Leadership as an influencing factor in employee retention - a case study analysis in East Asian multinational corporations in the digital age

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Abstract: Alongside with the progressive globalization and increased competition, the labour market is exposed to high employee turnover. Particularly, organizations face the loss of highly skilled employees as well as high turnover costs. In the coming decades, the retention and development of competent employees is a critical challenge arising in human resource management. There are various reasons influencing employee turnover intention, leadership as one of the major factors because it strongly affects the relationship between employer and employee. This study's aim is to investigate the impact of leadership on employee retention and to provide essential guidelines for leaders to improve employee retention considering the cultural aspect in East Asia.

Essential results reveal a comprehensive employee retention framework and identify core aspects a leader needs to regard according to the viewpoints of the participants. The findings highlight motivational factors and managerial competencies such as emotional intelligence, communication and transformational leadership style as prime concern to effectively retain employees. More importantly, a leader's role is to convey emotions, such as passion and enthusiasm and to inspire followers achieving their goals.

Keywords: Leadership, Leadership Styles, Employee Retention, Job satisfaction.

1. Introduction

In recent years, organizations have to face employee turnover due to high competition and globalization (Kyndt, Dochy, Michielsen, & Moeyaert, 2009). Employee retention is significantly important because employees' skills and knowledge are key for companies to preserve their competitiveness and success. When employees decide to leave an organization, it is forced to face high costs and strong efforts for recruiting and hiring new candidates (Wakabi, 2016). Retention is therefore necessary as a prevention to the potential loss of competent employees in a long-term orientation enhancing employee engagement (Nair & Malewar, 2013). One important factor that can influence employee retention is the leadership style and the influence of leaders on employees. The role of leaders and their leadership style in employee retention directly impacts the employee's feelings about the organization.

Conducted research has shown that management style could be a major factor in employee retention and that employees are more likely to stay because of the culture and management care (Netswera, Rankhumise, & Mavundila, 2005; Vries, Bakker-Pieper & Oostenveld, 2009). Preliminary literature has also found that leadership behaviour positively influences organizational commitment and turnover intention (Chew, 2004). In addition, Muindi (2010) has examined leadership behaviour, including the lack of involvement in decision-making and inappropriate communication as major problems causing dissatisfaction. Thus, it could be assumed that leadership is crucial in employee retention.

This study focuses on leadership as an influencing factor on employee retention, how various leadership styles can affect employee retention and how leaders are able to keep employees through applying retention management. The goal of this research is to find conclusions about what leadership competencies are necessary in reducing employee turnover as well as in examining

which practices are most suitable to improve employee retention. Hence, the purpose of this research is to investigate an exploratory analysis about the procedure of retention management leaders apply to keep employees.

2. Literature review

2.1. Definitions

Wakabi (2016, p. 412) stated that employee retention is the "voluntary move by an organization to create an environment which engages employees for long term". Employee retention gains importance with the increased shortage of highly skilled employees, the growth of the economy and high turnover rates (Hillmer, Hillmer & Gale, 2004). The term employee turnover can be defined as the "inevitable change in the employee population of an organization" (Thomas, 2009, p. 1).

Leadership can be defined as a social influencing process aiming to achieve voluntary dedication and effort of subordinates. Hence, a leader is a person who has the ability to guide and influence others in order to reach certain organizational goals and objectives (Nanjundeswaraswamy & Swamy, 2014). The ability and techniques of persuasion, in particular the six principles of persuasion described by Cialdini (2001), namely liking, reciprocity, social proof, consistency, authority and scarcity, play an important role to be accepted as leader (Hoy & Smith, 2007). Hence, leadership encourages and helps others to work enthusiastically focusing on relationships, group binding and motivation. Management on the other hand, rather focuses on the action of developing, planning and controlling processes and resources of an organization.

Leadership style refers to a comparatively persistent behavioural pattern, which characterizes and describes a leader (Nanjundeswaraswamy & Swamy, 2014). In contrast, leadership traits represent the characteristic features, intelligence, personalities and skills of a person distinguishing from another.

