

Does Leadership Style Determine Employee Turnover in Service-Based Companies?

Xinyi Liu

Abstract:

The empirical research on this issue of leadership style among 320 employees involved into a service industry showed that the association between leadership and the turnover intention was heterogeneous in that transformational leadership style was excellent related to more job satisfaction and significantly explained the turnover intentions albeit laissez-faire leadership style had a negative correlation with the intentions. The turnover intention was poorly and irrelevant related to transactional leadership and the other dimensions of control with other aspects of leadership. All scales proved to have excellent internal consistency as shown in psychometric evaluation and high sampling adequacy ($KMO = .955$; Bartlett's $p < .001$) and, therefore, indicates reliability and construct validity of the measures. Results are in line with the evidence in the current time that transformational behaviors act as sources of motivation that minimize employee turnover and those supervisors who are inactive are those who increase risks of turnover. Pragmatic implications focus more on prioritising development of transformational leadership and implementing managerial mechanisms of accountability to ensure that turnover in the labour-intensive service conditions are reduced. Future research recommendations would involve longitudinal monitoring of actual turnover events and use of mixed methods to measure these finL rest on their different granular mechanisms through which leadership through retention should be consented.

Keywords: *transformational leadership; laissez-faire leadership; transactional leadership; turnover intention; job satisfaction; service sector; leadership development.*

1. Introduction

Employee turnover is one of the most persistent and

costly challenges faced by organizations, especially in service-based industries such as hospitality, retail, healthcare, and call centers. Unlike manufacturing

or product-based firms, service organizations rely heavily on human capital because employees are the primary drivers of customer satisfaction and service quality. When turnover is high, companies must incur substantial costs in recruitment, selection, and training, while also risking a decline in customer loyalty due to inconsistent service delivery (Guiguema, 2023). Estimates suggest that replacing an employee can cost between 50% and 200% of their annual salary depending on the position and level of expertise required (Dyerly, 2025). Beyond the financial costs, turnover disrupts team cohesion, reduces morale, and negatively impacts organizational performance.

One of the most critical yet underexplored factors that influences turnover in service firms is leadership style. Leadership is the process of influencing others to achieve organizational goals, which is not only the direction provided by managers but also the way leaders interact with, support, and motivate their subordinates (Saputra, 2021). In industries characterized by high emotional labor and constant interaction with customers, leadership can determine whether employees feel valued and supported or disengaged and ready to exit. Poor leadership has often been cited as a leading reason why employees voluntarily leave organizations, sometimes captured in the adage, *“people do not leave companies, they leave managers.”*

The present study seeks to answer a critical research question: Does leadership style determine employee turnover in service-based companies? This question is motivated by the recognition that leadership is a central driver of employee attitudes, job satisfaction, organizational commitment, and ultimately retention (Oyewobi, 2024). Specifically, the study investigates whether transformational leadership reduces turnover intention, whether transactional leadership has a mixed or neutral effect, and whether laissez-faire leadership increases turnover.

Objectives of the Study

1. To examine the dominant leadership styles present in service-based organizations.
2. To assess the relationship between transformational, transactional, and laissez-faire leadership styles and employee turnover intentions.
3. To develop and test a mathematical model predicting turnover intention from leadership style variables.
4. To provide recommendations for leadership practices that reduce turnover in service industries.

2. Literature Review

2.1 Theoretical Foundations

2.1.1 Full Range Leadership Theory

The Full Range Leadership Theory (FRLT) created by Bass and Avolio remains conspicuous with the contempo-

rary theories about leadership and has provided a systematic way through which individual can imagine the different nature of behaviors portrayed by a leader in different situations (Avolio et al., 1991). The FRLT leadership behavior range incorporates highly proactive and inspirational to a significant degree and much actively avoiding to essentially passive. Transformational leadership lies on the active end or pole of the continuum and focuses on leaders, who generate emotional engagement and individual concern to the organizational goals to a course of four behavior practices, idealistic influence, inspirational motivation, intellectual stimulation, and personalized consideration (Hosna et al., 2021; Sutanto et al., 2021). Evidence of the empirical research carried out in the previous decade has indeed favored the assertion by FRLT that the transformational aspects interact synergistically to guarantee that workers are extracted to intrinsic motivation, meaning and work engagement, which forms a very significant element with regards to turnover in service organisations in which relationships and emotional labour forms a still pertinent factor (Nwankwo, 2025).

Transactional leadership sits at the center of the FRLT continuum and is characterized by clearly defined exchanges between leaders and followers. Contingent reward mechanisms and corrective monitoring through management-by-exception create an environment of predictability and accountability. Recent research highlights that transactional behaviors enhance role clarity and short-term performance, and they can stabilize employee expectations in turbulent operational contexts; however, transactional approaches often fail to cultivate the deeper psychological attachments associated with long-term retention, especially where employees seek meaning or developmental opportunities in their roles (Khairy et al., 2023). Evidence from healthcare and hospitality sectors suggests that contingent-reward elements operate effectively as proximal motivators, but their retention effects are conditional on contextual moderators such as perceived fairness, job design, and availability of growth prospects (Miao et al., 2022).

Laissez-faire leadership represents the passive end of FRLT and has traditionally been associated with negative organizational outcomes. Scholars increasingly treat laissez-faire not only as an absence of leadership, but as an active risk factor that creates role ambiguity, erodes psychological safety, and amplifies workplace stressors (Kabuye, 2024; Nielsen et al., 2019). The existing evidence and findings have been sharpened in recent years through a series of empirical studies that alleviate the prior results by demonstrating that the effect of laissez-faire behaviour could depend on characteristics of subordinates and task interdependence; hence, highly autonomy, experience employees might be satisfied with or even abusive of the lack of supervision in specific circumstances, whereas frontline

service workers, who engage with customers on a daily basis, might be the most victimised by supervision withdrawal (Desgourdes et al., 2024; Robert & Vandenberghe, 2021; Zheng & Li, 2024) research on the underlying mechanisms and the boundary conditions associated with these effects remains scarce. Using the identity orientation framework and social exchange theory, we propose that employees with stronger relational self-concepts are more likely to be affected by laissez-faire leadership. As these employees define themselves through dyadic relationships, they may react more negatively to laissez-faire leadership by diminishing their contributions to mutual goals and reducing their affective organizational commitment. These predictions were tested within a three-wave longitudinal study through structural equations modeling analyses with full information maximum likelihood estimation on a sample of employees from multiple organizations ($N = 449$).

