

Impact of Leadership Styles on Employees Retention and Performance

Magdy Youssef

DOCTORATE OF BUSINESS ADMINISTRATION

Arab Academy for Science, Technology & Maritime Transport (AAST)

Supervisor

Prof. Mona Kadry

Abstract

Nowadays, organizations are operating in highly competitive environment. Effective leadership style is required for managing the organization successfully. Organizational success is largely influenced by the leadership styles and employee effectiveness. The effectiveness of employees' performance depends on the leader/supervisor. Effective leader can enhance employee performance through proper leadership style and retain high performance and talent employees within the company because he knows that high performance employees are unique resources of the organization. This research explores the influence of leadership styles on employee retention and job performance, focusing on three main variables: independent (autocratic, democratic, laissez-faire), intervening (retention), and dependent (individual employee performance). A sample of 150 respondents has been randomly selected from the Dice Fashion Garment sample was selected by using simple random method and primary data was collected through structured questionnaires. A five-point Likert scale was used to ask

respondents to rank their choices. Data analysis was conducted by using Statistical Package for Social Sciences (SPSS 13.0) by using statistical techniques such as Cronbach alpha, mean, mode, variance, standard deviation, correlation, and regression analysis. Graphs and tables were utilized for data presentation.

Key Words: autocratic leadership style, democratic leadership style, laissez-faire leadership style, retention, performance.

الملخص :

في الحاضر، تعمل المنظمات في بيئة تنافسية عالية. يتطلب ذلك أسلوب قيادة فعال لإدارة المنظمة بنجاح. يتأثر نجاح المنظمة بشكل كبير بأسلوب القيادة وفعالية الموظفين. تعتمد فعالية أداء الموظفين على القائد/المشرف. يمكن للقائد الفعال تعزيز أداء الموظفين من خلال أسلوب القيادة المناسب والاحتفاظ بأداء عالي وموظفين موهوبين داخل الشركة لأنه يعلم أن الموظفين ذوي الأداء العالي هم موارد فريدة للمنظمة. يستكشف هذا البحث تأثير أساليب القيادة على الاحتفاظ بالموظفين وأداء الوظيفة، مع التركيز على ثلاثة متغيرات رئيسية: مستقلة (استبدادية، ديمقراطية، تفويضية)، (الحفاظ على العاملين)، ومستقلة (أداء الموظف الفردي). تم اختيار عينة مكونة من ١٥٠ مشاركًا بشكل عشوائي من عينة الملابس الجاهزة Dice باستخدام طريقة العينة العشوائية البسيطة وتم جمع البيانات الأولية من خلال استبيانات منظمة. تم استخدام مقياس ليكرت من خمس نقاط لطلب من المشاركين تصنيف خياراتهم. تم إجراء تحليل البيانات باستخدام الحزمة الإحصائية للعلوم الاجتماعية (SPSS 13.0) باستخدام تقنيات إحصائية مثل ألفا كرونباخ والمتوسط والوضع والاختلاف والتباين والارتباط وتحليل الانحدار. تم استخدام الرسوم البيانية والجداول لتقديم البيانات.

الكلمات المفتاحية: أسلوب القيادة الاستبدادي، أسلوب القيادة الديمقراطي، أسلوب القيادة اللامبالي، الاحتفاظ، الأداء

1.1. Introduction

Leadership is one of the most important areas in organizational management. Northouse (2007) defined that leadership is a process whereby an individual influences a group of individuals to achieve a common goal. Ethe et al. (2012) defined leadership as a person's ability to influence others' behaviors and actions to achieve goals and maximize organizational outcomes. Good leadership is essential to the efficiency and effectiveness of the organization. Organizations utilize various leadership styles based on their nature and operations, which are effective in achieving organizational goals and objectives in various workplace situations. The leadership styles applied by managers associate with employees' job satisfaction, retention and then consequently improve their performances which can attain through effective leadership. Nwokocha et al., (2015) Leadership is crucial for an organization's survival and progress, as it helps achieve its goals and objectives. In this study, the researcher is going to focuses on Lewin's three participatory leadership styles (1939): autocratic, democratic, and laissez-faire leadership styles. Lewin et al., (1939) stated that autocratic leaders closely monitor employees to ensure that employees are performing correctly, and they use reward, punishment, and threat as motivation tools. This style of leadership is strongly focused on both commands by the leader and control of the followers in the same place. This study focuses

on the two main functions leaders play: employee retention and employee performance Ethe et al., (2012). The study examines the relationship between leadership style, employee retention, and the performance of followers, focusing on the impact of leadership behavior on employee performance.

1.2. Background of Study

Leadership is crucial in organizational management, as its success relies heavily on the leader's behavior. Effective leaders influence their followers, which can either motivate or demotivate them. Their behavior can enhance employee satisfaction, motivation, and task performance. However, managing people is not an easy task, and leaders must understand how to influence their followers effectively (Lussier & Achua, 2012). Organizational success relies on effective leaders who can influence employee performance. By applying the right leadership style, employees are satisfied, motivated, and committed to their jobs. Effective leaders also attract and retain high-performance employees, which is crucial in a competitive business environment. Michael (2008) emphasized the importance of retaining core employees for a competitive advantage, as it ensures the organization's ability to achieve its goals.

1.3. Statement of Problem

Organizations face the challenge of retaining highly resourceful employees in a competitive environment. Leadership and

supervisors play a crucial role in employee retention, as employees leave managers rather than the organization. Price (2001) Leaders' behaviors affect employees' job satisfaction and performance. Organizations strive to hire talent by providing better opportunities, as they provide competitive advantages. The garment industry provides direct employment opportunities to 300,000 to 600,000 workers, including many women, and is the largest employer in the manufacturing sector (Embuldeniya, 2015). Most workers are young women from rural areas, contributing to the country's economy and ensuring the quality of production. Dheerasinghe (2009) highlighted the garment industry's major issue of developing and maintaining manpower, while Weerakoon & Thennakoon (2006) found young female workers often leave due to long hours, harsh conditions, and poor living conditions.

