



THE INFLUENCE OF LEADERSHIP STYLE, ORGANIZATIONAL CULTURE, AND WORK FLEXIBILITY ON EMPLOYEE AND MANAGEMENT RETENTION POTENTIAL AT COOPERATION UPK LEUWISARI

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Abstract. This study aims to examine the influence of intrinsic factors (Leadership Style, Organizational Culture, and Work Flexibility) on Employee Retention Potential at the UPK Leuwisari Cooperative, which was used as a case study due to the phenomenon of best practices with stable retention rates. The study used an associative quantitative approach with a Census method on 30 employees and Cooperative administrators. The selection of this census method was based on the characteristics of a small and limited population. Data were analysed using Multiple Linear Regression after the instrument passed the Validity and Reliability Tests and met all Classical Assumption Tests. The results of the hypothesis test showed that the regression model simultaneously and partially rejected all hypotheses at the significance level. This means that the three intrinsic variables statistically do not have a significant effect on Employee Retention Potential.). Conclusion: The high Retention Stability at the Cooperative is concluded not to be driven by the tested intrinsic variables, because these factors have reached Saturation Point and function as Hygiene Factors (basic expectations). The rejection of this hypothesis indicates that Retention Potential is dominated by Extrinsic Factors (such as Compensation, Job Security, and Job Security—which is indicated by the disparity in employee status data). The study concluded that extrinsic factors should be prioritized in future Cooperative Retention models.

Keywords: Employee Retention; Leadership Style; Organizational Culture; Work Flexibility; Extrinsic Factors.

1. Introduction

In today's competitive and dynamic business world, employee retention is a crucial aspect of human resource (HR) management for organizational sustainability. A company or organization's ability to retain employees long-term is crucial to its success, given the detrimental consequences of employee turnover, which incurs high costs (Saputra et al., 2025). Therefore, the strategies and factors that influence employees' decisions to stay become a priority for strategic management.

Unlike most studies, this research will focus on the UPK Leuwisari Cooperative, which exhibits a distinct phenomenon: stable employee retention and a relatively low turnover rate. Initial interviews revealed that the primary reason for employee departure was primarily personal factors (e.g., marriage), rather than internal HR issues within the cooperative. This empirical evidence suggests successful HR management practices need to be identified and scientifically tested. Therefore, this research will adopt a leadership perspective by identifying key factors for successful retention, rather than root causes.

Employee Retention is recognized as a strategic priority to maintain intellectual capital and reduce turnover costs (Nardo, 2022). Retention potential relates to employees' psychological intentions and willingness to stay, their sense of loyalty, and their willingness to recommend the organization to others. Retention is crucial for reducing employee turnover costs and maintaining organizational stability. Based on a literature review, retention efforts rely heavily on creating a conducive work environment through intrinsic factors. Employee

The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

involvement in decision-making (Irdayanti et al., 2023) is a predictor of commitment, which theoretically leads to long-term loyalty and retention. A strong culture that instills family values, as identified in preliminary studies, serves as a social glue, strengthening organizational identity, and fundamentally supporting employees' desire to stay (Mathis & Jackson, 2016). Providing freedom in work schedules to support Work-Life Balance is a highly valued non-financial incentive and is considered a driving factor for retention (Malayuja et al., 2022).

Previous research such as that conducted by Aji Purnomo & Chalimah, (2024) and Kosasi, (2024) which consistently supports a positive and significant relationship between these three intrinsic factors and Employee Retention. However, the research context at the UPK Leuwisari Cooperative creates a research gap. There is a retention anomaly, namely the cooperative shows a low turnover rate, even though extrinsic factors (such as incentives/welfare) are suggested to be improved (based on initial interviews), which indicates that intrinsic factors (X_1 , X_2 , X_3) have worked very well. Then there is the Latent Extrinsic Factor, namely the reason for leaving is dominated by personal factors (marriage), not internal. This suggests that these intrinsic factors may only act as "hygiene factors" (which prevent dissatisfaction), while extrinsic factors (salary, benefits) may be the main determinants (motivators) of the decision to stay or move.