2.1.2 Social Exchange Theory

According to the Social Exchange Theory (SET), jeopardizing workplace relationships involves a step of reciprocating obligations, in which individuals perceive a sequence of making input against one part of the relationship, leading to that person feeling better off making obligations to the other individual in the relationship and vice versa. The qualitative content of such exchanges is influenced by the activities of the leadership which employees view as appreciation of their development, fairness, and investment. The high-quality leader-member exchanges (LMX) are the manifestations of the aspect of trust, mutual respect, and discretionary support that is not stipulated in the job prescriptions (Davlembayeva, 2021). The robust links between LMX and retention performance have been confirmed in the literature, allowing LMX to mediate the relationship between turnover intentions and the leader behaviours in most studies (M. Abu Elanain, 2014). The social exchange prism helps explain why relational-need-oriented leadership styles, such as individualized consideration and genuine recognition, have lower turnover rates, particularly in service-type jobs where the aspects of emotional labor are maximized, and as a result, employees become more sensitive to interpersonal resources.

The approach to the research topic in social-comparative processes by multi-country and sector-specific studies combined substantiates the explanatory force of the modern-day jobs and generalisability of the process because they integrated the social-comparative processes that moderate how the employees assess the support of their leaders (Dong et al., 2023). More recent empirical research has also enhanced the application of SET that proved perceived organizational (and LMX) are collabo-

rating with one another but at a conceptual level: POS is asserting of general organizational prompts and LMX is a leader-follower specific interaction (Nisar Khattak et al., 2024). In practice, performance of transformational behavior by a leader improves LMX and increases POS that creates stratified social interaction with high retention effects compared to those under one level of rewards. The literature in the service sector indicates that such a stratified type of exchange affects turnover intentions in a very negative manner when employees perceive that leader conduct reflects sincere investment in his or her wellbeing and not some instrumental conduct.

2.1.3 Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory still has its impact on motivation mechanisms centred on retention that creates linkages among leadership. The distinction between the two the motivators and hygiene factors can be observed in the theory and can be used to understand the difference in retention consequences by various leadership behaviors. The aspect of transformational leadership is also associated with motivators because it is committed directly to the needs of the employees in the following aspects, achievement, recognition, autonomy, and professional growth (Hasan & Mishra, 2025). The modern structural works have shown that in addition to increasing intrinsic gratification, transformational actions contribute to discretion involvements that prevent effort-wearing effects of regular emotional work to be found in employees. Research work at the hospitality and healthcare settings also shows that the possibility to ascend and be perceived as significant, which are representing transformational leadership, are associated with a reduction in turnover and an increase in organizational commitment (Amankwaa et al., 2022).

Transactional leadership's strength lies in addressing hygiene needs, that is, fair pay, clear expectations, and dependable feedback that reduce job dissatisfaction and prevent immediate withdrawal (Khairy et al., 2023). Recent scholarship suggests that contingent rewards should not be dismissed; rather, they serve as an essential baseline that must be met before motivators can produce lasting retention effects (Alhmoud & Rjoub, 2020) intrinsic, and social rewards—influence retention among two distinct groups in today's labor force, Generation X and Generation Y, via surveys conducted among schoolteachers in Jordan. A total of 250 copies of structured questionnaire were administered to the high school teachers in the eastern areas of Jordan, while partial least squares structural equation modeling (PLS-SEM). When hygiene needs remain unmet, no amount of transformational rhetoric reliably prevents turnover. Modern empirical studies emphasize an interactional perspective: optimal retention strategies combine solid transactional systems with transformational leader-

ship practices that cultivate intrinsic appeal. Evidence on laissez-faire leadership through the Herzberg lens portrays leader absence as a dual deficit, where neither motivators nor hygiene factors receive attention, which accelerates dissatisfaction and turnover (Robert & Vandenberghe, 2021) research on the underlying mechanisms and the boundary conditions associated with these effects remains scarce. Using the identity orientation framework and social exchange theory, we propose that employees with stronger relational self-concepts are more likely to be affected by laissez-faire leadership. As these employees define themselves through dyadic relationships, they may react more negatively to laissez-faire leadership by diminishing their contributions to mutual goals and reducing their affective organizational commitment. These predictions were tested within a three-wave longitudinal study through structural equations modeling analyses with full information maximum likelihood estimation on a sample of employees from multiple organizations ($N = 449$). Newer scholarship offers a more refined account, indicating that organizational context, job complexity, and subordinate goal orientation condition laissez-faire outcomes. In service contexts characterized by high customer contact and limited autonomy, the absence of leader support undermines both hygiene and motivator pathways and substantially raises turnover intentions.

2.2 Leadership and Turnover

2.2.1 Transformational Leadership

Extensive empirical research conducted since 2020 reinforces the negative association between transformational leadership and turnover intention across sectors, with particularly strong evidence emerging from service industries. Studies of hospitality personnel report that transformational leadership enhances job satisfaction and organizational commitment, which in turn mediate lower turnover intentions among line-level staff who perform sustained customer-facing work (Folmar, 2020; Sreeja & Mukherjee, 2025). Evidence from health-care settings similarly shows that transformational practices improve staff readiness for change and collective efficacy, thereby reducing voluntary exits during periods of organizational stress (Bayraktar & Jiménez, 2020). Contemporary meta-analyses and large-sample studies also highlight mediation pathways: transformational leaders increase psychological empowerment and perceived organizational support, which sequentially reduce burnout and the desire to leave.

The mediation models resonate with the lived experience of service employees, for whom meaningful interpersonal backing mitigates the strain of emotional labor and fosters

lasting attachment to employers. While transformational leadership reliably predicts reduced turnover intentions, effect sizes vary according to organizational climate and job design. Recent multilevel studies indicate that team-level transformational climates strengthen individual-level retention effects, suggesting that transformational leadership's influence is amplified when it is embedded in broader managerial practices and human resource systems (Álvarez et al., 2019). Additionally, evidence indicates substantial indirect effects through job satisfaction and organizational commitment, reinforcing the theoretical convergence between FRLT, SET, and Herzbergian motivators (Manradgh, 2024).

2.2.2 Transactional Leadership

Recent literature treats transactional leadership as a pragmatic but incomplete strategy for retention. New empirical work finds that contingent reward structures reduce role ambiguity and can temporarily reduce turnover intention in tightly structured operational environments, including certain service functions where performance metrics and incentives are salient. Where transactional leadership is implemented with perceived equity and transparency, employees report short-term satisfaction that lowers immediate turnover risk (Shahbaz, 2025). Contemporary research cautions, however, that transactional mechanisms alone rarely cultivate long-term loyalty or deep organizational identification. In service industries where emotional resilience and intrinsic motivation matter, contingent rewards must be coupled with developmental opportunities and relational support in order to sustain retention (Chang et al., 2021).

