



Organizational Purpose and Leadership Styles as Drivers of Employee Retention: Independent and Interactive Effects

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Dissertation written under the supervision of Professor
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Dissertation submitted in partial fulfilment of requirements for the MSc in Business,
at the Universidade Católica Portuguesa, 02.01.2026.

Abstract

ENG This thesis investigates how perceived organizational purpose and different leadership behaviors relate to employee retention. A quantitative online survey (N = 124) was conducted, using validated scales for purpose, opening and closing leadership, retention, and several control variables, including role overload, role clarity, job satisfaction, and sociodemographic variables. The data were analyzed through multiple and moderated regression models. The results show that perceived organizational purpose is a positively associated predictor of employee retention, with this relationship being substantially attenuated once job satisfaction is included in the model. In addition, job satisfaction conditions the relationship between purpose and retention, such that purpose was more strongly associated with retention at higher levels of job satisfaction. Opening leadership showed a positive bivariate association with retention, but did not remain significant in fully specified models, whereas closing leadership and ambidextrous leadership are not significant predictors. Furthermore, none of the expected moderating effects of age or workload were supported. In summary, employees are more likely to remain with a company when they consider their work meaningful. At the same time, leadership-related experiences appear to influence retention primarily through employees' evaluative job experiences. The study offers empirical insights into retention drivers in contemporary work settings and highlights the need for future research to examine behavioral leadership data and to employ longitudinal designs.

PT Esta tese investiga como o propósito organizacional percebido e diferentes comportamentos de liderança se relacionam com a retenção de funcionários. Foi realizada uma pesquisa quantitativa online (N = 124), utilizando escalas validadas para propósito, liderança aberta e fechada, retenção e várias variáveis de controle, incluindo sobrecarga de funções, clareza de funções, satisfação no trabalho e variáveis sociodemográficas. Os dados foram analisados através de modelos de regressão múltipla e moderada. Os resultados mostram que o propósito organizacional percebido é um preditor positivamente associado à retenção de funcionários, com essa relação sendo substancialmente atenuada quando a satisfação no trabalho é incluída no modelo. Além disso, a satisfação no trabalho condiciona a relação entre propósito e retenção, de modo que o propósito estava mais fortemente associado à retenção em níveis mais altos de satisfação no trabalho. A liderança aberta mostrou uma associação bivariada positiva com a retenção, mas não permaneceu significativa em modelos totalmente especificados, enquanto a liderança fechada e a liderança ambidestra não são preditores significativos. Além disso, nenhum dos efeitos moderadores esperados da idade ou carga de trabalho foi comprovado. Em resumo, os funcionários são mais propensos a permanecer na empresa quando consideram o seu trabalho significativo. Ao mesmo tempo, as experiências relacionadas à liderança

parecem influenciar a retenção principalmente por meio das experiências avaliativas dos funcionários no trabalho. O estudo oferece insights empíricos sobre os fatores de retenção em ambientes de trabalho contemporâneos e destaca a necessidade de pesquisas futuras para examinar dados de liderança comportamental e empregar projetos longitudinais.

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Title: Organizational Purpose and Leadership Styles as Drivers of Employee Retention: Independent and Interactive Effects

Keywords: Organizational Purpose, Leadership Styles, Opening Leadership, Closing Leadership, Ambidextrous Leadership, Employee Retention, Job Satisfaction

Acknowledgement

I would like to thank my supervisor, Andrea Cavicchini, for his valuable guidance and support throughout the thesis process. I am grateful to all participants who took part in the survey and contributed their time and insights to this research. I acknowledge the use of AI-based language tools for minor language editing and stylistic refinement during the writing process. All substantive content, analyses, and interpretations are my own.

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1. Introduction

Employee retention has become a pressing concern for many organizations, as retaining talent directly affects both performance and long-term stability (Hom et al., 2017). Employee retention is crucial not only for the company's financial stability but also for employees' well-being and its long-term future. Earlier research indicated that employees rarely terminate employment abruptly; dissatisfaction typically accumulates gradually over time until it leads to a decision to resign (Mobley, 1977). Subsequent research has shown that variables such as career prospects and managerial support significantly influence employee retention (Hausknecht et al., 2009). Despite extensive research on employee retention, it remains a pressing managerial challenge, as changing employee expectations are reflected in recent European data, showing that 30% of employees are actively seeking or monitoring new job opportunities (Gallup, 2025).

Furthermore, recent research by Deloitte points out that employee expectations have shifted over the past decades (Deloitte, 2025). Therefore, not only are traditional organizational factors for retention considered, but also. Instead, researchers emphasize the influence of intergenerational changes in work values on job perceptions (Twenge et al., 2010). For instance, younger employees tend to judge employers based on how they want to make a difference. This emphasizes values and provides opportunities, rather than focusing solely on salary (Deloitte, 2025; Twenge et al., 2010). Therefore, strategies for retaining employees must focus more on what they want from their jobs and how their values align with the company's, rather than relying solely on traditional extrinsic rewards.

