THE IMPACT OF LEADERSHIP STYLE ON EMPLOYMENT IN THE INDUSTRIAL SECTOR OF THE EMERGING ECONOMY

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Abstract

The leadership styles such as transformational leadership and transactional leadership have captured the interest of scholars in the contemporary world of organisational behaviour since it is associated with the perceptions of supervision skills to the presence of retentions within the organisational setting. The primary objective of this study is to examine the impact of leadership style on employee retention in the South African automotive industry. A quantitative research design was employed. Non-probability sampling was used and 96 usable questionnaires were returned. The empirical results reveal that transactional and transformational leadership have positive influence on employee retention. Evidence shows that a leadership style is a powerful instrument that can be used to retain talent within the organisational settings. The main aim of this study was to determine the impact of leadership style on employee retention in the context of automobile sector. By using descriptive and inferential statistics, the study shows that there is a negative relationship between leadership style and employee retention. In particular, the study argues that transactional leadership style and transformational leadership style are forces that are needed in order to retain talents in the organisation settings. Furthermore, based on the findings, the study, therefore, recommends the implementation of both transformational leadership style and transactional leadership style in mitigating employee turnover in the automotive organisations in South Africa.

Keywords: Employee Retention, Leadership, Quantitative Research, Automotive Sector, Transactional Leadership, Transformational Leadership

1. INTRODUCTION

The openness of economies through the process of globalisation has demonstrated positive results in such as the increase of foreign direct investment, technological exchange, improvements in facilities and ultimately the economic growth of the country. This means that the financial liberalisation that intensified competition had created organisational climatic conditions that are conducive to employee retention. According to Chitra (2013, p. 67) this means the amelioration of growth within the business organizations requires a clear adoption of methods that can effectively attract efficient people and can be effectively retained as well.

Furthermore, the inevitable process of globalisation has intensified competition amongst countries, organizations as well as companies not only in the market for goods and services but also in the market for the employee. This means, therefore, no country, organisation, industry or firm is immune to the war of scarce skilled employees. Thus, in such an environment of the high competition of talents, the organization’s ability to employ effective retention strategies becomes more important.

Furthermore, the retention of staff is of paramount importance as it helps an organization reduce or avoid costs associated with replacing the employee. Leadership style is a powerful weapon that can be used to win the war of talents. In addition, the literature shows that the style of leadership plays a pivotal role in determining the
intention to leave the organization. In this context, studies show that employees do not solely leave the organization, they leave poor leadership styles instead. This implies that there is a positive relationship between poor leadership style and employee intention to leave the organization. Against this background, this study seeks to investigate the impact of leadership styles on employee retention in the context of the automotive industry in the South African Automotive industry.

Workers and employee turnover are a costly phenomenon for any type of business and organizations ought to avoid it through improving employee retention (Hardy et al., 2010; Amankwaa & Anku-tsede, 2015; Murari, 2015; Scully, 2015). The problem within the automotive industry is that managers are not conversant with what constitutes employee retention and effective leadership and this creates an environment of misunderstanding that is conducive to effective work relations. The managers are unaware of causal effects such as absenteeism and sick leave. The employees in the automotive industry are expected to work long hours and even during the weekends to complete work assignment. The lack of training and development and micromanagement of employees create a climate that is conducive to effective work relations. The cost of employee turnover manifests itself in various facets which include; decline in productivity; recruitment and training expenses and lost time (Wakabi, 2016, p. 412). Poor employee retention skills have profound effects on corporate policies, management programs, budgets among other business activities (Murari, 2015). Over the last decade, South African automotive firms have experienced low levels of employee retention as a result of literature studies conducted in various fields such as agriculture, banking, mining among others suggest that leadership style is linked to labour turnover. However, little research has been done on the impact of leadership styles on employee retention in the South African automotive sector, in particular. The poor work performance has been causing disastrous consequences such as increased employee absenteeism, absence without leave and even theft and sabotage by employees. This leads to the main research question to be addressed. What is the influence of leadership style on employee retention in the South African Automotive industry?

The primary objective of this study is to investigate the impact of leadership styles on employee retention in the South African Automotive industry. The following secondary objectives are identified:

- To determine the causes of low (or poor) employee retention in the automotive industry;
- To identify the cost associated with low (or poor) employee retention in the Automotive industry;
- To determine the impact of leadership styles on employee retention in the Automotive industry;
- To make policy recommendations to the automotive industry management regarding employee retention.

