | 15.074*** | 15.472*** |

Note: PL=Paradoxical Leadership, JS=Job Satisfaction

* $p < 0.05$, ** $p < 0.01$,

In order to test the mediating effect more accurately, this study also uses the process plug-in of SPSS developed by Hayes for bootstrap test. The mediating effect of job satisfaction is tested by 5000 repeated sampling and 95% confidence interval estimation. According to the results of bootstrap test of mediating effect in Table 4, the 95% confidence interval of indirect effect of job satisfaction is [0.086,0.197], excluding 0, that is, the mediating effect of job satisfaction between paradoxical leadership and employee loyalty is significant, and its effect value is 0.139. After controlling the mediating variable job satisfaction, the direct effect of the

independent variable paradox leadership on the dependent variable employee loyalty is also significant, the 95% confidence interval is [0.112,0.344], excluding 0, the effect value is 0.228. Therefore, job satisfaction partially mediates the relationship between paradoxical leadership and employee loyalty, and Hypothesis 4 is further supported. At the same time, according to the proportion of mediating effect value, 37.83% of the impact of paradoxical leadership on employee loyalty is achieved through the mediating role of job satisfaction.

Table 3 Bootstrap test of mediating effect of job satisfaction

| Job Satisfaction | Effect | SE | 95% Confidence Interval | | Effect proportion |
|------------------|--------|-------|-------------------------|-------|-------------------|
| | | | LLCI | ULCI | |
| Total effect | 0.366 | 0.058 | 0.252 | 0.481 | — |
| Direct effect | 0.228 | 0.059 | 0.112 | 0.344 | 62.17% |
| Indirect effect | 0.139 | 0.028 | 0.086 | 0.197 | 37.83% |

Discussion

In the face of external dynamic environment and internal complex personnel management, the traditional leadership style and management mode could not meet the urgent needs of the organization to deal with contradictions. In today's increasingly prominent contradiction between the needs of organizational structure and the individual needs of employees, leaders need to use paradoxical leadership styles to meet the demands of all parties, quickly and effectively identify, coordinate and solve the contradictions of the organization, so as to ensure the stable and orderly development and operation of the organization. At the same time, the traditional human resource incentive mechanism has been unable to meet the needs of the new generation of more and more knowledgeable and personalized employees. In addition to reward incentive and material feedback, leaders should start from the psychological level of employees, pay attention to meet the personalized needs of employees, make employees produce positive psychological contract and gratitude return to the organization and leaders, and let employees be loyal from

the heart. Lead, contribute to the organization and work harder for the organization.

Theoretical contribution

This study enriches the academic research on the outcome variables of paradoxical leadership. Previous studies on the impact of paradoxical leadership at the individual level mostly focused on dual behavior, creativity, work engagement, role performance, voice behavior and so on, but there was little research on the impact of employee loyalty. Based on the demand theory and self-determination theory, this study explores the relationship between paradoxical leadership and employee loyalty. The research shows that paradoxical leadership is one of the important factors that promote employee loyalty, which enriches the research on the aftereffect of paradoxical leadership.

Secondly, it explores the mediating mechanism between leadership style and employee loyalty from different perspectives. For a long time, the research on leadership style and employee loyalty is mostly based on the perspective of organizational commitment and stakeholders. Based on the perspective of reciprocity principle and psychological



contract of social exchange theory, this study explores the relationship between paradoxical leadership and employee loyalty by introducing job satisfaction as an intermediary variable, which expands the research perspective in this field.

Practical enlightenment

First of all, in personnel management, in the face of the contradiction between the organizational structure needs and the individual needs of employees, leaders should adopt paradoxical leadership and management methods, taking into account the organizational rules and processes, and at the same time, maximize the personalized needs of employees, so that the two needs can develop harmoniously.

Secondly, with the new generation of employees as the main force, blindly

improving the remuneration and material rewards is not a completely effective way to promote employees' loyalty to the organization. According to the characteristics of the new generation of employees, such as personality, independence and self-worth realization, organizational leaders should use paradoxical leadership to reasonably solve the shackles of organizational rules on employees, give more personalized care to employees in work and psychological level, appropriately and flexibly delegate power, so that employees can feel the care of leaders and their good experience and achievements in work experience. In turn, it can enhance employees' gratitude feedback and psychological relationship contract, so that employees are more actively loyal to the leadership and dedication to the organization.

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