Recent empirical studies also examine mediators such as work engagement and perceived procedural justice, finding that transactional leadership's retention value is conditional on these psychosocial factors (Daouk et al., 2021). Cross-cultural and generational dynamics have become focal points in recent transactional leadership research. Evidence suggests that younger cohorts often prioritize intrinsic growth opportunities and purpose over extrinsic rewards, which undermines the long-term retention value of transactional strategies among millennials and Gen Z employees in service sectors (Krishna & Agrawal, 2024). Employers that lean heavily on transactional mechanisms risk higher churn among younger workers unless those mechanisms are complemented by transformational practices that signal investment in employee development.

2.2.3 Laissez-Faire Leadership

Contemporary studies paint a predominantly adverse picture of laissez-faire leadership for retention, particularly in service contexts where frontline supervision is integral to performance and well-being. Large-scale analyses link

laissez-faire behaviors to higher role conflict, emotional exhaustion, and turnover intention, and qualitative studies reveal that absence of leadership exacerbates uncertainty in customer-facing roles (McGuire, 2024). Recent work introduces important boundary conditions, demonstrating that under certain circumstances laissez-faire leadership can have less negative or even modestly positive outcomes for highly experienced, self-regulating employees (Robert & Vandenberghe, 2021) research on the underlying mechanisms and the boundary conditions associated with these effects remains scarce. Using the identity orientation framework and social exchange theory, we propose that employees with stronger relational self-concepts are more likely to be affected by laissez-faire leadership. As these employees define themselves through dyadic relationships, they may react more negatively to laissez-faire leadership by diminishing their contributions to mutual goals and reducing their affective organizational commitment. These predictions were tested within a three-wave longitudinal study through structural equations modeling analyses with full information maximum likelihood estimation on a sample of employees from multiple organizations ($n = 449$). The dominant empirical pattern in labor-intensive service settings indicates that laissez-faire supervisory styles heighten stress, erode morale, and accelerate voluntary exits. Sectoral evidence from call centers and hospitality operations is particularly compelling, showing that supervisor availability and timely feedback serve as critical buffers against turnover.

2.3 Research Gap

Despite considerable advances in leadership research over the past five years, notable gaps remain regarding the relationship between leadership styles and turnover in service-based organizations. A disproportionate share of recent large-scale studies continues to focus on healthcare, manufacturing, and education, leaving hospitality, retail, and customer service centers underrepresented despite their high turnover rates and distinctive job demands. Primary, sector-specific datasets that capture frontline employees' perceptions of leadership style and intent to leave remain relatively scarce, limiting the generalizability of existing findings to service contexts that rely heavily on emotional labor and intensive customer contact. Recent literature emphasizes the need for multilevel and longitudinal designs that can disentangle within-team dynamics, leader behaviors, and temporal processes that lead to actual turnover rather than mere intentions. Further research should integrate FRLT, SET, and Herzbergian perspectives in model testing, allowing for simultaneous consideration of leader behaviors, social exchange processes, and intrinsic/extrinsic motivational pathways. Contemporary empirical designs would benefit from

including moderators such as employee autonomy, job complexity, and generational cohorts, as well as mediators like psychological empowerment, perceived organizational support, and job satisfaction. Interventions which are randomized or quasi-experimental, help develop transformational competencies on the supervisory level, and provide especially promising causal evidence of the retention strategy within service industries.

3. Methodology and Data Analysis

3.1 Hypotheses

The study tests the following hypotheses:

- H1: Transformational leadership has a negative and significant relationship with employee turnover intention.
- H2: Transactional leadership has a weak or non-significant relationship with employee turnover intention.
- H3: Laissez-faire leadership has a positive and significant relationship with employee turnover intention.

3.2 Research Design

The research design applied by the given research study is the quantitative research design to investigate the correlation between the leadership style and employee turnover at service-based organizations. The survey-based method has been selected because it will enable the collection of primary data about the employees and, consequently, discussions about the leadership behavioral perspectives and how the employees attitudes influence turnover intentions. Quantitative methods can be applied in test hypothesis testing and estimating mathematical models involving the quantification of the association between variables. The chosen design, too, provides completeness that allows transferring the results to a larger group of employees who operated in service industries (hospitality, retail, and customer service).

3.3 Population and Sampling

The population of the study consists of the service oriented firms in the hospitality industry, retail industry, financial services and customer support centers employees. They fit the case on role of leadership style and retention as the turnover rates in these sectors are very high. An equal representation of the individual sectors was had; a stratified random method was employed in returning the factors of sampling. The survey was distributed electronically to the targeted number of employees namely about 400 to maximize the accessibility and response rates. Out of the receipt of these answers, it was only successful in returning 320 responses thus could be analyzed to give a high response rate of 80 percent, which is considered very strong in organizational research.

3.4 Mathematical Model

As an empirical study, the above hypotheses required the use of a multiple regression model, which is a powerful methodology used to measure the relationship between leadership styles and turnover intentions in employees. In this regard, turnover intention was the dependent variable,

$$\text{Turnover}_i = \beta_0 + \beta_1(\text{Transformational}_i) + \beta_2(\text{Transactional}_i) + \beta_3(\text{LaissezFaire}_i) + \beta_4(\text{Controls}_i) + \epsilon_i$$

Where:

- Turnover $_i$ represents the turnover intention score of employees i .
- β_0 is the intercept.
- $\beta_1, \beta_2, \beta_3$ are coefficients representing the effects of the three leadership styles.
- β_4 represents coefficients for control variables such as age, gender, and tenure.
- ϵ_i is the error term.

Expected signs:

- $\beta_1 < 0$ (transformational leadership reduces turnover).
- $\beta_2 \approx 0$ (transactional leadership has little or no effect).
- $\beta_3 > 0$ (laissez-faire leadership increases turnover).

The model provides a simple yet rigorous way of quantifying the impact of leadership style on employee turnover

and the three dimensions of leadership, transformational, transactional and laissez-faire constituted key independent variables in addition to the demographic factors, which were taken to be control variables of the participants in this study. The model specification is formally expressed as follows:

intentions.

3.5 Data Analysis

3.5.1 Descriptive Statistics

The internal consistency analysis demonstrates that all scales used in the study achieved excellent reliability, as indicated by Cronbach's alpha coefficients well above the conventional threshold of 0.70. The transformational leadership scale, with seven items, produced an alpha of 0.944, confirming highly consistent measurement of the construct. Similarly, the transactional leadership scale ($\alpha = 0.929$) and the laissez-faire leadership scale ($\alpha = 0.914$) each showed strong internal reliability across six and four items, respectively. Job satisfaction was measured with three items and exhibited an alpha of 0.956, while the turnover intention scale, also based on three items, achieved the highest coefficient at 0.968 (Table 1).