1.4. Research Questions

There are two types of research questions, general questions and specific questions as follows:

1.5 Research Objectives

There are two types of research objectives, general questions and specific questions as follows:

General Question

1. What is the impact of leadership style on employee performance?

Specific Questions

1. What is the impact of autocratic leadership style on employee performance?
2. What is the impact of democratic leadership style on employee performance?
3. What is the impact of laissez-faire leadership style on employee performance?
4. What is the impact of employee retention on employee performance?
5. What is the impact of autocratic leadership style on employee retention?
6. What is the impact of democratic leadership style on employee retention?
7. What is the impact of laissez-faire leadership style on employee retention?

1.6. Significance of Study

Effective leadership is crucial for an organization's success, as it guides followers and ensures their tasks are performed efficiently. A leader should be intelligent, efficient, and knowledgeable, making wise decisions and prioritizing employee welfare. The study explores the influence of leadership style on employee retention and performance within an organization, offering valuable insights for management and leaders, and potentially aiding future research in understanding leadership styles.

1.8. Limitations of Study

The empirical study on leadership styles in the manufacturing industry has limitations, such as focusing on autocratic, democratic, and laissez-faire leadership styles, examining only production employees, and addressing time constraints and language difficulties due to the researcher's foreignness, highlighting the need for further research.

2. Literature Review

2.1 Employee Retention, Leadership Styles, and Performance

Leadership styles play a crucial role in enhancing performance and employee retention, as defined by various authors and researchers. Rotundo & Rotman (2002) defined job performance as actions contributing to organizational goals and under individual control. Otley (1999) differentiated between organizational and job performance, stating that organizational performance depends on employee performance and other factors like the organization's environment. employee performance, Otley (1999) also known as job performance, is also crucial for organizational success. Employee performance is crucial for an organization's success, as it reflects creativity, innovation, and commitment (Ramlall, 2008). Macky & Johnson (2000) improved individual performance can also enhance organizational performance, as the overall performance of an organization determines its survival. Therefore, individual performance is highly important for an organization as a whole.

Employee retention is crucial for an organization's success, as it can provide competitive advantages by retaining valuable employees with their knowledge, expertise, and skills. Browell (2003) defines retention as keeping desired employees within the organization, preventing them from leaving for better opportunities or financial gain, especially to competitors. Good employees are crucial for an organization's success, providing competitive advantages and high-performing environments. Retaining these talented individuals is a global issue, and leadership plays a vital role in retaining top talent and reducing turnover. It is essential for organizations to have the right people with the right skills and abilities at the right time. Organizations can achieve success by adopting effective employee retention strategies. The quality of employees is crucial for future survival, attracting and retaining skilled employees, effectively using them, and rewarding them is essential for retaining desired employees.

2.2 Theories of Leadership, Performance, and Retention Strategies

Performance within an organization is often recognized and rewarded with financial and other benefits. It is a prerequisite for future career development and success in the labor market. Employee job performance significantly influences the efficiency of productivity within an organization (Luen et al., 2013). Performance is a multi-dimensional concept, Borman & Motowidlo (1993), divided into task performance and contextual performance. Task performance involves

an individual's proficiency in activities contributing to the organization's technical core, while contextual performance encompasses activities that support the organizational, social, and psychological environment. Both types of performance contribute to the achievement of organizational goals. Sonnentag and Frese (2002) & Koopmans et al. (2011) both emphasize the importance of contextual performance in work performance, which encompasses behaviors like helping coworkers and suggesting improvements. Borman & Motowidlo (1997) also argue that task performance and contextual performance are integral to work performance.

2.3.1 Lewin's Three Participatory Leadership Styles (1939)

In 1939, psychologist Kurt Lewin and his team identified three leadership styles: autocratic, democratic, and laissez-faire. Autocratic leadership involves policy decisions solely by the leader, democratic leadership involves group discussion and the leader, and laissez-faire leadership involves minimal input from the leader. Porter et al., (2006) , Lewin et al., (1939) classic study of leadership in 1939 identified these styles as follows:

2.3.6.1 Autocratic Leadership Style

Laissez-faire, a French term meaning "leave it be," is a leadership style where leaders leave decision-making to their followers. Lewin et al. (1939) & Swarup (2013) argue that this style gives employees all authority, allowing them to determine goals, make decisions, and resolve problems independently.

Kendra (2013) & Alan (2013) suggest that laissez-faire leadership is most effective when team members are experienced, skilled, trustworthy, motivated, and capable of working independently. Alan (2013) argues that laissez-faire can be detrimental if team members lack time management or knowledge, but also has some positive aspects. Alan (2013) Overall, laissez-faire leadership can have both positive and negative effects on an organization.

Lewin et al. (1939) found that laissez-faire leadership style provides team members with autonomy, leading to high job satisfaction and increased productivity.

2.3.6.2 Democratic leadership style

Democratic leadership involves consensus-building through staff participation Mat (2008), emphasizing the importance of staff roles and contributions. Mat (2008) and Nwokocha and Iheriohanma (2015) argue that democratic leaders gather opinions, suggestions, and feedback from staff before making decisions or instructing the team. The team's direction is influenced by staff involvement, fostering trust, respect, and commitment. Democratic leadership, also known as participative leadership, encourages employees to participate in decision-making processes (Cherry, 2006). This style fosters responsibility, flexibility, and high morale, leading to improved employee performance, as per the views of Zervas and David (2013) and Nwokocha and Iheriohanma (2015).

2.3.6.3 Laissez-faire Leadership Style

Laissez-faire, a French term meaning "leave it be," is a leadership style where leaders leave decision-making to their followers. Lewin et al. (1939) and Swarup (2013) argue that this style gives employees all authority, allowing them to determine goals, make decisions, and resolve problems independently. Kendra (2013) and Alan (2013) suggest that laissez-faire leadership is most effective when team members are experienced, skilled, trustworthy, motivated, and capable of working independently. Alan (2013) argues that laissez-faire can be detrimental if team members lack time management or knowledge, but also has some positive aspects. Overall, laissez-faire leadership can have both positive and negative effects on an organization Alan (2013). Lewin et al. (1939) found that laissez-faire leadership style provides team members with autonomy, leading to high job satisfaction and increased productivity Lewin et al., (1939).