Traditional models of employee retention have primarily focused on employee satisfaction and organizational fit. More recent discussions focus on the cultural and psychological factors that influence employee loyalty. In that sense, organizational purpose has received increased attention. Recent studies show the importance of a credible organizational purpose or value alignment and its capacity to enhance employees' understanding of work meaning. This is intertwined with increased commitment and reduced intention to leave the organization (Gartenberg et al., 2019; Jasinenko & Steuber, 2023). This indicates that purpose has shifted from a peripheral consideration to a central factor in explaining why employees remain. This is particularly evident in younger generations seeking meaningful work and personal relevance.

Furthermore, studies show that purpose must be reinforced by leadership. Only "having" a purpose is not effective. Leaders transform abstract values into visible, authentic, and reliable

actions. As a result, they influence employees' perceptions of the organization's purpose. That exemplifies transformational leadership theory. It integrates leaders as communicators and role models for organizational values (Bass, 1990; Henderson, 2021). However, there has been insufficient research on the intersection of purpose and leadership. This study seeks to address this topic. Despite increased interest in each construct, little is known about how they interact to influence employees' decisions to remain with a company. Current research lacks definitive evidence regarding the influence of purpose on different leadership styles. Ambidextrous leadership, which combines the clarity and structure of transactional leadership with the inspiration of transformational leadership (Rosing et al., 2011), provides a valuable lens for examining this dynamic. This observation highlights the need for empirical research investigating how purpose and leadership interact to affect employee retention.

Through this thesis, I investigate the effects of perceived organizational purpose and leadership style on employee retention. Previous studies have established links between purpose and performance (Gartenberg, Prat & Serafeim, 2019) and between leadership and motivation (Judge & Piccolo, 2004); however, these streams of research have mainly evolved separately, and their joint influence on employees' retention decisions has received only limited empirical attention. Although retention research has long focused on organizational, relational, and job-related determinants, the growing importance of intrinsic meaning and value alignment has not yet been sufficiently integrated into existing turnover models. This study, therefore, expands conventional retention research by introducing perceived organizational purpose as an additional factor and by examining how it interacts with leadership to shape employees' intention to stay. In light of these considerations, this thesis addresses the following research question: How do perceived organizational purpose and leadership style affect employee retention? To answer this question, the study evaluates the independent effects of both constructs on retention. This explores whether the influence of purpose is powerful under ambidextrous leadership. Therefore, it considers the relevance of demographic and organizational factors such as age, tenure, and job level.

The relevance of this contribution concerns both researchers and managers. On the academic side, it links two areas that are usually studied separately: organizational purpose and leadership on one hand, and employee retention on the other. Research has long shown that leadership style plays a central role in turnover (Waldman et al., 2015). Purpose has primarily been associated with performance outcomes (Gartenberg et al., 2019). This thesis aims to provide a more integrated perspective on how purpose and leadership jointly influence

retention-related decisions. Clarifying this link helps refine existing turnover models and positions purpose as a meaningful explanatory factor.

For managers, the issue is just as urgent. High turnover is costly and weakens team cohesion, which makes retention one of the toughest challenges in today's labor markets (Hom & Griffeth, 1995). Younger employees want their jobs to carry meaning and expect leaders who can support this search (Twenge et al., 2010). If leaders succeed in embedding purpose into day-to-day work, employees tend to feel closer to the company and are more likely to remain. Purpose, therefore, should not just exist as a vision statement but be used in practice as a tool for retention. Managers can use this as a starting point to rethink leadership training, adapt communication, and align HR policies so that purpose and leadership work in concert.

To examine employees' perception of purpose, leadership, and intention to stay, a quantitative survey approach is used. Perceived organizational purpose was measured using the Jasinenko and Steuber (2023) scale; leadership behavior was assessed using the opening and closing leadership scales developed by Rosing et al. (2011); and employee retention was assessed using the Michigan Organizational Assessment Questionnaire (Cammann et al., 1983). All constructs are measured consistently and in accordance with existing research, using established scales. Most importantly, the survey approach allows the analysis of patterns and relationships that would be difficult to observe through interviews alone, particularly when several psychological factors interact. Overall, this method provides a solid foundation for addressing the research question and linking the theoretical arguments with empirical evidence.

The remainder of this thesis is structured as follows. After covering the theory in the first chapter, which included an introduction and literature review, the second chapter continues with the methodology. Here, the procedure for obtaining the data is examined. In Chapter 3, the data are analyzed, and the results are presented. The fourth and final chapter contains the discussion, in which all findings are brought together, and an outlook for the future is provided.