2. LITERATURE REVIEW OF EMPLOYEE RETENTION AND LEADERSHIP

2.1. Employee retention and the South African Automotive sector

According to De Vos and Meganck (2008, p. 45), employee retention refers to the portfolio of HR practices that organisations develop to reduce voluntary turnover rates. Hausknecht, Rodda and Howard (2009, p. 209) concur that it entails efforts by an organisation to maintain a working environment which supports current staff in remaining with the organisation by improving key processes and conditions. The ultimate aim is happy, loyal employees who actively want to remain with the organisation. In this study, employee retention is defined as a voluntary move by an organisation to create an environment which engages employees for the long term with the purpose of preventing loss of competent employees from the organisation. According to Smith and Cronje (2002), training and development are the major retention strategies used by managers in retaining their best employees. Bussin’s (2002) findings are contrary to retention in that training and development may lead to early turnover of employees in South Africa.

According to Samuel and Chipunza (2009:412), in public and private sector organisations, employee retention is influenced by training and development recognition and reward for good performance and competitive salary and job security. Research findings by Rao (2011, p. 129) envisaged that employee retention is influenced by motivating employees in aspects of open communication, which fosters loyalty among the employees in the organisational settings.

Empirical findings by Hauusknch, Rodda and Howard (2009) among employees showed that employee retention is strongly influenced by organisational prestige as the decision to stay among the respondents in that organisational prestige also offers retention benefits for employees who are currently on the job.

Research findings of comparative analysis of a heavy engineering industry by Sinha (2012, p. 145-162) established that competence and relationship-oriented strategies, scholastic and futuristic oriented strategies with developmental and reward oriented strategies are the most fundamental strategies of employee retention in an organisational setting.

Empirical findings in Nigeria by Nwokocha and heriohanna (2012, p. 201) state that critical, sustainable trends in employee retention such as the establishment of a strategic retention plan, involvement of employees in the decision-making process, a personalised compensation plan, career planning, training and development and creation of work flexibility and outsourcing are the pertinent employee retention strategies that require the use of a talented workforce in order to drive the fundamental changes and production processes that take place in work organisations.

Furthermore, the study of Indian industry (2014) confirmed that employee retention is strongly influenced by human resources related practices such as training and development, and job security.

Furthermore, the major issues in the automotive organization in this era is employee turnover (Jagun, 2015, p. 23). Various factors have
contributed to low employee retention which include long working hours, work stress, lack of commitment of employees and this has present a big challenge of the sector (Asrar-ul-Haq & Kuchinke, 2016, p. 15). These challenges have increased exponentially over time and demand automotive companies to come up with strategies that assist in improving employee retention with the sector. Furthermore, these techniques will only be vital if they are able to retain more of the talents within the organization especially during this period in which talent completion has been exacerbated by the interlinkage of world economies (Sakina, 2009, p. 85; Rusdi & Hubeis, 2015, p. 65).

Within South Africa, the automotive sector is among the main contributor of export revenues, employment and economic growth but has faced a huge exodus of skilled workers. This continued loss of talents poses a huge challenge to the sector as well as the economy at large.

In addition, despite the fact that governments have a role to play in ensuring economic prowess, it is also of paramount importance for the management of organizations to install strategies to attract and retain a skilled workforce. Hall, Woodroffe and Mamaile (2018, p. 564) assert that the main determinant of low employee retention is mainly ineffective leadership. This is mainly due to the fact that a lot of organization, particularly in the automotive industry do not emphasize much on the importance of the impact of leadership styles on the overall success of the organization.

Sakina (2009) asserts that it is noteworthy to highlight that in the automotive industry, leadership styles play a fundamental role in determining the intention of a worker to leave or stay in the organization. In the same vein, Asrar-ul-Haq and Kuchinke (2016, p. 342) show that there is a need for top management to apply an effective leadership strategy in their divisions in order to satisfy, motivate and most importantly retain skilled employees. This also calls for the top management to fully comprehend the problem of the sector and installing effective leadership strategy in order to ensure the retention of employees even during episodes of stress and challenges related to the automotive sector.