This research aims to: (1) Analyze and determine the influence of Leadership Style on Employee Retention Potential at the UPK Leuwisari Cooperative. (2) Analyze and determine the influence of Organizational Culture on Employee Retention Potential at the UPK Leuwisari Cooperative. (3) Analyze and determine the influence of Work Flexibility on Employee Retention Potential at the UPK Leuwisari Cooperative. (4) Analyze and determine the influence of Leadership Style, Organizational Culture, and Work Flexibility simultaneously on Employee Retention Potential at the UPK Leuwisari Cooperative.

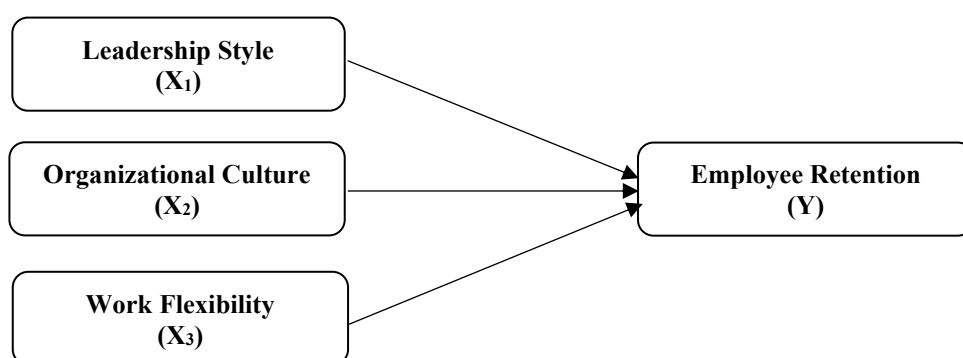


Figure 1. Research Framework

2. Research Method

This study employed a quantitative approach with a causal research design to examine the effects of the independent variables (X_1 , X_2 , and X_3) on the dependent variable (Y). The study was conducted from October 1 to 8, 2025, at the UPK Leuwisari Cooperative, located at Jl. Sukamaju No. 01, Jayamukti Village, Leuwisari District, Tasikmalaya Regency 46464.

The study used both primary and secondary data. Primary data were collected directly from respondents through interviews and questionnaires. Questionnaire responses were measured using a five-point Likert scale. Secondary data were obtained from the internal documents of the UPK Leuwisari Cooperative and relevant literature. The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS).

The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

The research instrument was evaluated through validity and reliability tests. An item was considered valid when its calculated r-value exceeded the r-table value and its significance value was below 0.05. Instrument reliability was assessed using Cronbach's alpha, with a coefficient of 0.70 or higher indicating acceptable reliability.

Before conducting multiple linear regression analysis, the data were evaluated using normality, multicollinearity, and heteroscedasticity tests. Residual normality was assessed using the Kolmogorov–Smirnov test, with a significance value above 0.05 indicating a normal distribution. Multicollinearity was examined using tolerance and variance inflation factor (VIF) values. Tolerance values above 0.10 and VIF values below 10 indicated the absence of multicollinearity. Heteroscedasticity was evaluated through a scatterplot of the standardized predicted and residual values. A random distribution of points without a discernible pattern indicated the absence of heteroscedasticity.

Descriptive statistical analysis was performed using the mean and standard deviation to summarize the data. The mean scores were subsequently interpreted using predetermined interval categories, such as good and very good. Multiple linear regression analysis was then employed to estimate the effects of X_1 , X_2 , and X_3 on Y . The regression model was specified as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

where Y represents the dependent variable; α represents the constant; b_1 , b_2 , and b_3 represent the regression coefficients; X_1 , X_2 , and X_3 represent the independent variables; and e represents the error term.

Hypothesis testing was conducted using the F-test, t-test, and coefficient of determination. The F-test assessed the simultaneous effects of X_1 , X_2 , and X_3 on Y , whereas the t-test examined the partial effect of each independent variable on Y . The coefficient of determination (R^2) was used to determine the proportion of variation in Y explained collectively by the independent variables.