2.2. Leadership style

Despite the fact that there are several leadership styles including bureaucratic, charismatic, democratic, laissez-faire, being examined in previous studies, which are considered rather traditional, this paper mainly focuses on recent leadership styles such as transformational and transactional leadership styles (Nwokocha & Iheriohanma, 2015; Simpson, 2012; Russell, 2011; Waqar, 2012; Puni & Damnyag, 2016). Further leadership styles will not be discussed in this study.

Transformational Leadership

According to Burns (1979, p. 20), transformational leadership stresses the "engagement with others in such a way that leaders and followers raise one another to higher levels of motivation and morality". Therefore, it places great importance on developing relationships motivating and inspiring others in order to achieve common objectives. Transformational leaders rather focus on satisfying the follower's higher needs, engaging them to reach better performance than intended (Favour, 2016). Moreover, transformational leaders are able to generate and communicate future visions taking each individual's characteristics into account. Furthermore, intangible incentives are commonly used to maintain activities with employees e.g. shared values and visions, relationship building, involving employees in the process of decision-making and change (Armstrong, 2012).

In 1985, Bass has identified four basic dimensions determining transformational leadership (Seltzer & Bass, 1990). These specific mechanisms, which are operated in transformational leadership to provide sustained motivation, include *idealized influence, inspirational motivation, intellectual stimulation* and *individualized consideration* (Bass, 1990). The first factor, idealized influence, is often associated with charisma and indicates a leader's willingness to sacrifice their individual self-interest for other's benefit (Hughes, 2014). Inspirational motivation refers to the leader's sense of purpose in his employees. This incorporates an optimistic view and articulation of

the future expressing confidence to achieve certain goals (Hughes, 2014). Intellectual stimulation values the flexibility and creative skills of the followers. Lastly, individualized consideration implies the desire to appropriate coaching and mentoring to each individual in order to promote self-development (Saniewski, 2011). The encouragement of employee's belongingness to and identification with the organization has a great effect on employee commitment, which in turn influences employee retention (Favour, 2016).

Transactional Leadership

Burns (1979) firstly introduced transactional leadership style assuming that rewards are contingent on performance. Hence, transactional leaders are rather interested in the day-to-day processes than stimulating change. Moreover, the focus on the exchange between follower and the completion of task takes over implementing rewards and punishments to motivate employees. The basic assumptions indicate that employees are expected to obey to the following instructions of the leader as well as being monitored regularly to ensure that agreed-upon tasks are completed (Belias & Koustelios, 2014). Thus, it concurs that transactional leaders emphasize to set specific goals and clarify the link between performance and rewards. Generally, transactional leadership involves three major dimensions: *contingent rewards, active management by exception* and *passive management by exception*. Contingent rewards link goals to rewards hence provide the agreed resources when positive outcomes are created, thus are rather contract-based (Saniewski, 2011). In active management by exception, transactional leaders are actively monitoring the performances of their subordinates aiming to avoid and prevent deviations and mistakes. On the other hand, in passive management by exception there is only intervention when procedures are not met (Belias & Koustelios, 2014).

2.3. Cultural dimensions

Due to the fact that businesses related to Human Resources management are conducted differently depending on the national culture and economic situation, the cultural dimensions play a decisive role as management culture varies across the world. Accordingly, a study has shown differences between East and West reporting that Asian countries may follow different preferences and concerns in terms of employee satisfaction and leadership styles (Dorfman, et al., 1997; Wu, 2006). Hence, according to Geert Hofstede, the five dimensions introduced in 1980 are *power distance, individualism vs collectivism*, *masculinity vs femininity, uncertainty avoidance* and *long-term orientation* (Hofstede & Minkov, 2010).

