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# LEADERSHIP STYLES AND EMPLOYEE RETENTION IN STEEL MANUFACTURING COMPANIES IN KENYA A CASE STUDY OF TONONOKA ROLLING MILLS LIMITED

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**ABSTRACT :**

*Leadership styles play a pivotal role in shaping employee motivation, commitment, and retention, particularly within demanding and labor-intensive industries such as steel manufacturing. Despite offering competitive remuneration, many Kenyan steel firms, including Tononoka Rolling Mills Limited, continue to experience high turnover rates, suggesting that leadership effectiveness is a critical non-financial determinant of retention. This study examined the influence of transformational and transactional leadership styles on employee retention in steel manufacturing companies in Kenya. The research was guided by three key theories: Transformational Leadership Theory, Path–Goal Leadership Theory, and Herzberg's Two-Factor Theory, which collectively explain how leadership behaviors influence employee satisfaction, motivation, and commitment. A descriptive research design was employed, targeting employees at Tononoka Rolling Mills Limited. Data were collected using structured questionnaires and analyzed using both descriptive and inferential statistics, including regression analysis. The findings revealed that transformational leadership had a strong positive effect on employee retention by fostering inspiration, mentorship, recognition, and a sense of shared purpose. Transactional leadership also showed a significant but comparatively moderate influence, contributing to retention through performance-based rewards, supervision, and clear role expectations. The study concluded that employee retention in Kenya's steel sector depends on a balanced leadership approach that integrates transformational and transactional elements. Transformational practices should be emphasized to build loyalty, engagement, and long-term commitment, while transactional elements maintain operational discipline and fairness. The study recommends that organizations invest in leadership development programs focusing on visionary communication, individualized support, and transparent reward systems. For policymakers, integrating leadership training into industrial workforce initiatives is essential to enhance productivity and sustainability. The findings contribute to leadership and organizational behavior literature by demonstrating how adaptive leadership practices can mitigate turnover and strengthen workforce stability in Kenya's manufacturing industry.*

**Keywords**: Transformational leadership; Transactional leadership; Employee retention; Leadership styles; Steel manufacturing industry

## Background of the Study

The study highlights the critical role of leadership styles in shaping employee attitudes, motivation, and long-term commitment, especially in labor-intensive industries like steel manufacturing. In Kenya, the steel sector continues to face high employee turnover despite competitive pay, suggesting that non-financial factors—particularly leadership effectiveness—strongly influence retention. Different leadership styles, including transformational, transactional, participatory, and autocratic, affect employee perceptions and decisions in distinct ways. Transformational leadership fosters loyalty and engagement through inspiration and individual consideration, while autocratic leadership often leads to dissatisfaction and low morale. At organizations such as Tononoka Rolling Mills Limited, ineffective leadership has been linked to increased attrition. Therefore, understanding how various leadership philosophies impact employee retention is essential for building a stable and productive workforce in Kenya's steel industry. This study seeks to address this gap by examining the relationship between leadership styles and employee retention within this key sector.

Leadership styles in Poland, which focus on employee development and motivation, have been identified as key drivers of retention in manufacturing industries, including steel. A study by Sienkiewicz-Małyjurek (2020) found that, through actions like providing personal support and acknowledging accomplishments, transformational leaders foster deep emotional bonds with their workforce, which boosts commitment and job happiness. The study indicated that, workers at steel manufacturing companies reduced turnover when transformational leaders led them, clearly expressed a vision, and offered opportunity for skill development. Leaders' endeavours to cultivate a culture of trust and on-going learning were credited with the favourable effect transformational leadership had on employee retention.

South Africa's steel industry faces a dynamic workforce and challenges such as high turnover rates. Mthombeni and Goliath (2022) conducted a study on ethical leadership and its impact on employee retention in South African steel companies. The study concluded that ethical leadership, which emphasizes fairness, transparency, and integrity, significantly improved retention. Ethical leaders build trust by modelling positive behaviours, ensuring fairness in promotions and performance appraisals, and fostering an open and inclusive work environment. The study further pointed out that employees were more inclined to remain in organizations where they felt their leaders were accountable, honest, and treated all individuals with fairness.

Employee retention in Ghana's steel manufacturing sector has been found to be significantly impacted by ethical leadership. Afriyie and Adomako's (2022) study examined the effect of moral leadership on employee retention and discovered that leaders who exhibited honesty, equity, and openness encouraged loyalty and trust among their workforce. In Ghana, where steel manufacturing companies faced issues like low wages, unfavourable working conditions, and little possibilities for professional progression, ethical leadership was especially crucial. Ethical leaders were seen as approachable, fair in resolving conflicts, and committed to the well-being of employees, which resulted in higher employee retention rates. The study emphasized that ethical leadership in Ghana helped to build a work culture based on mutual trust, reducing turnover and improving job satisfaction.

One successful tactic for increasing employee retention in steel manufacturing organizations is participatory leadership, in which managers actively include staff members in decision-making processes. A study by Kamau and Gikonyo (2020) focused on how participative leadership impacts employee retention in Kenya’s steel industry. The research found that when leaders engaged employees in decision-making and encouraged their input in shaping company policies and practices, employees felt more valued and empowered. The study underlined that, employees who had a say in decisions regarding their work environment and were involved in problem-solving initiatives were more likely to stay with the company. Participatory leadership served to reduce feelings of alienation and encouraged long-term loyalty to the company in Kenya's steel manufacturing industry, where workers sometimes endure harsh working conditions.