2.2. Clarification of leadership concept

The terms leadership and management are commonly used interchangeably in our day-to-day lives. Although these concepts do not mean exactly the same (Long, et al., 2012, p. 65). Gwauyu (2011, p. 163) shows that the two concepts are closely intertwined, as one needs to be able to manage in order to lead. Management, however, is a process that mainly focusses on planning, controlling and development of resources of an organization. On the other hand, leadership is concerned with the alignment of people to the vision of the organization (Wakabi, 2016, p. 45). It is also interesting to note that the concept of leadership has evolved from 1940 to the 21st century. Furthermore, it is important to mention that the concept of leadership has changed over time. For instance, Bass and Bass (2008, p. 57) shows that in 1940, leadership was perceived as the ability to encourage and direct as a result of the influence of position and power and in the 21st century, leadership concept is viewed as one in which a manager, supervisor or foreman is responsible and accountable for the action of the organization.

However, other authors have also come up with various dimensions of leadership. Muteswa and Ortlepp (2011, p. 44) defined leadership as a human factor that binds a group together and motivates it towards attaining organizational goals and transforming the group’s potential into reality.

Furthermore, Jagun (2015, p. 76) and Bratton, Grint and Nelson (2003, p. 524) show that leadership is a process in which an employee is being persuaded or an employer or manager persuades someone to perform a task that they might want to do. In the same vein, (Muceke et al., 2012, p. 65; Ronald, et al., 2016, p. 88) argue that leadership is a relationship which prevails by which a single person is capable to effect the behaviour of other people in which the leader is capable to utilize their human influence in order to make people obtain targeted goals. Chowdhury (2014, p. 88), Obicci (2015, p. 67), Sow et al. (2016, p. 89) also assert that leadership is the “ability to persuade others willingly to behave differently.” This implies that in the context of organization, leadership is all about motivating employees to put their best in attaining best outcomes or desired organizational goals (Sow, et al., 2016, p. 98). It is clear that the definitions of leadership are all able to establish an aspect of influence and persuasiveness from a leader to employees. Most importantly, the relationship between the leaders and employees is a major determinant for employee retention and key component in determining whether an employee will leave or stay in the organization (Mesgari and Mousavi, 2003, p. 88; Daskalakis et al., 2013, p. 56; Kossivi, et al., 2016, p. 88). Furthermore, leadership is important in determining the conduct of employees in attaining the goals of an organization. This is essential because the degree of leader’s effectiveness will play a critical role not only in the organizational retention strategy but also in helping the organization to adapt in this ever-evolving world of business.

Moreover, leadership is a fundamental issue to the success of any organization. This is in line with the findings by Bass and Bass (2008, p. 406) which assert that the effectiveness and efficiency of a leader can be quantified in objective terms by looking at the rate of absenteeism, complaints, transfers, industrial actions and employee turnover. In this context, it can be proposed that the manner or manner in which a leader influences his subordinates towards the attainment of organizational goals has an effect on how they conduct themselves in the organization. This approach can be termed leadership style.

2.3. The impact of leadership style on employee retention

The effect of leadership style on employee retention has been conducted in many countries as well as sectors. Although most studies in this area found that transformational leadership is a key to mitigate labour turnover, it is interesting to note that the results are still inconclusive with respect to which leadership style is effective in improving worker retention. Furthermore, little research has been conducted in the field of automotive industry.

This study chronologically presents studies, which were conducted in the context of the impact
of leadership styles on employee retention, Erasmus, et al. (2015, p. 340) investigated issues around employee retention in a higher education institution in the context of South Africa. Using descriptive and inferential statistics to analyse data, the authors argue that various factors such as leadership, management and compensation are important factors that are fundamental in determining employees’ intention to stay in or leave the organization. Furthermore, Erasmus, et al. (2015, p. 221) posit that organizational climate factors explain approximately 0.3% variations in employee’s intention to stay or leave the organization. In other words, the authors suggest that the propensity to remain or leave an organization is 30% explained by factors such as leadership, compensation, the interpersonal relationship among other factors.

Amankwa and Anku-Tsede (2015, p. 4) examined the effects of transformational leadership behaviour on employee turnover in Ghana. The authors adopted cross-sectional, descriptive, correlation survey designed with multi-stage sampling technique and 305 respondents. Basing on their study, the authors assert that, in the Ghanaian banking sector transformational leadership style positively influence employee retention. The authors argue that there is a negative relationship between leadership behaviour and employee turnover intention. This implies that transformational leadership improves worker retention in Ghana. In the same vein, Emery and Barker (2007, p. 77) argue that there is a negative relationship between transactional leadership style and employee turnover.