2. Literature Review

2.1 Employee Retention

The study of turnover goes back several decades. A key milestone was the 1995 book by Hom and Griffeth, which synthesized a wide range of turnover drivers and strongly shaped subsequent research. Hom et al. (2017) summarized a century of research findings in a comprehensive framework that remains widely used to this day. Following the author's emphasis, employee retention should not be viewed only as the opposite of turnover. Instead, they propose viewing the relationship between employees and their company as a long-term

one. Their framework emphasizes that employee retention depends not only on job satisfaction but also on social connections within the organization and the organization's broader reputation. The concept of 'job embeddedness' shows how connections, fit, and sacrifice are strong predictors of whether employees stay (Mitchell et al., 2001). These factors extend beyond individual attitudes and indicate that employees' decisions to stay are strongly influenced by social and contextual dynamics both within and beyond the workplace. Staying with the same employees is an essential indicator of a healthy company and is directly affected by the company's performance, employee retention, and employee investments (Hom et al., 2017).

Several theories offer helpful explanations, each emphasizing slightly different aspects. These approaches are particularly relevant for this thesis because they explain employee retention from complementary angles. Among the most influential perspectives are Job Embeddedness Theory (Mitchell et al., 2001), Social Exchange Theory (Blau, 1964), and Psychological Contract Theory (Rousseau, 1995). Despite their different origins, the theories share the goal of explaining the development of employees' organizational attachment, while others decide to leave.

Job Embeddedness Theory examines how employees become "stuck" in, or become integrated into, their work environment. First, people are more likely to remain when feeling connected to others at work. Secondly, organizational fit is essential, ensuring that employees can align their personal values and abilities with the organization's. Third, it is about sacrifice. Employees remain, if leaving would mean giving up things they value. Together, these dimensions explain why accumulated connections and investments increase the likelihood of staying. Based on this framework, organizational purpose can be seen to enhance job embeddedness by strengthening the value-based fit between employees and the organization. When employees feel their personal values closely align with the organization's purpose, leaving the organization would entail a significant psychological sacrifice, in addition to the loss of material benefits (Mitchell et al., 2001; Allan et al., 2019). This viewpoint elucidates the direct correlation between organizational purpose and retention in the current study, as purpose may cognitively and normatively integrate employees within the organization, even in the absence of robust leadership signals. Previous research has shown that this type of value-based embeddedness is a strong predictor of individuals' decisions to stay (Lee et al., 2014).

The Social Exchange Theory (Blau, 1964) deals with fairness and reciprocity in employment relationships. It is assumed that employees repay supportive and fair treatment with loyalty and effort. From a social exchange standpoint, organizational purpose and leadership behaviors may be viewed as indicators of organizational support that encourage

reciprocal commitment from employees (Cropanzano & Mitchell, 2005). Purpose may serve as a symbolic form of support, indicating that the organization provides meaningful, value-driven employment rather than merely transactional exchanges. Following this line of thought, the positive impact of open leadership on retention indicates that autonomy-supportive and developmental leadership behaviors exemplify high-quality social exchanges that employees are inclined to reciprocate with sustained organizational membership (Eisenberger et al., 2002). On the other hand, the insignificant effect of closing leadership suggests that behaviors focused on control and structure may be seen as baseline expectations rather than optional benefits. This means that they may not trigger social exchange mechanisms that encourage retention.

Psychological Contract Theory (Montes et al., 2015) is a theory that explains the expectations that influence the relationship between employers and employees. These expectations aren't written in formal contracts, but they still influence whether people decide to stay or leave. Employees are more likely to stay if they feel that the organization is fulfilling its obligations. Exemplary, the organization should provide feedback, development opportunities, and recognition. Building on this viewpoint, organizational purpose can be considered a part of an ideological psychological contract. In this contract, employees expect the organization to embody essential values and make significant contributions to society beyond just economic success (Thompson & Bunderson, 2003; Rousseau, 1995). The current results suggest that when these purpose-based expectations are met, employees may perceive the psychological contract as being upheld at the organizational level, thereby reducing the importance of leadership behaviors as moderators. This interpretation is consistent with the non-significant interaction effect identified between purpose and leadership, suggesting that purpose credibility may not be contingent solely on leaders' daily implementation. Psychological contracts about meaning and purpose may be more influenced by broader organizational signals, such as culture and stated values, than by the actions of direct supervisors alone.

