



Leadership Styles, Job Satisfaction, and Employee Retention

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ARTICLE DETAILS	ABSTRACT
History Revised format: Nov, 2025 Available Online: Dec, 2025 Keywords leadership styles, job satisfaction, employee retention, transformational leadership, servant leadership, organizational commitment	Leadership style is a significant organizational factor influencing employees' workplace attitudes, psychological well-being, performance, and willingness to remain with an organization. This article examines the relationship among leadership styles, job satisfaction, and employee retention by integrating transformational, transactional, democratic, servant, authentic, autocratic, and laissez-faire leadership perspectives. It argues that leadership does not influence retention only through managerial authority or financial incentives; rather, its effects are transmitted through employees' perceptions of recognition, fairness, autonomy, communication, organizational support, career development, and meaningful work. Transformational, servant, authentic, and democratic leadership generally create supportive conditions that strengthen employee satisfaction and organizational attachment. Transactional leadership can provide stability through clear expectations and equitable rewards, although excessive dependence on contractual exchanges may limit emotional commitment. Conversely, autocratic, abusive, and passive leadership practices frequently contribute to dissatisfaction, occupational stress, weak trust, and turnover intentions. The article further identifies job satisfaction as a central mediating mechanism connecting leadership behavior with retention outcomes. Particular attention is given to Pakistani organizations, where hierarchical structures, economic uncertainty, limited advancement opportunities, and high power distance may shape employees' responses to leadership. The article concludes that organizations should adopt a flexible, ethical, participative, and development-oriented leadership framework supported by fair human resource practices, reliable communication, employee recognition, and systematic retention analysis.

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Introduction:

Employee retention has become an important strategic concern because organizational competitiveness increasingly depends on knowledge, skills, professional relationships, and institutional experience held by employees. When competent employees leave, organizations may lose not only their technical expertise but also customer relationships, team stability, organizational memory, and investments made in recruitment and training. Although compensation, workload, job security, career advancement, and external labour-market conditions influence employees' decisions to stay, leadership remains one of the

most immediate features of everyday work experience. Leaders allocate responsibilities, evaluate performance, communicate organizational priorities, resolve conflicts, approve development opportunities, and determine how respectfully employees are treated. Employees consequently interpret their leaders' behavior as an indication of whether the organization values their contribution. Supportive and fair leadership can strengthen trust, satisfaction, commitment, and belonging, whereas inconsistent, authoritarian, neglectful, or abusive supervision may lead employees to reconsider their organizational membership. Job satisfaction represents employees' overall positive or negative evaluation of their jobs. It incorporates satisfaction with supervision, compensation, promotion opportunities, coworkers, workload, recognition, autonomy, and working conditions. Retention refers to an organization's ability to maintain an employment relationship with desirable employees over time. Turnover intention, although not identical to actual resignation, is an important psychological stage in which employees begin considering, planning, or searching for alternatives. Meta-analytic research has established that job satisfaction and organizational commitment are closely associated with turnover intentions and subsequent employee departure (Test & Meyer, 1993; Griffith et al., 2000; Home et al., 2017). Evidence from Pakistan also indicates that leadership affects retention through employee attitudes. A study of Pakistani electronic-media employees reported that transformational and transactional leadership were positively associated with job satisfaction and retention, while the influence of laissez-faire leadership was substantially weaker. Another study involving small and medium-sized enterprises in Islamabad and Rawalpindi found that job satisfaction partially mediated the relationship between transformational leadership and employee retention, while effective communication strengthened the relationships among these variables. This article therefore analyzes how major leadership styles influence job satisfaction and employee retention, explains the mediating role of job satisfaction, considers the Pakistani organizational context, and proposes a retention-oriented leadership framework.