2.3.3. Strategies of Employee Retention

Samuel and Chipunza (2009) retention policies aim to prevent competent employees from leaving an organization, preventing negative effects on productivity and profitability (Sutherland, 2004). They should identify and retain committed employees for mutual benefit. However, high-performing employees are becoming more challenging for managers as they frequently move between organizations due to multiple job opportunities. Browell (2003) suggests that retention strategies aim to retain desired staff by

satisfying their needs and reducing recruitment costs. Leaders must analyze the causes of employee turnover to implement effective solutions. Employees may leave due to lack of career development opportunities, work flexibility, low salaries, job dissatisfaction, challenging opportunities, job security, and autonomy. Frequent absences can also contribute to employee retention, as they may consider leaving or attending job interviews. Monitoring absence figures, conducting return-to-work interviews, and identifying causes are crucial for employee retention (Browell, 2003).

Recruitment and Retention

Recruitment is the process of attracting qualified employees to job vacancies, with the success of an organization largely dependent on the quality of its employees (Opatha, 2004). The Oracle white paper (2012) emphasizes the importance of recruiting and hiring knowledgeable individuals for job positions, as best practices for employee retention involve hiring the right person. Oracle white paper (2012) top performers are valuable contributors, and talent retention is crucial for organizations, turnover is expensive and top performers drive business performance. Sutherland, (2000) Recruiting the right people is crucial for an organization, as it can lead to costly expenses such as recruitment and training, decreased productivity, and lost time (Gustafson, 2002). Improving recruitment and training practices can enhance employee retention and commitment (Deery 2008).

2.3.3. Factors Effective Employee Retention

Armstrong (2009) highlights the importance of (30 years old and under) career advancement for early-career employees is significant for mid-career employees (age 31–50) prioritize career management and job satisfaction. Late-career employees (aged over 50) prioritize security. Younger workforces change more frequently, and part-time workforces are less stable than full-time ones. Other factors affecting retention include job stability and employee satisfaction. The company's image, recruitment, selection, and deployment effectiveness, and leadership are crucial factors in attracting and retaining employees. Business essential (2009) retaining skilled employees is crucial for any organization, and leaders must create a culture that values trust, loyalty, and commitment. Employees who work hard and are loyal will be appreciated and valued in the same place.

2.3.3.1. Reasons for employees leaving

Employees may leave due to stressful or problematic leader relationships, lack of personal and career development opportunities, and unfulfilled aspirations, as stated by Browell (2003). Employees often seek better opportunities or financial gain, but their relationship with their company and leader significantly influences their decision to leave. Unhappy employees are less likely to cooperate with knowledge capture or retention efforts (Helenius & Hedberg, 2007).

2.3.3.2. Effect of Supervisor Support

The relationship between supervisors and employees in the garment industry is crucial for improving individual performance. Supervisor support enhances employee responsibility, confidence, and empowerment, as noted by Bratton & Gold (2003). Supervisor behavior significantly impacts employee retention, with the relationship between supervisor and worker playing a pivotal role in turnover intention. Ontario (2004) emphasized the importance of supervisor support, as employees leave supervisors/leaders, not the organization. Greenhaus (1987) and Fatima (2011) emphasized the need for strong relationships and free interaction to create high job involvement. Managers, supervisors, and team leaders significantly impact employee satisfaction and commitment to their jobs (Kaye and Evans, 2003). They control factors that enhance satisfaction and commitment. Support from supervisors fosters a sense of connection with the organization, leading to employee retention and a positive relationship with the supervisors Gentry et al., (2007). The leadership style of a supervisor significantly impacts employee retention. Greenhaus, (2004) employees' perceptions of the organization are influenced by their relationship with their supervisor. (Madiha et al., 2009 referenced Greenhaus, 1987).

2.4.1. Relationship among Organizational Performance, Employee Retention, and Leadership Styles

Effective leadership is crucial for managing an organization, with different styles affecting different behaviors within the same group, as noted by Lewin et al. (1939). Research on the relationship between job performance, leadership styles, and employee retention is crucial for organizational effectiveness. Previous studies have identified autocratic, democratic, laissez-faire, and bureaucratic leadership styles as prevalent in organizations, impacting subordinates and overall performance. Effective leadership is crucial for achieving organizational goals and ensuring employee retention and performance. Autocratic leadership, as assessed by Nwokocho and Iheriohanma (2015), leads to high employee discontent, low performance, and turnover. On the other hand, democratic leadership helps achieve objectives by fostering higher commitment among employees.

Research Methodology

3.2. Research Design

The study investigates the impact of leadership styles on employee retention and performance at Dice Fashion Garment using a quantitative research design. Primary data was collected through questionnaires to production employees. The research uses a standard format with minor inter-disciplinary differences, generating a hypothesis to be proved or disproved. This study aims to identify the impact of leadership styles on employee retention

and job performance in Dice Fashion Garment factory, using Lewin's three participatory leadership styles. It is designed as a survey research, requiring mathematical and statistical probability.

3.3. Research Approach

3.3.1. Population and Sampling Method

A research population is a large group of individuals or objects focused on a scientific question, but due to their large size, researchers often cannot test every individual due to cost and time constraints (Explorable, 2009). Sampling techniques are methods that allow researchers to reduce data collection by considering only subgroup data rather than all possible elements (Suanders et al.,2004). There are two types of sampling techniques: probability sampling method non and probability sampling method. Random sampling offers the advantage of avoiding systematic and sampling bias, making the sample representative of the entire population (Explorable, 2009). There are various types of probability sampling, including simple, stratified, systematic, cluster, and mixed/multi-stage sampling.

3.3.2. Simple Random Sampling Method

Survey sampling methods differ for different types of research. The simple random sampling method was used to select respondents from the population, assigning each element an equal probability of selection (Hair et al., 2007). The researcher prepared a list of Dice Fashion Garment Factory production

employees based on the sampling frame and assigned an identification number to each element on the lists.

3.3.3. Sample Size

The study used a sample size of 370 items, based on Sekaran (2003)'s guidelines, to analyze 37 variables. Due to the short time frame of the thesis, the researcher chose to collect data from 150 respondents from production-related employees, ensuring a comprehensive understanding of the variables and their characteristics. The researcher visited Dice Fashion Garment and met with the human resources and production managers. They obtained permission to distribute questionnaires to production employees and collected data using a sample random method.