## Leadership Style

Leadership styles refer to the distinct methods and behaviors leaders use to guide, motivate, and influence employees toward achieving organizational goals. They shape how leaders communicate, make decisions, and respond to workplace challenges. Common leadership styles include transformational, transactional, autocratic, democratic, and laissez-faire. Transformational leaders inspire and develop employees through vision and innovation, while transactional leaders focus on structure, performance, and rewards. Autocratic leaders centralize decision-making and enforce compliance, improving efficiency in crises but restricting creativity. Democratic leaders encourage participation and shared responsibility, fostering collaboration and commitment, whereas laissez-faire leaders offer autonomy, which can promote innovation among skilled teams but lead to confusion in unstructured settings (Hossain & Roy, 2023). The choice of leadership style significantly affects employee morale, job satisfaction, productivity, and organizational performance. Effective leaders practice situational leadership—adapting their style to match the context, culture, and employees’ capabilities. In dynamic environments, transformational leadership often yields better results by motivating employees to exceed expectations, while transactional or autocratic styles are better suited to structured operations. Studies further show that blending different leadership approaches enhances flexibility and balance between control and empowerment. Ultimately, understanding and applying the right leadership style is crucial for driving employee engagement, organizational effectiveness, and sustainable growth (Magdy & Kadry, 2024).

## Transformational Leadership

Leadership styles refer to the distinct methods and behaviors leaders use to guide, motivate, and influence employees toward achieving organizational goals. They shape how leaders communicate, make decisions, and respond to workplace challenges. Common leadership styles include transformational, transactional, autocratic, democratic, and laissez-faire. Transformational leaders inspire and develop employees through vision and innovation, while transactional leaders focus on structure, performance, and rewards. Autocratic leaders centralize decision-making and enforce compliance, improving efficiency in crises but restricting creativity. Democratic leaders encourage participation and shared responsibility, fostering collaboration and commitment, whereas laissez-faire leaders offer autonomy, which can promote innovation among skilled teams but lead to confusion in unstructured settings (Hossain & Roy, 2023). The choice of leadership style significantly affects employee morale, job satisfaction, productivity, and organizational performance. Effective leaders practice situational leadership—adapting their style to match the context, culture, and employees’ capabilities. In dynamic environments, transformational leadership often yields better results by motivating employees to exceed expectations, while transactional or autocratic styles are better suited to structured operations. Studies further show that blending different leadership approaches enhances flexibility and balance between control and empowerment. Ultimately, understanding and applying the right leadership style is crucial for driving employee engagement, organizational effectiveness, and sustainable growth (Magdy & Kadry, 2024)..

## Transactional Leadership Style

Magdy and Kadry (2024) found that transactional leadership effectively drives short-term performance through contingent rewards, close supervision, and clearly defined expectations. However, employees led by purely transactional leaders tended to leave once rewards diminished, indicating weak emotional attachment. This finding is particularly relevant to Tononoka Rolling Mills Limited, where production performance is closely tied to incentives and contractual targets. The study suggests that although transactional leadership promotes discipline and productivity, excessive focus on control and rewards may undermine long-term employee commitment. Similarly, Hossain and Roy (2023) examined transactional leadership in Indian manufacturing firms using regression analysis of survey data from 287 employees. Their results revealed that while contingent rewards and management-by-exception improved role clarity and short-term satisfaction, they did not foster the emotional engagement necessary for sustained retention. This reflects the operational dynamics at Tononoka Rolling Mills Limited, where supervisors prioritize efficiency and compliance. Building on these insights, the current study investigates how transactional leadership practices—such as performance-linked bonuses and target-based evaluations—impact employees’ long-term decisions to remain with the company.

### *Employee Retention*

Kumar and Singh (2024) conducted a quantitative study across five steel companies in India, examining factors such as leadership style, compensation, and work-life balance in relation to employee retention. Their results revealed that leadership quality was the most influential predictor of retention, even more significant than pay satisfaction. Employees who experienced supportive, communicative, and respectful leadership were more likely to remain with their organizations. This closely aligns with the situation at Tononoka Rolling Mills Limited, where effective leadership engagement and fair treatment are key to retaining skilled employees who are often sought after by competitors. Similarly, Otieno and Njoroge (2023) surveyed 220 respondents from 12 manufacturing firms and found that leadership behavior, career development, and organizational culture were the strongest determinants of employee retention. Leaders who promoted training, welfare, and open communication achieved higher levels of employee commitment. These findings reinforce the importance of leadership style in influencing retention within Kenyan manufacturing firms. The current study builds on this evidence by focusing specifically on how leadership-retention dynamics manifest in the steel manufacturing sector, with Tononoka Rolling Mills Limited serving as a representative case.

## Statement of the Problem

Employee retention remains a major challenge in the global manufacturing sector, where high turnover negatively affects productivity, quality, and sustainability. Leadership style has been consistently identified as a central factor influencing employee engagement, loyalty, and retention. In the U.S., poor leadership contributes to an annual manufacturing turnover rate of 20.1% (SHRM, 2021), while studies in Germany and China show that leadership behavior—whether empowering or authoritarian directly impacts morale and retention decisions (Bass & Riggio, 2022). However, most prior research has focused on general manufacturing contexts, with limited exploration of heavy industrial sectors like steel manufacturing, where operational pressures and work intensity are distinctively high. Across Africa, the steel industry faces significant employee turnover, often linked to rigid, hierarchical leadership structures. For example, in Nigeria, 35% of steel industry employees leave within three years due to poor supervisory leadership (Adedeji & Madumere, 2022), while research in South Africa indicates that participative leadership enhances commitment and reduces attrition (Neneh & Van Zyl, 2021). Despite these insights, limited studies have examined how specific leadership styles affect retention in the steel industry, a sector characterized by demanding conditions and safety challenges.