Additionally, social factors such as relationship quality and trust must be considered. Likewise, in empirical research, employee retention is often measured through employees' willingness to stay or their turnover intentions. This is typically assessed using Job Embeddedness items (Mitchell et al., 2001) or turnover intention scales (Hom & Griffeth, 1995). Empirical studies show that employee retention is influenced by a variety of interrelated factors at the organizational, interpersonal, and individual levels. Hausknecht et al. (2009) conducted a study to investigate the determinants that affect employees' decisions to remain with an organization. The researchers identified career opportunities and supportive leadership as significant motivators. The research additionally revealed that high-performing and low-

performing employees possess distinct motivations for remaining in their positions. This discovery indicates that retention strategies must be customized for each cohort.

Felps et al. (2009) introduced the concept of turnover contagion, demonstrating that others' retention or turnover decisions can influence colleagues' workplace commitment and job-search behavior. These results corroborate the notion that employee retention is a collective phenomenon rather than an individual one. Additionally, personal factors and generational preferences must be considered. For instance, for younger workers, it may be more important to pursue a fulfilling job and opportunities for growth than to secure a stable income (Twenge et al., 2010). It states that people's motivation increases due to intrinsic factors in the modern workplace. Overall, these insights indicate that employee retention is multilayered and comes from a variety of relationships and motivations. While traditional factors such as salary and job security remain significant considerations for job seekers, their relative importance is diminished when individuals seek employment that aligns with their personal values and sense of purpose. It has also been noted that the traditional satisfaction-turnover paradigm tells only part of the story (Hom et al., 2017). Today, employees evaluate whether their company makes them feel like they are contributing and whether their daily work is meaningful.

Purpose has been associated with higher motivation and organizational performance (Gartenberg et al., 2019). However, a direct relationship with retention has not been a focus area in research. For instance, employees are more likely to identify with the organization when their work is meaningful and contributes to a bigger mission. Further, meaningful work can promote commitment and positive contribution (Gartenberg et al., 2019). This indicates that both are essential prerequisites for organizational loyalty. Furthermore, companies with a clearly defined purpose tend to have more engaged employees and lower turnover (Gartenberg et al., 2019). Its effect is reinforced when management practices support the stated purpose. This emphasis is consistent with the present trend in management research toward purpose-driven organizations.

Taken together, these theoretical perspectives suggest that organizational purpose represents a distinct and increasingly relevant mechanism for employee retention going beyond traditional attitudinal and transactional explanations.

***H1a:** Perceived organizational purpose is positively associated with employee retention.*

Organizational purpose provides meaning and a sense of contribution to employees, which correlates with enhanced organizational commitment (Jasinenko & Steuber, 2023). Empirical evidence indicates that meaningfulness, when supported by management practices, can lead to improved outcomes (Gartenberg et al., 2019). Such experiences of meaning have consistently been linked to more substantial organizational commitment. Many studies have shown that the length of time employees stay with a company is affected by a mix of economic, social, and psychological factors (Hom et al., 2017). This development illustrates the growing relevance of organizational purpose as a contemporary factor in employee retention.

The direct effect of interest is accompanied by additional elements that interact with organizational purpose, particularly job satisfaction. Job satisfaction has long been considered a central predictor of employee retention, reflecting employees' evaluative judgments about their work conditions, rewards, and overall work experience (Judge et al., 2017). However, new research shows that purpose and job satisfaction are distinct yet related aspects of the relationship between an employee and an organization. Job satisfaction measures how satisfied people are with their current job. At the same time, organizational purpose reflects a deeper dimension. It measures the extent to which the values of the company and the individual overlap, as well as the strength of the sense of belonging (Gartenberg et al., 2019). From this perspective, organizational purpose may strengthen the effect of job satisfaction on retention by providing people with an additional reason to stay based on shared values. Employees who are happy with their jobs and feel like their company has a strong purpose may be more likely to stay because both their practical and existential needs are met (Rosso et al., 2010). On the other hand, when employees are less satisfied with their jobs, a strong sense of purpose may still foster retention by strengthening emotional attachment and identification with the organization. This interaction logic indicates that purpose does not replace conventional attitudinal predictors; rather, it shapes how strongly they translate into retention decisions.

***H1b:** Job satisfaction moderates the effect of perceived organizational purpose on employee retention.*

2.2 Organizational Purpose

The idea of a company's purpose has become a top focus in management research. In organizational research, it is increasingly recognized as a significant example that shapes how companies define their identities and their roles in society (Almandoz, 2023). Contrary to earlier beliefs, many scientists now agree that the value of a company is more than just maximizing profits. (Mayer, 2021). This broader perspective fundamentally shapes the company's identity.

Almandoz (2023) distinguishes between two perspectives on purpose: an “inside-out” role as a driver of organizational identity and an “outside-in” response to social expectations. In this manner, purpose serves as the connection of organizational legitimacy and employee motivation (Henderson, 2020; Almandoz, 2023). As Hollensbe et al. (2014) explain, purpose operates at multiple levels, including the individual, organizational, and societal. This means that employees’ search for meaning is linked to the organization's contribution to the greater good.

