# LEADERSHIP STYLES AND EMPLOYEE RETENTION: A CASE OF MOVIT PRODUCTS LIMITED

BY

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# DECLARATION

I, **Nakabubi Aisha**, hereby declare that this report is my own work and has never been presented for a degree award to any university or institution. But due acknowledgement has been done where it is indebted to the works of others.

SIGNATURE: _____  DATE: ___11 / 8 / 17___

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# APPROVAL

This is to certify that this report entitled "leadership style and employee retention: a case of Movit Products Limited" has been prepared under my supervision as university supervisor.

SIGNATURE: _____ DATE: 11/08/2017

**DR. WANDIBA AUGUSTINE**

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## DEDICATION

This report is dedicated to my parents Ms. Petua Mayanja and Hajji Edrisa Serumbe with lots of love.

# ACKNOWLEDGEMENTS

# ABSTRACT

The gist of this study was to establish the relationship between leadership style and employee retention at case of Movit Products Limited. In order to achieve the defined objectives of this study the researcher adopted across-sectional survey and correlation design. The study involved 50 respondents and a self-administered questionnaire was formulated to gather the required information. It was found that, leadership styles have significant impact and effect on employee behaviors. It is therefore argued that company ought to adopt more appropriate leadership style to engage and enhance employee's commitment if such organisations are to attract and retain their talented staffs. It has also been noticed that, a company may adopted more than one leaderships style in the operations depending on environment and target group. Though what is critical is the manner in which any adopted style is utilized. In other words, there is no single leadership style that is considered absolute and all effective but rather what determines effectiveness is the quality of the leader and the manner in which such style is utilized. It can therefore be argued that, the most important element in leadership style is ensuring that the leader matches the practices with employee expectations to ensure retention. This because, employees not necessary leave organisations but rather they leave leadership hence leadership style is a predictor of employee. However, there are other factors that have been identified additional aspects that have a bearing on employee retention besides, their indirect influence on effectives of leadership style. The study suggest further study be carried on the implication of organisational climate, climate, commitment and citizenship.

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SPSS          Statistical Package for social Scientists

# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

This study focused at examining the relationship between leadership style and employee retention. Therefore this chapter of the study presents the general overview of the study; it explores the background of the study including historical, theoretical, conceptual and contextual perspectives then, statement problem, purpose of the study, objectives, research questions, scope of the study, significance of the study, definition of terms and conceptual framework.

## 1.1 Background to the Study

The background of this study was presented in four perspectives namely; historical, theoretical, conceptual and contextual as follow.

## 1.1.1 Historical Background

The notion of leadership is as old as man and family, and the study of it. has roots in the beginning of civilization. Historically, civilization is said to have started in Egypt among Egyptian rulers, Greek heroes, and biblical patriarchs (Wren, 1995). Leadership scholarship in particular, can then be dated back to figures like Plato, Sun Tzu and Machiavelli though it is of recent that leadership style has become the focus of contemporary academic studies in the last 60 years (ibid). Nevertheless. the concept of leadership has continued to evolve. In the past. leadership was perceived as being authoritarian whereby employees were presumed to be intrinsically lazy thus, transitioned into way to make work environments more conducive to increased productivity rates. However, today, organizations are transforming into places where people are empowered, encouraged, and supported in their personal and professional growth throughout their careers.

Among the major critical contributor to this era of management and leadership theory was Max Weber, a German sociologist who observed that, the bureaucratic form routinized the process of administration in the same manner that the machine routinized production (Morgan, 1997). His

remarks contributed to the shift from rigid and militant leadership practices to more flexible and human driven sense of leadership In other words, current thinkers have so far shifted from an authoritarian style to ones with a more comfortable work environment, where people are empowered, encouraged, and supported in their personal and professional growth. In this particular study focus was put on nexus between leadership style and employee retention, in other words, how leadership style influences employee behaviours especially retention.

According to Northouse (2013), ineffective or inappropriate leadership styles can directly affect the retention of employees in contemporary organizations. This study therefore shares this assertion. It is based on this premise that this study examined the nexus between leadership styles and its interplay in employee behaviors. This is with a view to ascertain its interactive impacts on employees' retention in Movit Product Ltd.

### 1.1.2 Theoretical Background

In order to gain understanding of the progress and transition of leadership, behavioural leadership theory was adopted. It proposes that leaders can be created by mimicking the leadership behaviour of successful leaders (Robbins et al., 2009). According to Ohio State University and the University of Michigan study findings; two dimensions of leadership were named that is, employee-oriented leadership and production or task-oriented leadership (Northouse, 2010). He observed that, employee-oriented leadership merely referred to leaders who take personal interest in their employees and don't just see them as a means to an end. These types of leaders promote interpersonal relationships between themselves and their employees. On the other hand, production-oriented leaders are more interested in harnessing the efforts of their employees in attaining set goals without giving any thought towards the needs and feelings of their employees regarding their job. By adopting production-oriented leadership style, employers basically consider their employees as a means to an end. However, it was found that the employee-oriented leadership style is more effective in increasing productivity and job satisfaction than production-oriented leadership style which tends objectify employees (Robbins et al., 2009).

Basing on this theory, this study aimed at examining how leadership style is a predictor for employee retention. It is an effort towards establishing the most appropriate leadership style that

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can be adopted among service and manufacturing organisations as a strategy of attracting and retaining their experienced and talented staffs.

### 1.1.3 Conceptual Background

In this study leadership style is viewed as a succession of managerial attitudes, behaviours, characteristics and skills based on an individual and organisations' values, leadership interests and reliability of employees in different situations (Rad & Yarmohammadian, 2006). While leadership is defined as a process of inspiring people to do their best in order to achieve desired result (Armstrong, 2012). He stated that this involves developing and communicating a vision for the future, motivating people and securing their engagement. Thus, the style adopted in bringing about efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance is primary (Obiwuru et al., 2011).

On the other hand, employee retention can simply be defined as the strategies put in place by an organization to retain its employees and reduce turnover (Arlond, 2005). It also explains the efforts made by management to retain the best employees for the organization or to stay longer. It relates to the extent to which an employer retains its employees and may be measured as the proportion of employees with a specified length of service (typically one year or more) expressed as a percentage of overall workforce numbers. In any case, employee retention depends on commitment. According to Taylor (1998) employee commitment depends on how satisfied they are with leadership and this to a large extent can be attributed to the relationship between the leadership of the organisation and the employees. Employers and the leadership style adopted are presumed to determine the behaviours of the subordinates either positively or negative. The reason being that the competitive edge of companies no longer lies in its product, but in its people therefore a major factor that determines the success of any organization is the effectiveness of its employees. This is thought to be directly linked to commitment of employees towards the goals of the organisation (Ulrich, 2002). But how organisation get to this level is through appropriate leadership practices which is the ability to influence organisation teams towards the desired end.

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## 1.1.4 Contextual Background

Movit Products Limited is an ingenious cosmetic manufacturing firm in Uganda founded in 1999. It is considered to be one of Uganda's largest tax payers with a production line of about 170 products. In the last 13 years, Movit, the company's flagship name, has grown into one of Uganda's largest cosmetics manufacturers with distribution links in both East Africa and the Comesa regions. Such achievement cannot be explained without a strong leadership and talented human resources. Like many other ingenious company Movit Products Ltd is faced with both internal and externals challenges; according to Administration Director (2015), the springboard of Movit Products Ltd's success is dependent on hard capital and soft and in particular obtaining talented staffs. According to the Administration Director the company employs about 700 salaried people with at least 1,000 casual laborers but retaining all this big number has often proved challenging losing and recruiting is a costly business in manufacturing industry. It is in this respect that this study is being conducted to establish the implication of leadership style and employee retention.

## 1.2 Statement of the Problem

Movit Products Ltd is one of the leading cosmetic manufacturing companies in Uganda, and as such, requires highly skilled and motivated workers in order to maintain their competitive edge. Due to the complexity and hi-tech nature of their products, the company requires leaders who are capable of directing their human resources in the right way as far as quality, productivity and achievement of goals are concerned. In the last 13 years the company has been experiencing an increase in their employee turnover rates. Several studies reveal that low job satisfaction is the leading cause of employee turnover (Delobelle, et al., 2011). Besides, unsatisfied relations between employees and their supervisors are equally considered critical factors in employee retention. It is upon this background that the study is being conducted.

## 1.3 Purpose of the Study

The purpose of this study was to establish the effects of leadership styles on employee retention at Movit Products Ltd.

## 1.4 Specific Objectives

The study was guided by the following specific objectives;

i. To find out the leadership styles employed at Movit Products Ltd

ii. To determine the factors that affect employee retention at Movit Products Ltd

iii. To establish the relationship between leadership styles and employee retention

## 1.5 Research Objectives

i. What leadership styles are being employed at Movit Products Ltd?

ii. What factors affect employee retention at Movit Products Ltd?

iii. Is there any relationship between leadership styles and employee retention?

