REVIEW ARTICLE

INFLUENCE OF TRASNFORMATIONAL LEADERSHIP STYLE ON EMPLOYEES' RETENTION IN NON GOVERNMENTAL ORGANISATIONS IN ARUSHA TOWN DISTRICT IN TANZANIA

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ARTICLE INFO	ABSTRACT
	This study examined the influence of transformational leadership style on employees' retention in nongovernmental organizations in Arusha Town District in Tanzania. The conceptual framework consisted of transformational leadership style as the independent variable and employees' retention as the dependent variable of the study. Both qualitative and quantitative techniques were used, in the study that adopted survey research design to capture objective of the study. The findings indicated that the transformational leadership has positive influence on employee retention, since employees in these organizations were found to have control of their jobs and were satisfied with their jobs and that employees were much more willing to work the entire contract period. The study recommends that non-governmental organizations in Arusha Town District to adopt this leadership style and that other supplement rewards and incentive mechanisms should be established to attract suitable staff development and financial plans to retain qualified employees.

INTRODUCTION

According to Mohan *et al*. (2011), Leadership is an incremental component that centres the existence, survival and functioning of any group or organization. Indeed, the organizations recognize that their success is highly dependent upon the quality and effectiveness of this dimension where two main functions are bound to be performed by leaders. While the first centres on accomplishing the task towards the attainment of goals the second is on developing members' feelings to maintain the strength of the organization where leaders are expected to keep interpersonal relations, arbitrate excuse, and provide encouragement, give chance to divert, stimulate self-direction and increase interdependence among organizational members. And today, staff retention is a challenge for contemporary organisations as the skills worsens despite various retention strategies being in place. Tanzania today and Arusha in particular hosts a number of local, national and international nongovernmental organisations that focuses on gender issues, children, special need groups, human rights, democracy and governance, natural resources, environmental and sustainable development, public health, Agriculture, Capacity Building, Economic Development, Economic Empowerment, Education, Environment, Good Governance,

Health, Information Communication and Technology, Legal and Human Rights, Multi Sectors, People with disability, Poverty Alleviation, Service Sector and Social Service and or HIV/AIDS interventions among others (ANGONET 2014). And it goes without saying that these organisations like every team require leadership. This steady rise of nongovernmental organizations has captivated the imagination of some policymakers and activists, due to the fact that employees often join and stay with those organisations as they believe in the ideals and inspiration of their leaderships. Although most of these nongovernmental organisations are non-profit organizations supported by donation money from various sources, many of such organizations could be also grow or die like every organization that their performance relies heavily on employees and management. According to Chanchai *et al.* (2012) of late, the organizations are struggling with turnover and retention with nongovernmental organisations is no exception.

Literature review

Theoretical framework

This study was guided by two theories: transformation leadership theories and Employee' retention theory. The transformation leadership concept was initially introduced by

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leadership expert and presidential biographer James MacGregor Burns. According to Burns, transformational leadership can be seen when "leaders and followers make each other to advance to a higher level of moral and motivation." Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions, and motivations to work towards common goals (Bass and Riggio, 2008). According to them "Transformational leaders...are those who stimulate and inspire followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity at the same time help followers grow and develop into leaders by responding to individual followers' needs by empowering them and by aligning the objectives and goals of the individual followers, the leader, the group, and the larger organization. The concept of employee retention emerged with regularity in 1970's and early 1980's because prior to this, most people entered into organisations and remained for a very long time, sometimes for the duration of their working life. Employee retention strategies have been the subject of research for many decades. Many related studies have been put forward to address the causes of employee turnover, factors related to job satisfaction and dissatisfaction, sources of employee motivation and performance management. The human resource departments have always been confronted with the problem of turnover and experimented with various strategies to solve the problem with equally varied levels of success. Pockets of success experienced in organizations as a result of the application of some of the past research findings are still widely debated and criticized as not being workable elsewhere. It becomes more imperative however that different industry must adopt different approaches to tackle to problem of employee retention. Employee retention is related to two important factors which are job satisfaction and motivation.

Job satisfaction is the most reliable factor in predicting employee turnover (Cotton and Tuttle, 1986). Job satisfaction again is dependent on a number of factors which can be classified as extrinsic or intrinsic. The same can also be linked to most of the levels of Maslow's hierarchy. People need jobs to fulfill their everyday physical needs like food, clothing, accommodation and healthcare etc. For most people, job is a primary source of financial security; the better paying and more secure the job is, the more financially secure the individual feels. A job can also provide a sense of association and belonging. Most of the people associate themselves with the nature and place of their work. The nature of job and the organization where the employee works form dominant parts of a person's identity and status in society. For majority of the people job provides a potential means for the goals they want to achieve in life and the contribution they aspire to make to the society. When applied to the organizational model, meeting the self-actualization and esteem needs of an employee tend to correlate to better retention. Physiological, safety, and social needs are important as well, however, and must be addressed to improve the work environment.