Conceptual Foundations of Leadership, Job Satisfaction, and Retention:

Leadership style refers to the relatively consistent behaviors through which leaders influence employees, make decisions, communicate expectations, exercise authority, and establish workplace relationships. Leadership should not be understood merely as a formal position. It is a social influence process through which employees develop perceptions of organizational direction, fairness, support, credibility, and psychological safety. Transformational leadership motivates employees through a shared vision, inspirational communication, intellectual stimulation, individualized consideration, and exemplary conduct. Transformational leaders encourage employees to connect their personal responsibilities with a broader organizational purpose. Employees working under such leaders are more likely to feel that their work is meaningful and that their abilities can develop over time. These perceptions can strengthen intrinsic motivation, satisfaction, commitment, and identification with the organization. Transactional leadership is based on exchanges between leaders and employees. Leaders establish performance expectations and provide rewards, recognition, or corrective action according to results. Transactional leadership can support job satisfaction when expectations are clear, performance evaluations are fair, and rewards are delivered consistently. However, it may create only temporary compliance when the employment relationship is reduced to targets, rewards, and penalties without trust, development, or emotional support. Servant leadership emphasizes the growth, welfare, autonomy, and dignity of followers. A servant leader listens to employees, helps them overcome difficulties, supports their development, and treats leadership as a responsibility rather than a privilege. Laden et al. developed a multidimensional framework of servant leadership that includes emotional healing, empowerment, ethical behavior, creating value for the community, and helping followers grow. These behaviors can create strong relational bonds that discourage avoidable turnover. Authentic leadership is characterized by self-awareness, relational transparency, balanced information processing, and an internalized moral perspective. Authentic leaders attempt to maintain consistency between their expressed values and actual conduct. Employees are more likely to trust leaders who acknowledge limitations, communicate honestly, consider alternative views, and demonstrate ethical consistency. Walumbwa et al. developed and validated a theory-based measure showing that authentic leadership is a multidimensional and

observable leadership construct. Ethical leadership involves demonstrating normatively appropriate conduct and encouraging similar conduct through communication, decision-making, reinforcement, and role Modelling. Ethical behavior at the senior-management level can influence supervisory conduct throughout an organization. Mayer et al. found evidence of a trickle-down process in which ethical leadership at higher levels shaped supervisory ethical leadership and employee behavior. Democratic or participative leadership involves employees in decisions affecting their work. Participation can improve satisfaction because employees receive opportunities to express concerns, contribute knowledge, and influence procedures. Nevertheless, participation must be genuine. Leaders who request input but repeatedly disregard it may reduce trust more severely than leaders who make their decision authority clear from the beginning. Autocratic leadership concentrates decision-making authority in the leader and requires employees to follow instructions with limited participation. It can be useful in emergencies, security-sensitive environments, or situations requiring rapid coordination. However, when used continuously, it may restrict autonomy, silence employee voice, create fear of mistakes, and weaken psychological ownership. Laissez-faire leadership is characterized by delayed decisions, limited guidance, avoidance of responsibility, and insufficient feedback. It should not be confused with purposeful delegation. Effective delegation provides authority, resources, boundaries, and accountability, while laissez-faire leadership leaves employees without the direction or support required to perform confidently.

Comparative Influence of Leadership Styles on Job Satisfaction:

Transformational leadership generally has a positive relationship with job satisfaction because it addresses both task-related and psychological needs. Employees require more than instructions; they also need acknowledgment, competence, autonomy, purpose, and opportunities for growth. A transformational leader can satisfy these needs through coaching, recognition, meaningful goals, constructive feedback, and involvement in organizational improvement. Research among healthcare employees has shown that transformational leadership can strengthen job satisfaction through structural empowerment. Choi et al. found that empowerment partially mediated the effect of transformational leadership on job satisfaction among nurses and medical assistants. Employees were more satisfied when leadership practices strengthened their autonomy, competence, access to information, and involvement in workplace decisions. Similarly, Boamah et al. examined acute-care nurses and found that transformational leadership was associated with job satisfaction and favorable workplace and patient-safety outcomes. The findings demonstrate that leadership affects not only employees' personal attitudes but also the quality and reliability of organizational services. Servant leadership may influence satisfaction through individualized support, empathy, humility, and investment in follower development. Employees who believe their leader is genuinely interested in their welfare are more likely to experience interpersonal trust and psychological safety. Such employees can raise concerns, admit mistakes, seek assistance, and propose improvements without expecting humiliation or retaliation. Authentic leadership strengthens satisfaction through honesty and predictability. Employees frequently become dissatisfied when leaders communicate one standard but apply another, publicly promote fairness but privately practice favoritism, or invite feedback while punishing disagreement. Authenticity reduces uncertainty by increasing consistency between leaders' words and actions. Ethical leadership affects satisfaction by shaping procedural, distributive, interpersonal, and informational justice. Employees evaluate whether work is allocated fairly, rewards correspond to contribution, disciplinary action is consistent, and decisions are explained respectfully. Even unfavorable decisions may be accepted when employees perceive that the process was transparent and impartial. Transactional leadership can contribute to satisfaction when employees understand their responsibilities and receive appropriate rewards for performance. Clear targets and consistent recognition are especially valuable in sales, production, project management, and operational environments. Nevertheless, transactional leadership becomes problematic when targets are unrealistic, rewards are selectively distributed, or employees are treated as replaceable resources. Democratic leadership can increase satisfaction by allowing employees to participate in decisions involving work methods, schedules, resources, and service improvement. Participation

communicates respect for employees' experience. It also increases the likelihood that managerial decisions will incorporate operational knowledge available to frontline workers. Autocratic leadership may produce short-term compliance but frequently creates long-term dissatisfaction when employees experience excessive monitoring, public criticism, arbitrary decisions, or restrictions on professional judgment. Highly skilled employees are particularly likely to resist working environments where expertise is ignored. Such employees usually have stronger external employment opportunities and may leave rather than tolerate prolonged disrespect or lack of autonomy. Laissez-faire leadership can generate dissatisfaction because employees do not receive timely decisions, performance feedback, resource approvals, or conflict resolution. Strong employees may temporarily compensate for an absent leader, but this often produces workload inequality. Responsible team members perform managerial tasks informally while less engaged members avoid accountability, eventually creating exhaustion and resentment. Elia et al. found that transformational leadership had significant positive effects on job satisfaction and organizational commitment. Their findings demonstrate that leadership influences performance through employee attitudes rather than through authority alone.

Job Satisfaction as a Mediating Mechanism for Employee Retention:

Leadership style does not automatically produce retention. Employees interpret leadership behavior and develop emotional, cognitive, and behavioral responses. Job satisfaction is therefore a central mediating mechanism between leadership and the decision to remain employed. When leaders provide fair treatment, recognition, useful feedback, participation, and development opportunities, employees are more likely to evaluate their jobs positively. Satisfaction strengthens affective attachment and reduces the attractiveness of alternative employment. In contrast, disrespectful supervision, favoritism, weak communication, and inconsistent expectations create dissatisfaction, which may initiate withdrawal. Withdrawal commonly develops in stages. An employee may first experience disappointment, reduce discretionary effort, become emotionally detached, increase absence, search for vacancies, attend interviews, and finally resign. This process is not always linear, but turnover intention usually represents an important stage between negative workplace experiences and actual departure. Test and Meyer's meta-analytic model showed that job satisfaction and organizational commitment contributed to turnover intention, which in turn predicted actual turnover. Their work supports the view that leaders should not wait for formal resignations before addressing dissatisfaction. Griffith et al. similarly demonstrated through meta-analysis that job satisfaction, organizational commitment, alternative employment opportunities, withdrawal cognitions, and several other factors are associated with voluntary employee turnover. Retention therefore requires an integrated approach rather than a single salary increase or motivational event. Leadership influences retention through several satisfaction-related pathways. The first is recognition. Employees want their contribution to be noticed and evaluated accurately. Recognition does not always require financial expenditure; specific appreciation, visibility, trust, and access to important assignments may communicate value. The second pathway is autonomy. Excessive control reduces employees' sense of competence and ownership, whereas appropriate autonomy communicates confidence. Leaders should establish clear outcomes but allow employees reasonable discretion regarding how those outcomes are achieved. The third pathway is development. Employees are more likely to stay when they can identify future opportunities inside the organization. Leaders influence development through coaching, mentoring, training nominations, succession planning, and challenging assignments. The fourth pathway is communication. Inadequate communication allows uncertainty and rumor to replace reliable information. Employees become dissatisfied when decisions affecting workload, compensation, restructuring, or promotion are announced without explanation. In Pakistani SMEs, communication has been found to strengthen the relationship between transformational leadership, satisfaction, and retention. The fifth pathway is fairness. Employees compare their workload, compensation, recognition, treatment, and opportunities with those of coworkers. Leaders who tolerate favoritism or inconsistent standards create dissatisfaction even among employees who are not directly disadvantaged. The sixth pathway is psychological safety. Employees must feel able to ask questions, report problems, and disagree respectfully. Fear-based cultures may conceal problems temporarily, but