## 1.6 Scope of the Study

### 1.6.1 Content Scope

The study was confined to two study variables that leadership style as the independent and employee retention as the dependent; so as to establish the relationship between the two variables.

### 1.6.2 Geographical Scope

The study was conducted at Movit Product Ltd situated Plot 4454 & 4455 Zana - Bunamwaya, Off Entebbe Road

### 1.6.3 Time Scope

The study was carried out for a period of three months that is, October – December 2015. This time scope is selected to fit within the academic year.

## 1.7 Significance of the Study

The study is significant in several respects.

In the first place, it will help reveal the pertinent issues as far as employee retention is concerned.

To leadership of Movit Product Ltd, it will inform them of the right leadership style to adopt as a way of ensuring employee commitment and retention.

The study will be useful for organisations striving to increase job satisfaction and institutions which are concerned with keeping their staff.

The study will add to the body of knowledge on retention strategies and leadership styles in organisations.

The study will further serve as a reference material for other researchers and students engaged in similar studies.

## 1.8 Operational Terms

**Job Satisfaction:** Defined as a function of the perceived relationship of what one wants from ones job and what one perceives it as offering (Lund, 2003).

**Organisational Commitment:** Referred to as an employee's emotional attachment and loyalty towards the organisation (Mowday, Steers & Porter, (1979 as cited in Chin & Lin, 2009),

**Employee Perception:** Indicates the paid staff's observation or understanding of a particular event.

**Laissez-faire Leadership:** Defined as a passive type of leadership style that generally provides employees with complete freedom to make decisions or complete tasks, as deemed necessary and appropriate (Robbins et al., 2010).

**Leadership:** The behavior of leaders who are influential in shaping the behavior and value others to attain organizational goals (Northouse, 2013).

**Subordinate:** Defined as an individual who reports to the supervisor in a supervisor employee working relationship (Riaz & Haider, 2010).

**Transactional Leadership:** Refers to a leadership style based on contingent reward and punishment behavior (Riaz & Haider, 2010).

**Transformational Leadership:** Refers to a leadership style adopted by managers that expands and elevates employees' interests, encourages them, focuses on the good of the organization, and looks beyond self-interest (Bass, 2009).

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter reviews literature that is relevant to the study. Accordingly, the chapter provides related literature in accordance with the research objectives and variables that is, leadership styles adopted by managements, predictors of employee retention in an organization, and the relationship between the study variables.

## 2.1 Theoretical overview on leadership styles

In this study the trait and behavioral leadership style were adopted to explain how leadership styles influence organizational behaviors. According to the trait theories it proposes that leaders are born with certain traits and characteristics that distinguish them from other people (Taylor, 2009). Trait theory differs from other theories in the sense that it focuses on personal qualities and characteristics rather than on the behaviours displayed by leaders (Gehring. 2007). Thus, the fundamental belief is that leadership is a trait of extraordinary individuals (McCleskey, 2014). However, trait theory falls short of the fact that natural talents are limited in many ways compared to ever growing organizational challenges and changes hence requiring just more than characteristics and traits thus the emergence of the behavioral theories to better explain leadership (DeRue et al., 2011).

As regards the behavioural leadership theory, the fundamental argument is that leaders can be created by mimicking the leadership behaviour of successful leaders (Robbins et al., 2009). According to Ohio State University and the University of Michigan study findings; two dimensions of leadership were named that is, employee-oriented leadership and production or task-oriented leadership (Northouse, 2010). He observed that, employee-oriented leadership merely referred to leaders who take personal interest in their employees and don't just see them as a means to an end. These types of leaders promote interpersonal relationships between themselves and their employees. On the other hand, production-oriented leaders are more interested in harnessing the efforts of their employees in attaining set goals without giving any

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thought towards the needs and feelings of their employees regarding their job. By adopting production-oriented leadership style, employers basically consider their employees as a means to an end. However, it was found that the employee-oriented leadership style is more effective in increasing productivity and job satisfaction than production-oriented leadership style which tends objectify employees (Robbins et al., 2009). Basing on these theories, this study aimed at examining how leadership style is a predictor for employee retention. It is an effort towards establishing the most appropriate leadership style that can be adopted among service and manufacturing organisations as a strategy of attracting and retaining their experienced and talented staffs.

## 2.2 Conceptual Framework

The conceptual framework for the investigation allowed focus on employee perceptions related to leadership styles and employee retention. According to Creswell (2009), a well-designed conceptual framework effectively guides the research. The framework provides a lens to the concepts, assumptions, research problem, purpose, theories, and structuring of the literature review (Creswell, 2009).

**Independent Variables (Leadership Styles)**

- Transformational
- Laissez faire
- Transactional
- Situational
- Democratic
- Servant
- Charismatic

**Dependent Variables**

Employee Retention
Commitment
Loyalty
Citizenship
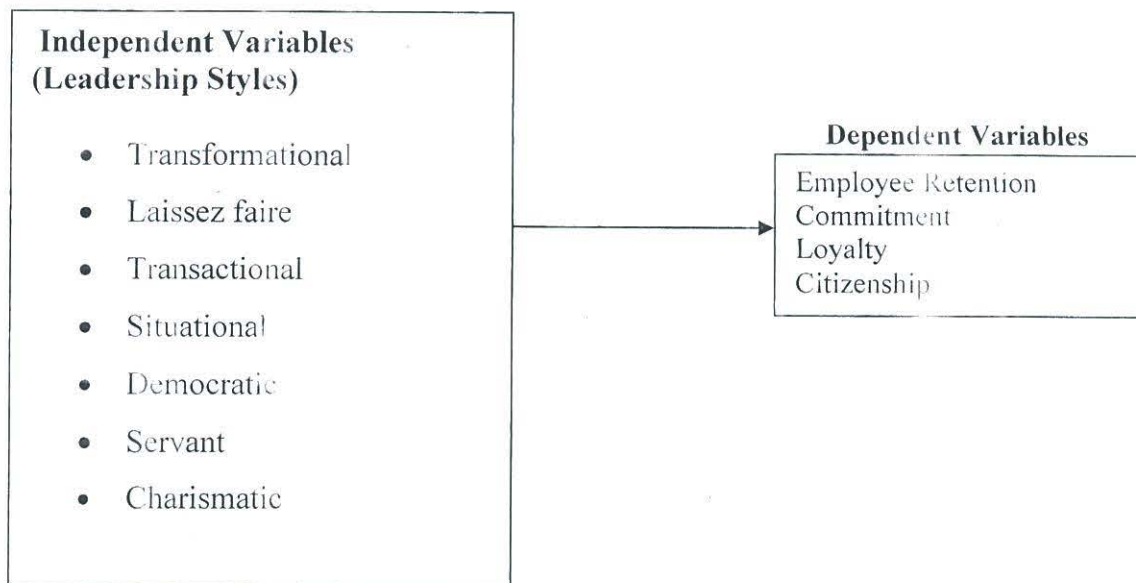
The figure above reveals the relationship between leadership style and employee retention; it entails that leadership styles such as transformational, transactional, and laissez-faire leadership styles among others will have positive effect on employee behavior if they are appropriately utilized; in other words, leadership style is an antecedent of employee retention or turnover, which increases with a rise in job dissatisfaction/satisfaction.

## 2.3 Review of related literature

The related literature was reviewed basing on variables.

### 2.3.1 Leadership styles

#### 2.3.1.1 Autocratic Leadership Style

This leadership style is often classified as the classical approach (Swarup, 2013). It is a style of leadership where a manager is the most powerful entity, the primary decision maker and authority (Gordon, 2013). This style of leadership is based on the traditional premise that leaders are good managers who direct and control their people. Those followers (employees) are obedient subordinates who follow orders (Ali, Ismael, Mohamed and Dawid, 2011). This position is supported by Gordon (2013) that employees under autocratic leadership style are expected to follow the orders of their manager even if they do not agree or do not receive any explanation. She argued that in order to motivate employees, managers using autocratic leadership styles often employ a set of rewards and punishments that are highly structured. However, Gordon (2013) stated that, organizations with an autocratic style of leadership have instances of employee absenteeism and unusually high turnover. She maintained that employees' problems with autocratic leadership include the idea that managers do not trust their employees, the fact that managers often use punishment or threat to motivate employees, and the fact that employees' input is generally not valued. She further stressed that autocratic leadership often has a negative effect on employees' morale.

#### 2.3.1.2 Democratic Leadership Style

The democratic leadership is also known as participative leadership style. It is a leadership style that encourages employees to participate in decision-making process in the organization. A democratic manager keeps his employees informed about everything that affects their work and

shares decision-making and problem solving responsibilities (Swarup, 2013). This definition is supported by Johari (2008) who described participative leader as a leader who encourages the participation of staff in solving problems and decision making in a daily operational matters. He posits that the roles and contributions of staff are important. The leader will gather opinions, suggestions and feedback from staff before making decision or issuing instructions to the team. Thus, the direction of the team is influenced by the staff's involvement. According to Ushie et al., (2010), a democratic leadership style, the manager delegate's authority to subordinates while retaining the ultimate responsibility. Iheriohanma et al. (2014), democratic leadership style increases employees' ambition and motivation as well as foster employees' identification and retention in the organization. This suggests that in democratic leadership, the employees feel comfortable with the trust reposed in them which gives them the confidence to build a strong cooperation, team spirit, high morale and expunge any element that will bring in espionage.