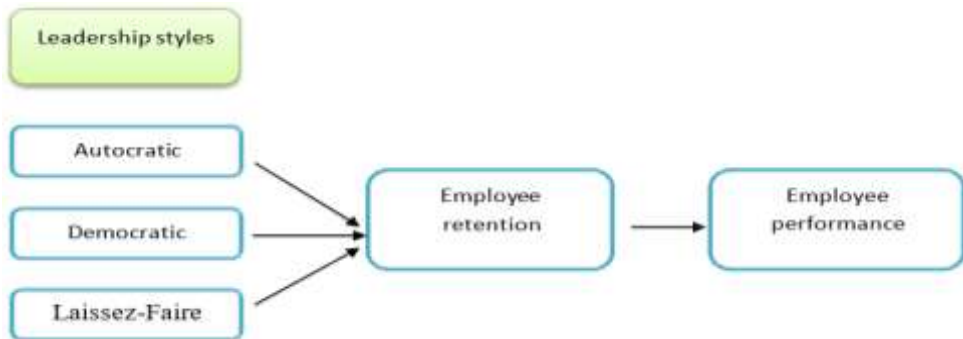
3.4. Data Collection

Data was collected through visits to the selected industry and face-to-face distribution to 150 respondents. Three independent variables, one intervening variable, and one dependent variable were identified and measured using a five-point Likert scale. The independent variables were autocratic leadership style, democratic leadership style, laissez-faire leadership style, employee retention, and employee performance. Single-item questions were also used to collect demographic data, including the employee's name, gender, job experience, and marital status.

3.5. Conceptual Framework and Hypotheses

3.5.1. Conceptual Framework

This study, identifying leadership styles as independent variables, employee retention as an intervening variable, and employee performance as a dependent variable.



3.5.2. Hypotheses

This study explores the relationship between leadership styles and employee performance and retention, based on seven hypotheses developed by Wiersma and Jurs (2005), a concept widely studied in the field.

3.5.3. Autocratic Leadership and Employee Performance

Autocratic leadership involves a leader making all decisions, with followers following orders without deviation. Heneman and Gresham (1999) argue that all decision-making powers are centralized and remain in the hands of the leader, similar to

dictators. They do not welcome suggestions or initiatives from followers (as cited in Iqbal et al, 2015).

H1. Autocratic leadership has a negative relationship with employee performance.

3.5.4. Democratic Leadership and Employee Performance

Nwokocha and Iheriohanma (2015) observed that in democratic leadership, democratic leadership, employees feel comfortable with trust, leading to strong cooperation, team spirit, and high morale. This encourages creativity and engagement, leading to high job satisfaction and productivity. This style also discourages espionage and encourages creativity, resulting in a more productive and satisfied team.

H2. Democratic leadership has a positive relationship with employee performance.

3.5.5. Laissez- Faire Leadership and Employee Performance

Laissez-faire leadership is a hands-off approach where leaders allow group members to make decisions, often effective in highly skilled, motivated, and capable groups. However, it's not ideal for situations where members lack necessary knowledge or experience to complete tasks and make decisions (Lewin et al., 1939).

H3. Laissez-Faire leadership has a negative relationship with employee performance.

3.5.6. Autocratic Leadership and Employee Retention

This style discourages creativity and creativity in employees. Autocratic leadership styles lead to job dissatisfaction, stress, and

pressure, resulting in low performance and growing grievances, leading to high employee turnover rates, as suggested by the fourth hypothesis.

H4. Autocratic leadership has a negative relationship with employee retention.

3.5.7. Democratic Leadership and Employee Retention

The democratic leadership style, as proposed by Heneman and Gresham (1999), encourages responsibility sharing, delegation, and continuous consultation.

H5. Democratic leadership has a positive relationship with employee retention.

3.5.8. Laissez- faire Leadership and Employee Retention

Alan (2013) and Ronald (2011) argue that laissez-faire leadership can be detrimental if team members lack time management skills or motivation. Muhammad and Usman (2012) assert that laissez-faire leadership provides more opportunities but less guidance to employees in decision-making within the organization.

H6. Laissez-Faire leadership has a negative relationship with employee retention.

3.5.9. Employee Retention and Employee Performance

Retaining talent employees is crucial for an organization's success, as they are highly resourceful and contribute to its success. Effective management of people is essential for maintaining performance. Organizational performance is crucial in the competitive business world, and efforts to attract, develop,

and retain productive workforce can lead to increased market share and competitive advantages (Maliku, 2014).

H7. Employee retention has a positive relationship with employee performance.

Table 3.1 Employee Performance Questions

Code	Statements	Measurement	Sources
EP1	The company provides incentives and recognition based on my performance.	5-point Likert Scale	Employee Opinion survey (2023, Sept.)
EP2	The company actively promotes employee productivity and excellence.		
EP3	The company offers ample training and development opportunities to enhance my performance.		
EP4	The employee expresses a noticeable improvement in their performance.		Author Creation
EP5	The employee has the chance to work in their preferred way.		

Table 3.2 Autocratic Leadership Style Questions

Code	Statements	Measurement	Sources
ALS1	My supervisor closely monitors employees to ensure they are performing correctly.	5-point Likert Scale	Lewin et al.,1939
ALS2	My supervisor uses rewards or punishments to motivate and enhance performance.		
ALS3	My supervisor is not open to new ideas.		
ALS4	The supervisor maintains decision-making authority within the department.		
ALS5	The employee expresses stress when working with their supervisor.		
ALS6	My supervisor is not flexible in recognizing, understanding, and adapting to employee needs and views.		
ALS7	My supervisor makes decisions without consulting the group members.		

.Table 3.3 Democratic Leadership Style Questions

Code	Statement	Measurement	Sources
DLS1	My supervisor assigns tasks to employees but maintains the final decision-making authority.	5-point Likert Scale	Northouse, (2010)
DLS2	My supervisor acknowledges and acknowledges the contributions of innovative employees.		
DLS3	My supervisor engages in collaborative decision-making processes with various stakeholders.		
DLS4	The employee expresses that they believe their supervisor is providing adequate support and encouragement to their work.		
DLS5	My supervisor provides me with sufficient feedback and guidance.		Employee Opinion Survey (2023, Sep..)
DLS6	My supervisor treats me fairly.		
DLS7	My supervisor is a supportive and valuable employee who welcomes and appreciates my suggestions.		
DLS8	The employee feels at ease working with their supervisor, as they find satisfaction in their leadership style.		
DLS9	My supervisor actively encourages me, listens to my concerns, and strives to improve the working environment.		