Power as key component to effective leadership has long been researched in the literature see e.g. Sun Tzŭ (1910), Dahl (1957). Hofstede's power distance however connects these theories with a pointed cultural dimension. Power distance is a decisive feature of leadership referring to the extent that inequality is accepted. Nations having a low power distance score, rather follow flat hierarchies whereas high power distance countries tend to have a stronger reliance on manipulation, force and authority. As Taiwan has a relatively high score of 58 on this scale, it obviously places higher importance on the leader's control, the sense of face saving and hierarchical status (Hofstede, 2007). The dimension of collectivism/individualism refers to the degree of belonging and integration of individuals into groups. While individualist countries rather care about themselves and only their close families, collectivist countries emphasize loyalty and the importance of group effort (Hofstede & Minkov, 2010). Taiwan scoring 17 represents a collectivist society and primarily focuses on strong relationships. Countries with a high masculinity index rather favour the rational factors such as economic growth, competition and assertiveness whereas feminine societies place high importance on the nurture of good relationships and the employee's wellbeing (House, Hanges, Javidan, Dorfman & Gupta, 2004). As Taiwan reaches a score of 45 it is a more feminine culture. The fourth dimension, uncertainty avoidance regards to how people deal with ambiguity. Countries with a low level of uncertainty face deviations more tolerant. In contrast, high uncertainty avoidance cultures are more likely to reject innovation or new ideas and evade anxious situations. With a score of 69, Taiwan represents a high uncertainty avoidance society and dislikes unknown situations in the future. The last dimension long-term orientation highlights the difference between the East and West (Hofstede, 2007). Long-term oriented

countries are following a pragmatic approach, supporting thrift, persistence in achieving goals as well as the respect for tradition. In this case, Taiwan has an obviously high score of 93 indicating that it is a long-term oriented culture with a strong tendency in adapting tradition to a modern situation (Wu, 2006).

2.4. Emotional intelligence

Emotions have been indicated to be the main source of inspiration acting in a certain way and connect individuals to each other. Intelligence is the general ability of learning associated to rationality and consciousness (Dutta & Banerjee, 2017). The concept of Emotional Intelligence (EQ) was popularized in 1995 and can be defined as "the ability to identify and manage one's own emotions and the emotions of others".

As per Goleman, the framework of EQ is separated into two key areas: *personal competence* and *social competence* (Goleman, 1995). Personal competence represents *self-management* and *self-awareness* whereas social competence adheres to social awareness and the *power of maintaining relationships* (Gorji & Ghareseflo, 2011). The dimensions derived are *self-awareness, self-regulation* and *self-motivation* as part of *self-management*, social awareness and *relationship management*. *Self-awareness* refers to the ability of understanding and assessing one's own emotional state (Team FME, 2014). Self-regulation attributes to the control of emotions and moods. In addition, self-motivation takes the level of commitment into account. *Social awareness* or empathy is the ability to view and adhere to others' emotions whereas *relationship management* relates to the social skills and the ability to develop strong working relations and to persuade and lead others (Team FME, 2014). Thus, the fundamental aspects are the recognition of emotions, the understanding of emotions, the regulation of emotions and the use of emotions. Bridging the link between emotional intelligence and leadership, emotionally intelligent leaders contribute to greater organizational success by means of his or her interpersonal skills. When emotions are managed accurately, trust and team synergy flourish leading to long-term benefits (Dutta & Banerjee, 2017).
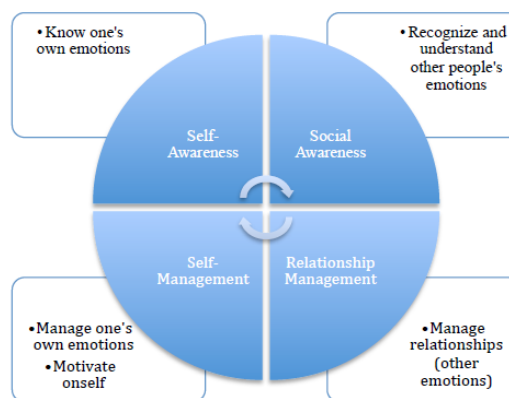