In Kenya, where manufacturing contributes about 7.6% to GDP, the steel sub-sector plays a vital role in industrial growth (KNBS, 2023). Yet firms such as Tononoka Rolling Mills Limited face high turnover rates—averaging 22% annually over the past three years, exceeding the national manufacturing average (Mugambi, 2020). Exit interviews cite poor leadership engagement, lack of recognition, and limited career development as key drivers of resignations. While existing research suggests that transformational and participative leadership can enhance retention (Wambua & Karanja, 2022), few empirical studies have specifically explored these dynamics in Kenya's steel industry. This study, therefore, seeks to examine the relationship between leadership styles and employee retention at Tononoka Rolling Mills Limited, aiming to provide actionable insights to strengthen leadership effectiveness, minimize turnover, and improve organizational performance in the steel manufacturing sector

### *Objectives of the Study*

i. To determine the effect of transformational leadership style on employee retention in steel manufacturing companies in Kenya.
ii. To evaluate the effect of transactional leadership style on employee retention in steel manufacturing companies in Kenya.

## Theoretical Literature Review

### *Transformational Leadership Theory*

Proposed by James MacGregor Burns (1978) and later expanded by Bernard Bass (1985), the Transformational Leadership Theory provides the foundational framework for this study. It posits that effective leaders inspire, motivate, and transform followers by aligning their values, goals, and sense of purpose with the organization's vision. Bass (1985) identified four core components idealized influence, inspirational motivation, intellectual stimulation, and individualized considerationwhich collectively enhance employee engagement, satisfaction, and retention. Transformational leaders create trust, foster innovation, and encourage employees to exceed expectations, thereby cultivating long-term organizational commitment (Mansor & Mahmud, 2020). As the anchor theory for this study, Transformational Leadership Theory serves not only to explain transformational leadership but also to contrast it with transactional, participative, and autocratic styles. Transactional leadership, while effective in maintaining order through rewards and punishments, often lacks the relational depth needed for sustained commitment (Ahmed & Clarke, 2022). Participative leadership shares similarities with the transformational model by emphasizing collaboration, inclusivity, and empowerment (Bass & Riggio, 2022). In contrast, autocratic leadership, characterized by centralized authority and minimal employee input, stifles creativity and fosters dissatisfaction (El-Sayed & Farouk, 2022).

Within Kenya's steel manufacturing sector, and particularly at Tononoka Rolling Mills Limited, the relevance of transformational leadership is pronounced. The sector's demanding and repetitive nature often leads to burnout and high turnover. Mwangi and Omondi (2021) found that firms adopting transformational practices such as recognition, empowerment, and mentorship—reported lower attrition rates than those using transactional or autocratic methods. Therefore, applying transformational principles provides a lens through which different leadership approaches can be evaluated for their impact on employee retention in Kenya's steel industry (Kamau & Gikonyo, 2020).

***Path–Goal Leadership Theory***

Developed by Robert House (1971), the Path–Goal Leadership Theory emphasizes that a leader's primary role is to clarify the path to employee goals, remove obstacles, and provide the necessary support to enhance performance. The theory identifies four leadership behaviors—directive, supportive, participative, and achievement-oriented each suitable for specific employee needs and work contexts. Effective leaders, therefore, adapt their style based on situational demands and employee characteristics. This theory aligns closely with the leadership styles under investigation. Transformational leadership mirrors the achievement-oriented dimension by motivating employees to exceed expectations through goal-setting and innovation (Otieno & Karanja, 2019). Transactional leadership corresponds with the directive style, offering structure and clarity crucial in precision-based operations such as steel production (Karani & Otieno, 2020). Participative leadership directly reflects the participative dimension, fostering inclusion and ownership among employees, while autocratic leadership contradicts the supportive aspects of the theory, often resulting in dissatisfaction and disengagement. Studies show that leaders who act as facilitators rather than controllers enhance commitment and retention in manufacturing contexts (Martin, Liao & Campbell, 2020; Northouse, 2018). At Tononoka Rolling Mills Limited, applying Path–Goal principles involves leaders adapting their style to fit departmental and individual needs. Technical teams may thrive under achievement-oriented leadership that promotes innovation, while administrative staff may respond better to supportive and participative styles. Tailoring leadership behaviors in this way can enhance satisfaction, reduce turnover, and improve overall performance (Mbithi & Mwaniki, 2021).

