



The Role Of Leadership In Enhancing Retention, Satisfaction, And Growth Toward Organizational Effectiveness

Ali Musa Al-Hussain¹, Aimi Anuar², Omar Obeidat³

Graduate School of Management, Postgraduate Centre, Management and Science University, Malaysia

ORCID No: 0009-0002-4727-7325¹, 0000-0002-2358-3742², 0000-0001-5508-7156³

Abstract- Leaders inspire workers by executing organization systems that maximize their potential, allocating resources, and giving guidance and support. On the other hand, leaders may make it very difficult to gain confidence, support the company's objectives, encourage alignment, and create a cooperative atmosphere. Thus, this paper attempts to explore the connection between leadership role and organizational effectiveness. A literature review analysis was conducted to identify the role of leader toward organizational success. As part of a small scale of study, a questionnaire was distributed to full time employees who are working in service companies in the energy sector of Saudi Arabia in order to gather the supportive data. The statistical study, which was conducted showed that leaders generally play significant role in organizational effectiveness. Overall, the effect of leadership style on organization effectiveness was discovered to be high. To increase organizational effectiveness, clear strategic goals must be established and communicated across all levels of the organization. Additionally, aligning people, processes, and resources with these goals through strong leadership, efficient systems, and continuous performance evaluation is essential toward organizational effectiveness.

Keywords: Management, Leadership Style, Organizational Leadership, Organizational Effectiveness, Organizational Behaviour

Date of Submission: 20/07/2025

Date of Review: 10/08/2025

Date of Acceptance: 19/08/2025

IJTHD / Volume 1, Issue 1 (Jul- Dec) 2025

1. INTRODUCTION

Leadership is a dynamic process that shows the ability to guide, inspire and influence others toward a common goal or vision. Leadership skills is not limited to a specific position or title. Part of leadership is vision, integrity, decisions making, effective communication, collaboration, delegation, as well as empathy and motivating individuals or groups who are engaged in a specific task or business to achieve the required target efficiently. It is important to know that leadership style might vary depending on circumstances that required different direction approach.

Effective leadership is about adapting to the needs of the situation and the individuals or groups requirements while working towards achieving shared goals. Some leaders might be more directive and assertive while others might adapt more participative and inclusive leadership style. Therefore, effective leader required to be more dynamic in his interaction to get the highest outcome of the required target. Strong leadership behaviour is essential for the proper communication between individuals and team members. Satisfaction, organizational commitment, and efficient communication are important for high-quality work for effective organizational performance. Leadership styles have a great influence on employees' retention, satisfaction and progression. Ineffective administration and leadership skills are the main reasons for the low levels of job satisfaction and organizational obligation.

Therefore, the role of leadership style is a critical aspect for the advancement and prosperity of organizational growth. The implementation of an appropriate leadership style, with excellent leadership qualities can improve an entire organization. Leaders should consider employees' retention, satisfaction and progression in order to accomplish the organizational goals efficiently. The focus of this paper is to examine leadership role toward organization successes. The results of this study can be utilized to reduce the deficiency in organizational effectiveness and further promote leadership skills.

2. LITERATURE REVIEW

The success of an organization is largely dependent on its leadership (Tummers & Knies, 2013). Effective leadership makes it easier to establish a positive organizational culture, foster motivation, and make the organization's goals and mission clear. (Hage & Posner, 2015) Managing people is considered one of a leader's most difficult responsibilities because it involves many everyday problems that a manager or leader must overcome in order to be an effective leader. Moreover, globalization, technological innovation, and generational differences are some of the challenges that great leadership faces. The challenges become more complex as leaders attempt to modify their management or leadership style to fit the diverse workforce, particularly in complex work environments.

Financial performance and internal company KPIs are the main goals for corporate executives. High-performance leadership requires an understanding of the relationship between leaders and followers (Awamleh & Gardner, 1999). Leaders might be essential for day-to-day operations of the business, but there is a lack of research on the necessary process of developing successful leaders who can effectively replace the current leaders (Aldulaimi, 2018). One factor contributing to the leadership gap has been identified as the decline in the number of leadership programs (Evelyn, 2001). (Vroom, 1964) suggests that participants are more likely to put-in more effort towards the goal of pursuing leadership opportunities if their participation is initially aligned with institutional and personal goals.