Therefore, the "corporate purpose" of a company is its reason for existing (George et al., 2023). It explains why a company exists beyond just making a profit. Following their review, a company's purpose affects its life in four ways: its identity, motivation, coordination, and reputation. These emphasize how a company's purpose can affect its operations and how it interacts with the employees’ experiences. Many studies have examined the importance of purpose at the organizational level. Still, George et al. (2023) note that there remains no comprehensive understanding of how employees perceive and respond to purpose. These findings indicate that further research is needed to understand how purpose operates at the individual level. There is a need to examine how purpose relates to attitudes and behaviors that determine whether employees remain loyal to the organization over time. Such a perspective provides a meaningful foundation for studying whether perceived organizational purpose relates to employee retention.

Therefore, it can be regarded as a normative standard and as a potential source of competitive advantage. Henderson & Van den Steen (2015) offer an economic view and argue that purpose functions as a mechanism through which firms create and convey identity and reputation, both to employees and to the outside world. Purpose, therefore, connects employees with the company’s goals, strengthening loyalty and commitment. Purpose is not merely a corporate slogan; rather, it constitutes a shared belief system regarding the existence of firms (Gartenberg, 2021). Thereby, it integrates decisions and behavior beyond financial outcomes. In that sense, purpose and sustainability can reinforce each other. For instance, sustainability practices give credibility to a company’s purpose. Purpose helps to make sense of sustainability initiatives. These theoretical ideas are consistent with empirical studies (Gartenberg et al., 2019; Jasinenko & Steuber, 2023). Exemplary, they proposed that purpose is most effective when leadership lives by it in everyday workplace behavior.

Recent work further emphasizes that purpose is practical only when it is perceived as authentic. When the company has the ability and consistency to support these messages, job seekers respond more positively to messages that clearly communicate a company's purpose

(Valdés et al., 2025). When there's not enough of this ability, purpose statements are seen as more symbolic than practical. This reduces their motivational effect. Thus, it aligns with studies indicating that a company's purpose must be put into action every day to change how employees feel and keep them working there.

The purpose of an organization is essential for two reasons. From a normative perspective, it renders organizations more legitimate by linking their economic goals to the broader goal of supporting society (Mayer, 2021). As a strategic resource, it encourages innovation, trust, and adaptability (Henderson, 2020). Studies have shown that companies with a clearly defined purpose tend to collaborate more effectively and are more successful in the long term (Gartenberg & Serafeim, 2022). A clear sense of purpose at work has been shown to help employees feel more fulfilled and find their place in the world. Employees are more motivated and connected to the company when they understand the company's purpose. That's when they see how their work helps to achieve a bigger goal (Jasinenko & Steuber, 2023). Gartenberg et al. (2019) assume that a clearly defined purpose can improve financial performance. However, the extent of this improvement depends on how widespread the purpose is within the organizational structure and on the extent to which it is supported by management. As Florez-Jiménez et al. (2025) demonstrate, a strong, collective sense of purpose has been shown to improve employees' social well-being and sense of belonging. These factors have considerable psychological significance for employee retention. Understanding whether purpose strengthens employees' emotional bond with their organization is therefore essential, as meaningfulness may serve as a psychological mechanism linking personal values to organizational goals. These ideas also show that its effects can vary, prompting questions about how purpose influences employees' intentions to remain with a company.

To expand, many studies link purpose to performance or motivation. However, its impact on employee retention remains poorly understood. Research indicates that purpose can improve employees' identification with and sense of engagement in their work (Jasinenko & Steuber, 2023; Florez-Jimenez et al., 2025). However, additional parameters, such as leadership, workload, and generational differences, must also be considered. This focus aligns with a broader trend in management research toward purpose-driven organizations.

One important individual-level factor that may influence an organization's purpose effectiveness is employees' age or generational affiliation.

H2a: *The positive effect of organizational purpose on retention is stronger for younger employees (Gen Z and Millennials) compared to older employees.*

Younger generations increasingly value having a meaningful job and a sense of purpose over money and other outside rewards (Twenge et al., 2010). They are therefore expected to respond more positively to the company's goals when deciding whether to stay.

From a theoretical perspective, this suggests that purpose may be essential for younger employees because value alignment and meaningfulness are central criteria in their employment decisions.

In addition to individual differences, contextual job demands may also influence how organizational purpose translates into employee retention.

