

THE IMPACT OF MANAGERIAL LEADERSHIP STYLES AND JOB SATISFACTION INDICATORS ON EMPLOYEE RETENTION: A CASE STUDY OF IT COMPANIES IN MANGALORE

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ABSTRACT

This study explores the critical factors influencing employee retention at various IT companies in Mangalore, focusing on managerial leadership styles and job satisfaction indicators. The research employs a mixed-methods approach, combining quantitative data analysis with qualitative insights to assess the impact of transformational and transactional leadership styles on employee retention. Findings indicate a significant positive relationship between transformational leadership behaviours—such as motivating and involving employees in decision-making—and retention rates. Additionally, job satisfaction indicators, including career advancement opportunities, training support, and fair treatment by supervisors, emerged as strong predictors of retention. The study provides actionable recommendations for HR practitioners to enhance employee retention through targeted leadership development and job satisfaction initiatives.

Keywords: Employee Retention, Transformational Leadership, Transactional Leadership, Job Satisfaction, Leadership Styles, Human Resource Management.

1. INTRODUCTION

Employee retention is a fundamental concern for organizations, particularly in industries where skilled and motivated personnel are critical to maintaining a competitive edge. The retention of employees not only reduces turnover costs but also enhances organizational stability, continuity, and overall performance. The present study examines the impact of managerial leadership styles and job satisfaction indicators on employee retention, specifically within the context of IT Companies in Mangalore. In this evolving business landscape, where technological advancements and agile methodologies are paramount, the ability to retain talent is crucial for sustaining innovation and achieving long-term success.

Leadership styles, particularly transformational and transactional leadership, have been widely recognized as significant factors influencing employee motivation, satisfaction, and retention. Transformational leaders, by inspiring and motivating their teams, foster a work environment conducive to high levels of engagement and commitment. Conversely, transactional leaders, who emphasize clear structures, rewards, and corrections, also play a vital role in maintaining organizational discipline and meeting performance standards.

Job satisfaction, encompassing factors such as compensation, career development opportunities, work-life balance, and recognition, is another critical determinant of employee retention. Satisfied employees are more likely to remain with their organization, thereby reducing turnover rates and contributing to organizational stability.

2. LITERATURE REVIEW

1. (Sonia Singh, 2017) The research by Sonia Singh and Dr. Biswajit Satpathy studies the relationship between job satisfaction, managerial leadership styles and employee retention in IT companies in Bangalore. The study highlights the benefits of conversational leadership over command-and-control approaches in enhancing employee engagement and retention. Using survey data, the research reveals a negative correlation between job satisfaction and the importance employees place on various job aspects, with notable dissatisfaction related to salary, benefits, communication, and job expectations. It finds that transactional leadership styles, which focus on task completion rather than relationship-building, are linked to higher turnover intentions. The study emphasizes the need for recognition and supportive leadership in addressing employees' higher-level needs, recommending a shift towards leadership practices that enhance job satisfaction and retention.

2. (Agarwal, 2016) This research by Dr. Puja Sareen and Ms. Surabhi Agarwal from Amity University investigates the impact of leadership styles on employee retention in the IT industry, focusing on the Delhi/NCR region, where high attrition rates pose significant challenges. By surveying 102 executives from major IT companies, the study reveals that leadership styles directly influence employees' decisions to stay with their organizations. Transformational leadership,

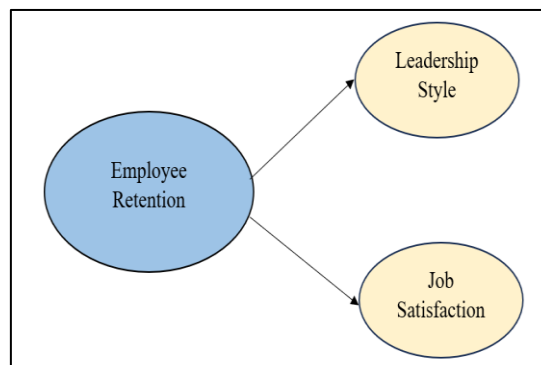
characterized by individualized consideration and inspirational motivation, is particularly effective in promoting retention, while passive leadership has the opposite effect. The study underscores the importance of adopting leadership styles that align with employees' expectations to mitigate turnover costs and maintain a competitive edge. Through a comprehensive literature review and rigorous statistical analysis, the research highlights the critical role of leadership in fostering employee retention, ultimately recommending that IT organizations prioritize leadership strategies that enhance retention to ensure long-term success.