***Herzberg's Two-Factor Theory***

Proposed by Frederick Herzberg (1959), the Two-Factor Theory distinguishes between hygiene factors (e.g., pay, supervision, job security) and motivators (e.g., achievement, recognition, autonomy, and growth). While hygiene factors prevent dissatisfaction, motivators drive satisfaction and long-term commitment. Herzberg emphasized that true retention requires leaders to enhance motivators rather than merely address hygiene concerns. Empirical evidence supports this distinction. Udechukwu (2019) found that industrial employees remain dissatisfied despite stable pay when recognition and career growth are lacking, while Suleman, Jan, and Khan (2021) reported that ignoring intrinsic motivators increases turnover even in well-compensated environments. Transformational leadership aligns with Herzberg's motivators by fostering recognition, empowerment, and development (Namutebi & Mugisha, 2021). Transactional leadership focuses primarily on hygiene factors, maintaining stability but not necessarily satisfaction (Ndayishimiye & Bizimana, 2023). Participative leadership satisfies both motivators and hygiene needs by ensuring fairness, autonomy, and inclusion (Neneh & Van Zyl, 2021). Conversely, autocratic leadership neglects intrinsic motivators, leading to dissatisfaction and turnover (Wanjiru & Odhiambo, 2020). In Kenya's steel manufacturing context, especially at Tononoka Rolling Mills Limited, combining hygiene management with intrinsic motivation is vital. Leaders who create structured yet empowering environments offering recognition, growth opportunities, and inclusion can significantly enhance job satisfaction and retention. This reinforces Herzberg's argument that effective leadership must address both extrinsic and intrinsic employee needs to sustain commitment and performance.

***Empirical Literature Review***

Empirical studies affirm the positive influence of transformational leadership on employee retention across different contexts. For instance, Wang et al. (2021) found that leaders who provide growth opportunities and recognize employee contributions experience lower turnover rates. Similarly, Stewart and Galloway (2021) demonstrated that transformational leadership in Scotland's steel sector enhanced loyalty and job satisfaction by promoting innovation and professional development. Although studies like Hansen (2020) in Norway and Sharma and Singh (2018) in India confirm similar effects, their contexts public institutions and the IT industry differ from Kenya's manufacturing setting, limiting generalizability. The current study addresses this gap by examining how transformational leadership operates within Kenya's steel manufacturing industry, where leadership visibility and employee well-being are critical in high-pressure environments.

Evidence from related sectors further reinforces the relevance of transformational leadership in employee retention. Studies in South Africa's mining sector (Mokoena & Van der Walt, 2020) and Uganda's manufacturing industry (Namutebi & Mugisha, 2021) revealed that leaders who demonstrate trust, recognition, and individualized attention foster stronger psychological safety and loyalty. However, transactional leadership, as noted by Kumar and Prakash (2021), tends to improve short-term productivity without sustaining long-term retention due to its limited focus on emotional engagement. Therefore, transformational leadership through its emphasis on inspiration, personal development, and supportive culture emerges as the most effective approach for enhancing retention in Kenya's steel manufacturing firms, where job satisfaction and motivation are essential for workforce stability and organizational success.

***Transactional Leadership Style and Employee Retention***

Empirical studies across different contexts highlight both the strengths and limitations of transactional leadership in promoting retention. Ndikumana (2021) found that while this style improved productivity in Burundi's steel industry, it also led to burnout due to a lack of emotional connection and personal development. Similarly, Taylor and Morgan (2021) observed in Canadian manufacturing firms that transactional leadership reduced turnover in the short term by improving task clarity but failed to sustain loyalty without relational engagement. Research in the UK industrial sector by Ahmed and Clarke (2022) further showed that while structured reward systems appealed to employees who valued predictability, overreliance on transactional methods reduced innovation and long-term satisfaction. These findings suggest that transactional leadership may be contextually effective in achieving operational targets, but it falls short in addressing employees' deeper motivational needs that drive long-term retention especially in demanding sectors like steel manufacturing.

Studies from African and developing-country contexts provide additional insights into the relevance of transactional leadership in industrial environments. Okonkwo and Musa (2023) found that reward-based leadership positively influenced short-term retention in Nigeria's oil and gas sector, while El-Sayed and Farouk (2022) reported similar results in Egypt's heavy industries, where predictability and fairness improved compliance and stability. However, both studies noted that transactional leadership was less effective in sustaining retention without emotional engagement or growth opportunities. Ndayishimiye and Bizimana (2023) and Wekesa and Karimi (2021) also revealed that while transactional approaches provided clarity and structure, they were insufficient for long-term retention when applied without relational leadership elements. Given these insights, the current study explores how transactional leadership functions within Kenya's steel manufacturing sector specifically at Tononoka Rolling Mills Limited where discipline and productivity are essential but must be balanced with employee well-being and motivation to ensure sustainable retention outcomes.