Table 1: Reliability statistics for study scales

Scale	No. of items	Cronbach's Alpha
Transformational leadership	7	0.944
Transactional leadership	6	0.929
Laissez-faire leadership	4	0.914
Job satisfaction	3	0.956
Turnover intention	3	0.968

The factor analysis results in Table 2 provide strong evidence of sampling adequacy and construct validity for the measurement items used in the study. The Kaiser-Meyer-Olkin (KMO) value of 0.955 is considered excellent and indicates that the correlations among variables are

sufficiently large for factor analysis. In addition, Bartlett's Test of Sphericity was statistically significant ($\chi^2 = 7492.897$, $df = 300$, $p < 0.001$), confirming that the correlation matrix is not an identity matrix and therefore suitable for factor extraction.

Table 2: Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	955	
Bartlett's Test of Sphericity	Approx. Chi-Square	7492.897
	df	300
	Sig.	000

An initial examination of the sample profile and the central tendencies for the study's primary measures provides necessary context before inferential testing. The survey

yielded 320 valid responses from employees across multiple service sectors. Education clustering (Figure 1) highlights that bachelor's degrees represent the modal educa-

tional level for both female and male respondents, with postgraduate qualifications represented but less frequent.

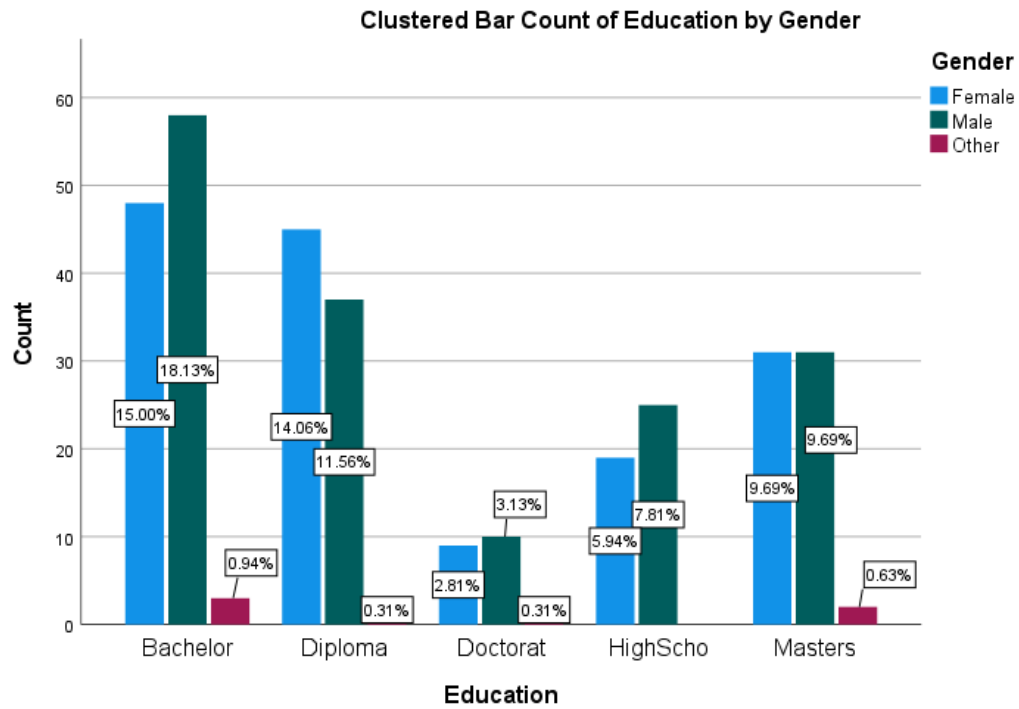


Figure 1: Education Clustering by Gender

Sectoral counts (Figure 2) indicate that retail and hospital are the two largest employer groups in the dataset, and the gender breakdown within sectors shows small but visible differences (for example, healthcare and hospitality include slightly higher proportions of female respondents).

Job level distribution (Figure 3) reveals that the sample is concentrated among the lower- and mid-level staff tiers, a reflection of the service-sector employment structure and the focus on frontline and supervisory roles.

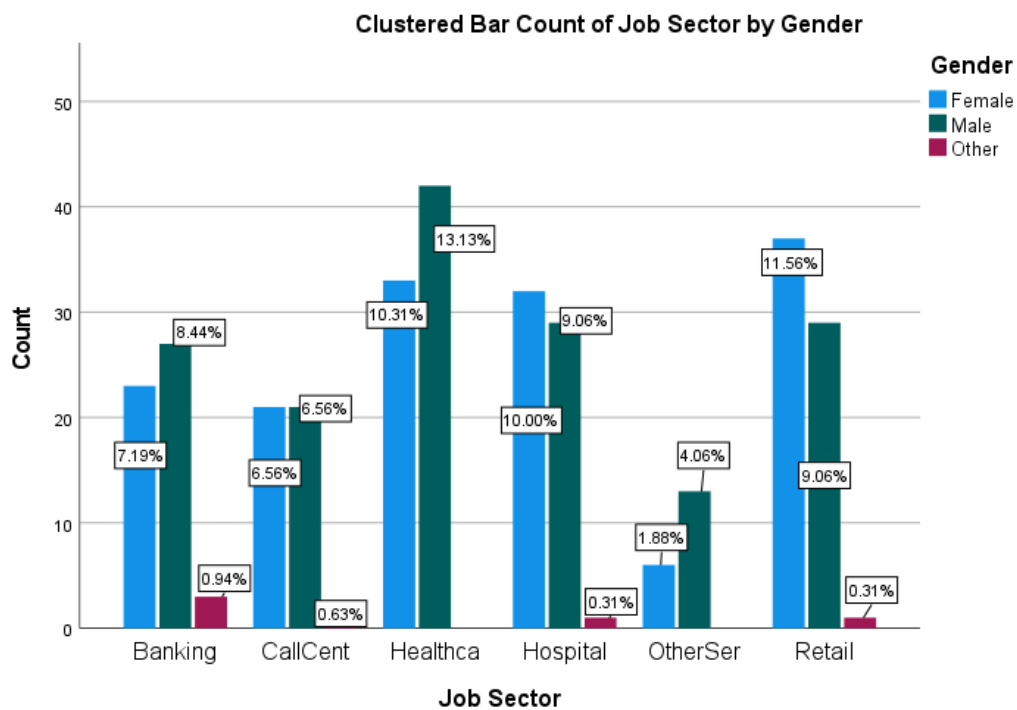


Figure 2: Job Sector Distribution by Gender

The descriptive results demonstrate that the sample is broadly representative of lower- and mid-level service employees, that psychometric scales show appropriate

central tendencies and dispersion for analysis, and that scale reliability and preliminary validity checks meet conventional standards.