3. (Biaison, 2020) This study explores the relationship between job satisfaction and employee retention, focusing on various factors contributing to job satisfaction, such as compensation, job content, promotion opportunities, supervisor relationships, and colleagues. The research used a descriptive design, collecting data from 100 employees in Baguio City, Philippines, through a questionnaire based on the Job Descriptive Index. Statistical analysis, including regression analysis, was performed using SPSS to determine correlations. The study implicated a positive correlation between satisfaction and employee retention. Specifically, satisfaction with compensation, job content, promotion opportunities, supervisors, and colleagues significantly impact employees' decisions to stay with their organization. Employers are recommended to enhance job satisfaction by improving compensation, fostering good working relationships, providing career advancement opportunities, and recognizing employees' contributions. Such practices are likely to improve employee retention by making employees feel valued with their jobs.

3. RESEARCH OBJECTIVES

1. To Analyse the relationship between Managerial Leadership styles and Employee Retention.
2. To Assess the relationship between Job satisfaction and Employee Retention.
3. To Evaluate the predicting power of Job satisfaction and Managerial Leadership styles. on Employee Retention separately.
4. To study the Influence of demographic factors on Employee Retention.

Conceptual Framework



The research investigates the relationship between job satisfaction, leadership styles and employee retention within various IT Companies in Mangalore. This study highlights how different managerial leadership styles—transactional and transformational—impact employee retention, alongside various job satisfaction factors.

Problem statement

By identifying the key factors related to HR practices, job satisfaction, and supervisory support, organizations can come up with strategies to improve employee satisfaction and retention, leading to a more stable and productive workforce.

Methodology

This study employs a mixed-method research design, integrating both quantitative and qualitative approaches to provide a comprehensive analysis of the factors affecting employee retention at IT Companies in Mangalore.

Research Design:

Quantitative Approach: A survey was administered to employees at IT Companies in Mangalore to collect data on their perceptions of leadership styles, job satisfaction, and their intentions to stay with their respective company. The survey included questions designed to measure the frequency and impact of transformational and transactional leadership behaviours, as well as various job satisfaction indicators.

Qualitative Approach: In-depth interviews were conducted with selected employees to gain deeper insights into their experiences and perceptions of the leadership styles practiced within the organization and their overall job satisfaction.

Sample:

The study targeted employees across different levels of the organization, including entry-level, mid-level, and senior-level positions. A census method was used, resulting in a sample size of 110 employees.

Data Collection:

Primary Data: Collected through structured questionnaires distributed to the employees and through in-depth interviews.

Secondary Data: Gathered from academic journals, company records, and other relevant literature.

Hypotheses:

Hypothesis 1: Leadership style does have an influence on Employee Retention.

Hypothesis 2: Job Satisfaction does have an influence on Employee Retention.

Hypothesis 3: Demographic factors (Age, Gender, Level of Education, Job Position, Experience) have an effect on Employee Retention.

Data Analysis:

Data were analysed using statistical methods, including descriptive statistics, correlation analysis, and regression analysis, to test the hypotheses. The qualitative data from interviews were analysed using thematic analysis to identify recurring patterns and themes.

Descriptive Statistics

The demographic analysis revealed that the majority of respondents (77%) were aged between 20 and 30 years, with a higher representation of male employees (66%). Most respondents held a bachelor's degree (75%), and a significant portion were in entry-level positions (55%).