Satope, Akintunde and Olopade (2014, p. 56) analysed the influence of leadership behaviour on labour turnover in Nigeria. Using both secondary and primary data of 148 participants, the authors reveal that leadership has effects on employee turnover. Furthermore, the study reveals high relative influence of leadership behaviour on employees’ turnover. This implies that leadership behaviour is key and influences employee retention. In the same vein, Chitra (2013, p. 196) investigated the role of leaders in employee retention in the context of private sector bank employees in South India using a sample of 100 private sector bank employees, and employing multiple statistical techniques, Chitra (2013, p. 252) states that if best workers are not retained within the concern, an organization can be negatively influenced by the bank operations to the strategic level.

Wakabi (2013, p. 406) through conducting a reveal of literature found that several empirical studies show that leadership style greatly affects the intention to leave an organization. Thus, the author argues that leadership styles promote staff retention. Long, et al. (2012, p. 149) analysed the impact of leadership and employee turnover intention in the case of Malaysian college staff. Informed by their study, the authors assert that there is an inverse relationship between leadership style and employees' turnover intention. On the other hand, Long et al. (2012, p. 575-581) also argue that although transformational leadership styles have an adverse relationship with employee turnover intention, the correlation of the two variables is insignificant.

Curran (2012, p. 110) assessed the employee turnover in the language service section of parliament in South Africa. Using a qualitative case study in order to have insights on why talented employees leave the institution and what retention strategies can be implemented to retain them. Curran (2012, p. 312) shows that factors such as ineffective recruitment strategy and selection processes, inadequate training, non-competitive salaries among others are primary factors, which lead to low worker retention.

Wells and Peachey (2010, p. 25) also investigated the relationship between leadership behaviour satisfaction with the leaders and voluntary turnover intentions on 200 softball participants. The authors assert that there is a significant negative association between transformational leadership and organizational turnover. Similarly, Seligren, Ekwall and Tomson (2007, p. 167) reveal that there is a weak correlation between leadership style and turnover.

In addition, literature also shows that transformational leadership style has a fundamental influence on employee retention. For instance, Ali (2009, p. 241) and Batra and Tan (2003, p. 13) show that transformational leadership styles is an important factor in reducing or mitigating labour turnover, thus improving employee retention rate. In the same vein (Martin & Epitropaki, 2001, p. 250) show that transformational leadership style dampens to intention to leave the organization. The findings by Martin and Epitropaki (2001, p. 260) are consistent with the findings by Bycio, Allen and Hackett (1995, p. 468-470) who suggest that transformational leadership is positively related to employee retentions in the nursing profession. These findings also validate the findings by Bass (1990, p. 25).

3. RESEARCH DESIGN AND METHODOLOGY

3.1. Research paradigm

This methodology follows positivism philosophy, which holds that there is one objective reality which is separate from our consciousness; hence the researcher has no influence on the study and remains as an objective observer (van Wyk, 2010, p. 453). Also, positivist paradigm encompasses concepts such as hypothesis, quantification and objective measure (Ramchander, 2012, p. 423). The main purpose of this methodology is to gain an understanding of the happenings of a particular phenomenon in order to interpret and make accurate predictions. Causal and descriptive designs fall under this methodology.

3.2. Target population

A population is a group of people that a researcher intends to investigate (Hanlon & Larget, 2011, p. 185; Traskin & Small, 2011, p. 734). The target population of this study is all the employees working in the automotive industry in South Africa in the Eastern Cape. In particular, the target population for this study includes all employees of the South African Automotive Industry. This study considers only employees employed on a permanent basis at Rehau Unlimited Polymer Solutions. However, it is not practical to include all the members of the population due to various factors such as cost, time and access constraints. Thus, it is encouraged to use a population representative (Hanlon & Larget, 2011, p. 41; Saunders, Lewis et al., 2012, p. 11). This is
3.3. Sampling

The choice of the sampling procedures lies between the continuum of non-probability and probability sampling types. Non-probability sampling comprises of various techniques such as judgmental, snowballing, convenience sampling among others. On the other hand, probability sampling involves simple random sampling, cluster sampling, to name but just a few. For the purpose of this study, a sampling technique is drawn from the latter sampling types.

