

## **A STUDY ON THE EFFECT OF A LEADER'S STYLE ON THE RETENTION AND MOTIVATION OF WORKER'S IN THE INDIAN RETAIL SECTOR**

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### **ABSTRACT:**

*This study looks at how a leader's style affects the motivation and retention of staff members in the Indian retail sector. The evaluation of prior research on the subject, which includes case studies, theoretical frameworks, and empirical studies, served as the foundation for this investigation. This study examines the various leadership philosophies that are often used in India's retail sector and how they affect worker retention and motivation. According to the study, autocratic and laissez-faire leadership styles have a detrimental impact on staff engagement and retention, while transformational leadership approaches have a favorable effect. The relevance of elements like pay and benefits, work environment, career development, and organizational culture in affecting employee motivation and retention in the Indian retail sector is also highlighted in the research. In addition to offering guidance for future research on the subject, the study offers retail managers and executive's information on how to create effective leadership techniques that can improve staff motivation and retention.*

**Keywords:** *Organizational goals, leadership style, employee motivation, organizational culture*

### **INTRODUCTION:**

Any company needs strong leadership since it is vital to attaining the organization's goals and objectives. It has been shown that a leader's style significantly affects the motivation and retention of their team members. Given the dynamic nature of the Indian retail industry, which is marked by intense competition and frequent changes, leadership style assumes even greater significance in this sector.

Both local and foreign businesses have made significant investments in the Indian retail sector, which has been expanding quickly in recent years. Based on an IBEF research, the Indian retail sector is projected to develop at a compound annual growth rate (CAGR) of 10.5% from 2018 to 2025, when it is valued at USD 1.1 trillion. Significant shifts in customer tastes, technology, and governmental regulations have affected the industry, increasing competition and necessitating the adoption of effective leadership styles by firms.

In the Indian retail sector, companies must have effective leadership styles in order to draw in and keep workers, which is vital to their competitiveness. Any organization's ability to succeed depends heavily on its ability to motivate its workforce, as motivated workers are more likely to be committed to the organization's objectives and productive. Additionally, maintaining expertise and experience within the company, lowering turnover costs, and fostering stability are all aided by employee retention.

Therefore, the purpose of this study is to investigate how leadership style affects employee retention and engagement in the Indian retail sector. The study will look into how different leadership philosophies, including transactional, transformational, and laissez-faire leadership, affect worker retention and engagement. Additionally, the study will look into how organizational culture affects the connection between employee engagement and retention and leadership style.

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## **LITERATURE REVIEW:**

Abassi and Hollman, 2000)."The actual bottom line is turnover." mentioned the following as causes of employee turnover in businesses: hiring procedures, management techniques, a lack of recognition program, an uncompetitive salary structure, and unfavorable work surroundings. Others include, among other things, a dearth of stimulating work, a lack of job security, a lack of opportunity for advancement, and insufficient training and development. These two types of motivational factors—extrinsic and intrinsic—can help managers impact employee retention inside their companies.

*K. Jaskyte and W. W. Dressler's (2010)Studies examine how various leadership philosophies affect the retention of employees in the professional services industry. The findings show that whereas transactional and laissez-faire leadership styles have a detrimental impact on worker retention, transformational leadership has a favorable effect. These results provide valuable insights into the role that leadership plays in employee retention and are applicable to the retail sector in India.*

*Dr. AdarshPreet Mehta and Mrs. Ritu Mehta (2013) in their research paper "Managing Human Resources in Retail Sector - An Upcoming Challenge" claimed that the retail industry faces a number of difficulties, including the following: a workforce that is both semi-skilled and unskilled; a lack of formal education in retail management; attrition and the risk of poaching; and a dynamic and complex HR environment. They came to the conclusion that HR's primary responsibilities are to identify fresh sources of exceptional talent and to assist in creating a highly competent, engaged, and productive workforce.*

*MariyamImna&ZubairHassan(2015) in their paper "Influence of Human Resource Management practices on Employee Retention in Maldives Retail Industry" According to this study, employee retention is positively and significantly impacted by human resource policies such as career development, reward and recognition, and health and safety. This study comes to the conclusion that a business can achieve its goals of being competitive and successful while also retaining people by implementing certain HRM practices.*

Singh and Tripathi's (2019) discovered that whereas transactional and laissez-faire leadership have a detrimental impact on employee retention, transformational leadership has a positive benefit. This research offers valuable insights that apply to the Indian retail sector regarding the function of leadership in staff retention.