## Conceptual Framework

**Independent Variables** **Dependent Variable**

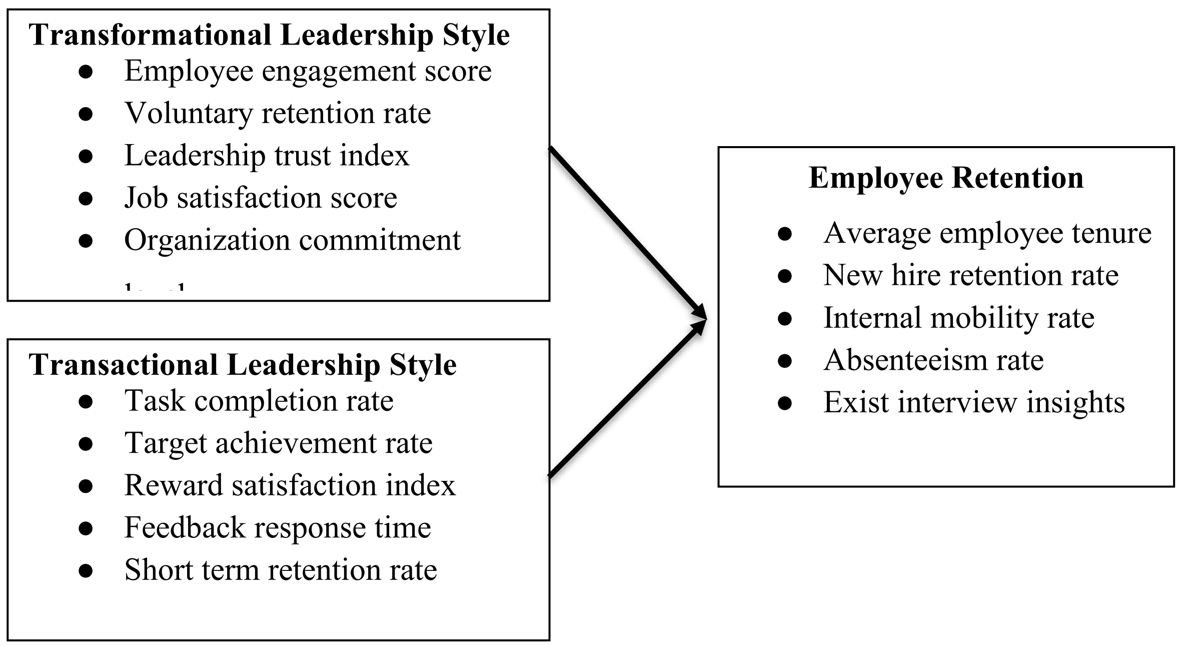


**Figure 1 Conceptual Framework**

## Methodology

### *Research Design*

The research design is the framework that guides data collection, analysis, and interpretation to ensure that the research problem is effectively addressed (Creswell & Creswell, 2019). This study adopted a descriptive research design, which systematically describes phenomena, situations, or characteristics of a population without examining causal relationships. According to Saunders, Lewis, and Thornhill (2019), descriptive design aims to present an accurate portrayal of variables as they exist. It was appropriate for this study because it enabled the researcher to obtain precise and factual information on leadership styles and employee retention at Tononoka Rolling Mills Limited. The design's focus on factual representation allowed for the identification of trends, behaviours, and perceptions within the organization. Moreover, descriptive research provides data that support managerial decision-making and policy formulation by offering a detailed understanding of existing practices and outcomes (Creswell & Creswell, 2019; Saunders et al., 2019). Thus, this design was well-suited for the study, as it generated practical insights into how leadership practices influence employee retention in Kenya's steel manufacturing sector.

### *Target Population*

The target population refers to the entire group of individuals, organizations, or elements that possess characteristics relevant to a particular study and from which generalizations can be made (Saunders, Lewis, & Thornhill, 2019). It encompasses all subjects that the researcher intends to study or draw conclusions about. In this study, the target population comprised 1,112 employees of Tononoka Rolling Mills Limited, representing all departments and job categories within the organization. This population included both managerial and non-managerial staff, ensuring that the perspectives of all key employee segments were captured for comprehensive analysis.

**Table 1: Target Population**

| Category | Frequency | Percentage |
|---|---|---|
| Senior Management | 14 | 1 |
| Middle Level Management | 22 | 2 |
| Operational Staff | 1076 | 97 |
| **Total** | **1,112** | **100** |

**Source: HR- Tononoka Rolling Mills Limited (2025)**

### *Sample and Sampling Technique*

A sample is a subset of a population selected for observation and analysis to generate statistical inferences about the entire group (Creswell & Creswell, 2019). Sampling is often necessary when studying the whole population is impractical due to time, cost, or logistical constraints. According to Saunders, Lewis, and Thornhill (2019), an appropriate sampling method ensures representativeness, allowing findings to be generalized to the wider population. This study employed stratified random sampling, which ensures that each subgroup within the population is proportionately represented. This method enhances the accuracy and reliability of findings by reducing sampling error and allowing meaningful comparisons across strata, such as gender or department (Kothari, 2023).

The sample size was determined using Nassiuma's (2017) formula:

n=NC2C2+(N−1)e2n = \frac{NC^2}{C^2 + (N - 1)e^2}n=C2+(N−1)e2NC2

Where:

- $n$ = sample size
- $N$ = population size (1112)
- $C$ = coefficient of variation (0.5)
- $e$ = margin of error (0.05)

Thus, the sample size was 92 respondents. Proportionate stratified sampling was then applied to distribute the sample across the identified strata using the formula:

### *Data Collection Instrument*

The study used questionnaires to collect primary data. These contained both open- and closed-ended questions, including a section on respondents' demographic details and a second section with Likert-scale items. Questionnaires were suitable as they enabled the researcher to gather data efficiently from a large number of respondents while maintaining confidentiality and anonymity (Creswell & Creswell, 2019). This approach encouraged honest and objective responses.

#### Pilot Study

A pilot study was conducted to test the clarity, feasibility, and reliability of the research instruments before the main data collection (Creswell & Creswell, 2022). The pilot involved 9 employees from Devki Group, representing 10% of the total sample size, as recommended by Mugenda and Mugenda (2019). Conducting the pilot in a different but related organization ensured that the tools and procedures were appropriate for the study environment (Malmqvist et al., 2019). The pilot helped identify ambiguities and refine the instrument to improve validity and reliability.