Over the past ten years, staff turnover has increased in the energy sector (Hodur & Bangsund, 2016). Employee turnover is defined as the ratio of employees who need to be replaced during a given period to the average number of employees in the company (Dale-Olsen, 2016). A high staff turnover rate is undesirable since it will affect overall productivity, revenues, and project progression of the company, as businesses invest a significant amount of money in employee training (Aziz & Sriyono, 2021). Sustaining high standards for employee engagement, career growth, and satisfaction may help organizations overcome some of their problems.

2.1 Leadership Theories:

Effective leader of organizations requires both the hard and soft talents of management. Management works to increase productivity and preserve stability. Creating a vision for the future, building a social architecture that defines culture and values, inspiring and motivating followers, cultivating personal traits, and enacting change within an integrity-based

culture are all aspects of leadership. To get the best results, management and leadership can work together. Organizations require both management and leadership, particularly in the competitive workplace of today. The main theories in the literature review are as follows: Leadership is a conscious act that can be learned and developed; many managers possess the qualities necessary to be effective leaders but may not have gone through the process required to bring those qualities to colleagues, communities, and life. Practicing these aspects are the main drive for effective leadership. Below are some of leadership styles that are being recognized in literature:

- A. Transformational Leadership (Burns, 1978):** Focuses on inspiring and motivating followers through a compelling vision, intellectual stimulation, and personal development. Leaders aim to create significant change and foster innovation.
- B. Servant Leadership (Robert, 1970):** Leaders prioritize serving and empowering others, focusing on the well-being and growth of followers. Empathy, listening, and support are central to this approach.
- C. Situational Leadership (Hersey, 1969):** Leaders adjust their style based on the maturity and needs of their team, using a flexible approach of directing, coaching, supporting, or delegating as required by the situation.

In summary, every one of these theories of leadership presents a unique viewpoint on how leaders might help their teams succeed. Situational leadership highlights the necessity for leadership styles to be flexible depending on the situation, servant leadership stresses empathy and service to others, and transformational leadership is best suited for fostering change and innovation. Depending on the situation and the people they are managing, effective leaders frequently combine aspects of these philosophies.

3. METHODOLOGY

Effective leadership is a cornerstone in enhancing organizational effectiveness. Leaders play a pivotal role in driving performance, shaping culture, and fostering innovation. To enhance organizational effectiveness, leaders must adopt a range of strategic approaches, including leadership development programs, robust performance management systems, and employee recognition initiatives (Yukl, 2013).

One key strategy is establishing clear communication channels that promote information sharing and open feedback. Transparent communication enhances trust, alignment, and cohesion within teams, leading to greater job satisfaction and overall productivity (Tourish, 2014). A culture that values open dialogue encourages employee engagement and supports a unified organizational vision. Moreover, leadership must promote a culture of trust and psychological safety. When employees feel safe to voice opinions and contribute ideas, it cultivates a sense of belonging and commitment, which are critical to sustained organizational performance (Edmondson, 2018). Trust-based cultures are more resilient and adaptive, essential traits in today's volatile business environment. Continuous learning and development are also fundamental. Leaders should invest in regular training opportunities to enhance employee competencies, fostering both engagement and adaptability. A workforce that is empowered to grow becomes more innovative and better equipped to respond to change (Garvin, Edmondson, & Gino, 2008). Additionally, fostering an inclusive work environment that values diversity and promotes equity contributes significantly to organizational effectiveness. Diverse teams bring varied perspectives and problem-solving approaches, leading to better decision-making and increased innovation (Roberson, 2006). Leaders who champion inclusivity help create a more dynamic and competitive organization. In sum, leadership effectiveness is directly linked to an organization's capacity to succeed. By cultivating open communication, trust, continuous learning, and inclusivity, leaders can drive both employee satisfaction and organizational effectiveness in a sustainable and scalable way.