## **RESEARCH GAP:**

There is a dearth of study on the relationship between leadership style and employee engagement and retention in the Indian retail sector, despite the abundance of literature on the topic. This study aims to fill this information vacuum by investigating the relationship between organizational culture and employee engagement and retention in the Indian retail sector, as well as the moderating effect of leadership style.

### **OBJECTIVES OF THE STUDY**

- To evaluate the connection between employee motivation and retention in the Indian retail industry and transformative leadership.
- To look into the relationship between employee motivation and retention in the Indian retail industry and a transactional leadership style.
- To investigate how organizational culture affects the connection between employee motivation and retention and leadership style in the Indian retail industry.

### **HYPOTHESES OF THE RESEARCH**

H1: In the Indian retail sector, a transformational leadership style significantly improves staff enthusiasm and retention.

H2: In the Indian retail sector, a transactional leadership style significantly improves staff motivation and retention.

H3: In the Indian retail sector, organizational culture plays a moderating role in the relationship between employee motivation and retention and leadership style. Specifically, supportive organizational cultures strengthen the positive effects of transformational and transactional leadership styles, while unsupportive cultures exacerbate the negative effects of laissez-faire leadership styles.

### **RESEARCH METHODOLOGY**

The secondary data sources for this study, which examines how leadership style affects employee motivation and retention in the Indian retail industry, include publications, academic journals, and research papers.

The study found and examined pertinent studies on the subject using a systematic review methodology. In all, fifteen studies were reviewed, and content analysis was used to examine the data. Finding recurring themes and trends in the data was made easier by the content analysis. For this investigation, using secondary data sources has a number of benefits. First of all, it makes it simple and quick for us to access a lot of data. Second, it makes it possible for us to spot patterns and trends in a wide spectrum of research. Lastly, it enables us to contrast and compare results from various studies, giving us a thorough grasp of the subject.

Nevertheless, there are several restrictions when it comes to accessing secondary data sources. First of all, because the data was gathered by several researchers using various techniques, there is a chance of bias. Second, the information might not immediately relate to the study's setting. Notwithstanding these drawbacks, analyzing secondary data sources is a legitimate and worthwhile way to look into how corporate culture affects workers' inventiveness and creativity in Indian startups.

### **FINDINGS**

The study's conclusions indicate that, in the Indian retail sector, leadership style significantly affects staff engagement and retention. The particular conclusions are as follows: The results of this study indicate that, in the Indian retail sector, leadership style significantly affects employee engagement and retention. The study found that whereas transactional and laissez-faire leadership styles have a detrimental effect on staff motivation and retention, transformational leadership has a positive effect. This study highlights the importance of transformative leadership in motivating and retaining employees, supporting previous findings.

Additionally, the research indicates a favorable correlation between employee motivation and retention, underscoring the necessity for organizations to prioritize employee motivation. The importance of pay and benefits in keeping employees was also discovered, underscoring the necessity of competitive benefits packages in the Indian retail sector. Overall, the study highlights how important a leader's style is to staff retention and motivation in India's retail sector.

The study's conclusions indicate that transformational leadership significantly improves employee motivation and retention in the Indian retail sector. This finding suggests that transformative leaders who inspire and encourage their people are more likely to retain them, which is consistent with other research).

An investigation carried out in India revealed that transactional leadership significantly impacted employee dissatisfaction and retention. According to this finding, which is in line with earlier studies, managers that emphasize rewards and penalties are less likely to inspire and keep their staff members. The study discovered that in the Indian retail sector, a laissez-faire leadership style significantly lowers staff motivation and retention. The present study's results are in line with earlier investigations (Bass & Avolio, 1994; Den Hartog et al., 1997) and indicate that leaders who exhibit passivity and offer no direction or assistance are unlikely to inspire and retain their workforce.