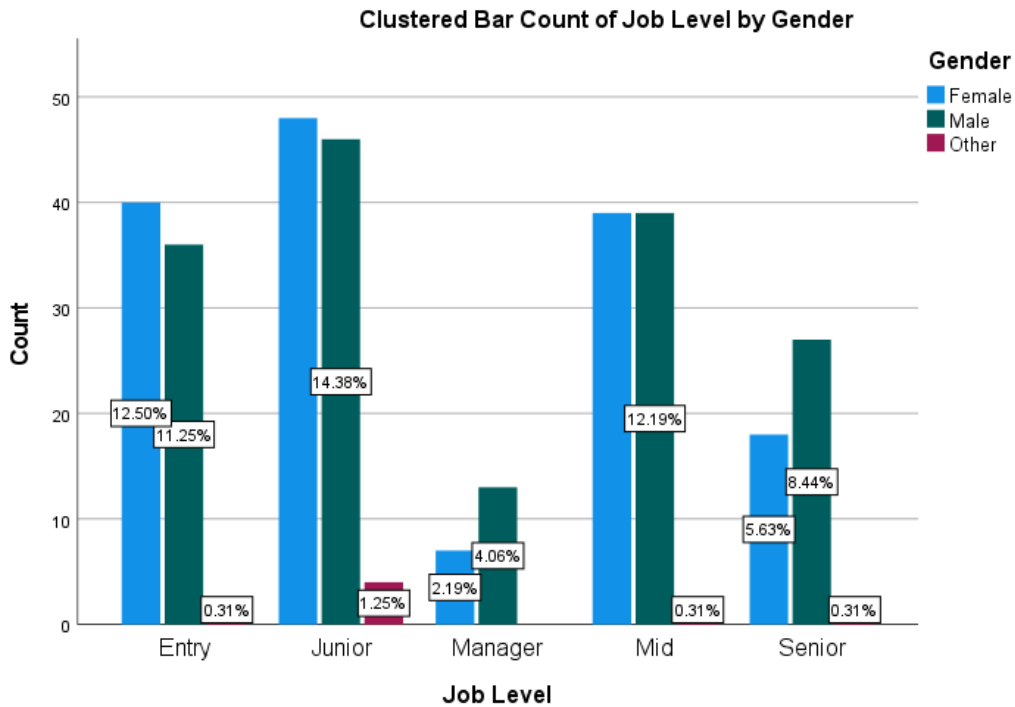


Figure 3: Job Level Distribution by Gender

3.5.2 Correlation Analysis

The correlation analysis (Table 3) reveals significant relationships among leadership styles, job satisfaction, and turnover intention. Transformational leadership showed a strong negative correlation with turnover intention ($r =$

$-.747$, $p < .01$) and a strong positive correlation with job satisfaction ($r = .790$, $p < .01$). This indicates that employees who perceive higher transformational leadership tend to report higher job satisfaction and lower turnover intention.

Table 3: Correlation of Various Variables

		Correlations				
		Transformational Score	Transactional Score	Laissez Score	Job Satisfaction Score	Turnover Score
Transformational Score	Pearson Correlation	1	.211**	-.379**	.790**	-.747**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	320	320	320	320	320
Transactional Score	Pearson Correlation	.211**	1	-.231**	.175**	-.275**
	Sig. (2-tailed)	.000		.000	.002	.000
	N	320	320	320	320	320
Laissez Score	Pearson Correlation	-.379**	-.231**	1	-.672**	.739**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	320	320	320	320	320

Job Satisfaction Score	Pearson Correlation	.790**	.175**	-.672**	1	-.848**
	Sig. (2-tailed)	.000	.002	.000		.000
	N	320	320	320	320	320
Turnover Score	Pearson Correlation	-.747**	-.275**	.739**	-.848**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	320	320	320	320	320

** . Correlation is significant at the 0.01 level (2-tailed).

Transactional leadership demonstrated a weak negative relationship with turnover intention ($r = -.275$, $p < .01$) and a weak positive correlation with job satisfaction ($r = .175$, $p < .01$), suggesting that while transactional leadership may provide some structure, it is not a strong predictor of turnover outcomes. In contrast, laissez-faire leadership exhibited a strong positive correlation with turnover intention ($r = .739$, $p < .01$) and a strong negative correlation with job satisfaction ($r = -.672$, $p < .01$). This finding implies that passive leadership styles are associated with reduced satisfaction and higher intentions to leave the or-

ganization.

3.5.3 Regression Analysis

The regression analysis was conducted to test the study hypotheses by examining the predictive power of leadership styles on turnover intention. The overall model was statistically significant ($F(3,316) = 426.657$, $p < .001$) with an R^2 of .802, indicating that transformational, transactional, and laissez-faire leadership together explain 80.2% of the variance in employee turnover intention (Table 4 and 5).

Table 4: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896 ^a	.802	.800	6232069

a. Predictors: (Constant), Laissez Score, Transactional Score, Transformational Score

Table 5: ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	497.124	3	165.708	426.657	.000 ^b
	Residual	122.730	316	.388		
	Total	619.854	319			

a. Dependent Variable: Turnover Score
b. Predictors: (Constant), Laissez Score, Transactional Score, Transformational Score

Table 6: Regression Coefficients

Coefficients ^a					
Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Std. Error	Beta			

1	(Constant)	3.259	241		13.517	000
	Transformational Score	-.815	041	-.540	-19.770	000
	Transactional Score	-.063	041	-.040	-1.535	126
	Laissez Score	.768	040	.525	19.135	000
a. Dependent Variable: Turnover Score						

H1: Transformational leadership has a negative and significant relationship with turnover intention.

The regression analysis revealed that transformational leadership was a significant negative predictor of turnover intention ($B = -.815, \beta = -.540, t = -19.770, p < .001$). Evidence from this result strongly supports H1, demonstrating that higher levels of transformational leadership substantially reduce employees' intentions to leave. When leaders inspire, motivate, and engage their teams, employees experience greater job satisfaction and commitment, which translates into stronger organizational loyalty and reduced turnover tendencies.

H2: Transactional leadership has a weak or non-significant relationship with turnover intention.

Results indicated that transactional leadership did not significantly predict turnover intention ($B = -.063, \beta = -.040, t = -1.535, p = .126$). Such findings provide support for H2, suggesting that transactional leadership neither strengthens nor weakens employees' intentions to stay with the organization. While transactional approaches may establish clear structures, performance expectations, and reward mechanisms, these practices appear insufficient in influencing employees' long-term attachment or decisions regarding organizational exit.