Despite the benefits associated with democratic leadership style, it is still fraught with some pitfalls. Donna (2011) stressed that the democratic leadership is marked by several drawbacks that must be overcome to ensure its effectiveness in the organization. He pointed out five basic challenges of the democratic leadership style to include: competency, crises, consensus, pseudo-participation, and adherence. He further concluded that overcoming these five negatives of the democratic leadership style will allow organizations to fully benefit from the advantages of this management style such as higher employee performance, satisfaction and better retention rates.

### 2.3.1.3 Bureaucratic Leadership Style

In this style of leadership, the manager manages "by the book". It requires total compliance to procedures and rules. If the rules and regulations do not cover a specific situation, the bureaucratic leader looks to the supervisor for guidance (Zervas and David, 2013). Michael (2010) argues that in bureaucratic leadership, it is the policies that drive execution, strategy, objectives and outcomes in the organization. He stresses further that since bureaucratic leaders are usually committed to procedures and processes instead of people (employees), they often times appear aloof and are highly averse to change. Swarup (2013) pointed out that bureaucratic leadership style can be effective when: employees are performing routine tasks over and over again, employees need to understand certain standards or procedures, employees are working

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with dangerous or delicate equipment that requires a definite set of procedures to operate, safety or security training is being conducted, and employees are performing tasks that require handling cash.

He noted further that bureaucratic leadership can be ineffective when: work habit forms are hard to break, especially if they are no longer useful, employees lose their interest in their jobs and in their fellow workers, and employees are complacent to organizational policies and standards. The overriding implication of bureaucratic style of leadership in organization is that it ignores the benefits of the leader to motivate and develop employees, since policies are simply inadequate to the task of motivating and developing employees' commitment in workplace. Policies are not in themselves destructive, but non-futuristic and thoughtlessly developed and blindly implemented policy can de-motivate employees and frustrate desired outcomes. This may hinder performance and instigate employees' turnover in the organization.

### 2.3.1.4 Charismatic Leadership Style

In the late 1980s and early 1990s the charismatic leadership style became a topic of great interest after a resurrection of the scientific field of leadership (Conger and Hunt, 1999). The concept is derived from the Greek word charisma which means "divinely inspired gift" (Stephen, 2013). Charismatic leadership style is the leadership style that has his influence springing mainly from the personality of the leader (Eze, 2010). Scholars have argued that charismatic leadership can be defined by distinct behaviours that occur in three successive stages: the first stage is assessing the environment. In this stage, the charismatic leader perceives the needs of the subordinates and expresses their dissatisfaction with the status quo. The second stage is when the charismatic leader formulates a vision and communicates this vision effectively to the followers (employees). The third stage is the implementation of the vision which requires that the leader acts in a risky and unconventional way to secure the commitment of the subordinates, such as willingly exposing themselves to situations with uncertain outcomes and taking chances (Ehrhart and Klein, 2001).

According to Jaepil (2006), charismatic leadership assumes three core components: envisioning, empathy, and empowerment. He argued that a charismatic leader's envisioning behaviour influences the followers (employees) need for achievement, the leader's empathic behaviour

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stimulates the followers' need for affiliation, and the followers' need for power is enhanced by a charismatic leader's empowerment practices. Likewise, Michael (2010) posits that a charismatic leadership provides a fertile ground for creativity and motivation, and it is often highly motivational. In the words of Zervas and David (2013), a charismatic leadership style, leadership is achieved through setting an example, rather than through instruction or intentional staff development, establishment of high standards, and through impart enthusiasm. They argued that people follow a charismatic leader because of what they believe the leader can do, not by his leadership skill. Hence it is believed that charismatic leaders can provide effective leadership to organizations, since they are able to inspire employees' satisfaction and commitment by connecting to their activities to an inspiring organizational vision (Stephen, 2013).

There are identified downsides of charismatic leadership. Zervas and David (2013) pointed out that a charismatic leader tends to become coercive when a subordinate fails to live up to expectations or when there is trouble. Alan (2013) posits that charismatic leaders believe more in themselves than in their teams. He stresses that this "attitude" can create the risk that a project or even an organization might collapse if the leader leaves. Thus, House and Howell (1992) cited in Stephen (2013), the behaviour of a charismatic leader can introduce instability and uncertainty into management and decision-making process, and can increase the risk levels of the organization

## 2.3.1.5 Laissez-Faire Leadership Style

Alan (2013) mentions laissez-faire as a French phrasing which means "leave it be". In leadership context, it describes leaders who allow their people to work on their own. The term laissez-faire was originally used relative to mercantilism, and is defined in economics and politics as an economic system that functions best when there is no interference by government, and is considered a "natural" economic order that procures the maximum well-being for the individual and extends to the community (Ronald, 2011). The laissez-faire leadership style is also known as the "hands-off style". It is the leadership style that the manager provides little or no direction and gives employees as much freedom as possible (Swarup, 2013). In this style of leadership, all authority or power is given to the employees and they must determine goals, make decisions, and resolve problems on their own (Swarup, 2013). Johari (2008) sees laissez-faire leadership as a

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light-weight of leadership style. He stresses that in this leadership style, leaders limit their involvement with the group members.

The motive behind this style of leadership is that the leaders perceive that employees perform extraordinarily when they are accorded the chance to respond to responsibilities and duties in their own ways (Muhammad and Usman, 2012). According to Alan (2013), a laissez-faire leadership style can be effective if the leader monitors performance and gives feedback to team members regularly. The leadership style is most likely to be effective when individual team members are experienced, highly skilled, trustworthy, motivated and capable of working on their own (Alan, 2013). However, he laissez-faire leadership style has been criticized for its negative effect in the organization. Alan (2013) opined that the leadership style can be damaging if the team members do not manage their time well or if they do not possess the knowledge, skills, or motivation to do their work effectively.

### 2.3.1.6 Situational Leadership Style

The concept of situational leadership was first developed by Paul Hersey and Kenneth Blanchard in 1969 (Richard, 2013). The theory was first introduced as "life cycle" theory of leadership and later renamed situational leadership theory in 1972 (Mwai, 2011). In 1985, Blanchard redefined the model and it was named the situational leadership 11(SL11) model (Qin, 2011). The situational approach to leadership is based on the assumption that each instance of leadership is different and therefore requires a unique combination of leadership, followers, and leadership situation (Richard, 2013). The interaction in situational leadership is commonly expressed in a formula: SL=F (L, F, and S), where SL is successful leadership, F stands for function of; and L, F, S, are respectively the leader, the follower, and the situation. In other words, this formula states that a successful leadership is a function of a leader, follower and situation that are appropriate for one another (Richard, 2011).

The theorists of situational leadership style posit that a leader needs to fit his leadership to the individual requirement of a situation. This means that the leader's behaviour should be contingent on the situation (Peng-Hsian, Hsin, and Thun-Yun, 2008). The fundamental belief of situational leadership is that, there is no one style of leadership that pertains to all given workplace situation. Rather, effective leaders change their leadership styles to fit the situation.

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Thus a leader's style changes with both the situations they are faced with and the environment that they are in. It holds that managers must apply different leadership styles depending on the various leadership situations that they face (Rotimi, 2013). This also implies that the situational leadership style allows leaders to evaluate the needs of specific situational challenges and apply the most appropriate leadership style to address them.

In the views of Peng-Hsian et al. (2008), the situational leadership model provides that an effective leader must be flexible and quick to adapt their leadership style to the current needs of the followers. They stress that an effective leader should be able to observe and mark the levels of readiness in his followers and consequently adapt these varying levels. This suggests that a leader must identify when and how to use the appropriate style to support and motivate employees in the workplace. Thus, the situational leadership model has two components that are employed to ensure its effectiveness. These components are development level and the leadership style. The model posits that leadership style must match the appropriate level of followership-development. In this model, leadership behaviour becomes a function of not only the characteristics of the leader, but of the characteristics of follower as well (Vectorstudy.com).

The development level refers to the follower's degree of competence and commitment (Qin, 2011). The competence is referred here as the knowledge and skills a follower brings to a specific goal or task, while commitment is the follower's motivation and confidence on the goal or task (Mwai, 2011). The leadership style is explained in two different kinds of behaviour; the supportive behaviour and the directive behaviour. The supportive is viewed as people-oriented behaviour. It involves a two way communication and it focuses mainly on emotional and social support; while, the directive behaviour is regarded as task oriented behaviour which focuses on goals to be achieved and actions to be taken (Qin, 2011). Basically, situational leadership style provides support and motivating environment for employees in the organization based on their needs; hence applying the leadership approach can build morale among employees and create a productive environment that will mitigate employee turnover.