Of all the sampling technique, convenience sampling, which is a non-probability sampling technique is easy to use and often less costly. In addition, this sampling procedure relies on data collection from the available population members who are conveniently available to participate in the study. Thus, this study employs the convenience sampling technique. In this regards, the questionnaires were shared with those participants who voluntarily chose to be part of the research and who were convenient to the researcher during the time of data collection.

3.4. Research instrument

A research instrument refers to a measurement device used by a researcher in gathering data for the study. They are various measurement devices that can be used in research. For instance, the devices available for quantitative data collection include surveys, experience and observations. As highlighted previously, this study employs the survey method by making use of a questionnaire to collect data. Generally, a questionnaire is a document that comprises of questions which respondents have an option for answering. These are designed to obtain information which is fundamental to the study.

In practice, there are two main types of instruments that can be used for data collection. These include researcher-completed instruments and subject-completed instruments. Researcher-completed instruments involve interviews, rating scales, flow charts etc. On the other hand, subject-completed instruments involve questionnaires, personality inventories, socio-metric device, attitude scales among others.

This study employs the latter instrument with questionnaires as data collection device. Questionnaires are more effective in data collection, particularly in the context of this study, since they are able to collect a wide range of information within a short space of time. In addition, questionnaires are less expensive and give the researcher complete control over the process of collecting data.

3.5. Questionnaire construction

The design of the questionnaire used in the study was informed by literature. The questionnaire has a section on demographic information which seeks to gain insights on the demographic profile of the respondents. The second section contains matrix rating scale questions which are used in which participants outline whether they strongly disagree to strongly agree to the statement given.

3.6. Pilot study

According to (Mosteller et al., 1980, p. 326), the pilot study refers to a small-scale test of procedures and methods to be employed on a larger scale. It is essential because it examines the feasibility of procedures and methods intended to be used in the study. For a pilot study, this study targeted 20 employees at Rehau Unlimited.

3.7. Administration of the questionnaires

The questionnaires were hand delivered to the main reception at the site of the study and individual who volunteered to participate in the study collected them. The respondents were given a three weeks to complete the questionnaires. This was done after obtaining permission to conduct the research. The participants were kindly asked to drop the completed questionnaires by the reception.

3.8. Collection of the questionnaires

The questionnaires collected from the reception, where there were delivered after completion. This was done after the 21-day period of questionnaire administration had elapsed. This was done so as to give the respondents adequate time to complete the questionnaires.

3.9. Data analysis

Prior to data analysis, the collected data was captured and coded using the statistical package for the social sciences (SPSS). In addition, data will be analyzed using the mentioned software. It also of utmost importance to highlight that there are different methods of for data analysis. These include descriptive analysis, inference analysis and association analysis. In the descriptive analysis, data is described using the mean, median, mode, standard deviation and frequency distribution. On the other hand, the inferential analysis relies on the null hypothesis and standard error. The association analysis makes use of the cross tabulation, correlations and regressions.

In order to achieve the study objectives, this research employed both descriptive analysis and inferential statistical analysis.

Descriptive analysis is important as it presents a summary of findings and incorporates demographic information such as age and gender. This study presents the demographic information in both tables and figures as shown in the next chapter. On the other hand, the study employs statistical inference for quantitative data analysis such as reliability, validity and regression analysis. This is important as this helps to achieve the third objective of the study.

Furthermore, there are important processes that will be conducted. After the data have been collected, it will be coded and presented for analysis in which tabulation of the results will be done. Furthermore, the results will be interpreted and this will help in shedding more insights on whether or not the study has achieved its objectives and what recommendations can be given.

3.10. Validity and reliability for a quantitative study

Reliability tests for the internal consistency within a measuring instrument. The constructs of a
measuring scale become reliable only and only if they are able to produce the same results when the values likely similar. The most common measure of reliability or internal consistency of constructs is the Cronbach’s alpha value. The general rule of thumb suggests that values that are at least 0.7 are normally regarded as indicating reliability. In the context of this study, the reliability test will be done on the constructs of transformational leadership, transactional leadership style and employee retention. According to Wiid and Diggines (2013), validity measures the extent to which a measuring scale actually measures what it is designed to measure.