Figure 1. Goleman's model of emotional intelligence

2.5. Digital age: Generation Y

The Generation Y born in the 80s and early 90s is being representative on the labour market since 2005 whereas the Generation Z was born in the mid-90s and mid-2000s. Compared to the Baby-Boomers (born after the 2nd World War) and the Generation X (born in the 60s and 70s), this Generation grew up with the Internet, digitalization and globalization. Therefore, the age group that is also known as Digital Natives, has been changing its values in relation to working conditions (Parment, 2009; Hershatter & Epstein, 2010). Whereas the earlier generations do pay more attention to security in their private and professional spheres, the Generation Y follows a completely strong work ethic, for example: "They do not live to work, they work to live" (Ruthus, 2013). Apparently, the Generation Y carries significant characteristic features such as freedom, customization, scrutiny, collaboration, entertainment, speed and innovation (Bernauer, Hesse, Laick, & Schmitz, 2011; Schroth, 2019; Vijaybaskar, 2020; Chopra & Bhilare, 2020).

3. Methods

This study was explorative in nature as it examined the influence of the digital age on retention management in East Asian leadership practices. By choosing a qualitative approach we were able to collect in-depth information. Interviews are considered as a relatively flexible tool compared to questionnaire surveys; hence it is mainly used for qualitative research obtaining both information and opinions from a particular group of people. By conducting in-depth interviews, the author seeks to understand and explore different viewpoints of the individuals allowing to connect feelings to experiences. Due to the fact that this is a case study mainly examining specific East Asian companies, several departments are examined by conducting focus group interviews. Focus group is a technique frequently used in market research and is a rather socially oriented research approach that is high in flexibility (Babbie, 2008).

3.1. Sample and data collection

The purpose of the data collection was to combine retention management and leadership and seek new aspects about the perspective of each interviewee regarding this issue. The sample consisted of 20 participants, all Taiwanese nationals working in MNCs, 60 % male, 40 % female, ranging from 18 to 60 years in age. Data for the qualitative part of this study was collected in three different East-Asian multinational companies headquartered in Taiwan, consisting of four focus groups. Taiwan offers unique opportunities for the analysis of the East-Asian context. It is in the centre of the Confucian Asian cluster consisting of the East Asian countries China, Hong Kong, Japan, Singapore, South Korea and Taiwan as defined by the influential GLOBE study project (Gupta, 2002). As this cluster is attributed with a high validity and reliability (Gupta, 2002), we assume a certain generalizability of our findings. This argument is furthermore supported by the regional and cultural clustering of Hofstede, which locates Taiwan in their East Asian Confucian Cluster (Minkov & Hofstede, 2012). They additionally highlight Taiwan special position due to historical factors being ruled by mainland China and Japan (Minkov & Hofstede, 2012). Each focus group consists of at least of two employees and one leader. The leader is being interviewed separately in the beginning. Then, the author guides a discussion with the employees without the attendance of the leader and summarizing the collected information from each participant.

The first part of the semi-structured interview consists of general questions about the employees' position as well as their work. Afterwards both leaders and employees were individually questioned about their experiences and perceptions of their companies' retention management. These questions included among others, the applied retention strategy of their corporations as well as the turnover experience of leaders and turnover reasons of followers. The third part examines leadership and the different views about how leadership, especially the competencies that have been mentioned in the literature review can influence employee retention. The entire interview was conducted in English.

3.2. Validity and reliability

In order to prevent biased interview results or participation errors and hence to ensure reliability and validity, the researcher has developed an interview guide divided into two sections. The interview guide has been discussed prior with experts in the fields and supervisors and has been carefully revised before sending it to the participants. The first section reveals questions about the leader's and the employees' background. These questions are raised in the same sequence. Thereafter, questions about retention management and leadership are raised in a semi-structured approach. A semi-structured interview covers a list of questions with specific topics but still provides sufficient flexibility in replying (Flick, 2011). In this way, an in-depth insight of the interviewees' point of view is ensured.