#### Validity Test

Validity refers to the extent to which an instrument measures what it is intended to measure (Creswell & Creswell, 2019). To enhance content validity, the researcher conducted an expert review, drew items from relevant literature, and ensured comprehensive coverage of each variable. Respondents were personally visited during the pilot to clarify any issues, ensuring that the instrument accurately reflected the study constructs.

#### Reliability Test

Reliability measures the consistency of an instrument's results across repeated applications (Mugenda & Mugenda, 2019). The study used the test-retest method and evaluated internal consistency using Cronbach's alpha. According to Zikmund (2020) and Langley (2020), an alpha value of 0.7 or above indicates acceptable reliability, while 0.8 or higher reflects good internal consistency. This test ensured that the questionnaire consistently captured the intended information.

#### Data Collection Procedure

The researcher obtained authorization from the National Commission for Science, Technology, and Innovation (NACOSTI) and an introductory letter from the university. Two trained research assistants helped distribute and collect questionnaires using both random and snowball sampling methods. Respondents were also encouraged to refer others meeting the inclusion criteria.

**Data Analysis and Presentation**

Data were analyzed using SPSS Version 26 after validation and coding. Both descriptive and inferential statistics were employed, including correlation and regression analysis. Results were presented through tables, charts, and graphs.

**Ethical Considerations**

Participants provided informed consent after being clearly briefed on the study's purpose, procedures, potential risks, and benefits. Participation was voluntary, and respondents could withdraw at any stage without penalty (Creswell & Creswell, 2019). The researcher emphasized that participation was entirely voluntary, free from coercion or inducement, ensuring respect for participants' autonomy (Saunders, Lewis, & Thornhill, 2019). To maintain confidentiality, data were stored securely and accessed only by authorized research personnel. Personal identifiers were replaced with codes, and no identifiable information was reported (Resnik, 2020). The researcher safeguarded participants' privacy by limiting data collection to information relevant to the study objectives and minimizing intrusion into personal matters (Saunders et al., 2019). Anonymity was ensured by excluding participants' names and using coded identifiers. Data were analyzed and reported in aggregate form to prevent identification (Creswell & Creswell, 2019).

## Findings. Recommendation and Conclusions

Out of the 92 questionnaires distributed, 91 were completed and returned, representing an impressive response rate of 98.9%. This high participation rate reflects strong engagement among respondents and the effectiveness of the data collection process. The demographic analysis revealed a nearly balanced gender representation, with 48.4% male and 51.6% female participants, minimizing gender bias and ensuring diverse perspectives. In terms of age, the majority of respondents were between 24 and 29 years (35.2%), followed by those aged 18–23 years (24.2%), indicating a predominantly young and dynamic workforce. Respondents aged 30–35 years constituted 20.9%, while 19.8% were over 35 years, suggesting the organization benefits from a mix of youthful energy and experienced staff, which supports innovation and operational efficiency. Regarding educational attainment, most respondents held undergraduate or postgraduate degrees (each 28.6%), while 22% had college diplomas and 20.9% held secondary certificates. This demonstrates that the organization's workforce is generally well educated and capable of contributing to informed decision-making and productivity. Analysis of tenure showed that 46.2% of employees had worked for 2–5 years, 36.3% for over 5 years, and 17.6% for one year or less, indicating good staff retention and organizational stability. The overall profile suggests a knowledgeable and youthful workforce that provides a solid foundation for growth, while highlighting the importance of continuous training and career development to sustain motivation and long-term commitment.

***Transformational Leadership***

**Table 2: Descriptive Statistics for Transformational Leadership**

| Statements | Mean | Std. Deviation |
|---|---|---|
| My supervisor inspires me with a clear vision of the future, making me want to stay in this organization | 3.84 | 1.44 |
| I feel valued because my leader encourages my personal and professional growth | 4.14 | 1.296 |
| I am more committed to this organization due to the way my leader motivates and empowers me | 4.2 | 1.046 |
| Managers support staff growth, set a good example, and make employees feel valued, reducing turnover. | 4.08 | 1.293 |
| I would recommend this workplace to others because of the inspiring leadership style | 4.03 | 1.215 |

The findings reveal that employees generally perceive transformational leadership positively within the organization. The highest-rated statement "I am more committed to this organization due to the way my leader motivates and empowers me" had a mean score of 4.20, indicating strong agreement that motivational and empowering leadership enhances employee commitment and retention. Similarly, the statement "I feel valued because my leader encourages my personal and professional growth" (mean = 4.14) highlights that leaders who invest in employee development foster loyalty and job satisfaction. These results align with Kamau and Gikonyo (2020) and Wang et al. (2021), who found that transformational leadership strengthens employee attachment through empowerment and personal growth opportunities. Additionally, statements emphasizing mentorship, support, and leading by example (mean = 4.08) confirm that transformational behaviors reduce turnover and cultivate a sense of belonging. Employees also agreed that inspiring leadership enhances organizational reputation and advocacy (mean = 4.03). However, the item on vision communication scored slightly lower (mean = 3.84, SD = 1.44), suggesting inconsistency in how leaders convey organizational direction. Overall, the results demonstrate that transformational leadership significantly enhances employee motivation, satisfaction, and retention. Nevertheless, leaders should strengthen their vision-setting and communication to ensure consistent engagement and alignment across all departments.

