

# Impact of Leadership Style on Staff Retention

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**Abstract –** The study explores the grandeur of leadership and offers a concise account of how types of management influence the success of staff in a company. The paper further explains the value and value of maintaining important human capital through suitable management principles and types. The retention of staff is deemed one of the key problems in the present business environment. To fuel productivity, company enterprises must implement strategies to attract successful employees and take the appropriate measures to maintain them. The study aimed to define the leadership types impacting the retention of workers in the Indian banking sector. The researchers obtained first-hand knowledge from the bank workers through a well-structured questionnaire. The researcher absorbed the random sampling procedure and 100 employees of the private sector banks from the area of Chennai were taken for the analysis. With a multivariate statistical methodology named factor analyses, one-way study of the variance and the multiple regression, aside from general descriptive statistics, the opinion of employees about management variables on employee performance was analyzed. Therefore, the empirical approach is used for data analysis and understanding. In basic terms, an entity will be affected adversely from bank operations to the strategic level if best employees are not kept inside the group.

**Key Words:** - Leadership Style, Staff Retention, Impact

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## INTRODUCTION

Models of leadership and retention have been a field of focus in the current business environment. Registering the right talent may be tough, but maintaining current talent has been extremely daunting. Leadership is one of the main subjects currently in the retention of workers in the human resources sector. "The preservation of good employees is critical for 3 clear fundamental factors, in Harvard Market Essentials (2002): 1) the increased value of the human resources 2) causal relation between tenure of employees and consumer satisfaction 3) the high costs of the turnover of successful products and services are guaranteed." The leaders have to navigate their companies in a dynamic market climate under the present warlike climate. They face the obstacle if they regard workers as assets and giving their companies a strategic edge. This strategic benefit is ensured if the key workers are held as long as possible in order to guarantee the consistency of successful products and services (Michael 2008).

### The Concept of employee retention

The definition of job engagement demonstrates an organization's willingness to recruit or replace its workers. Retention of workers can be found as basic figures (for example, 80 percent retention rate typically means that 80 percent of the organization's

employees have been retained in a specified period). However, many interpret job engagement as linked to the commitment workers create to maintain workers. In this regard, retention is not the result but rather tactics (Allen. D.G 2008). Harvard Market basics (2002), which described retention as the opposite of turnover, can be graded as functional and unstable (Johnson, Grieffeth & Griffin 2000). At the same period, sales are characterized as the cumulative sum of deliberate and unintended divides between workers and employers. In addition, Waldman and Arora (2004) believed that preservation is not only the opposite of turnover, but also to be used to assess what is needed and not what is not needed.

### The Concept of Leadership and Leadership Style

In Haimann's terms, it is by the mechanism by which a boss imaginatively drives, advises, and affects the role of others in identifying and achieving particular objectives through mediating between person and organization. In addition, leadership is really necessary for any company or community of people and has three important positions to play with, leadership

- a) Leadership executes duties by others

- b) Leadership requires dominating people's influence
- c) Leadership is to transition to a better journey.

## LITERATURE REVIEW

According to Northouse, certain scholars handle a leadership from the viewpoint of trait; implying that a leader has a collection of those attributes that render him / her a leader; while, for others, the leader's actions help him / her to accomplish the organization's objectives. He also suggests that leadership is a power dynamic between the leader and supporters for some theories; while some theories see leadership as an ability and intelligence factor from the point of view of the leader.

In Adler's (1991) language in the classical period, such inherent virtues including knowledge, bravery, ambition and humor are present, which together decide a man as a king, where the fundamental pattern is provided at birth. Although Krygier (2005) notes that theory of great men is defined by persons who tried to explain narratives through the influence of great men or heroes who are highly influential people, whether through personal popularity or through intellect or from their powerful political effect. During political upshots, such as the Second World War, the "powerful principle of men" is specifically related to their actions and commands. Adler (1991) added that not everyone with leadership qualities is a king.

Although McMahon & Romano (2002) indicated that the theory of characteristics focuses on variables, such as height, weight, personality, intelligence and human disposition. This principle focuses on a leader's specific attributes. Zagorsek, Dimovski and Skelavaj (2009) show that transformational leadership influences the learning phase of the company. The most challenging aspect of a transition's leader is that an independent leader must seek to fulfil the internal and external stakeholders' motives. As positive role models, the revolutionary leader expresses tremendous aspirations and encourages fans.

The theory of leadership is often descriptive and always relevant to the real case, according to the exponents of this role of leadership (Rogers and Rolf 1999). In other terms, leadership is the product of a single community scenario. It is believed that the qualities and talents of a successful leader differ across classes and situations. Research demonstrates that, often in the same party, a leader in one case is not always a leader, multiple circumstances call for different responses to leadership. In addition, Rensis Likert and his colleagues at the Center for Social Science Research Center in Michigan University performed leadership tests in business, hospitals and

government affecting thousands of workers. The explanation for the analysis was to recognize a number of features that are interconnected and to show leadership effectiveness. After thorough research, the authors review signs of leading studies being listed as work centers or as employee centers. In their report, the central leader of the employee was identified as a general supervisor and the manager of the job center as a near supervisor.