3. Results and Discussion

The UPK Leuwisari Cooperative was originally a savings and loan cooperative until it transformed into a consumer cooperative in 2019, with several business units: retail (shops), savings and loan units, and pharmacies. Based on initial interviews with management, the cooperative has 30 core employees and 3 supervisors. Formally, the workforce is reported to consist of 25 permanent employees and 5 contract employees.

There is a disparity in employee status data, with research results indicating a significant discrepancy between the formal data provided by management and the data provided by respondents. The majority of respondents to the questionnaire tended to state their status as contract employees, even though they may formally hold permanent status.

Seventeen (56,67%) female respondents were employed, while 13 (43,33%) were male. In terms of work units, the majority of respondents came from the retail unit (18 respondents) (60%), while the pharmacy and savings and loan units each had four respondents (13,33%). Based on employment status, the majority of respondents were contract employees (22 respondents) (73,33%), while eight (26,67%) were permanent employees.

Descriptive analysis aims to provide a general understanding of respondents' perceptions of the variables studied. The measurement scale used is a 5-point Likert scale.

The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

Table 1. Descriptive Statistics of Variables

Variables	Dimensions	Mean Total	Interpretation Category
Leadership Style (X_1)	4 items	4.25	Very good
Organizational Culture (X_2)	4 items	4.39	Very good
Work Flexibility (X_3)	4 items	3.93	Good
Retention Potential (Y)	4 items	4.24	Very good

Source: Processed Data, 2025

The high mean value of variable Y (Mean = 4.24) indicates that the Employee Retention Potential is very stable, validating the best practice phenomenon in this cooperative. The high score of X indicates that the Cooperative has met the basic expectations of employees.

Table 2. Data Quality Test Results

Test	Results	Conclusion
Validity	All items passed (Sig. < 0,05)	Valid
Reliability	Cronbach's Alpha = 0,825 ($\geq 0,60$)	Reliable

Source: Processed Data, 2025

The classical assumption test results indicate that the regression model satisfies the required assumptions. The normality test produced an Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05, indicating that the residuals were normally distributed. The multicollinearity test showed that the highest VIF value was 1.952, which is below 10, indicating the absence of multicollinearity among the independent variables. Furthermore, the scatterplot displayed a random distribution of points without forming a specific pattern, indicating the absence of heteroscedasticity.

The multiple linear regression analysis produced the following equation: $Y = 7.275 - 0.011X_1 + 0.344X_2 + 0.046X_3$. The adjusted R^2 value was 0.166, indicating that X_1 , X_2 , and X_3 collectively explained 16.6% of the variation in Retention Potential (Y). The remaining 83.4% was explained by other factors not included in the research model.

With $\alpha = 0,05$:

Table 3. Simultaneous Test Results (F Test)

Model	F-count	Sig. (2-tailed)	Decision
X_1, X_2, X_3 against Y	2,921	0,053	Ho Accepted $\rightarrow$ H4 Rejected

Source: Processed Data, 2025

Since the Sig. value is $0,053 > 0,05$, it is concluded that simultaneously, Leadership Style, Organizational Culture, and Work Flexibility do not have a significant effect on Employee Retention Potential.

$t_{table} (\alpha = 0,05, df = 26) = 1,706$

Table 4. t Test Results – One-Tailed Test

Hypothesis	Variables	Coefficient B	t-count	t-count criteria	Decision (1-tailed)
H ₁	Leadership Style (X_1)	-0.011	-0,054	$-0,054 < 1,706$	Rejected
H ₂	Organizational Culture (X_2)	0.344	1,245	$1,245 < 1,706$	Rejected
H ₃	Work Flexibility (X_3)	0.246	1,348	$1,348 < 1,706$	Rejected

Source: Processed Data, 2025

All partial hypotheses are rejected at the significance level $\alpha = 0.05$.

Multiple Linear Regression Analysis shows a total rejection of the Research Hypothesis at a significance level of $\alpha = 0.05$. Simultaneously (F Test, Sig. = 0,053) and partially (t Test,

The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

= Sig > 0.05), the factors of Leadership Style (X1), Organizational Culture (X2) and Work Flexibility (X3) do not have a significant effect on Employee Retention Potential.

