

THE INFLUENCE OF LEADERSHIP STYLE, JOB SATISFACTION, ORGANIZATIONAL COMMITMENT ON CORPORATE PERFORMANCE IN CHINESE INTERNET INDUSTRY

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Abstract

This comprehensive mixed-methods study investigates the relationships between leadership style, job satisfaction, organizational commitment, and corporate performance in the Chinese internet industry. Integrating quantitative data from 240 participants in Beijing's internet sector with qualitative insights from 15 industry professionals, the research offers a nuanced understanding of these dynamics. Quantitatively, the study confirms the positive influence of leadership style on both corporate performance and job satisfaction, and identifies job satisfaction and organizational commitment as significant mediators between leadership style and corporate performance. The qualitative analysis enriches these findings, supporting the identified relationships and providing deeper context. It highlights the importance of laissez-faire leadership in fostering autonomy and innovation, and emphasizes work-life balance as a key driver of job satisfaction. Affective commitment emerges as a central element of organizational commitment, crucial for sustaining corporate success. These findings align with key theories such as transformational leadership and human capital theory, while underscoring unique aspects of the Chinese internet industry. The study contributes to both academic understanding and practical applications in leadership and HR management, advocating a holistic approach that leverages job satisfaction and organizational commitment as strategic assets for enhancing corporate performance in this dynamic sector.

Keywords: Leadership Style, Job Satisfaction, Organizational Commitment, Organizational Commitment.

INTRODUCTION

Background of the Research

The Chinese internet industry has witnessed unprecedented growth over the past few decades, emerging as a global powerhouse in the digital realm (Shi, 2022). With companies like Alibaba, Tencent, and Baidu leading the charge, China's internet sector has not only transformed the nation's economy but has also significantly impacted global digital trends (Cai, 2021).

As the industry continues to evolve, understanding the factors that drive corporate performance becomes increasingly crucial. Among these factors, leadership, job satisfaction, and organizational commitment stand out as pivotal elements that can influence a company's success or failure.

Leadership plays a fundamental role in any organization (Porfirio et al., 2021), but its significance is magnified in industries that are rapidly changing and highly competitive, like the internet sector. In the Chinese context, leadership is deeply rooted in cultural and historical nuances. Job satisfaction is a multifaceted construct that encompasses various aspects of an individual's work experience, from compensation and work-life balance to personal growth

opportunities and the nature of the job itself (Amin, 2021). A satisfied employee is not only more productive but also more likely to be innovative, loyal, and committed to the company's vision.

In conclusion, as the Chinese internet industry continues its meteoric rise, the factors influencing its corporate performance become even more critical to understand. This research aims to delve deep into the roles of leadership, job satisfaction, and organizational commitment, shedding light on their collective impact on corporate success in this vibrant and ever-evolving sector.

LITERATURE REVIEW

Relationship between Leadership Style and Corporate Performance

This section aims to elucidate how leadership styles contribute to enhancing various aspects of corporate performance.

Ibrahim & Daniel (2019) conducted a study, serving as a cornerstone in the field of organizational behavior, particularly focusing on the impact of transformational leadership on corporate performance. Their research employed rigorous methodologies, including longitudinal data analysis and case studies, to establish a direct link between transformational leadership and various dimensions of corporate performance such as innovation and adaptability. Transformational leaders, characterized by their ability to inspire and motivate employees, were found to create an organizational culture that encourages creativity, problem-solving, and a willingness to adapt to market changes.

This, in turn, led to higher operational efficiency and productivity, giving companies a competitive edge. The study not only provided empirical evidence but also offered actionable insights for organizations. It suggested that companies should invest in leadership development programs that cultivate transformational traits among their leaders to drive superior performance.

Su et al. (2020) took a more nuanced approach by incorporating transactional leadership into their research framework. Transactional leadership, which is more focused on rule enforcement, rewards, and penalties, was found to have a significant impact on talent retention and employee development. They used a combination of surveys and interviews across multiple industries to gather their data.

Their findings indicated that while transformational leadership excels in driving innovation and adaptability, transactional leadership is more effective in creating a stable and predictable work environment that encourages employee growth and minimizes turnover. This study further emphasized that a one-size-fits-all approach to leadership could be detrimental; instead, organizations should consider a balanced leadership style that incorporates both transformational and transactional elements to optimize various facets of corporate performance.