3.3. Data analysis and interpretation

With the help of establishing an interview guide, the evaluation of the retrieved data can be summarized applying an inductive approach (Mayring, 2020; Babbie, 2008). Through this analysis common themes became apparent (Walliman, 2016). Themes are discoverable through the indication of expressions in data and come from both collected data of an inductive approach and the author's prior theoretical understanding through studies (Ryan & Bernard, 2003). Therefore, the approach of the data analysis was followed by analytic techniques such as open and focused coding and constant comparison (Taylor, Bogdan & DeVault, 2016). Coding is intended to support giving insights and generate theoretical understandings, thus giving an analysis of "data bearing on major themes, ideas, concepts, interpretations, and propositions" (Taylor, Bogdan & DeVault, 2016). The application of open coding is used to recognize ideas about important concepts followed by a reevaluation by using focused coding (Taylor, Bogdan & DeVault, 2016). The coding process starts by developing a story line. Afterwards, major themes and concepts will be listed. According to Ryan & Bernard (2003) and Taylor, Bodgan & DeVault (2016), themes are commonly visible for instance when a repetition of specific categories or terms occurs. After the development of the codes, the collected data are sorted into the codes. Finally, a data comparison was conducted to refine the analysis (Taylor, Bogdan & DeVault, 2016).

In the first stage of the data analysis, relevant material and general information about the company as well as interviewees are defined and listed. The actual analysis is described by a summarized data collection underlining certain relevant topics justifying the interpretation of the different sources.

4. Results

The current findings are based on the data collected during the interviews within the companies as mentioned previously. It is divided into themes that underline the results of this study and the importance of the aspects, which a leader needs to consider. These findings are based on the opinions shared by the interviewees aiming to foster retention.

Theme 1: Transformational Leadership (L) and Emotional Intelligence (E)

Table 1 demonstrates that all interviewed departments of the three East Asian multinational corporations prefer transformational leadership, especially the Generation Y. Transformational leadership serves to inspire employees to reach further accomplishments beyond their common task. Additionally, the *subordinates* of the second focus group have stated that the "bond between an employee and his or her supervisor" strongly influences the values and visions in a team ($E_{A,2}$).

Table 1. Cross-case company comparison

Company	Focus Group	Industry	Average Age of Employee	Experienced Leadership	Preferred Leadership	Retention Practice
A	1 2	Computer Hardware, Electronics, Home Appliances	28 (Gen Y)	Partly Transactional Leadership, Transformational Leadership	Transformational Leadership	Feedback, Individual development plan, reward procedure for talents, performance management
B	3	IT and Services	37 (Gen X)	Transformational Leadership	Partly Transactional Leadership, Transformational Leadership	Annual feedback, open communication, KPI setting
C	4	Retail, Art	30 (Gen Y)	Transactional Leadership	Transformational Leadership	Feedback, performance appraisal

Also, one of the interviewees indicated that a leader should be able to understand the employee's expectations and feelings as to put the person in the right position ($E_{A,2}$). Hence, interpersonal relationships play a significant role, especially in relation to effective communication (Herman, Huang & Lam, 2013; Waldman, Carter & Hom, 2015). The core competency being outlined during the interview *is "communication, listening to others and encouraging others to share ideas and visions"* ($L_{A,1}$; $L_{A,2}$, $L_{B,3}$. Additionally, it has been stated in the third focus group that a leader needs to be *"considerate and patient"*, being able to put himself in the position of others ($E_{B,3}$). This strongly attaches to one of the key competencies a leader needs to attain: emotional intelligence. Leaders should be able to recognize the emotions of themselves and others and to control them due to certain situations. Particularly, leaders must gain social awareness and be able to manage relationships. *"Treat your employees how you want to be treated"* ($E_{B,3}$) has been a statement of a leader of the third focus group underlining emotional intelligence. Additionally, the second focus group has shared that *"a leader's behaviour and attitude are among the most important factors"* ($E_{A,2}$). All focus groups indicated that a leader should be "*open to opinions and ideas*" ($L_{A,1}$; $L_{A,2}$; $L_{B,3}$; $L_{C,4}$). On the other hand, they emphasized that a leader should "*take responsibilities*" ($L_{A,2}$) and help his or her team to improve and to be more valuable ($L_{A,1}$; $L_{C,4}$). Therefore, it has been mentioned that a leader should *"rather care about the feelings of their subordinates than giving directions"* ($E_{B,3}$). Most importantly, a leader needs to "*build trust, guide and support*" ($L_{B,3}$; $L_{A,1}$; $L_{A,2}$) and be able to "*give certain goals*" but to respect the different opinions of his or her subordinates ($L_{A,2}$). Further, the majority (10 out of 16) stated that their relationship to their leaders is harmonic, which contributes to a good working environment. However, the approach of transactional leadership has been experienced in the rather "traditional" companies ($L_{A,2}$; $L_{C,4}$). A possible reason of rejecting change and uncertainty can be assumed ($L_{A,2}$). However, in the fourth focus group, an interviewee suggested that newly entered employees do appreciate directive leadership styles and to be *"guided in the first years"* ($L_{C,4}$).