Table 3.4 Laissez-Faire Leadership Style Questions

Code	Statement	Measurement	Sources
LFLS1	My supervisor provides me with complete freedom to make decisions.	5-point Likert Scale	Lwein et al.,(1939)
LFLS2	My supervisor typically provides minimal or no guidance to group members in most instances.		
LFLS3	My supervisor provides me with complete autonomy to solve problems independently.		
LFLS4	My supervisor is deemed to provide the necessary tools and resources to execute my duties effectively.		
LFLS5	My supervisor did not provide feedback on the questions or problems raised during my duties.		
LFLS6	The employee expresses dissatisfaction with the management of their supervisor.		Author Creation
LFLS7	The employee believes that their supervisor should bear the responsibility for their employee's performance.		

Table 3.5. Employee Retention Questions

Code	Statement	Measurement	Sources
ER1	The employee is committed to working for this company for a period of five years.	5-point Likert Scale	Kyndt et al.,2009
ER2	The employee chooses to continue their employment with this company due to the numerous employee benefits offered.		Author Creation
ER3	The employee sees a promising future within the company and intends to remain with the organization.		Kyndt et al.,2009
ER4	The employee expresses satisfaction with their work within the company and intends to continue their employment within the organization.		
ER5	The employee has announced their intention to resign from their position.		Author Creation

3.6. Data Analysis Method

The study utilized Cronbach's alpha coefficient to assess the validity and reliability of variables, aiming for convergent validity. Zero order correlation was employed to measure relationships, and regression analysis was employed to test the study hypothesis. The regression model was ($Y = a + \beta x$).

Results and Discussion

4.2. Validity and Reliability of Variables

The study examined leadership styles, employee retention, and job performance using Cronbach's alpha, a measure used to assess the reliability and validity of these concepts, as per Explored (2010).

Table 4.1 Reliability Statistics of Performance

Code	Statements	Cronbach's Alpha
RSP1	The company provides incentives and recognition based on my performance.	0.587
RSP2	The company actively promotes employee productivity and excellence.	
RSP3	The company offers ample training and development opportunities to enhance my performance.	
RSP4	The employee expresses a noticeable improvement in their performance.	
RSP5	The employee has the chance to work in their preferred way.	

The overall reliability of employee performance questions was 0.587; indicating higher scores resulted in more reliable internal consistency. Hair et al (2003) found that the performance variable, with an alpha value of 0.587, exhibits acceptable internal consistency among five task value items.

Table 4.2 Reliability Statistics of Autocratic Leadership Style

Code	Statements	Cronbach's Alpha
ALS1	My supervisor closely monitors employees to ensure they are performing correctly.	0.750
ALS2	My supervisor uses rewards or punishments to motivate and enhance performance.	
ALS3	My supervisor is not open to new ideas.	
ALS4	The supervisor maintains decision-making authority within the department.	
ALS5	The employee expresses stress when working with their supervisor.	
ALS6	My supervisor is not flexible in recognizing, understanding, and adapting to individual needs and views.	
ALS7	My supervisor makes decisions without consulting the group members.	

Table 4.3 Reliability Statistics of Democratic Leadership Style

Code	Statement	Cronbach's Alpha
DLS1	My supervisor assigns tasks to employees but maintains the final decision-making authority.	0.510
DLS2	My supervisor acknowledges and acknowledges the contributions of innovative employees.	
DLS3	My supervisor engages in collaborative decision-making processes with various stakeholders.	
DLS4	The employee expresses that they believe their supervisor is providing adequate support and encouragement to their work.	
DLS5	My supervisor provides me with sufficient feedback and guidance.	
DLS6	My supervisor treats me fairly.	
DLS7	My supervisor is a supportive and valuable employee who welcomes and appreciates my suggestions.	
DLS8	The employee feels at ease working with their supervisor, as they find satisfaction in their leadership style.	
DLS9	My supervisor actively encourages me, listens to my concerns, and strives to improve the working environment.	

Table 4.4 Statistics on the Laissez-faire Leadership Style's Reliability

Code	Statement	Cronbach's Alpha
LFLS1	My supervisor provides me with complete freedom to make decisions.	0.530
LFLS2	My supervisor typically provides minimal or no guidance to group members in most instances.	
LFLS3	My supervisor provides me with complete autonomy to solve problems independently.	
LFLS4	My supervisor is deemed to provide the necessary tools and resources to execute my duties effectively.	
LFLS5	My supervisor did not provide feedback on the questions or problems raised during my duties.	
LFLS6	The employee expresses dissatisfaction with the management of their supervisor.	
LFLS7	The employee believes that their supervisor should bear the responsibility for their employee's performance.	
LFLS1	My supervisor provides me with complete freedom to make decisions.	
LFLS2	My supervisor typically provides minimal or no guidance to group members in most instances.	

Table 4.5 Reliability Statistics of Employee Retention

Code	Statements	Cronbach's Alpha
ER1	The employee is committed to working for this company for a period of five years.	0.630
ER2	The employee chooses to continue their employment with this company due to the numerous employee benefits offered.	
ER3	The employee sees a promising future within the company and intends to remain with the organization.	
ER4	The employee expresses satisfaction with their work within the company and intends to continue their employment within the organization.	
ER5	The employee has announced their intention to resign from their position.	

4.3. Descriptive Statistics of the Data Set

The research collected basic information from respondents through questionnaires, with 149 out of 150 respondents selected from the survey. Section (1) identifies four demographic factors, with age being the first. Table 4.1 shows that the majority of employees aged 17-22 were 49% of the total respondents, followed by 23-27 years old at 38.9%, followed by 28-32 years old at 9.4%, 33-37 years old at 3.4%, and 38-42 years old at 1.3%. Gender was a significant demographic factor in the garment factory, with a majority of employees being females from rural areas. In Dice Fashion Garment, there were 99 female employees and 50 male employees, indicating a gender distribution of two times higher than male employees. The third demographic factor was marital status, with 43% of 149 participants being married, 53.7% being single, and only 5 employees being divorced. The data reveals that 72 respondents at Dice Fashion Garment have less than 2 years of tenure, 60 under 4 years, and 17 under 6 years, according to the collected data.