Relationship between Leadership Style and Job Satisfaction

This literature review section aims to focus exclusively on those studies that have identified the relationship between leadership style and job satisfaction.

Relationship between Job Satisfaction and Corporate Performance

This section aims to provide a comprehensive understanding of how job satisfaction contribute to improved corporate performance.

Alrazehi et al. (2021) made a significant contribution to the field by establishing a positive correlation between job satisfaction and corporate performance, particularly in the areas of innovation and adaptability. Their research utilized a multi-method approach, incorporating both qualitative and quantitative data, to assess the level of job satisfaction among employees in various industries. They found that companies with higher levels of job satisfaction among their workforce were more likely to be innovative and adaptable to market changes. This adaptability was measured in terms of how quickly these companies could pivot their business strategies, adopt new technologies, and respond to consumer demands. The study laid the groundwork for future research by suggesting that job satisfaction is not just an HR metric but a strategic asset that can significantly influence a company's ability to compete effectively.

Pramezwaray et al. (2022) conducted a comprehensive analysis that supported the positive relationship between job satisfaction and corporate performance. Their study synthesized the findings from multiple previous studies and added new empirical data. They found that companies with satisfied employees performed better across a range of dimensions, including innovation and operational efficiency, echoing the findings of Alrazehi et al. and Nguyen. What set this study apart was its scale and the breadth of its analysis, which included various sectors and geographical locations. The study concluded that job satisfaction is a universal predictor of corporate performance, irrespective of industry or location.

The Mediating Role of Job Satisfaction between Leadership Style and Corporate Performance

This literature review section aims to explore the influence of leadership style on corporate performance with the mediating effect of job satisfaction.

Jameel & Ahmad (2020) explored the intricate relationship between transformational leadership and corporate performance, emphasizing the mediating role of job satisfaction. Their study revealed that transformational leaders, who inspire and motivate their teams through vision, intellectual stimulation, and individualized consideration, have a positive impact on innovation and adaptability within the organization. Interestingly, this relationship was found to be significantly stronger when employees reported high levels of satisfaction with their work-life balance. This suggests that transformational leadership alone may not be sufficient for optimal corporate performance; employee well-being, particularly in terms of work-life balance, also plays a crucial role. The study implies that organizations aiming for innovation and adaptability should not only adopt transformational leadership practices but also focus on enhancing employee satisfaction related to work-life balance.

Leadership Style and Organizational Commitment

This literature review section aims to concentrate on studies that have identified the influence of leadership style on organizational commitment.

Susanto et al. (2023) extended the conversation by focusing on transactional leadership and its impact on continuance commitment. Transactional leaders, who operate on a quid pro quo basis, were found to foster a type of commitment based on the perceived costs associated with leaving the organization. Employees under transactional leaders are more likely to weigh the benefits and drawbacks of staying, often concluding that the costs of leaving—such as loss of benefits or the absence of similar opportunities elsewhere—are too high. This form of commitment, known as continuance commitment, is more about practicality than emotional attachment. Susanto et al. used statistical models to validate these relationships, thereby adding another layer to our understanding of how different leadership styles affect organizational commitment.

Organizational Commitment and Corporate Performance

This literature review section aims to focus on studies that have demonstrated the relationship between organizational commitment and corporate performance.

The Mediating Role of Organizational Commitment between Leadership Style and Corporate Performance

This literature review section aims to explore the influence of leadership styles on corporate performance with the mediating role of organizational commitment.

In the study by Hadian Nasab & Afshari (2019), the focus was on the mediating role of affective commitment in the relationship between transformational leadership and corporate performance, particularly in the areas of innovation and adaptability. Transformational leaders are known for their ability to inspire and motivate employees, creating a vision that goes beyond immediate tasks. Affective commitment refers to an employee's emotional attachment to, identification with, and involvement in the organization. The researchers found that when employees feel emotionally connected to their organization, they are more likely to engage in innovative behaviors and adapt to changing circumstances. This emotional bond acts as a conduit that amplifies the positive effects of transformational leadership on corporate performance. The study laid the groundwork for future research by highlighting the importance of fostering affective commitment as a way to maximize the benefits of transformational leadership. strong emotional bond between employees and the organization.

RESEARCH METHODOLOGY

The research aims to explore the relationship between leadership, job satisfaction, organizational commitment, and corporate performance in the Chinese internet industry. The study employs a mixed research methodology.