## Importance of Leadership Style on Staff Retention

Confidence, help and redemption are essential qualities utilized by politicians, according to Caldwell and Dixon (2010). The leader of an organization that treats workers with integrity and fairness will boost employee job efficiency. The leadership research continues to expand to more regulated areas in the modern market climate (Early and Davenport 2010).

Leaders aim to enhance their activities by streamlining the methods, practices, systems and principles of their workers in order to achieve greater outcomes. In Taylor's (2004) opinion, businesses should no longer neglect the duty of ensuring good results in the possession of the Department of Human Rights.

Responsibility for the acquisition of talent has to shift onto the front lines and into the possession of politicians. Leaders and their expertise to create a retention environment, an atmosphere that communicates to workers in order to motivate them to remain, would be the strongest protection against unnecessary attrition within a company. Therefore, representatives are the key tool to hold appreciated talent longer. A two-way conversation is seen as a central management skill and a primary obligation for management. Leaders should follow a style that defines and reinforces their leadership position while being professional and consistent.

Employees are most inclined to stick in an organization when they clearly believe that they are involved and concerned by their immediate supervisor, when they know what is required of them and when they have a position that suits their strengths and get frequent, constructive input and appreciation. Employees are elongated by the consistency of ties with their immediate superiors (Ferreira, 2007 quoted in Michael, 2008).

## AIMS OF THE STUDY

1. To analyze the variables impacting productivity of workers.
2. To investigate the position of an employee retention chief

3. To research the tactics a chief may use to keep workers
4. The better way is to describe either transactional leadership or transition leadership model.

**METHODOLOGY**

The aim of this study is to affect the retention of workers through leadership. The details are focused on primary knowledge. Primary information was obtained from employees of the private sector banks in the Chennai area. For processing and analyzing the results, an empirical approach is used. The data where evaluated in version SPSS 16.0. Descriptive percentage analyses and Basic regression analyses were used for data analyses. Based on the significance level of 0.05, statistical significance was created.

**Statistical Tools used for analysis of Data**

The employees' conception of employee retention leadership in the private sector banks was evaluated by multivariate statistical approaches known as "factor analysis," one-way analysis of variance and multiple regression, in addition to general predictive statistics such as mean and standard deviation.

**Results of Factor Analysis showing the Underlying Structures of Leadership on Employee Retention**

Item No.	Factors Pertaining to Leadership on Employee Retention	Factor 1	Factor 2	Factor 3	Factor 4
1	Fair and Effective Leaders have positive effect on employee retention and company performance	0.61			
2	To prevent the talent migration an organisation need to create the exit barriers which reflect a positive bias	0.75			
3	Congentiality at workplace and a work life balance are important aspect of employee retention strategy	0.75			
4	Rewards and recognition do play a role in employee retention strategy			0.75	
5	My leader/Supervisor is flexible in recognizing, understanding and adapting to individual needs and views				0.87
6	One of the main factor why people stay in an organisation is its good leader/supervisor			0.58	
7	My organisation views talent retention as an activity that's integral to our long term survival		0.64		
8	Management have made talent retention as part of our banking core business strategy		0.53		
9	Employees involving cross functional activities to get various talent exposure		0.84		
10	Leaders are standing up for the team when they are facing with critical situation		0.70		
11	Job is secured in my company				0.66
	Explained Variance	1.93	1.98	1.39	1.45
	Proportion of Total Variance (%)	17.53	17.96	12.62	13.17

Source: Primary Data

From the table above it can be found that the leadership in employee performance has four fundamental variables that may justify overall variation in the original data server. The findings indicate that together these four variables constitute 61.27% of the variation in the initial data collection. This constitutes 61.27 percent of the nature of real data (characteristics) spread over four variables. In actual results, the variance described by the factors 1,2,3 and 4 is 17,53%, 17,95%, 12,62% and 13,17% respectively. The table also reveals that Factor 1 is heavily loaded with items 1,2 and 3, Factor 2 with items 7,8,9,10, Factor 4 with items 5 and 11 is highly

loaded. Based on the factor loading stage of each category, the factor 1 is designated as "good impact for leaders on employee keeping," factor 2 as "optimistic leaders" and factor 3 as "equality of leaders with subordinates" and factor 4 as "internal characteristics of the chief." It is also observed that leadership has a huge effect on the success of workers. It has a beneficial impact on the engagement of workers, leaders are a vital driver to retain staff within the company, leaders stand with teams, and leaders are also versatile in understanding employees' desires.