H3: Laissez-faire leadership has a positive and significant relationship with turnover intention.

Analysis demonstrated that laissez-faire leadership was a significant positive predictor of turnover intention ($B = .768, \beta = .525, t = 19.135, p < .001$). The evidence validates H3, indicating that employees working under non-responsive or passive leadership are more likely to disengage and pursue opportunities elsewhere. Such leadership styles contribute to frustration, lack of guidance, and diminished motivation, thereby accelerating turnover intentions within the workforce.

4. Discussion and Conclusion

4.1 Discussion

Observed relationships among leadership dimensions, job satisfaction and turnover intention align closely with contemporary leadership scholarship and offer nuanced confirmation of several recent empirical patterns. Transformational leadership emerged as a strong negative pre-

dictor of turnover intention in the present analysis, a finding that resonates with sector-specific evidence indicating that inspirational, development-oriented supervisors materially enhance employees' embeddedness and reduce exit proclivity (Amankwaa, Seet, & Susomrith, 2022). Where transformational leaders communicate meaningful purpose and provide individualized support, employees in high-contact service roles tend to report greater psychological empowerment and commitment, mechanisms explicitly identified as mediators of retention in recent mediation studies (Bayraktar & Jiménez, 2020; Oyewobi, 2024).

Observed weakness of transactional leadership as a predictor of turnover intention accords with recent work that positions contingent reward practices as necessary but not sufficient for long-term retention. Empirical analyses from tourism and hospitality contexts emphasize that transactional mechanisms stabilize short-term performance yet fail to foster the intrinsic attachments that make employees resistant to external job offers (Khairy, Baquero, & Al-Romeedy, 2023). Generational preference differences documented in the literature provide an additional explanatory lens, since younger cohorts often prioritize growth and meaningful work over extrinsic incentives, which helps account for the marginal and non-significant effect of transactional leadership observed here (Alhmod & Rjoub, 2020; Krishna & Agrawal, 2024).

Laissez-faire leadership's strong positive association with turnover intention in the dataset mirrors recent theoretical and empirical critiques that classify leader passivity as an active risk factor rather than mere non-intervention. In-depth analyses indicate that when supervisors are unresponsive or absent, frontline employees—particularly those performing emotionally demanding service tasks—experience higher role ambiguity and affective strain, which in turn increase withdrawal cognitions (Desgourdes et al., 2024; Zheng & Li, 2024). Complementary findings from studies of leader-member exchange further suggest that poor dyadic relations amplify the deleterious effects of laissez-faire behaviors on affective commitment and turnover (Robert & Vandenberghe, 2021), a pattern consistent with the strong positive coefficient found in the regression.

Correlational patterns linking leadership styles with job satisfaction and turnover across the sample also fit theoret-

ical expectations derived from Social Exchange and Herzbergian perspectives. High positive correlation between transformational leadership and job satisfaction, paired with a robust negative correlation between job satisfaction and turnover intention, supports a mediation logic in which leadership affects retention indirectly through motivational and relational processes (Bayraktar & Jiménez, 2020; Amankwaa et al., 2022). Additional contemporary work on empowerment and adaptive leadership suggests that transformational behaviors increase service employees perceived competence and resource availability, thereby buffering stressors associated with customer-facing roles and reducing the likelihood of voluntary exit (Dong et al., 2023).

Organizations that depend on sustained customer relationships should prioritize leadership development programs that cultivate transformational competencies while maintaining fair transactional systems as a hygiene baseline. Recent intervention research underscores the effectiveness of targeted supervisor training in reducing turnover in hospitality settings, particularly when training is accompanied by structural supports such as career pathways and recognition systems (Amankwaa et al., 2022; Khairy et al., 2023). Conversely, firms where laissez-faire tendencies persist face measurable retention risk and should consider immediate managerial accountability measures. Limitations inherent in cross-sectional survey designs and self-reported measures warrant caution in attributing causality. Contemporary authors advocate for longitudinal and multilevel modeling to unpack temporal sequences and team-level contagion effects, recommendations that would strengthen causal inferences and are aligned with the directions identified by Dong et al. (2023) and Desgourdes et al. (2024).

4.2 Conclusion

The pivotal role of the leadership style in the determinability of the turnover intentions of the employees within service-based organizations is supported by the empirical findings of the conducted study. Transformational leadership suffered a substantive, statistically significant, negative impact on turnover intention, showing that those leaders with whom employees perceive vision, intellectual stimulation as well as personalized support have a weighty impact on lowering turnover intention levels. The observed result of the use of transactional leadership operations whose operational measures are contingent rewards, corrective monitoring created no significant turnover in the tested model, which supports the relevance of such managerial modes in the implementation of operational and fairness functions without attracting the attachment

that instigates retention at the psychological level.

The Laissez-faire leader style has turned out to be a strong positive predictor of turnover intention and this highlights the danger of supervisors passivity on retention in high contact service functions. Human resource practices that effectively focus on cultivating transformational behaviors within supervisory areas must have retention advantages, and the transactional processes should not be counted on as retention leverages but as retention hygienics. There is a need to have immediate managerial responsibility and feedback channels where manifest laissez-faire tendencies are applied. It can be assumed that organizational inputs in terms of training, coaching, and structured recognition systems into the supervisor will yield the highest returns when it comes to turnover reduction especially in the low paid contexts with focus on emotional labor and high frequency of encountering customers.

As is appropriate given the identification of cross-sectional pattern of the information under investigation and the evolvement of self-reporting tests, consideration of longitudinal research design, which will measure the actual instances of turnover, multilevel research design, which will involve team in terms of circumstance and organizations clustering, and experimental/ quasi-experimental interventions, which will quantify the causal impact of the leadership development suites. These longitudinal evidences should be utilized during policy and practice as a response to the clear message presented by the specified investigation now that leadership style is a crucial and a primary practical concern when working in the sphere of employee retention in service industries.

5. Evaluation

The practical practice in handling the paper to accomplish this study offered a lifelong opportunity to reflect upon the standards of the approach and the affecting realities of leadership in service organizations. According to the literature, the first assumption is that one may obtain an absolute benefit in case of transformational leadership, although, analyzing the data and observing the strength of the effects, one might understand that the influence of the interpersonal leaders is more universal and has more consequences on the attitudinal outcomes. The fact that the negative coefficient of transformational leadership is relatively strong supported the feeling that leadership development is not an additional HR practice but an essential strategic tool that determines workforce stability and quality of services. A cross-sectional situation survey situation also conferred coverage over a very broad area, and the single-time indicators allowed one to capture perceptual information very rapidly, but the coverage was

only by chance, thus it was restricted with regard to the ability to cause.