## 2.3.1.7 Transactional Leadership Style

The transactional leadership style was pioneered by Burns (1978). He described the transactional leadership as exchange of the relationship between the leader and the subordinates (Suleman, Adil, and Muhammad, 2011). Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to a task objective. The leader focuses on having internal actors to perform the tasks required for the organization to reach its desired goals (Obiwuru et al., 2011). Jung (2001) cited in Umer et al., (2012) defined transactional leadership as the leader's attitude towards identification of followers' needs and aspirations, and clearly demonstrates the ways to fulfill these needs in exchange of performance of followers. However, the downside of transactional leadership is that team members can do a little to improve their job satisfaction. The scholars stress that; this can stifle employees' morale and lead to turnover in the organization (Zervas and David, 2013).

## 2.3.1.8 Transformational Leadership Style

Transformational leadership was first conceptualized by James MacGregor Burns in 1978 (Rich, 2013). He claimed that transformational leadership is observed when leaders encouraged followers to boost the level of their morale, motivation, beliefs, perceptions, and coalition with the objectives of the organization. Hall et al., (2008) defined transformational leadership as a system of changing and transforming people. Burns stresses further that a transformational leader needs to have a solid understanding of the necessary goals to be successful and be articulate in explaining those goals and the method through which they are to be achieved (Rich, 2013). In real sense, transformational leadership is a leadership style that motivates followers by appealing to higher ideals and moral values which can inspire employees to perform beyond expectations and transform both the individual and the organizations (Bass, 1985 cited in Rochelle, 2012). Transformational leadership is based on idealized influence, intellectual encouragement, motivation and inspiration in which individual consideration takes place (Mozhli, 2003 cited in Hassan, 2013). Ali et al., (2011) described transformational leaders as those who develop a positive relationship with their subordinates to strengthen the performance of the employees and thus the performance of the organization. They explained that transformational leaders help their

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subordinates to look beyond their own needs, and let them focus on the interest of the group as a whole.

Transformational leadership style consists of four components of transformational leadership that are prescribed by scholars. These are: charismatic, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1990 cited in Obiwuru et al., 2011). Charisma is considered by Humphreys and Einstein (2003) as that idealized influence or attributes of the leader who is characterized by vision and a sense of mission, instilling pride in and among the group, and securing their respect and trust. Inspirational motivation is concerned with a leader setting higher standards, thus becoming a point of reference (Obiwuru et al., 2011). Intellectual stimulation provides the followers with challenging new ideas and encourages them to break away from old ways of thinking (Bass, 1995 and Obiwuru et al., 2011). The individual consideration component of transformational leadership has to do with developing followers by coaching and mentoring. The leader pays close attention to the inter-individual differences among the followers. He teaches and helps others to develop their strengths, and listens attentively to others' concerns (Obiwuru et al., 2011). Gill et al. (2006) posit that an organization can reduce job stress and burn- out by applying transformational leadership style.

### 2.3.2 Employee Retention

Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time (Griffeth & Hom 2001). Organizations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. Most organizations adopt many strategies for employee retention. The top organizations are on the top because they value their employees and they know how to keep them glued to the organization (Cappelli, 2000).

Branham (2005) suggests that commitment-oriented corporate cultures depend on a number of objective and subjective elements culture of commitment' is more than just the sum of particular Human Resource policies or retention initiatives. It is related rather to overall organizational culture, in other words, not just particular programs but rather how such programs fall into a company's overall values, how it communicates with its employees about those values, and how employees perceive their own role within the company and the value that the company attaches

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to their individual contribution (Hunter & Hunter, 1984). Because workplace culture depends a lot on how individual perceptions and feelings hold together, it can of course be difficult to say exactly what decisively makes up a particular company's culture.

Similarly, Collins, (2007) confirms a strong link between "affective commitment" and turnover intention; particularly as such commitment is built through skills development opportunities, systems that allow people to recognize their individual contributions, and systems that encourage greater participation in decision-making. Nevertheless, the literature strongly supports the notion that people stay with their employers if the culture of commitment is strong. Beyond this, however, it is also clear that people are more likely to stay if the perceived workplace culture is a good "fit" with the individual's own interests, orientation and attitudes (DiPietro, & Milman, (2004). Indeed, (Zhao, Wayne, Glibkowski,& Bravo.(2007) suggest that while compensation, personal and professional development opportunities, and other incentives are important in attracting people and keeping them happy, their decision to stay with the company depends vitally on how well they fit in to the company's way of doing business, how it treats employees, what it expects of them, and how people relate to one another in the workplace

Lockwood, (2006) has provided evidence that indicates a correlation in firms between "good" workforce outcomes which includes reduced layoffs, quit rates, accidents and grievances and Human Resource strategies that emphasize employee participation and intrinsic rewards. The presence of practices related to internal career development is often the best predictor of an employee's affective commitment. Such plans include advancement plans, internal promotion and accurate career previews at the time of hiring. Furthermore, as Lockwood. (2006) point out, it is still unclear whether successful practices engender high performance, or whether strong performance creates the resources for the implementation of such practices.

Hence, employee retention is most critical issue facing employers in the brewery industry as a result of the shortage of skilled labor, economic growth and employee turnover. In their book, Retaining Valued Employees, (Griffeth and Hom, 2001) report that turnover costs can run as high as 200 percent of the exiting employee's salary, depending on his or her skill level. According to the newsletter of the International Association of Professionals in Employment

Security, "When a valuable employee leaves, it costs the employer money possibly up to a third of the employee's annual salary.

## 2.4 Related Studies

Rad & Yarmohammadian (2006) stated that, how employees perceive leadership in their organisations is one of the most important predictors of job satisfaction and can be seen as a key antecedent factor. Studies have shown that there is a positive correlation between job satisfaction and perceptions of leadership. As far as employee retention, it is then clear that with job satisfaction loyalty and commitment among employee is attainable as Bruce & Blackburn and Vroom (as cited in Worrell, 2004) that employees are more satisfied in their job function, if they have a good relationship with their leaders. By incorporating the correct leadership style, leaders can influence the job satisfaction, productivity and commitment of employees (Rad & Yarmohammadian, 2006).

Sancar (2009) found that leadership behaviour is the only important variable in predicting job satisfaction amongst staffs. According to Gioia and Catalano (2011), employees who feel unappreciated by managers and are dissatisfied with the leadership style tend to report low levels of job satisfaction, resulting in resignations. In other words, leader who fail to realize the influence of leadership styles on job satisfaction of employees contribute to low job satisfaction. The failure by managers may lead to high employee turnover in the workplace, and decrease employee production, ultimately resulting in business failure (Yang et al., 2011).

According to Rousseau (2011) workplace is a viable location for evaluating the risk factors and for implementing stress-reducing programs. In this context, transformational leadership, which promotes employee engagement, is a tool for leaders to use to increase employee motivation and morality and reduce workplace stress (McDermott, 2010). Similarly, Elci (2012) recognized that work-related stress resulted in high turnover. And so, Rousseau (2011) argued that leaders who practiced transformative leadership and participative leadership contributed to the reduction of turnover intention thus enhancing staff stability. However, Bacha and Walker (2013) disagreed with Elci et al.'s (2012) conclusion that transformational leadership did not reduce high turnover. According to Bacha and Walker, transformational leadership reduces workplace stress based on the characteristics of fairness.

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In the view of Michael (2008) cited in Ng'ethe et al. (2012), one of the critical roles of management is to create a work environment that will endear the organization to employees. This also includes influencing these employees' decision to be committed and to remain with the organization even when other job opportunities exist outside the organization. It has been argued by Ng'ethe et al., (2012) that the role of leaders and their leadership styles are crucial in employee retention. This assertion is on the premise that leadership styles can either motivate or discourage employees, which in turn, cause employees' increase or decrease in their level of performance and propensity for retention in the organization (Rochelle, 2012).

Furthermore, Ng'ethe et al., (2012) stated that, the role of leadership and supervision is crucial in employee retention, as it is argued that employees leave managers and not the organizations (Beardwell and Claydon, 2007). Elsewhere Jaskyle (2004) stressed that, employees' perception of leadership behaviour is an important predictor of employee job satisfaction, commitment and retention in the organization.

Rochelle (2012) opined that the leadership style that characterizes the interaction between leaders (or managers) and their followers (or employees) is most important in terms of employees' efficiency, productivity and retention in the organization. This is because in this modern era of globalization, organizations are considered to be competitive on the basis of the competence of their human resources. It is somewhat a difficult task to handle people who are physically, psychologically, culturally and ethnically different from each other (Bushra et al., 2011). Thus, the management of employees and their retention in the organization are largely dependent on the quality of leadership and leadership styles employed by organizations (Albion and Gagliardi, 2007).

In conclusion, it can be stated that, leadership style is one of the important predictor for staff stability or instability in an organisation. It is therefore argued that, for organisations to gain the best out of its manpower they ought to adopt appropriate leadership styles as a medium for motivation and at the same time as a tool of control and direction. Literature reviewed indicates that, the more appropriate leadership style adopted by organisations is the greater and positives will the outcomes be in terms of information flow, coordination as well as motivational incentive which are presumed to be variables of employee retention.