Quantitative Analysis Method

1) Sampling Methodology

The research focuses on employees and stakeholders within Beijing's internet industry, recognizing the city's pivotal role in China's digital and technological sectors. A sample size of 240 participants is chosen based on Lakens' (2022) recommendation, which suggests a sample size 20 times the number of observational variables, in this case, 12. Stratified random sampling is employed to ensure equal representation across different hierarchical levels, thus enhancing the study's accuracy and credibility.

2) Data Collection Procedure

A structured questionnaire is the primary tool for data collection, divided into two main sections. The first part gathers demographic information, while the second delves into observational dimensions related to leadership, job satisfaction, organizational commitment, and corporate performance. The use of the Likert-5 scale ensures nuanced and uniform responses. The month-long data collection process utilizes WJX, a Chinese online survey platform, ensuring ease of access, confidentiality, and efficiency. The response rate is maximized through personalized communication, regular reminders, and incentives.

3) Data Analysis Tools

The study utilizes SPSS and AMOS for data analysis. SPSS manages and analyzes survey data, focusing on descriptive statistics and reliability analysis. AMOS is employed for structural equation modeling (SEM), facilitating path analysis, confirmatory factor analysis, and model fit assessment.

Qualitative Analysis Method

1) Sampling Methodology

The qualitative analysis section explores the nuances of leadership styles, job satisfaction, organizational commitment, and their impact on corporate performance within the Chinese internet industry. A sample size of 15 interviewees is chosen, drawing upon the guidance of Hennink & Kaiser (2022), who suggest that this size is sufficient to achieve data saturation while providing diverse insights. A purposive sampling method is employed to select participants with firsthand experience and insights into the research focal areas.

2) Data Collection Procedure

The study employs a purposive sampling approach and the initial contact with potential participants is made via email. The interviews, lasting between 45-60 minutes, are conducted using various communication methods like telephone, WeChat voice, and video calls, based on the participant's preference. These interviews are audio-recorded with consent to ensure transcription accuracy. The recorded data is transcribed verbatim, capturing every detail, including non-verbal cues, to fully encapsulate the participant's responses. Confidentiality is maintained through the use of pseudonyms.

The analysis of the qualitative data follows a thematic approach, which includes familiarizing with the data, identifying and coding themes, reviewing and refining these themes, defining and naming them, and finally interpreting these themes in relation to the research objectives. This methodology ensures a thorough and methodical examination of the qualitative data, providing depth and context to the study's findings.

The qualitative methodology of this study is designed with meticulous attention to detail, ensuring a rich and in-depth understanding of the dynamics within the Chinese internet industry. The purposive sampling strategy, combined with a well-structured data collection procedure, enables the capture of diverse and insightful perspectives. The thematic analysis of the data guarantees that the findings are not only comprehensive but also closely aligned with the research objectives.

CONCLUSION AND DISCUSSION

Conclusion

The study utilized mixed research methods to explore the impact of leadership style, job satisfaction, and organizational commitment on corporate performance in the Chinese Internet industry. Key findings are presented as follow:

- 1) Leadership style has a positive influence on corporate performance in the Chinese internet industry.
- 2) Leadership style has a positive influence on job satisfaction among employees in the Chinese internet industry.
- 3) Job satisfaction has a positive influence on corporate performance in the Chinese internet industry.
- 4) Job satisfaction mediates the relationship between leadership style and corporate performance.
- 5) Leadership style has a positive influence on organizational commitment among employees in the Chinese internet industry.
- 6) Organizational commitment has a positive influence on corporate performance in the Chinese internet industry.
- 7) Organizational commitment mediates the relationship between leadership style and corporate performance.

Discussion

The research findings provide a comprehensive understanding of the interplay between leadership style, job satisfaction, organizational commitment, and corporate performance in the Chinese internet industry. The identification of key components within each latent variable and their respective impact offers valuable insights for both academic and practical applications.