Table 4.6 Quantity of Surveys Distributed and Collected

Organization Name	Department Name	Distributed Questionnaires	Collected Questionnaires
Dice Fashion Garment	Production	150	149
Total		150	149

4.4. Main Model

Table 4.7 Standard Variable Correlation Coefficient with Relation to Control Variable

Control Variables	Avg. RSP	Avg. ER	Avg. ALS	Avg. DLS	Avg. LFLS	Age	Gender	Marital status	Tenure
Avg. RSP	-								
Avg. ER	-0.137	-							
Avg. ALS	-0.019	0.080	-						
Avg. DLS	0.618**	0.242**	-0.048	-					
Avg. LFLS	0.522**	0.036	-0.080	0.580	-				
Age	0.095	0.016	-0.109	0.176	0.111	-			
Gender	-0.241**	0.066	0.009	-0.236	-0.071	0.108	-		
M. Status	.0052.	.0103.	.0050.	.0085.	.0023.	-.0306.	-.0226.	-	
Tenure	-0.037.	0.077.	-0.095.	0.032.	0.046.	0.506.	0.221.	-0.389.	-

The gender variable has a significant negative relationship with performance (-0.241, $p < 0.01$), indicating potential variation in performance, requiring control of this negative relationship. Table 4.7 reveals significant correlations between autocratic, democratic, laissez-faire, and employee retention styles and job performance, with some of these relationships being statistically significant. The study found a positive and significant relationship between democratic leadership styles and employee retention ($r = 0.242$, $p < 0.01$). However, there was no significant relationship between autocratic and laissez-faire leadership styles and employee retention. The study also found no statistically

significant evidence of employee retention affecting individual performance. This may be due to the high labor turnover in the garment factory industry, where employees tend to demonstrate high performance during short retention periods.

4.8 Correlation Coefficient of Standard Variable after Controlling the Control Variables

Variables	Avg. RSP	Avg. ER	Avg. ALS	Avg. DLS	Avg. LFLS
Avg. RSP	-				
Avg. ER	-0.129	-			
Avg. ALS	-0.006	0.085	-		
Avg. DLS	0.587**	0.261**	-0.0265	-	
Avg. LFLS	0.515**	0.033	-0.0674	0.572	-

Table 4.8 reveals that democratic (0.587, $p < 0.01$) and Laissez-faire leadership styles (0.515, $p < 0.1$) significantly impact job performance and employee retention, while autocratic leadership has no significant effect on job performance or retention after controlling for all control variables. The study found that only democratic leadership style positively affects employee retention (0.26, $p < **$), while autocratic and laissez-faire leadership styles have no significant relationship with retention, and no significant evidence suggests that employee retention affects performance.

4.5. Regression Model

Linear regression analysis was utilized to examine the impact of an independent variable on a dependent variable using regression estimates to describe data and explain the relationship between the dependent and independent variables (Statistics Solutions, 2013). The relationship explained by the regression model is $(Y=a+\beta X)$ which already mention in the methodology section.

Table 4.9 Performance's Dependent Variable Coefficients

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.411	0.479		0.858	0.392
Avg. ALS	0.040	0.107	0.024	0.372	0.711
Avg. DLS	0.625	0.102	0.475	6.139	0.000**
Avg. LFLS	0.326	0.102	0.248	3.199	0.002**

Democratic style increases individual performance variation by 0.625 and 0.326 units, respectively. Autocratic style results in only 0.04% improvement, but no statistical evidence supports its presence in the company. Therefore, only democratic, and laissez-faire styles are applicable to improve individual employee performance at Dice Fashion Garment. The democratic style is the best, as it has a strong impact on performance. The study found that the democratic leadership style is the best among the three leadership styles, with a standardized beta coefficient of

0.475, 0.424, and 0.248, indicating that one unit of variation in each style results in a variation in individual employee performance. Therefore, under democratic leadership, employee performance can be higher. Table 4.9 reveals a highly significant relationship between democratic and laissez-faire styles on job performance ($p=0.000$), while no significant evidence exists for the autocratic style's effect on job performance has also significant ($p=0.002$).

Table 4.10 Model Summary for Performance without the Interaction Effect

R	R Square	Adjusted R Square	F	Sig.
0.651	0.423	0.411	35.464	0.000**

The R-Coefficient of Regression is 0.651, indicating a positive relationship. The R-Square Coefficient of determination is 0.423, indicating 42.3% of employee performance is influenced by independent variables like autocratic, democratic, and laissez-faire leadership styles. The model explained 41.1% of performance, with 58.9% of impact outside the model. The F values are 35.464, $p<0.01$, indicating statistical significance.

Table 4.11 Coefficients of the Dependent Variable – Retention

Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention		Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention
Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention
Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	0.478
					0.294
Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	Table 4.11 Coefficients of the Dependent Variable - Retention	0.001**
					0.124

The results show that autocratic and laissez-faire styles have no impact on employee retention, while democratic leadership style has a significant positive impact. The variation of one unit of democratic leadership styles will increase to 0.773 in retention. The study reveals a significant relationship between democratic leadership styles and retention ($p < 0.01$) at the t value. A standardized beta coefficient of 0.334 indicates that one unit of democratic leadership results in 0.334 retention. The significant relationship between democratic leadership style and retention is ($p < 0.01$) with one unit of variations in democratic leadership increasing retention by 0.773. Autocratic and laissez-faire leadership styles have no significant relationship with retention. Thus, democratic leadership is the most suitable for improving employee retention.

Table 4.12 Model Summary for the Retention

R	R Square	Adjusted R Square	F Value	Sig.
0.287	0.082	0.063	4.326	0.006**

The model provides high retention assurance, indicating a positive relationship between leadership styles and retention, with an R-Coefficient of Regression of 0.287. Zikmund (2003) used the R-Square to measure the percentage of variance in a dependent variable explained by independent variables. The coefficient of determination is 0.082, indicating that only 8.2% of changes in employee retention are caused by independent variables. Adjusted R-Square reduces this to 6.3%, indicating that 93.7% of the impact is outside the model. The regression model, with an F value of 4.326, $p < 0.01$, demonstrates that the independence variable (autocratic style, democratic style, laissez-faire style) predicts the dependence variable (retention).

Table 4.13 Coefficients of the Dependent Variable – Performance

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.132	0.148		27.913	0.000
Avg. ER	-0.078	0.046	-0.137	-1.673	0.097

The industry is predominantly composed of female, uneducated, and poor workers, who are not knowledge workers and work for short-term gain. These workers often leave due to personal or family issues, despite improving their performance. As basic workers, they often move or resign, making retention difficult for them to maintain for more than five years. This contradicts the literature's claim that retention is linked to job performance. Therefore, the findings do not support the theory.