H2b: *The positive effect of purpose on retention decreases when workload is perceived as high.*

Workload is a critical job demand that has been associated with stress, burnout, and turnover (Hom et al., 2017). Even if employees believe their company has a clear purpose, excessive work can erode these benefits. A high workload may limit employees' psychological resources, reducing their ability to find meaning in their work and weakening the positive influence of purpose on retention decisions. From the standpoint of job demands and resources, organizational purpose can be perceived as a significant yet resource-dependent signal necessitating cognitive and emotional capacity for internalization and conversion into enduring commitment (Bakker & Demerouti, 2007). When employees feel their workload is always high, they may not have much time to reflect on the organization's bigger goals, even if they personally value them. In these situations, the pressure of daily tasks is likely to be more important to employees' evaluations of their work situation than their sense of purpose when deciding whether to stay or leave. Thus, workload is anticipated to serve as a limiting factor, restricting the extent to which organizational purpose can favorably influence employees' intentions to remain affiliated with the organization.

These ideas show that purpose doesn't work alone. Instead, it interacts with individual and contextual factors. To leverage this, organizations can create environments where purpose helps keep employees happy and healthy. Nevertheless, how organizations use their purpose in daily activities is still valuable, and leadership plays a crucial role. It helps translate a company's goals into concrete actions and ideas.

2.3 Leadership

The concept of leadership is crucial for explaining an organization's overarching purpose, which is realized through the actions of individual employees in their daily work. An organization's purpose provides direction and meaning, but leadership is responsible for putting these values into practice and connecting them to the employees (Gartenberg et al., 2019). Without this connection, the purpose may remain abstract, but effective leadership makes it concrete and meaningful.

Numerous studies have examined the concept of leadership; however, there is broad agreement that it involves influencing others toward shared objectives. For instance, leadership is characterized as the process of persuading others to understand and agree with necessary actions and methods (Yukl, 2013). Furthermore, it's described as a mechanism by which an individual influences a group to achieve a common goal (Northouse, 1998). However, both definitions emphasize that leadership goes beyond formal authority. To expand, it is a social and interpersonal process in the workplace that shapes people's thoughts, emotions, and behaviors. Research has shifted from viewing leaders as coordinators to recognizing their role as translators of meaning and commitment.

Bass (1990) developed one of the most essential frameworks by distinguishing between transactional and transformational leadership. Transactional leadership emphasizes clear expectations, a defined organizational structure, and rewards contingent on specific actions. Transformational leadership, on the other hand, motivates people by offering a shared vision, values that everyone follows, and an exemplary model of behavior. Judge and Piccolo (2004) found that both transactional and transformational leadership can improve motivation and performance, indicating that structure and inspiration work well together. Rosing et al. (2011) proposed ambidextrous leadership, a type of leadership that can adapt to different situations by combining both approaches. Transactional and transformational leadership provide the conceptual foundation for understanding the behaviors of leaders who focus on structure and vision. In addition, more recent ambidexterity research emphasizes the importance of leadership flexibility in simplifying an organization's way to adapt (Carmeli et al., 2009; Lubatkin et al., 2006). Within this broader ambidexterity logic, Rosing et al. (2011) introduced opening and closing leadership as behavioral mechanisms that enable leaders to switch between explorative and exploitative demands. Opening leadership captures exploration and creativity behaviors. In comparison, closing leadership entails behaviors that streamline processes by ensuring compliance and reducing variance. By conceptualizing leadership as situational and dynamic rather than fixed to leader types, this behavioral model extends beyond Bass's model. While

earlier researchers (Carmeli et al., 2009; Lubatkin et al., 2006) conceptualized ambidexterity at the organizational level, the opening–closing model translates this to the behavioral level (Rosing et al., 2011). As a result, it's better suited for examining employee-level outcomes, such as retention. By emphasizing authenticity, ethics, and relational dynamics, subsequent research expanded Bass's framework.

Further, the concept of authentic leadership was introduced (Avolio and Gardner, 2005). It's defined by self-awareness, transparency, and integrity. Thus, authentic leaders consistently act in accordance with their values to create trust and a sense of safety for their teams. In addition, ethical leadership (Brown & Treviño, 2006) shows how moral integrity and fairness guide behavior. Exemplary ethical leaders are role models who clarify issues and foster greater trust among people.

Cable et al. (2013) found that when companies encourage employees to be themselves rather than adhere to strict rules, the employees become more motivated and committed. Similarly, Liden et al. (2014) describe servant leadership. It focuses on empowering and supporting others before pursuing organizational gain. In synthesis, these perspectives show key characteristics of effective leadership. Meaning, it's about direction, empathy, trust, and moral consistency.

Daily leader behavior has measurable effects on engagement and well-being. Barnes et al. (2015) demonstrated that even temporary changes in leaders' psychological states, such as sleep deprivation, can increase abusive supervision (Tepper, 2000) and reduce work-unit engagement. Leadership is therefore not a static trait but a dynamic behavioral process that shapes how employees experience meaning, fairness, and belonging, all key drivers of retention (Waldman et al., 2015). Building on this theoretical foundation, prior research consistently shows that leadership shapes employees' perception of their work environment, their sense of security and value, and their willingness to remain with an organization (Waldman et al., 2015). Because opening and closing leadership fulfil different psychological needs, they are expected to influence retention through distinct pathways. These distinctions provide the basis for the following hypotheses.

