

Examining Leadership Impact On Employee Engagement and Retention

Giorgi Minadze

Erekle Minashvili

*This thesis is presented for the degree of Master in Business Administration to the
faculty of business school of Ilia State University*

Academic Supervisor: Resani Kikava, Professor

Ilia State University

Tbilisi, (2018)

Abstract

Excessive level of employee turnover is one of the most important issues to deal with for many companies. Affected organizations try to minimize its negative outcome by using different kinds of tools and approaches. In this process, leadership has crucial role to play and the following research is aiming to examine relationship between three different leadership styles and employee turnover. The authors used various sources, related to the topic of reduction of employee turnover in companies. Also, the survey has been conducted, with an intention to provide information about different levels of retention in companies by examining the motivation and desire of employees in relation to different leadership styles. The authors used theories and practical cases from Georgian companies, in order to find meaningful correlations and connections between leadership engagement and employee turnover.

Research group has chosen approach, researchers use qualitative research for one phase (interviews, survey) and quantitative for another phase to examine and analyze numerical data to test hypotheses (Franz et al., 2013; Jervis & Drake, 2014; McKim, 2015; Sparkes, 2014; Sandelowski, 2014b). As one of the most flexible and widely used methods for gaining qualitative information about people's experiences, views and feelings is the interview, research group has decided to interview different employers or members of management from various companies in Georgia, organizations which are famous for either good retention rate, or high turnover rate.

Research group held interviews with the leading companies' management, to identify what kind of leadership approach they used in the company and also how they were engaged in employee turnover. Also group has held the survey that provided information about different levels of retention in companies by examining the motivation and desire of employees in relation with 3 different styles of leadership. By numerous responses it was possible to get some

correlation between transactional, transformational and avoidant leadership with potential turnover rate in Georgian organizations. Survey was completed by employees of different industries, such as financial industry and retail industry. Various communication tools have been used during this process, such as emails, Facebook, LinkedIn, Twitter. Aiming to make process more comfortable for interviewees, researchers used Google Forms, in which completion of every question was required and 2 open questions were voluntary by the end of each survey. Total number of 180 participants has participated in this survey. 144 participants (80 % of the overall participants) have evaluated transformational leadership with highest point (>3). So, leadership style which is dominant in respondents' organizations has been already pointed out. 135 interviewees (75%) think that transactional leaders correspond better on their supervisor's behaviors. The lowest scores were given to the third leadership style – Avoidant, 81 respondents (45%) think that it is least expressed in their companies. Also we have measured employee engagement with survey containing behavioral outcomes, and correlated it to leadership styles with the help of Pearson's method. The strongest linear correlation was detected between Transformational style and total engagement of the employee.

In conclusion, based on the research results main suggestions were drawn for the maximization of the transformational leadership role on employee engagement and retention.