***Transactional Leadership***

**Table 3: Descriptive Statistics for Transactional Leadership**

| Statements | Mean | Std. Deviation |
|---|---|---|
| I am motivated to stay because my performance is consistently recognized by rewards and incentives | 4.26 | 1.191 |

| | | |
|---|---|---|
| Clear rules and structured rewards from leadership make me feel secure in my position | 4.62 | 0.94 |
| I feel less inclined to leave because my leader ensures that responsibilities and rewards are well-defined | 4.67 | 0.817 |
| The transactional leadership approach in this organization keeps me focused and retained | 4.53 | 1.068 |
| I would stay longer in this organization if the reward system remains consistent and fair | 4.9 | 0.335 |

The results indicate that employees hold highly positive views toward transactional leadership within the organization. The statement “I would stay longer in this organization if the reward system remains consistent and fair” recorded the highest mean of 4.90, reflecting strong agreement that fair and reliable rewards significantly influence retention. Similarly, “I feel less inclined to leave because my leader ensures that responsibilities and rewards are well-defined” (mean = 4.67) and “Clear rules and structured rewards make me feel secure in my position” (mean = 4.62) highlight that clarity, structure, and predictability are key motivators for employees. These findings align with Okonkwo and Musa (2023) and Taylor and Morgan (2021), who emphasized that transparent reward systems and defined roles foster employee confidence and reduce turnover in manufacturing contexts.

Moreover, statements such as “The transactional leadership approach keeps me focused and retained” (mean = 4.53) and “My performance is consistently recognized through rewards and incentives” (mean = 4.26) affirm that recognition and structured incentives enhance motivation and job satisfaction. Overall, the results show that transactional leadership characterized by fairness, structure, and performance-based rewards significantly promotes employee stability and short-term retention. However, consistent with Kumar and Prakash (2021), the findings suggest that while transactional leadership fosters compliance and security, it should be complemented with transformational elements such as emotional engagement and career growth to sustain long-term commitment and loyalty.

### *Employee Retention*

**Table 4: Descriptive Statistics for Employee Retention**

| Statements | Mean | Std. Deviation |
|---|---|---|
| I am satisfied with the career growth opportunities provided at Tononoka Rolling Mills Limited | 4.26 | 1.281 |
| The leadership at Tononoka Rolling Mills Limited makes me feel motivated to stay | 4.29 | 1.148 |
| Tononoka Rolling Mills Limited offers competitive compensation that encourage long-term employment | 4.23 | 1.274 |
| The working conditions and environment at Tononoka Rolling Mills Limited support my desire to remain with the company | 4.19 | 1.316 |
| I see myself working at Tononoka Rolling Mills Limited for the next five years or more | 4.76 | 0.72 |

The findings reveal that employee retention at Tononoka Rolling Mills Limited is strongly influenced by positive perceptions of leadership, career growth, compensation, and work environment. The highest-rated statement, “I see myself working at Tononoka Rolling Mills Limited for the next five years or more” (mean = 4.76), reflects a high level of employee loyalty and long-term commitment. This supports Kamau and Nderitu (2022), who found that supportive leadership fosters employees’ long-term organizational attachment. Leadership was further highlighted as a key retention factor, with “The leadership at Tononoka Rolling Mills makes me feel motivated to stay” scoring 4.29, underscoring the role of trust, recognition, and motivation in sustaining loyalty. Career growth (mean = 4.26) and compensation (mean = 4.23) also emerged as significant contributors to retention, consistent with Wang et al. (2021) and Herzberg’s Two-Factor Theory, which emphasize the value of fair pay and advancement opportunities in reducing turnover. Additionally, “The working conditions and environment support my desire to remain with the company” (mean = 4.19) demonstrates that a safe, inclusive, and supportive workplace enhances employee stability, aligning with Mwalongo (2021). Overall, Tononoka Rolling Mills has achieved strong retention through effective leadership, equitable compensation, and opportunities for career development. However, continuous investment in leadership effectiveness and employee empowerment remains vital to maintaining long-term commitment and minimizing turnover.

### *Correlation Analysis*

**Table 5: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .562a | 0.316 | 0.285 | 10.88978 |
| a Predictors: (Constant), Transformational Leadership Style, Transactional Leadership Style | | | | |

The results from Table 5 show a moderate and positive relationship between combined leadership styles and employee retention at Tononoka Rolling Mills Limited. The correlation coefficient (R = 0.562) indicates that variations in leadership approaches have a considerable impact on employees’ decision to remain in the organization. The R Square value of 0.316 reveals that leadership styles explain 31.6% of the variation in employee retention, while 68.4% is influenced by other factors such as compensation, organizational culture, and career development. The Adjusted R Square of 0.285 confirms that leadership styles significantly, though not exclusively, affect retention outcomes. These results support Herzberg’s Two-Factor Theory, which suggests that effective leadership must be complemented by hygiene and motivational factors like fair pay, recognition, and a conducive work environment. Consistent with prior research, Kamau and Gikonyo (2020) found that participative and transformational leadership enhance employee commitment, while Wambua and Chege (2022) noted that transactional and autocratic leadership may ensure short-term control but not long-term loyalty. Overall, the findings imply that leadership styles have a meaningful yet partial influence on retention at Tononoka Rolling Mills. To enhance long-term stability, the company should adopt a balanced leadership approach that integrates transformational inspiration, transactional clarity, and participative engagement alongside broader initiatives in career growth, wellness, and equitable compensation.