they usually increase stress, silence, and turnover risk. Retention should not, however, be interpreted as keeping every employee indefinitely. Some turnover may be unavoidable or beneficial. The strategic objective is to prevent regrettable and avoidable turnover among employees whose knowledge, performance, potential, or relationships are valuable to the organization.

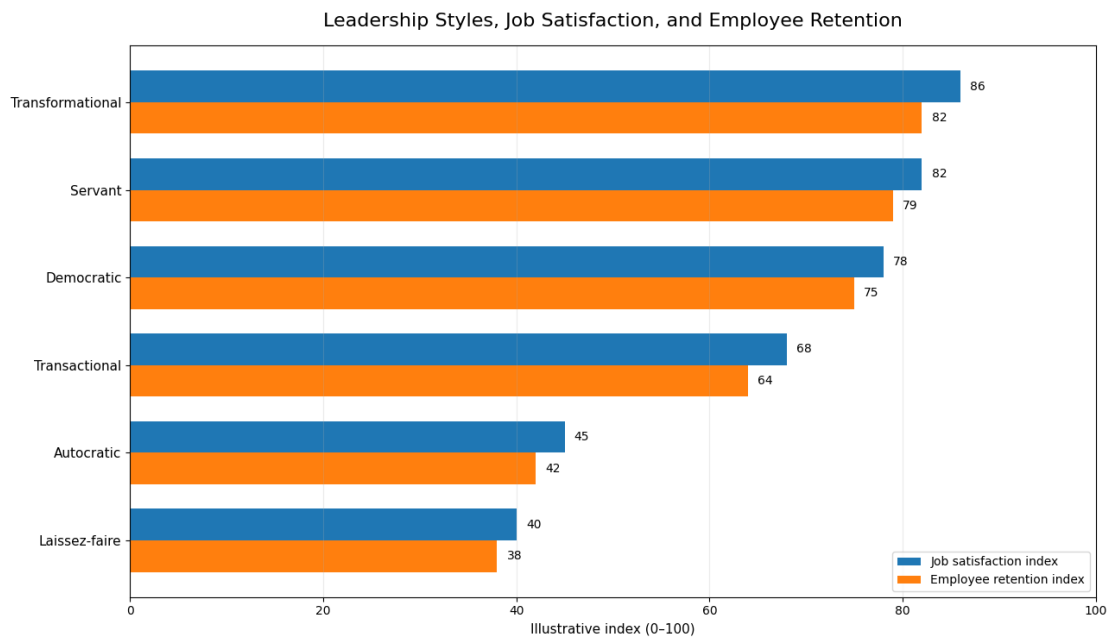
Organizational and Pakistani Contextual Factors:

Leadership effectiveness is influenced by cultural, economic, occupational, and organizational conditions. A leadership style that succeeds in one setting may require modification in another. Pakistani workplaces include multinational corporations, public-sector institutions, family-owned businesses, universities, hospitals, banks, textile companies, technology firms, media organizations, and small enterprises. These environments differ substantially in formalization, job security, compensation structures, professional autonomy, and access to alternative employment. Many Pakistani organizations possess hierarchical structures in which employees expect managers to exercise clear authority. Therefore, participative leadership should not be interpreted as the absence of direction. Employees may value leaders who make timely decisions while also consulting relevant staff, explaining the reasoning behind decisions, and treating disagreement respectfully. Economic pressures may also influence satisfaction and retention. Employees facing inflation, household responsibilities, transportation costs, or employment insecurity may place strong importance on salary stability and job security. Inspirational leadership cannot compensate indefinitely for delayed salaries, unsafe conditions, excessive workloads, or unfair promotion systems. Leadership must therefore be supported by credible human resource practices. Family-owned and small businesses may rely heavily on informal relationships. Informality can create trust and flexibility, but it can also produce unclear roles, undocumented decisions, favoritism, and inconsistent rewards. Retention-oriented leaders should introduce transparent policies without eliminating the relational strengths of smaller organizations. In public-sector organizations, job security may be comparatively strong, but employees can still become psychologically disengaged because of limited recognition, political interference, procedural delays, or restricted advancement. Retention in this context should be measured not only by physical presence but also by engagement, commitment, innovation, and service quality. Pakistan's technology, banking, healthcare, media, and professional-service sectors face particular retention challenges because experienced employees may have access to remote employment, overseas opportunities, freelance work, or competing domestic employers. Leaders in these sectors must combine competitive employment conditions with learning opportunities, flexible work arrangements, meaningful assignments, and respectful supervision. Research involving employees from Pakistani television news channels found that transformational and transactional leadership had positive relationships with satisfaction and retention. Transformational leadership had the strongest overall influence on retention through employee satisfaction, while laissez-faire leadership produced weaker outcomes. A study of Pakistani SMEs also found that transformational leadership positively influenced retention and job satisfaction, with job satisfaction serving as a partial mediator. Communication strengthened the relationships between leadership, satisfaction, and retention. These findings are especially relevant because SMEs may lack extensive formal retention programmers, making the behavior of individual owners and managers particularly influential. Pakistani leaders should consequently adopt culturally appropriate participation. They may retain legitimate decision authority while creating structured channels for employee input. Team meetings, confidential surveys, one-to-one discussions, grievance procedures, and transparent performance reviews can provide employee voice without creating decision-making confusion. Gender and inclusion must also receive attention. Women and employees from underrepresented groups may experience unequal access to assignments, leadership development, networking, mobility, or promotion. Leaders who create inclusive opportunities can strengthen satisfaction and reduce the loss of qualified employees.

A Strategic Framework for Retention-Oriented Leadership:

Organizations require a systematic framework that connects leadership development with measurable retention outcomes. The first component is leadership assessment. Organizations should evaluate managers through employee feedback, turnover patterns, absenteeism, grievance records, promotion