A longitudinal panel would have further implied that it is the subject of how the leadership actions and job satisfaction co-evolve with turnover events need to be altered in order to be more convincing in making causal claims. The outcome of actual application of scale reliability and scale diagnostics that yielded such enormous alphas and such strong KMO values was satisfactory in the psychometric viewpoint but excessive large internal consistencies are signs of redundancy or unnaturally high homogeneity worth noting in a second implementation of the scale. The question of ethics and experience of the participants were also topical and relevant in the course of the research process. The level of anonymity and less pressure on the respondent were also paramount concerns and after-data collection considerations revealed that the frontline workers were ready to express perceptions about the administration, particularly where the survey questions were able to trigger the respondents to provide real-life problems.

The intellectual satisfaction to come up with analytical abilities especially creating mediating and moderation tests, and realizing normalised coefficient in what it signifies by conventional means, was an expertise fulfilling experience. Meanwhile, the translational issues that involved how technical findings can be transformed into managerial recommendations to be implemented captured the relevance of the capability to strike a balance between high academic and managerial recommendations. In fact indicatively such a reduction of transformation leadership training orientation towards a pipeline investment rather than a workshop training augures well with areas of theoretical knowledge on budgetary cycles in an organization. Careful consideration indicates that the further studies could be enhanced with the mixed-method designs, which would offer some quantitative models information and additional data on the subject, but, more importantly, the studies would offer the opportunity to hear the pertinent truths and would unveil how the leadership acts are manifested in everyday interactions.

References

- Alhmod, A., & Rjoub, H. (2020). Does Generation Moderate the Effect of Total Rewards on Employee Retention? Evidence From Jordan. *Sage Open*, 10(3), 2158244020957039. <https://doi.org/10.1177/2158244020957039>
- Álvarez, O., Castillo, I., Molina-García, V., & Tomás, I. (2019). Transformational leadership, task-involving climate, and their implications in male junior soccer players: A multilevel approach. *International Journal of Environmental Research and Public Health*, 16(19), 3649.
- Amankwaa, A., Seet, P.-S., & Susomrith, P. (2022). Tackling hotel employees' turnover: A moderated-mediation analysis of transformational leadership, organizational embeddedness, and community embeddedness. *Journal of Hospitality and Tourism Management*, 51, 67–78.
- Bayraktar, S., & Jiménez, A. (2020). Self-efficacy as a resource: A moderated mediation model of transformational leadership, extent of change and reactions to change. *Journal of Organizational Change Management*, 33(2), 301–317.
- Chang, K.-C., Hsu, Y.-T., Cheng, Y.-S., & Kuo, N.-T. (2021). How work engagement influences relationship quality: The roles of work motivation and perceived service guarantee strength. *Total Quality Management & Business Excellence*, 32(11–12), 1316–1340. <https://doi.org/10.1080/14783363.2019.1700107>
- Daouk, A., Farmanesh, P., & Zargar, P. (2021). The Relationship Between Transactional Leadership and OCB: A Conditional Analysis of Organizational Justice Perception and Psychological Contract Fulfillment. *Sage Open*, 11(4), 21582440211061563. <https://doi.org/10.1177/21582440211061563>
- Davlembayeva, D. (2021). *Sharing Economy Platforms: A study of Social Exchange, Reciprocity and Commitment* [PhD Thesis, Newcastle University]. <http://theses.ncl.ac.uk/jspui/handle/10443/5372>
- Desgourdes, C., Hasnaoui, J., Umar, M., & Feliu, J. G. (2024). Decoding laissez-faire leadership: An in-depth study on its influence over employee autonomy and well-being at work. *International Entrepreneurship and Management Journal*, 20(2), 1047–1065. <https://doi.org/10.1007/s11365-023-00927-5>
- Dong, Y., Zhao, X. (Roy), Yuan, Y., Dong, H., & Jiang, J. (2023). What's wrong with different empowerment? The effect of differentiated empowering leadership on employee proactive service. *Journal of Hospitality & Tourism Research*, 47(7), 1187–1214. <https://doi.org/10.1177/10963480221074270>
- Dyerly, R. (2025). *The Myth of Replaceability: Preparing for the Loss of Key Employees*. <https://www.shrm.org/executive-network/insights/myth-replaceability-preparing-loss-key-employees>
- Folmar, J. A. (2020). *Transformational leadership and employee satisfaction in a US fast-food restaurant* [PhD Thesis, Walden University]. <https://search.proquest.com/openview/79c9abd963ba49194b0178e3387a8d8b/1?pq-origsite=gscholar&cbl=18750&diss=y>
- Guiguema, L. (2023). *Strategies to Mitigate Employee Turnover in the Information Technology Industry*. Walden University. <https://search.proquest.com/openview/daf34145aec6f531dc6b8dd5d4669493/1?pq-origsite=gscholar&cbl=18750&diss=y>
- Hasan, M. M., & Mishra, V. (2025). Impact of Herzberg's Two-Factor Theory and Its Influence on Employee Retention: A Sectoral Comparative Study in Bangladesh. *Kelaniya Journal of Human Resource Management*, 20(1), 40–72. <https://doi.org/10.4038/kjhrm.v20i1.152>
- Hosna, A. U., Islam, S., & Hamid, M. (2021). A review of the