## 2.5 Research Gaps of the study

From the reviewed literature it is clear that often organisations or businesses put more emphasis on other incentive such as financial rewards rather than improving leadership relations. It is this gap the researcher seeks to fill; establishing the association between leadership style and employee retention in business organisations.

# CHAPTER THREE

## METHODOLOGY

### 3.0 Introduction

This chapter describes the general approach and techniques that were used in this study. These include the instruments of data collection. the sampling procedure and the method of data analysis. True research involves a systematic quest for knowledge (Aina 2002). According to Best and Khan (1998) in Aina (2002), research is the systematic and objective analysis and recording of controlled observations that may lead to the development of generalizations, principles, theories resulting in prediction and ultimate control of many events that may be consequences or causes of specific activities.

### 3.1 Research Design

The researcher adopted a cross-sectional survey design because the study intended to pick only some representative sample elements of the cross-section of the population; simply because it was conducted across participants over a short period of time and it did not necessitate the researcher to make follow-ups of the participants. Also the study was co-relational in nature, which allowed the researcher to test for the relationship between the two variables. Besides. the study employed both quantitative and qualitative approaches; the former enhanced the understanding of the meaning of numbers, while the latter later gave precise and testable expression to qualitative ideas.

### 3.2 Population of Study

Population refers to the total aggregate number of respondents in the area from which the data was gathered. The target population for this study comprised of both management and non-management were targeted.

### 3.3 Sample Size and Sampling Techniques

### 3.3.1 Sample Size

The impossibility of studying the whole population often leads to the selection and study of a sample that is representative of the population. In most cases, only a reasonable approximation is possible which generally produces a rough estimate of the required sample size (Aina, 2002). Therefore, the study composed of 50 participated determined by Krejcie and Morgan (1970) technique.

### 3.3.2 Sampling Techniques

The study employed both probability and non probability methods in selection of the target sample size. In regard to probability method the study applied simple random sampling techniques in selection of the general target population which was composed of non management staff. Simple random technique was used to give equal chance to all eligible respondents. In regard to non probability sampling technique the study adopted judgmental technique was used to select key informant such as line managers and supervisors on ground that, they possess key information as per the subject matter of this study. Judgmental sampling technique is used because respondents under this category they few but they are expertise and familiar with the subject (Amia 2005). While a simple random technique was used for lower level employees due to their high population.

**Table 1: Showing the summary of the methodology to be utilized**

| Category | Population | Sample Size | Sampling Technique |
|---|---|---|---|
| Management staffs | 20 | 10 | Purposive |
| Non-management staff | 680 | 40 | Simple Random sampling |
| Total | 700 | 50 | |

## 3.4 Sources of Data

The study employed both primary and secondary data.

### 3.4.1 Primary Sources

The study generated primary data from the target population by use of questionnaire and interview guide. By definition primary data is firsthand data collected from selected category of respondents.

### 3.4.2 Secondary Sources

The study generated secondary data from second hand channels from both published and non published such as journal, articles, magazines, library, Internet, textbooks, newspapers as well as reports on similar subject matter.

## 3.5 Data Collection Instruments

### 3.5.1 Self Administrated Questionnaire

A self-administered questionnaire was designed based on research questions and objectives composed of closed ended questions in the format of 5 point likert scale. Questionnaires was preferred because of number of respondents, cost and the nature of the topic which has both quantitative and qualitative data (Kothari, 2004)

## 3.6 Data Collection Procedures

After the academic supervisor approving the topic and then the proposal, an introductory letter permitting the researcher to proceed into the field to gather primary data was sought for and from the concerned office Department of Research department of Kampala International University. Thereafter, the researcher proceeded on to collect data using introductory letter to seek permission from the authorities in the study area. The researcher also sought consent of respondents before administering questionnaire or conducting interviews.

### 3.7 Validity and Reliability of Instruments

### 3.7.1 Validity

According to Amin (2005), validity refers to the appropriateness of the instruments. This is ability to produce finding that are in agreement with theoretical and conceptual values of study. To ensure the validity of research instrument the study sought consultation from supervisor and necessary adjustments were made before administering the tool. Besides, the instruments with the other researchers, expertise and other colleagues.

### 3.7.2 Reliability

The reliability of data collection tools were determined by testing for meaningfulness and consistence of the questionnaires. The researcher consulted experts and supervisor in the formulation of the tools. Besides, the tools were developed with simple and clear English and those respondents that were unable to understand certain questions were helped by the research to interpret the questions. This was done to ensure that study produced accurate results and measures for what is supposed to measure.

### 3.8 Data Analysis and Presentation

### 3.8.1 Data Analysis

Raw data was analyzed using descriptive statistics and Pearson Correlation. Raw data was first of all edited whereby the researcher cross checked the completed responses with purposes of detecting and eliminating errors and identifying vital information that was essential in coding and tabulation. After coding of questionnaire data was entered into spss to generate frequencies and percentages in accordance with the study objectives. Correlation was used to test whether there was a significant relationship between the study variables.

### 3.8.2 Data Presentation

The findings were mainly statistically presented using tables indicating frequencies and percentages to test significance of the information from which meaningful interpretation

was drawn; these helped to show the distribution of respondents on each of the independent and dependent variable.

## 3.9 Ethical Considerations

Issues of ethical confidentiality and privacy of personal rights of respondents was protected. Not all the information was recorded to avoid adverse effects of disclosure. Since participation in the study is voluntary no one was coerced to participant; it was every respondents' democratic right whether to participate or not. The researcher also had to obtain permission from the relevant authorities so as to access and conduct the study. The objective of the study was explained verbally and participants were assured that the information obtained was to be kept confidential.

## 3.10 Limitations and Delimitation of the Study

**Unreadiness of Respondents:** The comprehensiveness of this study was dependent on respondent's availability to provide the researcher with their opinion on the case under study. However, the researcher found it cumbersome to adequately obtain information from respondents since they were busy thus, giving less concern to give complete concentration to this study. Nonetheless, the researcher overcame this constraint by targeting individuals to be knowledgeable on the phenomenal during breaks like lunch.

**Time Constraints:** Given the fact that the study was conducted during the semester whereby the researcher was stretched between daily academic routines such as attending lectures, course work and tests among others. For a thorough study there is need to have adequate length of time, in absence of enough time have implication on the objectivity of the study findings in that, it becomes impossible to exhaust all avenues from where to obtain necessary information. However, the researcher overcame this limitation by foregoing many pleasures in order to accomplish this study; designed a schedule workplan to allocate each activity time so as to fit within the time scope.

**Financial Limitations:** The study was self sponsored which meant that the researcher had to fund every bit of the research activity; which was a serious problem since the researcher was

unemployed. However the researcher sought help from friends and relatives to make this study possible.

**Secrecy:** Given the nature of the study which sought to examine respondents' commitment and loyalty to the organisation, this was so sensitive for the respondents to give honest responses however, the researcher overcame this hindrance by first of all presenting to them the introductory letter and explaining the intention of the study to gain their confidence.

# CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND INTERPRETATION

### 4.0 Introduction

This chapter presents the major findings of the study under each one of the study objectives. Graphical expressions such as pie charts, line graphs and bar charts are used to express quantitative findings. In addition, percentage and frequency tables are used in the presentation. Analytical and descriptive approaches are used to present qualitative findings.

### 4.1 Demographic Findings

The following study findings entail respondents' particulars namely, gender, age bracket, Rank of Education, Designation, and Duration at Movit Products Ltd.

### 4.1.1 Descriptive Statistics on Gender distribution

**Table 1**: *Shows Findings on Gender Distribution*

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Male | 18 | 36.0 | 36.0 |
| Female | 32 | 64.0 | 100.0 |
| Total | 50 | 100.0 | |

Results in the table above indicate that majority (64.0%) of the participants were female and only (36.0%) were male. This is so, because women make up the largest population at Movit Products Ltd.

## 4.1.2 Descriptive Statistics on Age Bracket distribution

**Table 2**: *Findings on Age Bracket distribution*

|           | Frequency | Percent | Cumulative Percent |
|-----------|-----------|---------|--------------------|
| (25-30)   | 17        | 34.0    | 34.0               |
| (31-40)   | 24        | 48.0    | 82.0               |
| (41 & +)  | 9         | 18.0    | 100.0              |
| **Total** | **50**    | **100.0** |                  |

The table above reveals that, majority (48.0%) (24) of the respondents were aged (31-40) followed by (34.0%) aged (25-30) (17) and lastly (18.0%) (9) aged (41 +) respectively.

## 4.1.3 Descriptive statistics on level of education distribution

**Table 3**: **Findings on level of education distribution**

|               | Frequency | Percent | Cumulative Percent |
|---------------|-----------|---------|--------------------|
| Diploma       | 16        | 32.0    | 32.0               |
| Undergraduate | 32        | 64.0    | 96.0               |
| Postgraduate  | 2         | 4.0     | 100.0              |
| **Total**     | **50**    | **100.0** |                  |

Findings in the table above indicate that, (32) a total (64.0%) were undergraduates followed by (16) a total of (32.0%) were diploma holders and (2) a total of (4.0%) were postgraduate respectively.