Table 4.14 Model Summary for the Performance

R	R Square	Adjusted R Square	F Value	Sig.
0.137	0.019	0.012	2.798	0.097

The R-Coefficient of Regression is 0.137, indicating a positive relationship between retention and job performance. However, the R-Squared Coefficient of determination is 0.019, indicating only 1.9% of changes in individual performance are caused by retention. The Adjusted R-Square reveals that only 1.2% of job performance impact is explained by retention, while 98.8% is outside the model. The model's F values are 2.798 and $p = 0.097$, indicating it is not supported for individual performance prediction.

4.6. Hypotheses Testing

The study found a positive relationship between laissez-faire leadership and employee performance. However, the relationship between autocratic leadership and retention was not supported by

the data. The beta value was 0.084, and the correlation coefficient was 0.085, indicating no significant relationship between leadership styles. The beta value was 0.334, indicating a negative impact on employee retention. Democratic leadership styles had a positive and highly significant impact on retention. The beta value was 0.334, indicating a positive relationship. The beta value was 0.151, and the correlation coefficient was 0.033, indicating no significant relationship between leadership styles and retention. The relationship between employee retention and job performance was not statistically significant.

Table 4.15 Hypotheses Testing Information

Hypothesis	Expected	Actual	Whether Supported /Not	Values
H1_ Autocratic leadership has a negative relationship with employee performance.	Negative relationship	No relationship	Not supported	$\beta=0.024$ $t=-0.372, p=0.711$ Correlation coefficient after controlling the control variable $r=-0.006, p=0.940$
H2_ Democratic leadership has a positive relationship with employee performance.	Positive relationship	Positive relationship	Supported	$\beta=0.475$ $t= 6.139, p=0.000$ Correlation coefficient after controlling the control variable $r =0.587, p=0.000$
H3_ Laissez-Faire leadership has a negative relationship with employee performance.	Negative relationship	Positive relationship	Not supported	$\beta=0.248$ $t= 3.199, p=0.002$ Correlation coefficient after controlling the control variable $r =0.515, p=0.000$
H4_ Autocratic leadership has a negative relationship with employee retention.	Negative relationship	No relationship	Not supported	$\beta=0.084$ $t=1.052, p=0.294$ Correlation coefficient after controlling the control variable $r = 0.085, p=0.311$

H5. Democratic leadership has a positive relationship with employee retention.	Positive relationship	Positive relationship	Supported	$\beta=0.334$, $t=3.418$, $p=0.001^{**}$ Correlation coefficient after controlling the control variable $r=0.261$, $p=0.002$ ($p<0.01^{**}$)
H6. Laissez-Faire leadership has a negative relationship with employee retention.	Negative relationship	No relationship	Not supported	$\beta = -0.151$ $t=-1.546$, $p=0.124$ Correlation coefficient after controlling the control variable $r = 0.033$, $p=0.693$
H7. Employee retention has a positive relationship with employee performance.	Positive relationship	No relationship	Not supported	$\beta=-0.137$ $t=-1.673$, $P=0.097$ Correlation coefficient after controlling the control variable $r = -0.129$, $p=0.123$

Discussion

Results showed that H1 was not supported, and no evidence was found to support the autocratic leadership style in the Dice Fashion Garment, indicating no such style exists. The study found a significant positive relationship between democratic leadership and employee performance, consistent with previous research by Donna (2011), Iheriohanma et al. (2014), and Iqbal et al. (2015). These studies suggest that democratic leadership styles lead to higher employee performance, satisfaction, and retention rates. The study's third hypothesis is not supported, as it contradicts the literature that suggests a negative relationship between laissez-faire leadership style and individual performance Lewin et al., (1939). Laissez-faire leadership, which allows group members to make decisions, is not ideal for situations where

group members lack the necessary knowledge or experience. However, when employees are experienced, well-trained, and skilled, laissez-faire leadership can be beneficial. In this study, the results show a positive relationship between laissez-faire leadership style and employee performance, as employees at Dice Fashion Garment are well-trained. Therefore, H3 is not supported. The study found no evidence supporting H4 that autocratic leadership style affects employee retention in Dice Fashion Garment. The results showed that democratic leadership styles positively and significantly impact employee retention, supporting H5. However, no evidence was found to support H6 that laissez-faire leadership style has a negative relationship with employee retention, indicating that H6 was not supported. These findings align with existing literature (Iheriohanma et al., 2014) and support the importance of democratic leadership styles in retaining employees. H7 suggests a positive relationship between employee retention and performance. Organizations can enhance individual performance by retaining high-talented employees. Leaders aim to retain these employees for efficiency and effectiveness. Old service employees, who possess skills and experience, can contribute to their highest performance by applying their experience. Retaining skilled and old service employees can improve individual performance, thereby enhancing the overall efficiency and effectiveness of the organization. The study found no relationship between employee

retention and performance in the garment industry. This is due to the nature of the industry, where production employees, particularly those from rural areas, are often uneducated and poor, and their intention to stay with the organization is not to retain for a longer period.

Factors such as leadership styles, facility, social background, and family affairs also play a role in retention. Furthermore, there are less opportunities for growth for workers in the textile sector due to their lower education, semi-skilled nature, and less personal relationships in the industry. Therefore, H7 was not supported, confirming that employee retention and performance do not have a significant relationship. The researcher found that democratic leadership style is the best among three leadership styles for employee performance and retention. Dice Fashion Garment uses democratic leadership to improve individual performance by developing a team spirit, providing adequate feedback and guidance, motivating employees, and fostering a better working environment.

Conclusion

The study demonstrates that the behavior of a leader significantly impacts employee retention and performance, a finding consistent with previous research by Nwokocha and Iheriohanma (2015), suggesting that effective leadership styles can enhance job satisfaction and performance. The study reveals that employee perception of their leader significantly impacts

their feelings about the organization. The results show that individual employee performance is influenced by the leadership style adopted by managers. A democratic style leads to 0.625 variations in performance, while a laissez-faire style results in 0.326 variations. This aligns with Porter's (2006) work, suggesting that different leadership styles affect employee retention and performance. This study reveals that effective leadership strategies can improve employee performance and retention. It suggests that democratic leadership is more suitable than autocratic and laissez-faire styles for improving employee retention and performance. Managers in the manufacturing industry can use this information to improve individual employee performance and explore potential causes of turnover. By retaining skilled and old service employees, organizations can achieve goals and achieve their objectives. The findings can help managers modify their leadership styles for more effective and result-oriented outcomes.