Closing leadership provides structure, reduces variance, and sets clear behavioral expectations (Rosing et al., 2011). As a result, predictability and reduced employee uncertainty make them feel safe in their roles.

H3a: *Closing leadership is positively associated with employee retention through providing clarity, structure, and predictability.*

With opening leadership, employees are more creative and autonomous, as they are encouraged to generate ideas, question routines, and explore new possibilities (Rosing et al., 2011). This helps employees to grow while being themselves.

H3b: *Opening leadership is positively associated with employee retention through providing inspiration, autonomy, and opportunities for growth.*

Opening and closing actions are essential for integrating different psychological needs. Leaders who use both methods may be the most effective at maintaining employee satisfaction. Exceptional leadership that is skilled in both styles combines high levels of opening and closing behaviors. This enables leaders to shift to different situational demands flexibly. Therefore, they can choose between exploration-oriented and structure-oriented approaches (Rosing et al., 2011). This behavioral flexibility enables leaders to respond effectively to routine demands and emerging challenges. As a result, a work environment is created where employees feel supported, valued, and motivated to stay.

H3c: *Ambidextrous leadership, characterized by high levels of both opening and closing behavior, has the strongest positive association with employee retention.*

While H3a-H3c conceptualizes leadership as a direct predictor of employee retention, leadership also determines whether organizational purpose becomes meaningful in daily practice. In addition to these direct effects, leadership also shapes how organizational purpose is experienced in day-to-day work. Purpose provides the reason for something, while leadership offers the means to do it. Studies show that leaders are essential for explaining the company's purpose to employees and ensuring that everyone follows it (Gartenberg et al., 2019; Almandoz, 2023). Bass (1990) and Judge and Piccolo (2004) already explained that communication and role modeling make abstract visions believable. Henderson (2020) emphasizes that when the purpose of a leader's actions aligns with their daily leadership, that purpose is more likely to be regarded as legitimate over time.

In short, leadership is both a direct driver of employee retention and an essential means by which employees recognize the organization's purpose in their daily work. Leaders can help employees find meaning in their work by changing how values are shared and lived. Rather

than an isolated phenomenon, this dual role underscores the need to view leadership as a connecting framework that links purpose, motivation, and lasting commitment.

The next chapter explains the method used to test the relationships in practice based on these theoretical ideas. It describes the methodology for measuring the variables of organizational purpose, leadership styles, and employee retention, and for analyzing of their interrelationships. These leadership perspectives provide essential background, yet the present study focuses specifically on opening, closing, and ambidextrous leadership, as these offer a behavior-based framework directly suited to explaining employee retention.

3. Methodology

3.1 Participants

The aim of this study was to collect responses from employed professionals. To distribute the questionnaire, it was published on various platforms, such as LinkedIn, Instagram and WhatsApp. Participants in this study were full-time employees in a variety of organizational contexts. To ensure that the data show active professional experience, only individuals currently employed under a formal contract were able to participate. A total of $n = 248$ participants opened the survey, of which $n = 207$ started filling out the survey. Participants ($n = 47$) were excluded because they did not meet the survey requirements because they were self-employed or not employed at all now. Of the $n = 160$ participants who were still in the process, $N = 124$ people finished the survey, which is therefore the final total number of participants.

The average age of the participants was 32 years old; the youngest participant was 22 years old, and the oldest participant was 62 years old. In terms of gender, $n = 68$ identified as female and $n = 56$ as male. Participants represented $n = 5$ nationalities, with the majority (94%) holding German nationality. On average, participants had been employed by their company for less than one year or 1 – 3 years. Most participants worked in a private company. Organizational size varied widely: 24% were employed in small organizations (< 50 employees), 22% in medium-sized organizations (51–249 employees), 10% in large enterprises (> 500 employees), and 43% worked in large groups (> 1000 employees). In terms of job level, 21% were in Intern, working students or trainee positions, 25% were in entry-level positions, 31% were in professional or specialist positions, 13% were in middle management positions, 6% were in senior management positions, and 4% were in top management positions. Most participants had a university degree: 45% had a bachelor's degree, while 39% had a master's degree. At the same time, most participants were employed full-time (65%), followed by part-time (14%) and working students (12%). Most participant's salary was between 40.000€ - 59.999€ (26%), while

the range of 20.000 €– 39.999€ (19%) and 60.000€ - 79.999€ (22%) was also highly represented.