### 4.1.4 Descriptive statistics on designation distribution

**Table 4: Findings on designation distribution**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Middle Managers | 2 | 4.0 | 4.0 |
| Procurement Staffs | 4 | 8.0 | 12.0 |
| Supervisors | 11 | 22.0 | 34.0 |
| Production Staff | 16 | 32.0 | 66.0 |
| Marketing Staff | 13 | 26.0 | 92.0 |
| Storekeepers | 4 | 8.0 | 100.0 |
| Total | 50 | 100.0 | |

It was observed that, (32.0%) representing (16) were production staff followed by (26.0%) a representation of (13) respondents were marketing staff then (22.0%) representing (11) participants were supervisors then (8.0%) a representation of (4) respondents were procurement staffs and storekeepers respectively and lastly (4.0%) representing (2) were middle managers.

### 4.1.5 Descriptive statistics on duration distribution

**Table 5: Findings on duration distribution**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| (1 year & below) | 2 | 4.0 | 4.0 |
| (2-5) | 27 | 54.0 | 58.0 |
| (6-9) | 11 | 22.0 | 80.0 |
| (10 & +) | 10 | 20.0 | 100.0 |
| Total | 50 | 100.0 | |

The study found that. (54.0%) a representation of (27) respondents had been at Movit for (2-5) years followed by (22.0%) representing (11) respondents for (6-9) years then (20.0%) a

representation of (10) respondents for (10 & +) years and lastly (4.0%) a total of (2) years respondent had been at Movit Products Ltd. respectively.

## 4.2 Leadership styles employed at Movit Products Ltd

The first objective of this study was to find out the leadership style(s) employed at Movit Product Ltd and so the tables below indicate respondents' perception about the styles employed by the company.

### 4.2.1 Findings on whether leadership provides respondents with assistance in exchange for their efforts

**Table 6: Findings on whether assistance is provided in exchange for their efforts**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Not at all | 6 | 12.0 | 12.0 |
| Once in a while | 33 | 66.0 | 78.0 |
| Sometimes | 6 | 12.0 | 90.0 |
| Fairly often | 4 | 8.0 | 98.0 |
| Frequently | 1 | 2.0 | 100.0 |
| Total | 50 | 100.0 |  |

Findings in the Table above shows that, 12% don't believe leadership provides assistance in exchange for their efforts, and only an insignificant 2% affirm leadership assistance in return for their effort. 66.0% noted that once in a while leadership provides respondents with assistance in exchange for their efforts. This significant percent entails that respondent perceive leadership style at the company is transactional leadership whereby leaders or supervisors accommodate the interest of their subordinates by giving contingent incentives, honor and promises for those who auspiciously succeeded in fulfilling the commitments of the leaders or the organization. This is in agreement with Zervas and David (2013) who stressed that transactional leaders motivate through the use of contingent rewards or negative consequences.

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**4.2.2 Findings on if Bureaucratic leadership gives staff satisfaction to want to stay at work**

**Table 7: Findings if Bureaucratic leadership gives staff satisfaction to want to stay at work**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Once in a while | 3 | 6.0 | 6.0 |
| Sometimes | 7 | 14.0 | 20.0 |
| Frequently | 17 | 34.0 | 54.0 |
| Fairly often | 23 | 46.0 | 100.0 |
| **Total** | **50** | **100.0** | |

The findings in the Table above stated that 34.0% of the staff feel contented enough to stay at their work place when they are given directives. This is considered to make procedural work convenient to carry out as all processes are laid down. Respondents represented by 6% and 14% felt that their opinions were disregarded with this kind of leadership and for this reason didn't feel affiliated to the organization. According to Ronald (2011) described the laissez-faire leader as one who believes in freedom of choice for the employees, leaving them alone so that they can do what they desired.

**4.2.3 Findings on whether leadership styles display a sense of power and confidence**

**Table 8: Findings on whether leadership displays a sense of power and confidence**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Never | 1 | 2.0 | 2.0 |
| Sometimes | 10 | 20.0 | 22.0 |
| Fairly often | 28 | 56.0 | 78.0 |
| Frequently | 11 | 22.0 | 100.0 |
| **Total** | **50** | **100.0** | |

Results in the Table above indicate that 56.0% stated fairly often the company displays a sense of power and confidence an indication that the management employs charismatic leadership style

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whereby supervisors or employers inspire enthusiasm in their teams and are energetic in motivating others to move forward. This excitement and commitment from the team is an enormous benefit both to the individual and the organization. Hence it is believed that charismatic leaders can provide effective leadership to organizations, since they are able to inspire employees' satisfaction and commitment by connecting to their activities to an inspiring organizational vision (Stephen, 2013). 2% disagreed that leadership incites power and confidence. However there is a 20% that believes power and confidence grows form an individual's initiative and desire to attain these attributes.

## 4.2.4 Findings on whether leadership considers staffs' participation in decision making processes

Table 9: Findings on whether leadership considers staffs' participation in decision making processes

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Never | 3 | 6.0 | 6.0 |
| Sometimes | 2 | 4.0 | 10.0 |
| Fairly often | 22 | 44.0 | 54.0 |
| Frequently | 23 | 46.0 | 100.0 |
| **Total** | **50** | **100.0** | |

It was also observed in the Table above that 46.0% indicated that frequently leadership considers staffs' participation in decision making processes; this means that the company employs democratic leadership practices to further the objectives of the company by involving or engaging staff in decision making processing. 6% negated that leadership is always top management centered and staff just play a supporting role. 44% believe decision making is a shared responsibility for those in charge and the subordinates. For instance. Johari (2008) argued that participative leader as a leader who encourage the participation of staff in solving problems and decision making in a daily operational matters.

## 4.3 Factors affecting employee retention at Movit Products Ltd

The second objective of this study was to identify other factors that affect employee retention at Movit Products Ltd and so the tables below indicate respondents' perception about the styles employed by the company.

## 4.3.1 Findings on whether organizational climate has a significant bearing employee retention

**Table 10: Findings on whether organizational climate has a significant bearing on employee retention**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Disagree | 4 | 8.0 | 8.0 |
| Not sure | 8 | 16.0 | 24.0 |
| Agree | 21 | 42.0 | 66.0 |
| Strongly Agree | 17 | 34.0 | 100.0 |
| **Total** | **50** | **100.0** |  |

Results in the Table above indicate that 34.0% agreed to stay working in an organization if the work atmosphere is favorable. It should be appreciated that, work environment, work arrangement and the general organizational structure including corporate culture have a bearing on staff level of engagement and attachment. The more flexible and accommodative the organisational climate the more acceptable it will be in the face of the general employees. It can therefore be stated that organizational climate has both direct and indirect implication on employee's attachment and identification. 42% believe work environment has a hand in employee retention but coupled with other factors such as remuneration. 8% completely disagree with the statement and consider other factors other than work environment to keep an employee in an organization.

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**4.3.2 Findings on whether appropriate motivation incentives moderate staff retention**

**Table 11: Findings on whether appropriate motivation incentives moderate staff retention**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Strongly Disagree | 1 | 2.0 | 2.0 |
| Disagree | 8 | 16.0 | 18.0 |
| Not sure | 8 | 16.0 | 34.0 |
| Agree | 25 | 50.0 | 84.0 |
| Strongly Agree | 8 | 16.0 | 100.0 |
| **Total** | **50** | **100.0** |  |

According to findings in the Table above, 50.0% agreed that appropriate motivation incentives moderate staff behaviors. It is widely appreciated in organizational psychology, human resource management adopts more appropriate incentives, both intrinsic and extrinsic motivation which will have a positive effect on employee's behavior. If employees are satisfied with their job arrangement they will positively be committed to such organization likewise if there is equity between what is offered and the effort it will enhance job satisfaction and general positive employee behaviors. An insignificant 2% do not believe in incentives whatsoever to keep an employee at work. This finding stands for incentives being at the fore front of employee retention.

### 4.3.3 Findings on whether level of staff participation in decision making moderates employee retention.

**Table 12: Findings on whether level of staff participation in decision making moderates employee retention.**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Strongly Disagree | 1 | 2.0 | 2.0 |
| Disagree | 4 | 8.0 | 10.0 |
| Not sure | 5 | 10.0 | 20.0 |
| Agree | 26 | 52.0 | 72.0 |
| Strongly Agree | 14 | 28.0 | 100.0 |
| **Total** | **50** | **100.0** | |

Further still, results in the Table above stipulates that 52.0% agreed to the statement that level of staff participation in decision making moderates staff retention, 10% are not certain. 2% are in complete disagreement and believe employees should not be involved in any decision making. It is further argued among human resource scholars when employees are engaged in decision-making, delegation and planning in the organization, there is a tendency for them to be more realistic about organizational needs. This suggests that in staff engagement makes employees feel comfortable with the trust reposed in them which gives them the confidence to build a strong cooperation, team spirit, high morale and expunge any element that will bring in espionage (Iheriohanma et al., 2014).