**Table 6: ANOVA Analysis**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 4718.477 | 2 | 1179.619 | 9.947 | .000[b] |
| | Residual | 10198.501 | 88 | 118.587 | | |
| | Total | 14916.978 | 90 | | | |

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

The ANOVA results in Table 6 indicate that the regression model assessing the influence of leadership styles on employee retention at Tononoka Rolling Mills Limited is statistically significant ($F = 9.947$, $p = 0.000 < 0.05$). This confirms that leadership styles meaningfully affect employee retention rather than the relationship occurring by chance. The regression sum of squares (4718.477) shows the portion of retention variance explained by leadership, while the residual sum of squares (10,198.501) reflects other influencing factors such as compensation, career growth, and organizational culture. The higher mean square for regression (1179.619) compared to the residuals (118.587) highlights the strong predictive power of leadership styles. These findings are consistent with Herzberg's Two-Factor Theory, which emphasizes both leadership and external motivators in influencing retention. They also align with prior studies showing that transformational and participative leadership enhance motivation and reduce turnover, while excessive autocracy can drive employee exits. Overall, the ANOVA results confirm that leadership styles collectively have a strong and significant effect on retention. However, since not all variance is explained, the company should adopt a comprehensive retention strategy that combines effective leadership with fair compensation, professional development, and employee well-being initiatives to ensure long-term workforce stability.

***Regression Analysis***

**Table 7: Regression Analysis**

| Model | Unstandardized Coefficients (B) | Std. Error | Standardized Coefficients (Beta) | t | Sig. |
|---|---|---|---|---|---|
| (Constant) | 46.236 | 2.282 | — | 4.047 | .000 |
| Transformational Leadership | 0.568 | 0.064 | 0.561 | 1.846 | .000 |
| Transactional Leadership | 0.489 | 0.148 | 0.364 | 3.245 | .000 |

a. Dependent Variable: Employee Retention

The regression analysis results reveal that both transformational and transactional leadership styles significantly and positively influence employee retention at Tononoka Rolling Mills Limited ($p = 0.000 < 0.05$). The constant (46.236) suggests a moderate baseline level of retention even without leadership influence, possibly due to factors like pay, culture, or job security. Transformational leadership ($B = 0.568$, $Beta = 0.561$, $t = 1.846$) emerged as the strongest predictor, indicating that inspirational and empowering leadership greatly enhances employee loyalty. Transactional leadership ($B = 0.489$, $Beta = 0.364$, $t = 3.245$, $p = 0.000$) also positively affects retention through structured supervision, rewards, and clear expectations. These findings align with prior studies emphasizing that supportive and motivating leadership fosters long-term commitment, while transactional practices promote short-term stability. Overall, the study concludes that both leadership styles are vital for employee retention, with transformational leadership having a stronger impact. It also highlights that in industrial settings, a blend of transformational and moderate transactional or autocratic approaches can coexist to sustain positive retention outcomes.

## Conclusion

The regression analysis demonstrates that leadership styles play a pivotal role in influencing employee retention at Tononoka Rolling Mills Limited. Both transformational and transactional leadership were found to have a positive and statistically significant impact on retention, indicating that employees are more likely to remain in an organization where leaders motivate, empower, and fairly reward their efforts. Among the two, transformational leadership emerged as the stronger predictor, highlighting the importance of vision-driven, supportive, and development-oriented leadership in fostering long-term loyalty. These findings suggest that while transactional leadership ensures structure, fairness, and short-term stability, transformational leadership drives deeper engagement and commitment by inspiring employees and aligning them with organizational goals. Therefore, Tononoka Rolling Mills Limited should continue to cultivate leadership practices that blend both styles—rewarding performance while also promoting motivation, growth, and trust—to sustain a stable, satisfied, and loyal workforce.

## Recommendations

Based on Transformational Leadership Theory and Herzberg's Two-Factor Theory, Tononoka Rolling Mills Limited should prioritize leadership practices that enhance intrinsic motivation through empowerment, mentorship, and recognition. Transformational leadership fulfills employees' psychological needs for growth, belonging, and purpose, thereby fostering deeper commitment and loyalty. In line with Herzberg's theory, motivation and job satisfaction stem from meaningful work and supportive leadership rather than external rewards alone. Leaders should therefore be trained to inspire employees, communicate a shared vision, and cultivate trust—core elements that strengthen long-term retention and organizational cohesion.

Practically, Tononoka Rolling Mills should adopt integrated leadership development programs that blend transformational, transactional, and participative approaches. Transformational elements should emphasize mentorship, creativity, and personal growth; transactional practices should reinforce fairness through transparent performance appraisals and reward systems; and participative leadership should promote inclusivity in decision-making. The company should institutionalize regular coaching, feedback sessions, and leadership audits to ensure that managers consistently apply adaptive, people-centered leadership. This balanced approach will enhance employee engagement, strengthen performance, and foster lasting organizational loyalty.
At the policy level, Tononoka Rolling Mills Limited and other manufacturing stakeholders in Kenya should embed leadership capacity building within broader industrial workforce development initiatives. Policymakers should promote leadership programs that integrate motivation, fairness, and employee empowerment into national human resource strategies. Internally, the company's HR policies should mandate continuous leadership training, equitable reward systems, and structured career advancement pathways. Implementing such policies will not only improve employee retention and productivity at Tononoka Rolling Mills but also contribute to a more resilient, skilled, and motivated manufacturing workforce across Kenya.

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