outcomes, and engagement data. A manager who achieves operational targets while repeatedly losing competent employees should not automatically be considered effective. The second component is leadership training. Training should extend beyond motivational speeches and theoretical definitions. Managers require practical competence in feedback, coaching, conflict resolution, workload allocation, recognition, inclusive decision-making, emotional regulation, performance management, and difficult conversations. The third component is regular stay interviews. Exit interviews occur after an employee has decided to leave, whereas stay interviews identify what encourages employees to remain and what may cause them to depart. Leaders should ask employees which aspects of their work are meaningful, which obstacles reduce satisfaction, what development they need, and what changes would make their role sustainable. The fourth component is differentiated retention. Employees have different expectations and reasons for staying. Early-career employees may prioritize learning and promotion, parents may value schedule flexibility, specialists may seek professional autonomy, and senior employees may value recognition, influence, or succession opportunities. Effective leaders should understand these differences without creating unfairness. The fifth component is job redesign. Some retention problems result from poorly structured work rather than employee attitudes. Persistent overload, repetitive duties, inadequate resources, unclear responsibilities, and conflicting reporting relationships cannot be solved through encouragement alone. Leaders should remove unnecessary obstacles and ensure that employees possess the authority and resources required for their responsibilities. The sixth component is fair recognition and compensation. Leadership and compensation should not be treated as competing explanations. Employees may leave supportive leaders when pay is severely below the market, just as they may leave high-paying organizations because of toxic supervision. Retention requires both reasonable employment conditions and constructive leadership. The seventh component is internal career mobility. Organizations should advertise internal vacancies, create succession plans, provide mentoring, and allow employees to develop new competencies. Employees should not be forced to leave an organization simply to obtain broader responsibilities. The eighth component is communication credibility. Leaders should communicate frequently, accurately, and respectfully, particularly during organizational change. Credibility is damaged when leaders conceal foreseeable developments, make commitments they cannot fulfill, or communicate differently to different groups. The ninth component is accountability for harmful leadership. Organizations should not protect high-performing managers who humiliate, intimidate, discriminate against, or exploit employees. Short-term results achieved through fear can generate long-term costs through turnover, grievances, reputational damage, and knowledge loss. The tenth component is retention analytics. Employee retention rates should be analyzed by department, manager, tenure, role, gender, performance level, and reason for departure. Aggregate retention figures can conceal serious problems. For example, an organization may maintain an acceptable overall retention rate while losing a disproportionate number of high-performing technical employees from one manager's team. Allen et al. argue that effective retention management should replace common misconceptions with evidence-based and context-sensitive strategies. Organizations must identify why particular employees leave rather than applying identical retention interventions across all departments. Home et al.'s review of a century of turnover research likewise demonstrates that employee departure is a complex process shaped by attitudes, shocks, alternatives, social relationships, job embeddedness, and organizational context. Leadership is therefore essential but must operate alongside fair systems, meaningful work, supportive relationships, and credible career opportunities.



Summary:

Leadership style is a central determinant of how employees experience their jobs and whether they develop a long-term relationship with their organization. Transformational leadership strengthens satisfaction by creating purpose, recognition, development, empowerment, and trust. Servant leadership supports retention by prioritizing employee welfare and growth. Authentic and ethical leadership strengthen confidence through transparency, integrity, fairness, and consistency. Democratic leadership improves satisfaction through participation, while transactional leadership provides stability through clear expectations and equitable rewards. Autocratic leadership may be useful during emergencies but can produce dissatisfaction when it becomes the normal method of management. Laissez-faire leadership is generally harmful when employees lack decisions, feedback, accountability, and support. The effectiveness of any leadership style nevertheless depends on the organizational environment, employee needs, nature of work, and cultural context. Job satisfaction is the principal mechanism connecting leadership with retention. Employees remain when they experience fair treatment, meaningful work, recognition, autonomy, development, reliable communication, psychological safety, and confidence in their future. Dissatisfaction initiates withdrawal and increases the attractiveness of external opportunities. For Pakistani organizations, effective leadership should combine decisiveness with consultation, authority with respect, performance expectations with employee development, and organizational loyalty with fair employment practices. Leadership alone cannot compensate for inadequate compensation, unsafe work, job insecurity, or blocked career advancement. Sustainable retention requires alignment among leadership behavior, human resource systems, organizational culture, and employee expectations. Organizations should evaluate leaders partly through their ability to develop and retain competent employees. Retention-oriented leadership should be ethical, participative, transparent, flexible, supportive, and accountable. When employees believe their leader's value their contribution and protect their dignity, satisfaction and organizational commitment are strengthened, making continued employment more desirable.

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