References

- Adair, J. (2004). *Handbook of Management and Leadership*. Landon: Acorn.
- Alan, M. (2013). *Leadership Styles*. Retrieved from <http://www.ofd.ncsu.edu/wp-content /leadership>
- Arnold, E. (2005). Managing human resources to improve employee retention: *The Health Care Manager*, 24 (2), 132-40.
- Arnold, H. J., & Feldman, D.C. (1986). *Organizational Behavior (International ed.)* Singapore: McGraw-Hill.

- Armstrong, M. (2003). *A Handbook of Human Resource Management Practice*. London: Kogan Page.
- Armstrong, M. (2009). *Handbook of Management and Leadership: A guide to managing for result*. Landon: Kogan Page.
- Armstrong, M. (2014). *A Handbook of Human Resource Management Practice*. London: Kogan Page.
- Babatunde, O., & Emem, I. (2015). The Impact of Leadership Style on Employee's Performance in an Organization, *Journal of International Knowledge sharing Platform* 5(1), 2224-5731.
- Bamberger, P., & Meshoulam, I. (2000). *Human Resource Management Strategy*. Thousand Oaks, CA: Sage.
- Beardwell, J., & Claydon, T. (2007). *Human Resource Management: A Contemporary Approach*. London: Prentice Hall.
- Bratton, J., & Gold, J. (2003). *Human Resource Management, Theory and Practice*. New York: Palgrave Macmillan.
- Bronack, S. (2009). *Employee Stress and How Stress Relates to Retention*. Retrieved from www.slideshare.net/nancyd0703
- Browell, S. (2003). *Staff retention in a week*. Landon, England: Hodder & Stoughton.
- Business Essential. (2009). *Management*. Landon, England: BPP Learning Media
- Cherry, K.A. (2006). *Leadership styles*. Retrieved from <http://psychology.about.com/od/leadership/a/leadstyles.htm>
- Churton, M., & Brown, A. (2010). *Theory and Method*. (2nded.). New York: Palgrave Macmillan.
- Das, B.L., & Baruah, M. (2013). Employee Retention: A Review of Literature. *Journal of Business and Management*, 14 (2) 2319-7668
- Ethe, J. M., Namasonge, G.S., & Mike, A.I. (2012). Influence of Leadership Styles on Academic Staff Retention in Public Universities in Kenya.

- International Journal of Business and Social Science, 3 (21), 297-302. Retrieved from <http://ijbssnet.com/journals>
- Explorable. (2009). Probability Sampling and Randomization. Retrieved from <https://explorable.com/probability-sampling>
- Explorable. (2010). Cronbach's Alpha. Retrieved from <https://explorable.com/cronbachs-alpha>
- Fatima, H. (2011). Does Employee Retention affect Organizational Competence? *Industrial Engineering Letters*, 1(1), 2224-6096.
- Field, A. (2005). *Discovering statistics using SPSS*. London: Sage Publications.
- Flippo, E.B. (1984). *Personnel Management*. Personnel of Arizona: McGraw-Hill Book Co.
- Gabriel, K. Dougals, M., & Omusebe, J.M. S. (2013). Effects of performance appraisal on employee productivity: A case study of Mumias Sugar Company Limited. *International Journal of Innovative Research and Development*, 12(9), 2278-021 Retrieved from www.ijird.com
- Ghansha, E. (2011). The role of employee retention on job performance: A Case Study of Accra Brewery Company Limited, Accra (master's thesis, University of Science and Technology) Retrieve from <http://ir.knust.edu.gh/bitstream/123456789/4480>
- Gordon, J.R. (2013). Autocratic Leadership Style. Retrieved from <http://www.action-wheel.com/autocratic-leadership-style.html>
- Hair, J.F., Anderson, R. E., Tatham, R. L., & Black, W. C., (2003). *Multivariate Data Analysis*. India: Pearson Education.
- Hannay, M., & Northan, M. (2000). Low-Cost Strategies for Employee Retention. *Compensation & Benefits Review*, 32 (65), 65-72.
- Helenius, M., & Hedberg, L. (2007). What leaders can do to keep their key employees: Retention Management (master's thesis, Goteborg University).

Retrieved from <https://gupea.ub.gu.se/bitstream/2077/4733/1/07-26>

Hytter, A. (2007). Retention strategies in France and Sweden. *The Irish Journal of Management*, 28(1), 59-79.

Iheriohanma, E.B.J., Wokoma, C.U. & Nwokorie, C.N. (2014). Leadership Question and the Challenges of Community Development in Nigeria, *European Scientific Journal*, 10(35): 204–216. Retrieved from <http://eujournal.org>

Iqbal, N., Anwar, S., & Haider, N. (2015). Effect of Leadership Style on Employee Performance. *Arabian Journal of Business and Management Review*, 5 (146), 2223-5833 doi.org/10.4172/2223-5833.1000146. Retrieved from <http://aupc.info/wp-content/uploads/2012/12/V4I1-7>

Jamal, M. (2005). Burnout among Canadian and Chinese employees: A cross-cultural study. *European Management Review*, 2(3), 224-230. doi: 10.1057/palgrave.emr.1500038

Joo, B.K., & Park, S., (2010). Career Satisfaction, Organizational Commitment, and Turnover Intention. *Leadership & Organization Development Journal*, 31(6), 482-500.

Joppe, M. (2000). *The Research Process*. Retrieved from <http://www.ryerson.ca/~mjoppe/rp.htm>

Karamat, A. U. (2013). Impact of Leadership on Organizational Performance Case Company D&R Cambric Communication (master's thesis, University of Applied Sciences). Retrieved from <https://publications.theseus.fi/bitstream>

Kerlinger, F.N. (1986). *Foundations of Behavioral Research*, (3rd ed.). New York: Holt Rinehart & Winston.

Kostiuk, P. F., & Follmann, D. A. (1989). Learning Curves, Personal Characteristics, and Job Performance. *Journal of Labor Economics*, 7 (2), 129-146.