### 4.3.4 Findings on whether quality internal communication moderates employee retention

**Table 13: Findings on whether quality internal communication moderates employee retention**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Disagree | 3 | 6.0 | 6.0 |
| Not sure | 6 | 12.0 | 18.0 |
| Agree | 28 | 56.0 | 74.0 |
| Strongly Agree | 13 | 26.0 | 100.0 |
| **Total** | **50** | **100.0** | |

Findings indicate that 56.0% of the respondents agreed to the statement that quality internal communication moderates staff behaviors. It has long been stated organizational communication is the lifeblood of any business enterprise: in other words, staffs that find that their employers offers them feedback or communicates positive whenever there is need, they will be drawn to such employer. This view is shared by Blalock (2005) that, communication must be good; by good it means, communication must be effective, that whatever information intended to be passed on must be through proper channels so that a desired outcome is obtained otherwise, if not it will affect the subordinate hence cause, demotivation and loss of commitment among staff. Disregarding the 12% that are not certain, 6% disagreed that employee retention has anything to do with internal communication.

## 4.3.5 Findings on whether level of staff autonomy in work place moderates employee retention.

**Table 14: Findings on whether level of staff autonomy in work place moderates employee retention.**

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Disagree | 1 | 2.0 | 2.0 |
| Not sure | 2 | 4.0 | 6.0 |
| Agree | 28 | 56.0 | 62.0 |
| Strongly Agree | 19 | 38.0 | 100.0 |
| **Total** | **50** | **100.0** |  |

Also the study found that 56.0% agreed that level of staff autonomy in work execution moderates staff behaviors; in industrial psychology employee autonomy is considered an intrinsic motivation practices that stands to empower staffs to be innovative and comfortable in work. This is because autonomy gives room for team work and employees' interaction in organization. These interactions enable employees to be innovative in workplace and feel the sense of belonging and empowerment thus, a strategy towards retention. 38% strongly stand for staff autonomy and believe it is a vital aspect when it comes to retention. There is however a 2% that does not believe an organization needs any staff autonomy to keep its employees.

## 4.3.6 Findings on whether level of job satisfaction among staff moderates employee retention

Table 15: Findings on whether level of job satisfaction among staff moderates employee retention

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Disagree | 4 | 8.0 | 8.0 |
| Not sure | 7 | 14.0 | 22.0 |
| Agree | 25 | 50.0 | 72.0 |
| Strongly Agree | 14 | 28.0 | 100.0 |
| Total | 50 | 100.0 | |

As regards on whether level of job satisfaction among staffs moderates employee retention, results indicate that 50.0% agreed to the statement. It is argued that employees find meaning in their work if they are contented at their work place. According to Bull (2005), job satisfaction can have a serious influence on employee turnover within an organization; in that employee turnover will be lower if the job satisfaction levels of employees are higher. 14% are not sure if job satisfaction ails for retention. 8% disagree to this notion and are of the view that an employee will remain at their job if they are getting out of the job what they put into it.

## 4.3.7 Findings on whether relationship between supervisors and staffs moderates employee retention

Table 16: Findings on whether relationship between supervisors and staffs moderates employee retention

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Strongly Disagree | 1 | 2.0 | 2.0 |
| Disagree | 1 | 2.0 | 4.0 |
| Not sure | 7 | 14.0 | 18.0 |
| Agree | 27 | 54.0 | 72.0 |
| Strongly Agree | 14 | 28.0 | 100.0 |
| Total | 50 | 100.0 | |

Findings in the Table above show that 54.0% agreed that relationship between supervisors and staff encourages staff retention, 14% are not sure and 4% disagree. It is clear in this study that positive relationships with either colleagues or managers will result into positive attitudes and behaviour and the reverse is true. According to Mohanty et al, (2012), employees who work with each other longer and know the strengths and weaknesses they have amongst each other. Thus, leadership behaviors of authentic leadership would not affect the job satisfaction of subordinate employees.

## 4.4 Relationship between leadership styles and employee retention

One of the critical roles of management is to create a work environment that will endear the organization to employees. It also includes influencing these employees' decision to be committed and remain with the organization even when other job opportunities exist outside the organization. Some authors observe that the role of leadership and a supervisor is crucial in staff retention, and argue that employees leave managers not companies. Organizations can no longer afford to leave the responsibility for keeping well performing employees in the hands of the Human Resource Departments. Responsibility and accountability for retaining talent need to move out to the front lines and into the hands of leaders. Leaders and their skill in building a climate of retention, a culture that speaks to employees in a way that encourages them to stay, will be an organization's best defense against unwanted turnover. Leaders are therefore the secret weapon in keeping valued talent longer. A two way communication is regarded as a core management competency and a key management responsibility. Leaders should adopt a style that would establish and confirm their leadership authority by means of appearing competent and trustworthy. Effective leaders should guide members in a manner that allows them to contribute to the achievement of the group's overall goal. Authors argue that employees are more likely to remain with an organization if they belief that their managers show interest and concern for them, if they know what is expected of them, if they are given a role that fits their capabilities and if they receive regular positive feedback and recognition. The quality of relationship an employee has with his or her immediate managers elongates employee stay in an organization.

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Authors affirm that incompetent leadership results in poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent. Research conducted on the state of South African Training industry indicated that management style was the most prominent retention factor in South Africa. Majority of the employees in organizations surveyed planned to remain with their organizations at least for the next five years because of the prevailing culture of management care. Leadership behaviour has a positive influence on organizational commitment and turnover intention. It is found that organizational culture and leadership are some of the major causes of staff turnover in the hospitality industry. Authors contend that transformational leadership (which is comparable to relationship-oriented leadership style) is the key factor in reducing and mitigating turnover intentions. It is established that leadership styles, specifically lack of involvement in decision making and inadequate communication were some of the issues that caused dissatisfaction of academic staff of the University of Nairobi. It is therefore evident in literature that leadership style is crucial in staff retention. Organisations must therefore take extra care while hiring managers: in addition to professional competence, managers must be thoroughly tested for their likely leadership style.

## 4.5 Other Inferential Statistics

### 4.5.1 Pearson Correlation between leadership style and employee retention

**Table 17: Shows findings on Pearson Correlation between leadership style and employee retention**

|  |  | Leadership Style | Employee Retention |
|---|---|---|---|
| Leadership Style | Pearson Correlation | 1 | .305[*] |
|  | Sig. (2-tailed) |  | .031 |
|  | N | 50 | 50 |
| Employee Retention | Pearson Correlation | .305[*] | 1 |
|  | Sig. (2-tailed) | .031 |  |
|  | N | 50 | 50 |

*. Correlation is significant at the 0.05 level (2-tailed).

An independent variable is described as a variable that influences the second variable known as the dependent; it may influence either positively or negatively and thus produces an interaction effect. Therefore, the results reveal a significant positive relationship between leadership style and employee retention (r = .305*, Sig. = .031). This implies that the more appropriate the leadership style towards favorable relations, the greater/positive the employee behaviours that is retention. The Pearson coefficient 'r' reflects the degree of linear relationship between the two variables, it ranges from negative one and positive one that is $-1 <= r <= 1$. If r=0, then, there is no relationship between the two variables, if r ranges between +/-0.1 to +/-0.4 the relationship is weak, if r ranges between +/-0.4 to +/-0.6 the relationship is moderate and if r lies between +/-0.6 to+/-0.9 the relationship is strong. Besides if r=+/-1 there is perfect relationship between the two variables. However, since the correlation coefficient (r=305*) lies between +/-0.6 to +/-0.9 the test concludes that leadership style and employee retention are significantly related.

# CHAPTER FIVE

## ASSESSMENT, CONCLUSIONS AND RECOMMENDATIONS

### 5.0 Introduction

In this chapter the major findings of the study are summarized from which conclusions are reached. Recommendations are then made to bridge any existing gaps regarding leadership style and employee retention at Movit Products Ltd.

### 5.1 Discussion of Findings

### 5.1.1 Leadership styles employed at Movit Products Ltd

Regarding the first objective of this study, it was found that, business operators apply a combination of styles to bring about desired results. This means that there is no single leadership style that is outright thus findings seem to suggest that leaders will adopt a certain style to fit a given situation. However, one significant element that stands out is that effective leaders are those who are able to demonstrate right leadership style in harmony with the prevailing condition to achieve the objectives of the business in question. Findings indicate that, majority of the participated stated transactional leadership style as the most utilized style at Movit Products limited. According to the study transactional leadership style consists of leaders tend to be more responsive to their subordinates through whom they can achieve the desired goals. Besides, the other styles that were mentioned include bureaucratic, charismatic, democratic, laissez-faire style as well as transformational leadership styles. In other words, the study found that there was a combination of leadership styles employed by leaders at Movit Products Ltd. This can be explained by the fact that there were different leaders at different levels and department. It is also true there is no organisation or leaders that apply the same leadership style given difference in background and personal traits which are said to be central on leaders' choice on the leadership style. Therefore, the study found that Movit Product Ltd employee perceived that different types of leadership styles were applied demanding on who and when.