4. EMPIRICAL RESULTS

4.1. Reliability test

Warrens (2014, p. 41) shows that the most commonly used measure for internal consistency is Cronbach’s alpha. In statistics, the internal consistency is important as it shows the degree to which the item in the test is a proxy for the same construct and hence, the Cronbach’s alpha measures the connectedness of the inter-relatedness of items included in the test. The Cronbach’s alpha coefficient can vary between zero (0), indicating the absence of reliability and one (1) for maximum reliability. Cortina (1993, p. 103) asserts that a higher alpha coefficient concludes that a larger portion of the variance in the test results is attributable to group factors as well as general factors. Furthermore, a value more than 0.7 are regarded as reliable and internally consistent (Schmitt, 1996, p. 351). For instance, a Cronbach alpha value of 0.8 shows that 80% of the variations in the observed score is due to the variance in the true score. The table below shows Cronbach’s alpha and internal consistency basing on literature.

<table>
<thead>
<tr>
<th>Cronbach’s alpha</th>
<th>Internal consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>α≥0.9</td>
<td>Excellent</td>
</tr>
<tr>
<td>0.8&lt;α≤0.9</td>
<td>Good</td>
</tr>
<tr>
<td>0.6&lt;α≤0.8</td>
<td>Acceptable</td>
</tr>
<tr>
<td>0.5&lt;α≤0.6</td>
<td>Questionable</td>
</tr>
<tr>
<td>α&lt;0.5</td>
<td>Unacceptable</td>
</tr>
</tbody>
</table>

4.2. Response rate

To achieve the central aim of this research, 120 questionnaires were distributed to collect data from the participants and 96 questionnaires were completed and returned. This gives a response rate of 0.8 or 80%. According to Jain and Angural (2017, p. 76), a responsive of 80% and above can provide reliable survey estimates.

4.3. Reliability test for the main research variables

Table 2 below shows the results of reliability analysis for transformational leadership style, transactional leadership style and employee retention. There were 96 valid questions across 8 items that contributed to the overall transformational leadership composite score. This led to a Cronbach Reliability value of .809. Furthermore, the Cronbach Alpha for the transactional leadership style and employee retention were .899 and .822 respectively. The Cronbach Alpha measures the internal consistency of the scale or test and it is expressed as a number between 0 and 1 (Tavakol & Dennick, 2011, p. 53). A Cronbach alpha above .8 is a good measure of internal consistency and can imply that the results of the study can be relied upon. In the context of this research, the alphas of all the three variables are above 80%, thus the results of this study can be relied upon.

Table 2. Reliability and validity test for transformational, transactional and retention

<table>
<thead>
<tr>
<th>Transformational leadership style</th>
<th>Case processing summary</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>N of Items</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>100.0</td>
<td></td>
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<tr>
<td>Excluded</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Reliability statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cronbach’s alpha</td>
<td>.809</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transactional leadership style</th>
<th>Case processing summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>N of Items</td>
<td>8</td>
</tr>
<tr>
<td>N</td>
<td>96</td>
</tr>
<tr>
<td>%</td>
<td>100.0</td>
</tr>
<tr>
<td>Excluded</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>96</td>
</tr>
<tr>
<td>Reliability statistics</td>
<td></td>
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<tr>
<td>Cronbach’s alpha</td>
<td>.899</td>
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<table>
<thead>
<tr>
<th>Employee retention</th>
<th>Case processing summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>N of Items</td>
<td>8</td>
</tr>
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<td>N</td>
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<td>Excluded</td>
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<tr>
<td>Total</td>
<td>96</td>
</tr>
<tr>
<td>Reliability statistics</td>
<td></td>
</tr>
<tr>
<td>Cronbach’s alpha</td>
<td>.822</td>
</tr>
</tbody>
</table>

Note: a. Likewise deletion based on all variables in the procedure.
4.4. Demographics

4.4.1. Gender

The following section presents the gender profile of the participants of the study.

Table 3. Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of responses</th>
<th>% of responses</th>
<th>Total percentage of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>39</td>
<td>40.6</td>
<td>40.6</td>
</tr>
<tr>
<td>Male</td>
<td>57</td>
<td>59.4</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 above shows the frequencies based on the gender of the participants of the study. The table highlights that a total of 96 participants returned the questionnaires. Out the total returned questionnaires, 57 were completed by males, thus accounting for 59.4% of the returned questionnaires. On the other hand, 39 females completed the questionnaires, thus accounting for 40.6% of the total obtained questionnaires.