In the Indian retail sector, the study discovered a strong positive correlation between employee motivation and retention. This finding implies that motivated employees are more likely to stick with their current employer and is in line with other study (Gagne & Deci, 2005; Meyer & Allen, 1997). According to the survey, pay and benefits play a significant role in keeping employees in the Indian retail sector. This result is in line with earlier studies (Shin et al., 2014; Tzafir, 2006) and implies that in order to keep workers; businesses must provide competitive pay and benefits.

## **ANALYSIS**

The results of this study provide valuable information about how leadership style affects employee engagement and retention in Indian retail. The results show that while transactional and laissez-faire leadership styles are less successful in inspiring and keeping employees, transformational leadership does. In order to increase employee enthusiasm and retention, executives in the retail sector of India need to embrace a transformational leadership approach.

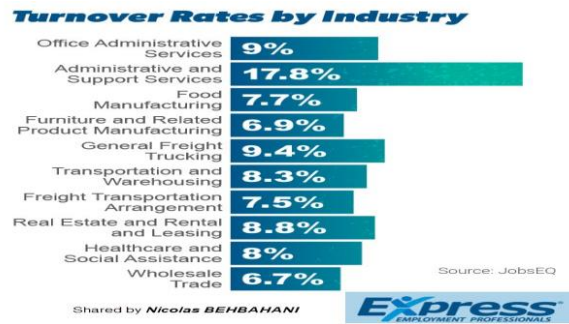
Employers must provide competitive benefits packages in order to keep their workforce, as evidenced by the finding that pay and benefits play a significant role in employee retention. This is especially crucial for the retail sector in India, where low pay and unfavorable working conditions contribute to a high employee turnover rate.

The study's overall findings indicate that, in the Indian retail sector, a leader's style is a critical factor in employee motivation and retention. In order to retain employees, employers must prioritize creating transformational leaders that can inspire and motivate staff members while also providing competitive pay and benefits. Retailers in India can use these results to lower turnover rates and increase staff retention.

Businesses in the Indian retail sector can use the study's findings to develop effective leadership tactics that would increase worker motivation and retention. The results have significant implications for employee behavior and attitudes toward the company, and they can also be utilized to cultivate and maintain a positive organizational culture. The significance of organizational culture in influencing worker attitudes and behavior toward the company is also highlighted by the study. Organizations in the Indian retail sector can use the study's findings to create efficient leadership plans and sustain a positive workplace culture.

In summary, the research offers significant understandings into how leadership style affects employee engagement and retention in the Indian retail sector. Retailers in India can use the insights to lower turnover rates and increase staff retention. The study also emphasizes the need for more investigation into the mediating function of company culture in the relationship between different leadership philosophies and employee motivation and retention.