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### 5.1.2 Other factors that affect employee retention at Movit Products Ltd

The second objective of this study was to identify other factors besides leadership styles that influence employee retention. It was observed that, the nature of communication that is internal communication practices and behaviors of the organisations have significant bearing on staffs' behaviours. Implying that, in order to enhance staffs' level of loyalty, commitment and organizational citizenship, it is important that there is appropriate internal communication system. The difference between successful and unsuccessful agencies is to a certain extended determined by business' internal communication practices. Besides, the study found that themes such as autonomy, quality relationships as well as level of employee participation where found to be significant determinants of employee retention. An organisation that grants autonomy, ensure quality interpersonal relationships and high level of staff involvement are less likely to suffer from staff absenteeism, work related stress, conflicts as well as turnover. This is because, the organisations recognizes their contribution and grants their better deal to determine their directions in the interest of the business. This is because such themes are significantly related to high employee instability. It should therefore, be appreciated that, work environment, work arrangement and the general organisational structure including corporate culture have a bearing on staff level of engagement and attachment.

### 5.1.3 Relationship between leadership styles and employee retention

Regarding the third objective about the relationship between leadership style and employee retention; the study results entail that, the appropriate the leadership style induces satisfaction that stimulates positive employee behaviors such as commitment and loyalty. Lack of appropriate leadership style from organization, supervisory and co-workers amounts to dissatisfaction that later affects employee retention. In this context, retention would be far from complete if the importance of leadership style is not addressed. Open, responsive, two-way leadership style would appear to be vital to good employee retention. The fastest way to transform a top-performing staff into a group of disgruntled, discouraged job-seeking workers is to shut them out of the loop of corporate information. Conversely, the feeling that one is in the loop reinforces the employee's connection to the organization. In Human Resource literature,

leadership style is related to satisfaction and it is a means of empowerment that leads to total engagement without which breeds into unhealthy employee responses. Thus, in order to improve employee organizational loyalty and job satisfaction, exercising appropriate leadership style is paramount. In this context, leadership style is the bedrock upon which all the other job retention practices can be successful. Without strong and good leadership style, many of HR practices would be difficult to implement, or it would at least be difficult to implement them with the goal of retaining employees.

## 5.2 Conclusion

Basing on the general findings leadership styles and practices have significant impact and effect on employee behaviors. It is therefore argued that company ought to adopt more appropriate leadership's style to engage and enhance employee's commitment if such organisations are to attract and retain their talented staffs.

It has also been noticed that, a company may adopted more than one leaderships style in the operations depending on environment and target group. Though what is critical is the manner in which any adopted style is utilized. In other words, there is no single leadership style that is considered absolute and all effective but rather what determines effectiveness is the quality of the leader and the manner in which such style is utilized. It can therefore be argued that, the most important element in leadership style is ensuring that the leader matches the practices with employee expectations to ensure retention. This because, employees not necessary leave organisations but rather they leave leadership hence leadership style is a predictor of employee.

However, there are other factors that have been identified such effective internal communication behaviors, granting staffs autonomy, improving employee participation, availing employees with appropriate reward incentives as well as good work climate among others. Given such environment and practices in relation with appropriate leadership styles, there will be high degree of employee retention.

## 5.3 Recommendations

Having analyzed the underlying implication of leadership style on employee retention; the following recommendations are critical to be considered in this respect. Recommendations stretch from organizational, Leadership/supervisory and individual level as presented here below.

*Leadership styles employed:* Management of Movit Product Ltd has to primarily have a full understanding of the kind of employees and the business as it progresses. In a bid to eliminate dissatisfaction within the organization, favorable leadership styles that offer freedom and encourage creativity have to be employed. Much as the employer has an upper hand, consideration has to be given to the employee as they contribute to the continuity of the organization. A style such as laissez faire allows for employees to improve their mental strength and hence blossoming of better problem solvers.

*Factors that affect employee retention:* In this discourse there seemed to be gaps in the styles and management's interaction with the employees. Supervisors need to have routine communication orientations and rotations in their roles so as to develop effective communication abilities. This not only draws the employees closer to management but also gives employees a sense of belonging and therefore have no reason to leave work.

*Leadership styles and employee retention:* It was also found that leaders greatly influence the action of an employee. An employee will chose to stay where he feels his leaders value him and the work that he does, where he is encouraged to be the best unlike in environment where he feels tied down to the opinions of his superiors. Therefore Movit ought to look into training its leaders so to have better influence over it employees.

## 5.4 Areas of Further Studies

The researcher recommends that a study be conducted regarding organizational climate, commitment and citizenship.

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## Appendices
## Appendix A: Research Questionnaire

Dear Respondent,

I am Ms. Nakabubi Aisha a final year student of Kampala International University pursuing a bachelor's degree in Human Resource Management carrying out research entitled : Leadership styles and employee retention: a case study of Movit Products Ltd." as a requirement for completion of my course. I would therefore be most grateful if you participate in this study. The study is purely for academic purposes therefore all information provided will be kept confidential. Please read each question and give your response. Your response may be given in short term or by ticking one of the alternatives. Thank you

### Section A: Background Information

1. Sex:     Male ☐     Female ☐

2. Age:     20 & below ☐     21-30 ☐     31-40 ☐     41-50 ☐     51+ ☐

3. Highest Level of Education

| Certificate | Diploma | Degree | Masters | Others |
|---|---|---|---|---|
|  |  |  |  |  |

4. Job title:...........................................................................

5. How long have you worked in this position

| Less than one year | 1-2 years | 3-4 years | 5-6 years | 7+ |
|---|---|---|---|---|
|  |  |  |  |  |

**Instructions:** Please indicate the extent to which you agree with the statements by circling the number that best represents your opinion. Use the following rating scale:

O=Not at all, 1 =Once in a while, 2=Sometimes, 3=Fairly often, 4=Frequently. if not always

**Section B:** To find out the leadership styles at Movit Products Ltd

|     |                                                                           | 1 | 2 | 3 | 4 | 5 |
|-----|---------------------------------------------------------------------------|---|---|---|---|---|
| 6.1 | Provides me with assistance in exchange for my efforts                    |   |   |   |   |   |
| 6.2 | Discusses in specific terms who is responsible for achieving performance  |   |   |   |   |   |
| 6.3 | Talks enthusiastically about what needs to be accomplished                |   |   |   |   |   |
| 6.4 | Spends time teaching and coaching                                         |   |   |   |   |   |
| 6.5 | Staff is given freedom on how to accomplish tasks                         |   |   |   |   |   |
| 6.6 | Displays a sense of power and confidence                                  |   |   |   |   |   |
| 6.7 | Considers me as having different needs, abilities, and aspirations from others |   |   |   |   |   |
| 6.8 | Emphasizes the importance of having a collective sense of mission         |   |   |   |   |   |

**Section C:** To determine the factors that affects employee retention at Movit Products Ltd

(Please use the following scale 1= Strongly Disagree; 2= Disagree, 3= Not sure, 4= Agree, 5= Strongly Agree)

|     |                                                                      | 1 | 2 | 3 | 4 | 5 |
|-----|----------------------------------------------------------------------|---|---|---|---|---|
| 7.1 | Organizational climate has a significant bearing on staff behaviors  |   |   |   |   |   |
| 7.2 | Appropriate motivation incentives                                    |   |   |   |   |   |
| 7.3 | Level of staff participation in decision making                      |   |   |   |   |   |
| 7.4 | Level and quality internal communication                             |   |   |   |   |   |
| 7.5 | Level of staff autonomy in work execution                            |   |   |   |   |   |
| 7.6 | Level of job satisfaction among staffs                               |   |   |   |   |   |

| 7.7 | Relationship between supervisors and staffs contributes to commitment | | | | | |

**Section D:** To establish the relationship between leadership styles and employee retention (Please use the following scale 1= Strongly Disagree; 2= Disagree, 3= Not sure, 4= Agree, 5= Strongly Agree)

| | | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 8.1 | If it is possible, I would like to work under my supervisor for a long time. | | | | | |
| 8.2 | When someone criticizes my supervisor, I take it as a personal insult. | | | | | |
| 8.3 | Since starting this job, my personal values and those of my supervisor have become more similar. | | | | | |
| 8.4 | I feel like I no longer want to work under my supervisor anymore | | | | | |
| 8.5 | I would feel satisfied as long as I can work under my supervisor | | | | | |
| 8.6 | Even if there is any better alternatives, I won't remain working under my current supervisor | | | | | |
| 8.7 | Even if my supervisor is not present, I will try my best to do the job assigned by him / her well. | | | | | |
| 8.8 | I often feel like quitting because I can't stand my employee anymore | | | | | |

**If you have any other comment, please mention it below**

_____

_____

_____

_____

_____

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