4.4.2. Work experience

It is also important to know the experience profiles of the research participants.

Figure 1 shows the experience of the respondents. From the presented graphical illustration, it is clear that the majority of the respondents have worked for the organization for more than 15 years. In particular, the figure shows that 25 people have been in the organization for more than 15 years. This is followed by people who have worked between 11-15 years (24). The total number of people who have worked in the organization for 7-10 years is 22 and number 3 on the list of experience. Furthermore, the presented results show that 12 people have been in the organization between 3 to 6 years. Interestingly, the number of people who have been in the organization for less than 3 years is also 12, the same as that of people who have worked between 3-6 years.

4.4.3. Occupation/position

The figure below (Figure 2) shows the designation of the respondents who participated in this research.

Figure 2 shows that most participants who took part in the study are general staff (77). This group is followed by managers (12) and lastly directors (7).

4.4.4. Education profile

The results presented in Figure 3 show that only 7.3% or 7 respondents who participated in this research have postgraduate degrees. In addition, the above findings show that 40.6% of the participants have diplomas. This implies a diploma is the most common qualification in the organization. A total of 31 respondents or 32.3% of the participants are in possession of professional certificates. Lastly, only 19 respondents (or 19.8%) have an undergraduate degree. Thus, the presented results show that few respondents possess highest educational qualifications.
4.5. Main primary findings

Prior to the presentation of study results, it is essential to test for the reliability and validity of the research instrument. According to Bruin and Cornelius (2011, p. 61) “reliability and validity form the crux of any measurement since they are important in establishing the credibility and truthfulness of the findings.” Against this backdrop, this study presents the reliability and validity test results of the main variables.

4.5.1. Research findings

This section of the study presents the linear regression model and the overall fit statistics. In addition, this section is essential as it helps answers the research questions asked in chapter one and also helps to achieve the central aim of the study. Basing on the empirical results presented in table 27, the $R^2$ and the adjusted $R^2$ of the model is 46% and 45% respectively. The $R^2$ results indicate that 46% of the variations in employee retention are explained by transformational leadership style and transactional leadership style. The adjusted $R^2$ results imply that the regression model explains 45% variance in the data.

Table 4. Simple linear regression model fit and summary for leadership styles and employee retention

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>14.115</td>
<td>2</td>
<td>7.058</td>
<td>39.807</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>16.488</td>
<td>93</td>
<td>.177</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30.604</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Model summary

$R^2$: 0.451  
Adjusted $R^2$: 0.550  
Std. Error of the Estimate: 0.42106  
Durbin-Watson: 1.723

Note: a. Dependent Variable: Employee Retention  
b. Predictors: (Constant), Transformational Style, Transactional Style

The regression results also show that the F-test, a test for overall significance in the model is 39.807 with the p-value of 0.000. This implies the model is statistically significant. Furthermore, the test for autocorrelation, Durbin-Watson test, is 1.723. A rule of thumb suggests that the D-W test values between 1.5 and 2.5 show that there is no autocorrelation.

The presented results show a D-W test of 1.723 which implies that there is no autocorrelation in the model. Furthermore, the table below shows that there is a negative relationship between employee intention to leave the organization and the leadership styles investigated. Consequently, the following model is given below:

$$Employee\ Retention = 7.99 - 0.713\text{transformationalStyle} - 0.818\text{transactionalStyle} + \epsilon$$  \hspace{1cm} (1)

Where, transformationalStyle is a transformational leadership style, transactionalStyle is transactional leadership style and $\epsilon$ is the residual error term

Table 5. Regression results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>7.999</td>
<td>.054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational style</td>
<td>-0.713</td>
<td>.099</td>
<td>-2.147</td>
<td>.030</td>
</tr>
<tr>
<td>Transactional style</td>
<td>-0.818</td>
<td>.098</td>
<td>-2.476</td>
<td>.015</td>
</tr>
</tbody>
</table>