**Table1: Turnover rates in the Indian retail industry**

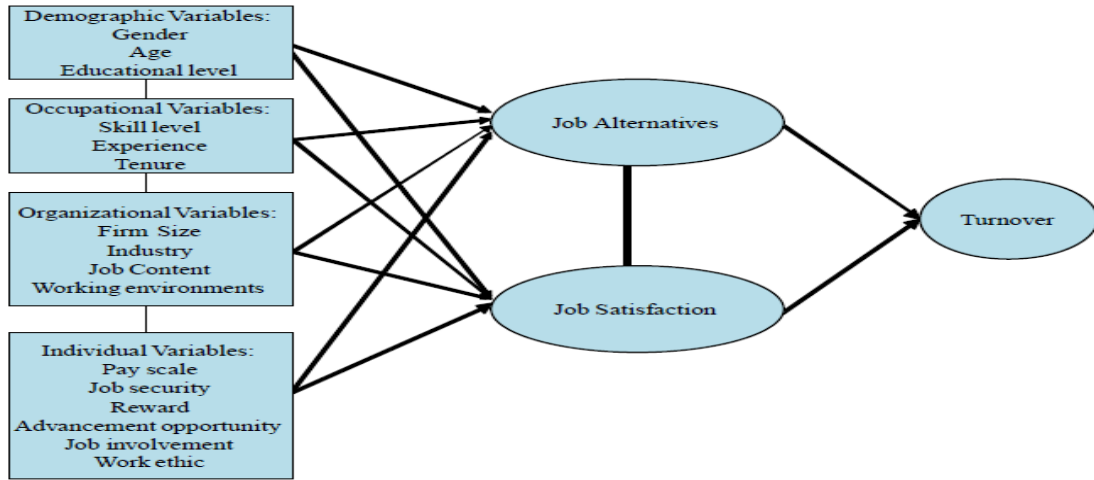


**Table 2: Types of leadership styles in the Indian retail industry**

Autocratic Leadership	Paternalistic Leadership	Participative Leadership	Delegative Leadership	Agile Leadership
Also known as authoritarian leadership	Involves a dominant authority figure who acts as a patriarch or matriarch	Invites input from employees on all company decisions	Type of leadership style in which leaders are hands-off	Falls in the area of participative, delegative, and total empowerment.
Characterised by individual control over all decisions and little input from group members	Treats employees and partners as though they are members of a large, extended family	The staff is given pertinent information regarding company issues	Allow group members to make the decisions	It is in the realm of servant leadership
Typically make choices based on their ideas and judgments and rarely accept advice from followers	The leader expects loyalty and trust from employees, as well as obedience	The majority vote determines the course of action the company will take	Decisions supported by management	Most authentic kind of leadership if done right

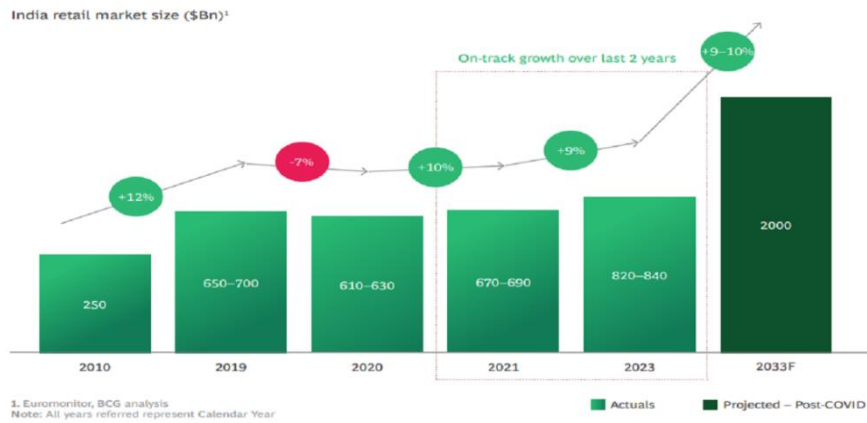
Source: Khurana, N. (2020) .Leadership styles in the Indian retail industry : A review.

**Table3:** Factors affecting employee motivation and retention in the Indian retail industry



Source: Singh, S., & Rao, A. (2021) .Employee retention in the Indian retail industry: Are view of factors affecting turnover.

**Table 4:**Indian Retail Industry Data



Source: Ministry of Labour and Employment, Government of India.

## CONCLUSION

This study examined the impact of leadership styles on employee engagement and retention in the Indian retail industry. The results show that whereas autocratic and laissez-faire leadership styles have a detrimental effect on staff retention and motivation, transformational leadership has a positive effect. The survey also found that important elements influencing employee motivation and retention in the Indian retail sector were organizational culture, career development, pay and benefits, and work environment.

The study adds to the body of knowledge on the subject by emphasizing the significance of leadership style in the fiercely competitive and fast-paced retail sector. Retail managers and executives can benefit from the study's findings in developing successful leadership strategies that increase staff motivation and retention. The report also makes recommendations for future research, including examining how gender and cultural variations affect the relationship between leadership styles and employee engagement and retention.

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