To determine the link between the variables in this study, a correlation case study method combined with a quantitative approach is the methodology employed in this investigation. This study's focus was on causal associative research.

Research that attempts to characterize and test the concept of a relationship between two or more variables that have the characteristics of a causal association is referred to as causal associative research (Sugiyono, 2021).

The dependent variable is the one that is measured and is believed to be impacted by changes in the independent variable. In other words, the dependent variable "depends" on the independent variable. The independent variable is the factor that the researcher manipulates or changes to see how it affects another variable. Indeed, it is possible to measure more than one dependent variable in a study in order to observe the simultaneous effects of an independent variable. This is frequently done in research where various facets of a single phenomenon are being examined or when the dependent variables are closely related. Therefore, this paper will investigate how the leadership is affecting (employees' retention, satisfaction and career growth). A closed-ended questionnaire that asked respondents to respond to a series of written questions served as the data gathering method in this study. Data on leadership, employees' retention, satisfaction and career growth are gathered using this technique toward organizational effectiveness. Likert scale is incorporated into the questionnaire to obtain the required analysis.

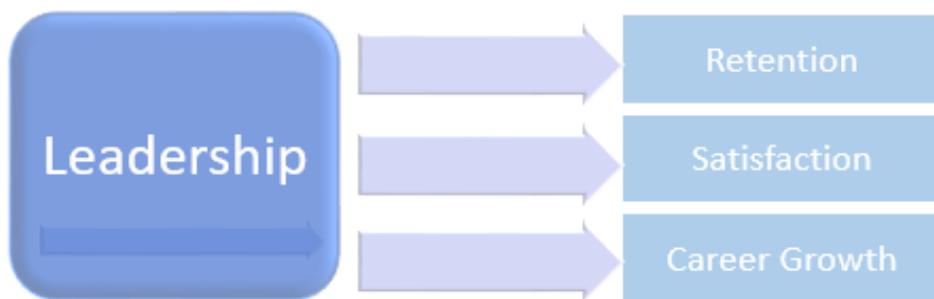


Figure 3.1: Conceptual Framework

4. RESULTS

The scale-reliability in statistical software was used to test the instrument's reliability. The Cronbach Alpha value was then assessed. A Cronbach alpha score of at least 0.60 indicates that an instrument satisfies the criteria for acceptable reliability, according to (Sugiyono, 2021). The reliability test results for all variables show a Cronbach's Alpha value above 0.60, indicating that the leadership meet a good reliability criterion and should be used as a consistent measuring tool for research data. By examining the computed value, the reliability test is assessed. If a variable's dependability value is ≥ 0.70 , it is considered dependable (Ghozali, 2016).

	No of Items	Cronbach's Alpha	Reliability
Leadership	9	0.95	Strongly Reliable
Job satisfaction	5	0.74	Reliable
Retention	5	0.70	Reliable
Career Growth	5	0.88	Very Reliable
Overall	24	0.82	Very Reliable

Table 3. 1: Results of the Reliability Test

Figure 5.2: 67% of the responders illustrated that leadership plays a main role in employee job satisfaction while other internal organizational factors or personal factors might affect