- relationship of idealized influence, inspirational motivation, intellectual stimulation, and individual consideration with sustainable employees performance. *International Journal of Progressive Sciences and Technologies*, 25(1), 322–326.
- Kabuye, K. T. (2024). *A study of the relationship among laissez-faire leadership style, employee engagement and employee turnover* [PhD Thesis, Makerere University]. <https://dissertations.mak.ac.ug/handle/20.500.12281/20475>
- Khairy, H. A., Baquero, A., & Al-Romeedy, B. S. (2023). The effect of transactional leadership on organizational agility in tourism and hospitality businesses: The mediating roles of Organizational Trust and Ambidexterity. *Sustainability*, 15(19), 14337.
- Krishna, S. M., & Agrawal, S. (2024). Creative Performance of Millennials and Generation Z: What Matters More, Intrinsic or Extrinsic Rewards? *Administrative Sciences*, 15(1), 11.
- M. Abu Elanain, H. (2014). Leader-member exchange and intent to turnover: Testing a mediated-effects model in a high turnover work environment. *Management Research Review*, 37(2), 110–129.
- Manradgh, D. A. (2024). *A Quantitative Analysis: Examination of the Work Relationship Between Principals and Assistant Principals and Its Effect on Leader Retention Within the Tri-State Area (New York State, New Jersey, and Connecticut)* [PhD Thesis, Sage Graduate School]. <https://search.proquest.com/openview/e09a24c323539b6648c4c54fddfc699e/1?pq-origsite=gscholar&cbl=18750&diss=y>
- McGuire, A. R. (2024). *The Intersectionality of Trauma-Informed Leadership and Staff Retention in Higher Education* [PhD Thesis, St. Thomas University]. <https://search.proquest.com/openview/9f2e0a44130ce0ec7a371cddfc019fd3/1?pq-origsite=gscholar&cbl=18750&diss=y>
- Miao, R., Bozionelos, N., Zhou, W., & Newman, A. (2022). High-performance work systems and key employee attitudes: The roles of psychological capital and an interactional justice climate. In *Strategic human resource management and organizational effectiveness* (pp. 219–253). Routledge. <https://www.taylorfrancis.com/chapters/edit/10.4324/9781003344544-8/high-performance-work-systems-key-employee-attitudes-roles-psychological-capital-interactional-justice-climate-rentao-miao-nikos-bozionelos-wenxia-zhou-alexander-newman>
- Nielsen, M. B., Skogstad, A., Gjerstad, J., & Einarsen, S. V. (2019). Are transformational and laissez-faire leadership related to state anxiety among subordinates? A two-wave prospective study of forward and reverse associations. *Work & Stress*, 33(2), 137–155. <https://doi.org/10.1080/02678373.2018.1528307>
- Nisar Khattak, M., Al-Taie, M. Z., Ahmed, I., & Muhammad, N. (2024). Interplay between servant leadership, leader-member-exchange and perceived organizational support: A moderated mediation model. *Journal of Organizational Effectiveness: People and Performance*, 11(2), 237–261.
- Nwankwo, N. A. (2025). *The influence of transformational leadership style on employee engagement, organizational commitment and job satisfaction* [PhD Thesis, Vilniaus universitetas.]. <https://epublications.vu.lt/object/elaba:229580197/>
- Oyewobi, L. O. (2024). Leadership styles and employees commitment: The mediating role of job satisfaction. *Journal of Facilities Management*, 22(5), 737–757.
- Robert, V., & Vandenberghe, C. (2021). Laissez-Faire Leadership and Affective Commitment: The Roles of Leader-Member Exchange and Subordinate Relational Self-concept. *Journal of Business and Psychology*, 36(4), 533–551. <https://doi.org/10.1007/s10869-020-09700-9>
- Saputra, F. (2021). Leadership, communication, and work motivation in determining the success of professional organizations. *Journal of Law, Politic and Humanities*, 1(2), 59–70.
- Shahbaz, M. (2025). *The Impact of Financial and Non-Financial Rewards on Employee Turnover in the Telecom Industry of Pakistan: The Moderating Role of Training and Development* [PhD Thesis, University of Wales Trinity Saint David]. <https://repository.uwtsd.ac.uk/id/eprint/3654/>
- Sreeja, T., & Mukherjee, U. (2025). Workplace Spirituality in the Tourism and Hospitality Sector: A Systematic Literature Review. *Management and Labour Studies*, 50(3), 404–427. <https://doi.org/10.1177/0258042X241308422>
- Sutanto, H., Utami, Y., & Diantoro, A. K. (2021). The effect of idealized influence, inspirational motivation, intellectual stimulation, and individual consideration on HR performance. *RSF Conference Series: Business, Management and Social Sciences*, 1(3), 10. https://www.researchgate.net/profile/Aris-Diantoro/publication/355538630_The_Effect_of_Idealized_Influence_Inspirational_Motivation_Intellectual_Stimulation_and_Individual_Consideration_on_HR_Performance/links/67413c2ab5bd9d17d6000310/The-Effect-of-Idealized-Influence-Inspirational-Motivation-Intellectual-Stimulation-and-Individual-Consideration-on-HR-Performance.pdf
- Zheng, S., & Li, L. (2024). Navigating the double-edged sword: How and when laissez-faire leadership affects Employees' challenging behavior. *Acta Psychologica*, 250, 104549.

Appendix

Survey Questionnaire: Leadership Style and Employee Turnover in Service-Based Companies

Section A: Demographic Information

(Please tick or fill in the most appropriate response.)

1. Age: _____ years
2. Gender:
 - Male
 - Female
 - Other / Prefer not to say
3. Education Level:

- High School
- Diploma/Certificate
- Bachelor's Degree
- Master's Degree
- Doctorate

4. Current Sector:

- Hospitality (Hotels, Restaurants)
- Retail (Shops, Supermarkets)
- Banking/Financial Services
- Healthcare
- Customer Service / Call Centers
- Other (please specify) _____

5. Job Level:

- Entry-Level
- Junior Staff
- Mid-Level Staff
- Senior Staff
- Manager

6. Years of Service in Current Organization: _____ years

Section B: Leadership Style Perceptions

(Based on the Multifactor Leadership Questionnaire – MLQ, Bass & Avolio, 1995)

Please indicate the extent to which you agree with the following statements about your immediate supervisor/ manager.

Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Transformational Leadership

1. My supervisor provides a clear vision of the future for employees.
2. My supervisor inspires me to view my work as meaningful and important.
3. My supervisor encourages me to think about problems in new and creative ways.
4. My supervisor treats me as an individual rather than just a member of a group.
5. My supervisor communicates high expectations and

motivates me to achieve them.

6. My supervisor acts as a role model that I respect and admire.

7. My supervisor gives personal attention to employees who need support or guidance.

Transactional Leadership

8. My supervisor provides recognition or rewards when I meet agreed-upon goals.

9. My supervisor makes clear what I can expect to receive when performance goals are met.

10. My supervisor intervenes only when performance falls below expectations.

11. My supervisor corrects me when I deviate from expected standards.

12. My supervisor uses rewards and punishments to influence employee behavior.

13. My supervisor closely monitors performance to ensure compliance.

Laissez-Faire Leadership

14. My supervisor avoids making important decisions.

15. My supervisor is often unavailable when needed.

16. My supervisor delays responding to urgent problems.

17. My supervisor provides little feedback or guidance.

Section C: Job Satisfaction

Please indicate how much you agree with the following statements regarding your job.

1. I am satisfied with the nature of my work.
2. I feel valued and recognized for the contributions I make.
3. I am satisfied with my overall experience in this organization.

Section D: Turnover Intention

Please indicate how much you agree with the following statements.

1. I frequently think about quitting my job.
2. I will probably look for a new job in the next year.
3. I often feel that I would be better off working for another organization.