**Difference in Mean Perception among the Respondents groups with different Hierarchical Level in respect of leader's role on employee retention**

Role of Leaders on Employee Retention	Hierarchical Level			F VALUE
	LOW	MIDDLE	TOP	
Leaders/Supervisors tries to build a conducive environment	3.99 (0.25)	3.94 (0.31)	4.02 (0.24)	0.49
Leaders standing up for the team	4.05 (0.29)	3.91 (0.56)	3.96 (0.46)	1.08
Leaders have positive effect on employee retention and organizational performance	3.72 (0.45)	3.41 (0.73)	3.61 (0.66)	2.63*
Leaders are flexible in recognizing, understanding and adapting to individual needs and views	3.94 (0.42)	3.83 (0.60)	3.86 (0.36)	0.64

Source: Primary Data  
 \*Significant at 10% Level

**Figures in Parentheses indicate Standard Deviation**

Observing the above table indicates that respondents from all backgrounds (low, middle and high) accepted that leaders play an essential role in maintaining workers inside the company. It is objectively shown that the mean scores are in the 'accord' category, ranging from 3.94 to 4.02 for "leaders are versatile in the information, comprehension and adaption of individual desires and preferences" (F meaning = 0.64, insignificant) The mean scores are in the 'Accord' category and differ from 3.94 of 4.02. As for "leaders with a favorable impact on employee satisfaction and corporate efficiency," the mean scores for respondents in the low and top-level classes are above 3.50 (which contributes to 4, the meaning for agreement), although at 3.41 (below 3.50, the mean rating was inside the middle-class "no opinion range." The obtained F-value of 2,63 is also significant at 10 per cent, suggesting that there is an essential correlation between the hierarchical level of the respondents and their impression of "leaders have a positive effect on employee engagement and organizational efficiency," which contributes to the inference that leadership skills play a critical role in retaining

employee power. Therefore, interviewees at the tiny, central and top management stage voiced common views regarding leadership ability on retention of staff and concluded that leaders play a crucial role in sustaining workers and meeting the management's priorities and objectives. The findings further show that the interviewees at the middle management level cannot accept or disagree with the perception that the leaders play a role in employee satisfaction and vary substantially from the other two classes in their opinion.

H0: There is no substantial variation in the various levels of hierarchical perception of respondents about the leader's position in maintaining employees.

The null hypothesis H0 was debunked as the F value 2.63 obtained is important at a 10 % level suggesting a significant association between the hierarchy and interpretation of the respondents. H1 therefore notes that "there is a substantial gap in respondents' opinions about the position of the leader in maintaining employees."

## RESULTS

### Results of Multiple regressions showing the relationship between leadership skill and Employee Retention

Independent Variable Factors Pertaining to Leadership on Employee Retention	Full Model	Subset Model 1	Subset Model 2
Leaders have positive effect on employee retention and organizational performance	0.2080** (2.23)	0.2080** (2.24)	0.2080** (2.21)
Leaders are flexible in recognizing, understanding and adapting to individual needs and views	0.32134*** (3.36)	0.32134*** (3.37)	0.32134*** (3.33)
Leaders/Supervisors tries to build a conducive environment	-0.0219 (-0.23)		
Leaders standing up for the team	0.1718* (1.04)	0.1718* (1.05)	
R2	0.1715	0.1710	0.1415
Adjusted R2	0.1366	0.1451	0.1238
F Value	4.92***	6.60***	7.99***
Degrees of Freedom	4.65	3.96	2.97

\*Significant at 10% Level  
 \*\* Significant at 5% Level  
 \*\*\* Significant at 1% Level. Figures in Parentheses indicate 't' values

Table reveals that all three regression models on different leadership variables contributing to employee performance in the banking sector are substantially installed. The F values of 4.92, 6.60 and 7.99 of the complete models, sub-set model 1 and sub-set 2 are considerably at 1%. The subassembly model 1 is however the most suitable model of three informative variables since the modified R2 meaning 0.1451 is more than the other two. Accordingly, on the basis of the model (Model 1), leaders have a positive impact on employee retention, leaders have consistency in knowing employee expectations, create a pleasant and team-building climate.

H0: The leaders / supervisors should not affect the longevity of workers inside the company substantially. H0 has been dismissed and it has been assumed that F values 4.92, 6.60 and 7.99 of the

whole model are statistically relevant at 1%, sub-set models 1 and 2. Therefore, based on the model (model 1), it is inferred that the different variables, such as. Leaders have a positive impact on engagement of staff and organizational efficiency. Leaders are versatile in identification, recognizing and responding to the individual desires and points of view; leaders / supervisors strive to create a favorable atmosphere. H1 is also true: "The leaders / supervisors play an essential role in keeping workers inside the company"

## CONCLUSION

The study shows a clear strategic path that influences the retention of employees. The results of the study demonstrate explicitly that the type of leadership impacts employee retention in Indian banks. There is a diametric link between leadership and the decision to depart. The employees' intention to leave is the cadence used commonly in research to evaluate turnover and retention. When the workforce intention to quit rises in the realistic style of leadership and it is thought that the workforce's intention to leave reduces, employee retention within the company is then improved. This research also concluded that most leaders of the chosen private sector banks were well inclined to keep their staff of their leadership style. The statistical findings demonstrate explicitly that the bosses / immediate bosses are very conciliatory and accommodational. The report further concluded that workers were sufficiently postulated for decision-making and daily contact. Finally, the report also discusses the causes for the concerns of workers.

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