The rejection of this hypothesis was caused by the low predictive power of the Adjusted R^2 model of only 16,6%, which indicates that = 83,4% of the Retention stability at the UPK Leuwisari Cooperative was influenced by factors outside the model.

This phenomenon is explained through Herzberg's Two Factor Theory: The high descriptive score (Mean = 4.2) proves that the intrinsic factors tested have reached the Satisfaction Saturation Point (Hygiene Factors). These factors (Democratic Leadership, Harmonious Culture) serve to prevent dissatisfaction (keeping retention stable), but are no longer significant as statistical drivers for employees to stay longer.

In contrast, retention is dominated by extrinsic factors or unmet motivational factors. This is supported by the negative coefficient anomaly for leadership style ($B = -0,011$) and the finding of disparity in work status in cooperatives (employees feel contracted), which implies high concerns about job security and compensation. These extrinsic needs are the main determinants of long-term loyalty in cooperatives, which should be tested in further research.

Anomalies in the Hypothesis Leadership Style (X1) which is rejected is supported by Gunawan & Rizky, (2024) which states that leadership style has a positive and significant effect on job satisfaction, but its direct effect on employee retention is not statistically significant. This indicates that leadership style has been considered a basic need (hygiene factor) that has been met by employees, so it is no longer a primary driver of retention. Then, according to Firnandi et al., (2024). The influence of a democratic or participatory leadership style alone is not effective enough as a motivator for employee retention if it is not supported by adequate work conditions. This phenomenon indicates that leadership styles have reached a saturation point, requiring external support for their role in encouraging employee retention.

Then, the Organizational Culture hypothesis (X2) was rejected because Organizational Culture in Cooperatives has become a deep-rooted core value (Hygiene Factor) and is no longer a statistical differentiator. Employees feel comfortable, but this comfort is not strong enough to be used as a primary retention driver when faced with extrinsic factors. In previous research, it was stated that a strong and deep-rooted organizational culture serves as the main foundation that creates a stable and harmonious work environment. However, when the culture is considered certain and non-negotiable, then organizational culture acts as a hygiene factor that minimizes dissatisfaction, but is not strong enough to be the main driver of employee retention (Hendriati et al., 2024).

Furthermore, regarding Work Flexibility (X3), it was rejected. This occurred because flexible work arrangements do have a positive impact on employee retention by increasing emotional engagement and job satisfaction. However, there is ambivalence among employees regarding the obligation to stay with the company. In other words, while work flexibility supports loyalty, it does not necessarily increase retention if it is not accompanied by clear career opportunities and incentives (Odo et al., 2025). Supriyadi et al., (2021) also stated that extrinsic factors such as job security, compensation, promotion opportunities, training, and the work environment are the most dominant factors influencing employee retention decisions. This explains the dominance of external factors, which leads to the low R^2 for the effect of flexibility on retention.

4. Conclusion and Recommendations

Overall, the research objective of examining the influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee Retention Potential at the UPK Leuwisari Cooperative has been achieved. Based on the regression analysis, it can be concluded

The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

that, both partially and simultaneously, the three intrinsic variables studied do not significantly influence Employee Retention Potential.

These results reinforce the descriptive findings that the Employee Retention Potential of the UPK Leuwisari Cooperative is in the Very Good category, but this is concluded not to be caused by the intrinsic factors tested. Intrinsic factors (Leadership, Culture, Flexibility) have reached the Saturation Point and function as Hygiene Factors; meaning, these factors are important to prevent dissatisfaction, but not strong enough to significantly drive Retention. The majority of Retention stability is influenced by Extrinsic Factors (outside the model), which are the true drivers of loyalty in this Cooperative.

Future research is recommended to replicate or re-examine this model by replacing intrinsic variables with extrinsic variables such as financial compensation, perceived organizational support, or job security to obtain a significant model. Further research is also recommended to subjectively explore the reasons behind the negative coefficient on the leadership variable and to understand the root causes of the employment status disparity found in the questionnaire.

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The Influence of Leadership Style, Organizational Culture, and Work Flexibility on Employee and Management Retention Potential at Cooperation UPK Leuwisari

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