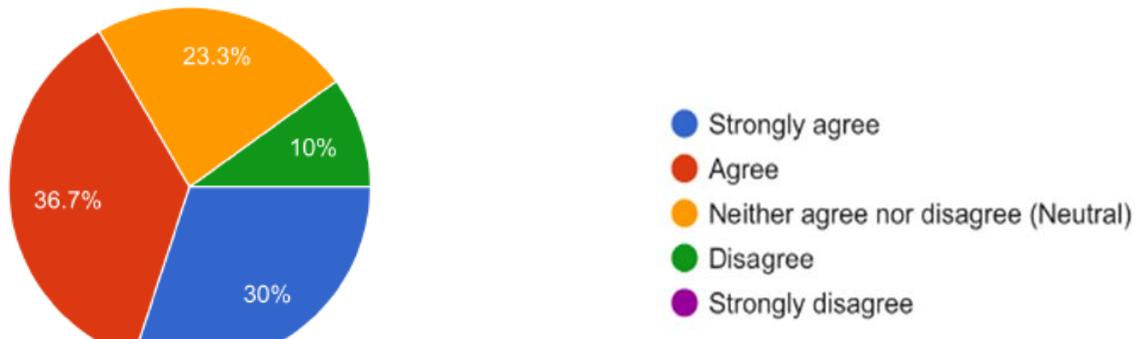


Figure 5.3: 57% of the responders illustrated that leadership plays main role in retention while other internal organizational factors or personal factors might affect

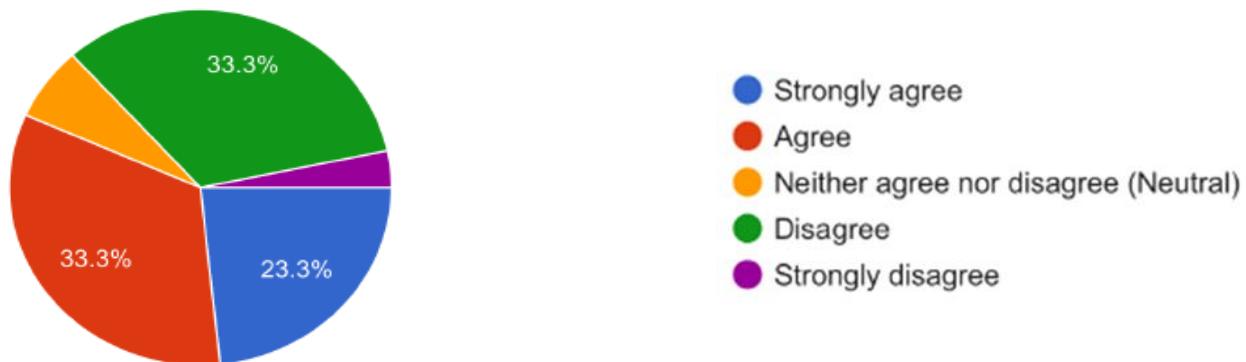
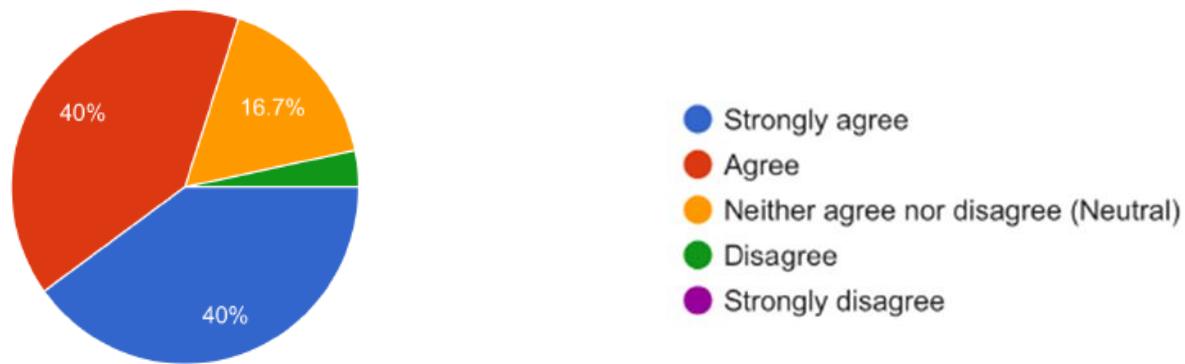


Figure 5.4: 73% of the responders illustrated that direct leaders play main role in employee's career growth



Figure 5.5: 80% of the responders illustrated that leadership poison is critical for organization successes

The hypothesis testing results suggest that effective leadership has a substantial positive impact on employee satisfaction. Leaders who demonstrate clear communication, empathy, and consistent recognition foster a supportive work environment that boosts morale. Satisfied employees are more likely to exhibit higher levels of engagement, loyalty, and discretionary effort, which collectively enhance organizational productivity (Bass & Riggio, 2006).