Empirical review

Previous researches suggested several factors which play pivotal role in employee retention, Cappelli (2000). The factors

which are considered and have direct affect are: career opportunities, work environment, work life balance, organizational justice, and existing leave policy and organization image. Employees stay loyal with such organizations where employees have value, sense of pride and work to their full potential, Cole (2000). The reasons for staying employees in organization are organization reward system, growth and development, pay package and work life balance. According to Kehr (2004), the implicit retention factors are spontaneous, expressive and pleasurable behaviour and can be divided into three variables: 'power' achievement and affiliation. Power refers to dominance and social control. 'Achievement' is when personal standards of excellence are to be met or exceeded and affiliation refers to social relationships which are established and intensified. Implicit and explicit retention factors relate to different aspects of the person, but both are important determinants of behavior. Managers are the key conduit for commitment: and are regarded as the principal agent between employees and their jobs, organisations and teams. This holds true for both rational and emotional commitment. Therefore, how a manager assigns tasks, presents developmental opportunities and acts out the organizational behaviors of the organization have a direct implication on employee engagement; Manager influence on commitment: manager qualities, from people, process to personal characteristics, have a direct "spill-over" impact on commitment to job, team and organization. This creates a greater need for organisations in training managers to ensure engagement; Managers are a "Force Multiplier" of commitment: managers who can instill commitment to the job, organization and team will serve as one of strongest drivers of engagement in the organization. The leaders are usually placed in the coal face to address significant drivers of employee engagement in a real-time and meaningful way (Bennett, 2007).

The view of Kouzes and Posner (2007) on leadership's impact on employee retention is that leaders should provide a clear sense of direction and feedback along the way, in order to encourage people to reach inside and do their best. Kouzes and Posner (2007, p.290) also comment that: "....because encouragement is more personal and positive than other forms of feedback, it is more likely to accomplish something that other forms cannot; strengthen trust between leaders and constituents. Encouragement, in this sense, is the highest form of feedback." There is an argument according to Kohli and Deb (2008) that an organization can use its reward system in order to attract and retain talent needed by the organization. This is probably because rewards seem to greatly impact on employees" level of job satisfaction. Therefore, an organization's reward strategy might be critical in addressing the challenges created by retention. Finally, Cheese *et al.* (2007) say that managers need a clear strategy and their role in terms of delivery of it. They further need to take responsibility and be judged on their success for delivering and building engagement and should be given the necessary training and support that they need.

Methodology

The study adopted survey research design and it targeted non-governmental organisations employees of the Arusha Town

District. The study employed purposive sampling whereby a sample of 81 respondents was obtained from eight nongovernmental organisations through simple random selection. Data were collected through personal interview using structured interview schedule and administered questionnaires while the analysis was done using SPSS 20.0 version computer software. Descriptive statistics and cross tabulation were used in the analysis and the findings were presented using tables, charts and figures.
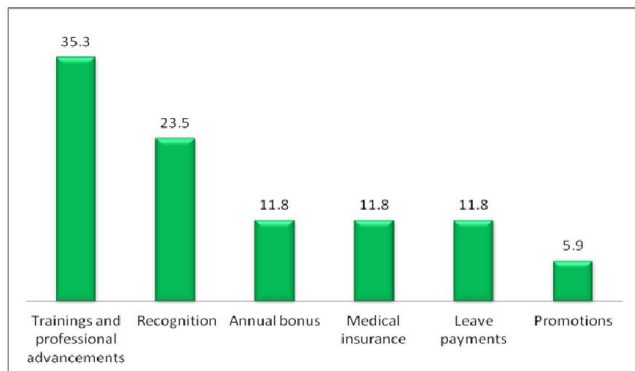

Figure 4.6. Types of incentives given to employees in transformational leadership

Study Findings

The findings of the study show that, a total of eight nongovernmental organisations were surveyed during the study consisting of locally based, regional and international based by giving a cross section representation of nongovernmental organisations types hence provides opinions reflection the entire NGO spectrum and operations in Arusha Town District. As to gender the findings show that 50.6% of all respondents interviewed were females and 49.4% males, while demographically the findings shows 48.1% were aged between 30-39 years, 37.0% below 30 years and only 14.8% were between 40-49 years. Further to that, research findings indicate that the transformational leadership style provides proper incentives to employees. Figure 4.6 below shows that the main incentives given to employees Trainings and professional advancements (35.3%), employee recognition (23.5%) and annual bonus, medical insurance and leave payments (41.3% in their totality). This implies that incentives and rewards in transformational leadership can motivate employees to work in Nongovernmental organisations for a considerable long period of time as such provides good grounds for employee retention.

Conclusion and recommendation

The study results indicated that transformational leadership created a favourable working condition and employees were more willing to work the entire contract period. Employee turnovers were found to be lower in the non-governmental organisations using transformational leadership style. The study, therefore, concludes that transformational leadership style influences employees' retention in nongovernmental organizations in Arusha Town District in Tanzania. It is thus recommended that, the leadership in Nongovernmental organisations should change their outlook on

employee and view them as the most valuable asset, and thus the Nongovernmental organisations should practice more of transformational leadership focusing on participatory and employee involvement in key decisions affecting the development of the organizations cost important resources for the growth and development of the organizations by using transformational leadership style. Leadership skills need to be provided to leaders in these organizations and to provided clear understanding of function in relation to providing good working environment and improves employee retention.

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