Note: a. Dependent Variable: Employee Retention

Figure 3. Education profile

<table>
<thead>
<tr>
<th>Education profile</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postgraduate degree</td>
<td>7</td>
<td>7.3</td>
</tr>
<tr>
<td>Undergraduate Degree</td>
<td>19</td>
<td>19.8</td>
</tr>
<tr>
<td>Professional certificate</td>
<td>31</td>
<td>32.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>39</td>
<td>40.6</td>
</tr>
</tbody>
</table>
Table 5 shows that both leadership styles (transformational and transactional) are statistically significant in reducing employee intentions to leave the organization. These findings validate the findings by Amankwaa and Anku-Tsede (2015, p. 19) who postulated that transformational leadership style is adversely related to employees' intention to leave in the organization in the context of Ghana. Furthermore, the findings of this study are consistent with the results by Ariyabuddhiphongs and Kahn (2017, p. 215) who argue that transformational leadership style and transactional leadership style significantly reduce employee intention to leave the organization. Moreover, the findings of this study also corroborate with the findings by Khan (2015, p. 50) which shows that there is a negative relationship between the leadership style and employee intention to leave the organization. This implies that the leadership styles examined in this study promote employee retention.

5. CONCLUSION AND RECOMMENDATION

5.1. Findings from literature review

The study also conducted an empirical literature review. This was done to learn from previous studies that conducted similar research. The empirical literature has shown that leadership styles have an impact on employee intention to leave or stay in the organization. Despite the fact that the automotive industry is not immune to high labour turnover, empirical literature has shown that most studies on the impact of leadership style and employee retention have been done in other sectors such as banking, agriculture, mining among others and little is known in the context of the automotive industry. Furthermore, drawing from the presented literature, it can be noted that there is no general consensus on the impact of leadership style on employee retention. Some studies show that there is a negative relationship between leadership styles and employee retention whilst others studies show that the relationship between these two variables is insignificant. Thus, this study has bridged the bridge this gap and contribute to the literature by investigating the impact of leadership style on worker retention in the case of the automotive industry.

5.2. Findings from primary research

The presented results have shown that both the transformational leadership style and transactional leadership style have a negative relationship with employee intention to leave the organization. This implies that these types of leadership styles are important in retaining talents in the organization. The presented findings show that both the transactional leadership style and transformational leadership negatively affect employee intention to leave. In addition, the presented results show that the R² and the adjusted R² of the model is 46% and 45% respectively. The R² results indicate that 46% of the variations in employee retention are explained by transformational leadership style and transactional leadership style. The adjusted R² results imply that the regression model explains 45% variance in the data.

5.3. Recommendations regarding the study

The conceptualisation and measurement of employee retention and leadership style are recognised as issues for open debate in management literature. Past research clearly shows that employee retention can be sample specific. Future research might attempt to identify the employee retention and dimensions of leadership style that exist across settings. This study focused on the impact of employee retention and leadership style in the South African automotive industry. Future research could conduct a comparative analysis of professional and ordinary employees and compare top management and low level management perceptions against employee perceptions. Future research could also explore different research methodologies such as phenomenological qualitative research where focus group interviews are conducted. The structured interviews cold yield a different response rate to that of self-administered questionnaires.

Another point of departure from the current practise would be to explore a formative rather than a reflective measure of employee retention and leadership style. Research that develops and examines formative measures of leadership style and employee retention may be successful in resolving many of the outstanding measurement issues. The negative relationship of the leadership and employee retention may impose important managerial implications. These findings may contribute to studies that will further investigate the causal relationship between these two constructs. Furthermore, future studies can extend the study by investigating the influence of job satisfaction on employee retention.

The study has employed a quantitative approach to achieve the objectives. There is, however, a need to employ a qualitative approach to have more insights on the impact of leadership style and employee retention. Furthermore, there is a need to include other organization and or province to gain a better understanding of leadership styles and employee retention. Moreover, future research could be done which consider reasons for low employee retention from former employees in order to have more insights on leadership style and employee retention.

5.4. Concluding remarks

The primary aim of this study was to investigate the impact of leadership style on employee retention in the South African Automotive industry. The empirical results transformational and transactional leadership have a positive influence on employee retention. Grounded on the summary of this study as well as the practical implication and recommendations derived from the empirical study as discussed in the study, it can be acknowledged that the primary and secondary objectives of this study have been achieved. It is therefore, fitting to confirm that the results of this study have contributed to the body of knowledge on employee retention, business management, and the automotive industry.
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