Theme 2: Digital Natives and Motivation (M)

Primarily the lack of career progression opportunities has been stated as a major reason of employee turnover. Changing motivational factors of generations might be an explanation of the urge to reach more advanced goals. Significantly the Generation Y, who is born in the 80s and early 90s, is more aware of work-life balance and wants to be involved and to be taken seriously in the society (Künzel, 2013). This underlines the fact that especially interviewees in the age range of 18-30 have stated that they emphasize to "*add value*" ($M_{A,1}$), "*create something new*" ($M_{A,1}$) and to "*make changes*" ($M_{A,1}$; $M_{A,2}$; $M_{C,4}$), hence focus on their personal growth and contribution to the organization ($M_{A,1}$; $M_{C,4}$). Additionally, the majority of the employees being interviewed has also mentioned that they are *"seeking for new challenges"* ($M_{A,1}$; $M_{A,2}$; $M_{B,3}$; $M_{C,4}$) and *"pay attention to new experiences"* ($M_{B,3}$). Also, another interviewee of the second focus group has stated that *"more and more young employees need a goal and driving force"* ($M_{A,2}$). Hence, the majority of interviewees of the age of 18-30 (6 of 9) do consider changing their jobs in the next three years whereas interviewees in the age of 30-40 and older are either loyal to their current job or unsure about a probable change ($M_{A,1}$; $M_{B,3}$). Therefore, the requirement of an adequate person-organization fit when putting effort into the engagement of employees plays a crucial role in retention.

Leadership behaviour needs to be consistent with its leadership development framework. Thus, a leader needs to communicate both vision and purpose and to determine clear goals and direction ($M_{C,4}$). Further, a leader needs to understand each individual and foster open communication. There are two types of commitment being considered in retaining employees, the rational and the emotional commitment. Rational commitment is the extent to which employees believe that managers, teams or organizations are in their self-interest regarding financial, developmental or professional aspects. Emotional commitment is based on value, enjoy and belief of employees in their jobs, managers, teams and organizations. A leader has to guarantee a balance of both rational and emotional commitment to retain employees by clarifying performance expectations, helping employees to find solutions to daily issues, emphasizing their strengths in performance reviews and find the match between the employee and his or her job (rational commitment) (Corporate Leadership Council, 2004).

Theme 3: Retention Practices (R) and Cultural Aspects (C)

A retention practice that has been applied by leaders rather unconsciously is strengthening employee relationship. Leaders have mentioned their major role as a *"shepherd, captain, tutor and friend"* (C$_{A,1}$). The leader of the first, second and third focus group emphasized the leader-employee working relationship as *"tutor and students"* (C$_{B,3}$), *"coach and players"* (C$_{A,1}$). and *"partners"* (C$_{A,2}$). It has been indicated in the first focus group that *"connections to each other"* as well as *"caring about relationships"* needs to be considered in retaining employees (C$_{A,1}$). Significantly, the leader of the first focus group described the relationship to his subordinates as *"close"* and *"like a family"* (C$_{A,1}$). Leaders of the second and third focus group has also indicated that they *"give advices, which are not only related to work but also related to personal matters"* (C$_{A,2}$; C$_{B,3}$). Also, employees have underlined the *"importance of a good working environment"* as well as *"getting along with people"* (C$_{B,3}$). In sum, supervisors are an essential channel to generate employee's commitment and engagement, which effectively leads to a retention practice (C$_{B,3}$). Particularly the emphasis on relationship building in the Taiwanese context serves to indicate Taiwan as a collectivist culture but also proves the fact that leadership and the sense of sensibility are attached to employee retention (Hofstede, 2013; Yang, Wan & Fu, 2012).