The second hypothesis confirmed that strong leadership contributes to higher employee retention rates. Employees tend to remain in organizations where they feel valued, guided, and supported. Leaders who provide opportunities for growth, mentorship, and constructive feedback are instrumental in reducing turnover.

The third hypothesis validated the significant role leadership plays in facilitating employee career development. When leaders invest in training, mentorship, and succession planning, they empower employees to advance professionally. This not only improves individual performance but also ensures the organization is cultivating future ready talent.

Overall, the hypothesis testing conducted in this study confirmed that all three proposed hypotheses were statistically supported. This indicates a positive and significant relationship between leadership and key workforce outcomes which namely, employee satisfaction, retention, and career growth.

5. CONCLUSION

The findings of this study clearly demonstrate that leadership is a fundamental driver of organizational effectiveness, significantly influencing employee satisfaction, retention, and career growth. These dimensions are deeply interconnected. Satisfied employees are more likely to remain with the organization, and those who stay are better positioned to develop their potential and contribute to sustained organizational success. Organizations that prioritize leadership development are better equipped to navigate change, foster innovation, and align their workforce with strategic goals. Furthermore, the hypothesis testing confirmed that all three proposed hypotheses were statistically supported, revealing a strong and positive relationship between effective leadership and critical workforce outcomes. This empirical validation underscores the essential role of leadership in shaping a motivated, committed, and growth-oriented workforce. In conclusion, the study emphasizes that effective leadership is not only vital for improving individual employee experiences but also serves as a cornerstone of long-term organizational sustainability. By investing in leadership development, organizations can create a cycle of continuous improvement that drives performance, strengthens resilience, and supports the achievement of strategic objectives.

REFERENCES

Aldulaimi, S. H. (2018). Leadership soft skills in higher education institutions. *Social Science Learning Education Journal*, 3(7), 01-08.

Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010). Retaining talent: Replacing misconceptions with evidence-based strategies. *Academy of Management Perspectives*, 24(2), 48–64.

Awamleh, R., & Gardner, L. (1999). Perceptions of leader charisma and effectiveness: The effects of vision content, delivery, and organizational performance. *Leadership Quarterly*, 10(3), 345–374.

Aziz T, Sriyono S (2021). Analysis of the effect of leadership style and job satisfaction on organizational commitment to improve employee performance: Organizational commitment as an intervening variable at pt. Niki Mapan Surabaya. Proceedings of the ICECRS, 2021.

Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Psychology Press.

Dale-Olsen. Employee turnover. *Research Handbook on Employee Turnover*, 2016.

Day, D. V. (2001). Leadership development: A review in context. *The Leadership Quarterly*, 11(4), 581–613.

Edmondson, A. C. (2018). The fearless organization: Creating psychological safety in the workplace for learning, innovation, and growth. Wiley.

Evelyn, J. (2001). Community Colleges Face a Crisis of Leadership. *Chronicle of Higher Education*, 47(30).

Garvin, D. A., Edmondson, A. C., & Gino, F. (2008). Is yours a learning organization? *Harvard Business Review*, 86(3), 109–116.

Hage, J. and Posner, B.Z. (2015). Religion, religiosity, and leadership practices: An examination in the Lebanese workplace. *Leadership & Organization Development Journal*, 36(4), pp.396-412.

Hodur NM, Bangsund DA. Assessment of the Oil and Gas Industry Workforce. *Agribusiness & Applied Economics Report*, 2016, 748.

Roberson, Q. M. (2006). Disentangling the meanings of diversity and inclusion in organizations. *Group & Organization Management*, 31(2), 212–236.

Tourish, D. (2014). Leadership, communication and organizational effectiveness.

Routledge Yukl, G. (2013). *Leadership in organizations* (8th ed.). Pearson

Tummers, L.G. and Knies, E. (2013). Leadership and meaningful work in the public sector. *Public Administration Review*, 73(6), pp.859-868.

Vroom, V. (1964). *Expectancy Theory*. - References - Scientific Research Publishing.