Correlation Analysis

Correlation analysis was conducted to explore the relationship between leadership styles, job satisfaction indicators, and employee retention. The results indicated a strong positive correlation between transformational leadership behaviours and employee retention. Specifically, leadership behaviours that involve motivating employees and involving them in decision-making processes showed a higher correlation with retention rates.

The correlation analysis between employee retention questions and transactional leadership behaviors reveals several insights into how different leadership behaviors impact employee retention. The strongest positive correlation (0.564) is observed between employees wanting to stay for career advancement and their involvement in decisions. This indicates that when employees feel involved in decision-making processes, they are more likely to stay with the company due to perceived opportunities for growth.

The relationship between employee retention questions and transformational leadership behaviors. The highest correlation (0.524) is found between the desire to stay because the job matches skills and experience, and the manager's ability to raise enthusiasm for achieving team objectives. This indicates that when leaders inspire and motivate their team towards common goals, employees feel their job aligns with their skills and are more likely to stay.

The combined correlation analysis between employee retention questions and both transactional and transformational leadership behaviors provides valuable insights into how different leadership styles impact employee retention. The highest correlation (0.564) is observed between the desire to stay due to career advancement and involvement in decision-making, indicating that when employees are included in decisions and see growth opportunities, they are more likely to remain with the organization.

Regression Analysis

Regression analysis was used to determine the predictive power of leadership styles and job satisfaction indicators on employee retention. The analysis confirmed that both transformational leadership and job satisfaction are significant predictors of retention. The involvement in decision-making, opportunities for career advancement, and fair treatment by supervisors were particularly strong predictors.

Hypothesis Testing

Hypothesis 1: The analysis supports the hypothesis that leadership style influences employee retention, with transformational leadership showing a stronger impact compared to transactional leadership.

Hypothesis 2: Job satisfaction was found to significantly influence employee retention, particularly factors related to career advancement and training support.

Hypothesis 3: Demographic factors such as job position and experience were found to have some impact on retention, but the influence of leadership style and job satisfaction was more substantial.

Major Findings

1. Impact of Transformational Leadership: Transformational leadership behaviours, particularly those that involve motivating employees and aligning team objectives with individual goals, have a significant positive impact on employee retention. Employees who perceive their managers as inspirational and supportive are more likely to stay with the organization.

2. Role of Job Satisfaction: Job satisfaction indicators such as opportunities for career advancement, support for additional training, and fair treatment by supervisors are critical determinants of employee retention. Employees who are satisfied with these aspects of their job are more committed to their organization.

3. Transactional Leadership: While transactional leadership also plays a role in employee retention, it is less impactful than transformational leadership. The emphasis on rewards and corrective actions is less effective in retaining employees compared to behaviours that foster enthusiasm and involvement.

4. Demographic Influences: While demographic factors such as job position and experience influence retention, they are less significant compared to leadership style and job satisfaction.

Suggestions

Based on the findings, the following recommendations are proposed to enhance employee retention at IT Companies in Mangalore:

1. Leadership Development Programs: Implement leadership development programs that emphasize transformational leadership behaviours. Training managers to inspire, motivate, and involve employees in decision-making can significantly improve retention rates.

2. Enhance Job Satisfaction: Focus on improving job satisfaction through initiatives that offer career advancement opportunities, support for professional development, and fair treatment by supervisors. Regular feedback and recognition programs can also enhance employee satisfaction.

3. Tailored HR Strategies: Develop HR strategies that address the specific needs and aspirations of employees at different career stages. This includes offering tailored career paths, mentorship programs, and flexible work arrangements.

4. Employee Involvement: Increase employee involvement in decision-making processes, particularly in areas that directly affect their work. This can enhance their sense of ownership and commitment to the organization.

4. CONCLUSION

This study underscores the importance of managerial leadership styles and job satisfaction indicators in influencing employee retention. Transformational leadership, characterized by inspiration, motivation, and involvement, plays a critical role in retaining employees. Job satisfaction, particularly in areas related to career development and fair treatment, is also a key determinant of retention. Organizations aiming to improve retention rates should invest in leadership development and job satisfaction initiatives that align with these findings.

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