Despite applying retention practices referring to employee growth and employee compensation such as feedback, performance appraisals and reward procedures, interviewed employees of the Generation Y still highlighted the lack of individual support regarding their personal career (R$_{A,1}$; R$_{A,2}$; R$_{C,4}$) and *"wish to have more opportunities"* (R$_{B,3}$). A leader should contribute to an effective staffing strategy and support an implementation of an employee development plan (R$_{A,1}$; R$_{B,3}$). Career opportunities should be communicated to the employees in order to achieve a continuous learning environment. As compensation and benefits, the organization should provide a competitive total remuneration package serving to attract not only future but also recent employees due to the fact that employees should be treated like customers. It is crucial to educate employees on the organization's total rewards philosophy and to communicate the total rewards processes to them. Nevertheless, all three companies need to realize that financial benefits are not the major concern of today's generation and talents. The shifting balance to the focus on talent retention and providing an individual development plan in order to foster creativity and productivity seems to play an important part in employee retention.

5. Conclusion

The findings of the research study indicate that leadership has an impact on employee retention. Besides leadership, there are other factors such as career development, benefits and rewards, work environment and work-life balance. However, these factors are indeed partly controlled by a leader. Therefore, it has been stated not only in the conducted social research procedure but also in earlier studies that manager-related behaviours do contribute to employee retention.

Nowadays, the issues of moral and ethical conduct as well as relationships have become more important than maximizing profits. Hence, the Generation Y develops a "consumer oriented attitude towards work life", which is one reason of the decreasing loyalty of employees, and becomes one of the greatest challenges of companies (Parment, 2009; Chopra & Bhilare, 2020). Competencies such as emotional intelligence and communication, which involves both listening and continuous feedback, are key to foster the bond between an employee and an organization. Certainly, Focus Group 3 refers to the awareness of other feelings and the ability to respond appropriately to other's sensibilities. Emotionally intelligent leaders keep building bonds with their followers and are fully aware of both social and emotional capabilities. In fact, the increase of emotional intelligence results in successful and lasting relationships with followers.

The interviewed employees, who experienced transformational leadership felt more satisfied, less stressed and did not show any intention to leave the organization. A supportive working climate contributes to the clear formulation of goals and applies to cooperation among employees.

Such results are key to ensure employee commitment and low absenteeism, in other words, prevent employee turnover.

Finally, cultural aspects need to be taken into consideration as East Asian companies have been examined. Certainly, employees in Focus Group 3 and Focus Group 4 expect their leaders to understand their emotions and build close relationships. Immediate leaders in East Asia are associated with an organization's role model balancing transparency in communication but simultaneously inspiring his or her team to achieve both organizational and individual goals. Hence, their practices are significantly influencing the perception of the company's culture and reputation. The assumption of leaders being one of the determining factors in employee retention could weight more importance than in Western countries because close relationships to direct supervisors influence their succession in career but also affects the emotional identification with the company they are working for.

Due to the limitations of qualitative analysis, future studies using different methods including quantitative analysis may lead to different results. Quantitative analysis may include the psychological contract as a mediating variable in future research. Additionally, future studies may include more female leaders to observe leadership regarding gender differences. Also, a certain target group e.g. Generation Y or Z could be a major concern. Since this study has found out that transformational leadership and emotional intelligence strongly contribute to enhanced employee retention, the linkage between both factors related to employee retention could be investigated in further studies.

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