The CFA results indicate that laissez-faire leadership is the most significant component within the leadership style variable, followed by transformational and transactional leadership. This is a notable finding, as laissez-faire leadership is often considered less effective due to its hands-off approach. However, in the fast-paced, innovative environment of the Chinese internet industry, this style might allow for more autonomy and flexibility, leading to effective decision-making and innovation. Transformational leadership's significant role aligns with the idea that inspirational and motivational leaders can drive performance in dynamic sectors. The study's findings on leadership styles resonate with Bass & Avolio's (1994) Full Range Leadership Model, which includes transformational, transactional, and laissez-faire leadership. While transformational leadership is often linked to positive outcomes, the significance of laissez-faire leadership in this study suggests a unique aspect of the Chinese internet industry, possibly reflecting a culture that values autonomy and innovation.

Affective commitment emerged as the most important component, indicating that emotional attachment to the organization plays a crucial role in commitment levels. This finding is particularly relevant in a competitive industry, where retaining talented individuals is crucial for sustained corporate performance. The prominence of affective commitment supports Meyer & Allen's (1991) Three-Component Model of commitment, where affective commitment is shown to have a strong relationship with positive organizational outcomes. This finding is consistent with the notion that when employees have an emotional attachment to their organization, they are more likely to demonstrate higher performance.

The findings from this study shed light on the intricate dynamics between leadership, job satisfaction, organizational commitment, and corporate performance in the Chinese internet industry. The unique emphasis on laissez-faire leadership and work-life balance, along with the critical role of affective commitment and the focus on talent retention and development, offers a rich understanding of what drives corporate performance in this sector. These insights not only contribute to the existing body of knowledge but also provide practical implications for industry leaders and HR professionals aiming to enhance organizational effectiveness in similar contexts.

Besides, the research findings present a comprehensive understanding of the interrelations among leadership style, job satisfaction, organizational commitment, and corporate performance in the Chinese internet industry, underscoring the complexity and significance of these factors in a rapidly evolving business landscape.

Hypothesis 1's confirmation that leadership style positively influences corporate performance is in line with the transformational leadership theory proposed by Bass (1985). Transformational leaders, characterized by their ability to inspire and motivate employees, have been consistently linked to higher organizational performance in various industries. This relationship is also evident in the Chinese context, where leadership plays a crucial role in shaping corporate culture and strategies.

The validation of Hypothesis 2 aligns with the findings of Judge et al. (2004), which suggest that leadership style significantly impacts job satisfaction. This is particularly relevant in the

dynamic and often high-pressure environment of the internet industry, where effective leadership can significantly influence employee morale and job satisfaction.

The confirmation of Hypothesis 3 resonates with the work of Locke et al. (1976), who identified a clear link between job satisfaction and job performance. In the Chinese internet industry, where the pace of change is rapid, and the work can be intense, job satisfaction becomes a critical factor in maintaining high levels of corporate performance.

The endorsement of Hypothesis 4, suggesting job satisfaction mediates the relationship between leadership style and corporate performance, echoes the sentiments of Schmid & Schurtenberger (2018).

Their study highlighted the mediating role of job satisfaction in translating leadership effectiveness into organizational outcomes. This finding underscores the importance of fostering a satisfying work environment as a means to leverage leadership effectiveness for improved performance.

The corroboration of Hypothesis 5 supports Meyer & Allen's (1991) model of organizational commitment, which emphasizes the influence of leadership on employees' emotional attachment to their organization. This is especially significant in the fast-paced Chinese internet sector, where a strong commitment to the organization can be a key driver of agility and resilience.

Hypothesis 6, which posits a positive influence of organizational commitment on corporate performance, is consistent with the findings of Mowday et al. (1979). They highlighted that higher organizational commitment leads to better job performance, lower turnover, and improved organizational effectiveness, which are crucial for success in the highly competitive internet industry.

The confirmation that organizational commitment mediates the relationship between leadership style and corporate performance (Hypothesis 7) aligns with the research by Joo & Shim (2010).

They found that the level of commitment employees feel towards their organization significantly influences how leadership affects overall performance. This indicates that leadership impacts corporate performance not just directly, but also by fostering a strong sense of commitment among employees.

The findings from this study contribute significantly to the existing literature by delineating the complex relationships between leadership, job satisfaction, organizational commitment, and corporate performance in the specific context of the Chinese internet industry. They highlight the pivotal role of leadership in shaping various facets of employee experience and organizational success.

Moreover, these insights provide valuable guidance for corporate leaders and HR professionals in similar contexts, emphasizing the need for a holistic approach to leadership and human resource management that nurtures job satisfaction and organizational commitment as key drivers of corporate performance.

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