3.2 Materials and Measures

Established and validated questionnaires were used to measure the relevant variables. Each variable was recorded using several items on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The complete questionnaire is provided in Appendix A.

3.2.1 Retention

Retention was operationalized as the individual's intention to remain with their current organization by using the Michigan Organizational Assessment Questionnaire (MOAQ) developed by Cammann et al. in 1983. The questionnaire comprises 3 items and uses a 7-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). One example item is: "I often think about quitting.". Reliability is ensured by a Cronbach's alpha of .83. Higher scores indicate stronger intention to stay and thus, higher employee retention.

3.2.2 Organizational Purpose

To operationalize the variable Perceived Organizational Purpose, the questionnaire by Jasinenko & Steuber (2023) was used. This is based on a 6-point Likert scale; to standardize all questionnaires, the scale would be extended to a 7-point Likert scale. This scale ranges from 1 (strongly disagree) to 7 (strongly agree). The 12 questions are divided into four categories: Contribution, Authenticity, Guidance and Inspiration. Each dimension comprises 3 items. An example item from the questionnaire is: "My organization aims to achieve something that goes beyond its own benefit." In the original validation studies, internal consistency was excellent ($\alpha = .95-.96$ for the German version; $\alpha = .94$ for the English version; subdimensions $\alpha \geq .87$).

3.2.3 Leadership

To operationalize the leadership construct, the Rosing et al. (2011) questionnaire, comprising 14 items, was used. It focuses on ambidextrous leadership, which is divided into 'opening leadership' and 'closing leadership', with each dimension comprising seven items. The original questionnaire consists of a five-point Likert scale. To ensure consistency, the response format was adjusted to a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). An example item from the questionnaire is: "My leader allows different ways of accomplishing a task." Cronbach's alpha for the 'opening leadership' scale was .89, and for 'closing leadership' .86.

3.2.4 Control Variables

To identify and exclude potential sources of distortion, several control variables were collected. These were divided into demographic and socio-demographic variables, such as age, length of service, and company size, as well as variables examined. The constructs ‘role overload’, ‘role clarity’ and ‘job satisfaction’ were measured. All of these were assessed using established subscales from the Michigan Organizational Assessment Questionnaire, as was the variable retention. Three items were used for each construct. A 7-point Likert scale was used, ranging from 1 (strongly disagree) to 7 (strongly agree). An example item for the construct role overload is: “I never seem to have enough time to get everything done.” The original reliability was $\alpha = .78$. For the construct role clarity, an example item is: “Most of the time I know what I have to do in my job.”. The original reliability of the scale was $\alpha = .80$, and for the variable job satisfaction, an example item is: “All in all, I am satisfied with my job.”. The original validation reported satisfactory reliability ($\alpha = .77$).

3.3 Procedure

The survey was created in Qualtrics and administered to four test participants prior to its official launch to assess its linguistic and technical accuracy. Participants could complete the survey via an anonymous link. To bring the survey to the attention of my professional network, it was posted on LinkedIn. To make the survey accessible to my private network, it was shared on WhatsApp and Instagram. Furthermore, the survey was shared via a WhatsApp group for Católica students to reach fellow university colleagues. Participants were informed that the study formed part of a master’s thesis. They were also informed that the data would be treated confidentially and that honest answers were requested to minimize social desirability bias. The final version of the questionnaire took respondents approximately 8–10 minutes to complete. To ensure eligibility, participants first confirmed that they were currently employed in an organization under a formal contract. The survey logic automatically excluded individuals who did not meet this criterion. After unsuitable participants were excluded, the survey began with questions about demographic and socio-demographic characteristics. Three additional control variables were then queried: role overload, role clarity and job satisfaction. This was followed by a section on the study’s dependent variable: retention. The questionnaire then addressed perceived organizational purpose and, finally, the construct of leadership. Finally, participants were informed that they had reached the end of the survey, that their responses had been saved, and that they were thanked for their participation. Respondents could review and change their answers at any point before submission. The questionnaire was available online from 13 November to 28 November, after which it was closed. The data were then exported

from Qualtrics, imported into R, and analyzed. After data cleaning, the final dataset comprised $N = 124$ valid cases used for the analysis.

3.4 Data Analysis

All analyses were conducted using R (version 4.4.1; R Core Team). Before the analysis began, the data set was checked for accuracy and completeness.

Descriptive statistics were computed for all variables to obtain summary measures, including mean, standard deviation and percentages. Cronbach's alpha was determined for all scales to measure internal consistency. Values above .70 were considered acceptable, indicating satisfactory reliability. All multi-item scales were computed as mean scores, with reverse-coded items recoded prior to analysis. Organizational purpose and leadership variables were specified as independent predictors, whereas employee retention intention was the dependent variable across all regression models. Job satisfaction, role clarity, role overload, age, gender, and organizational tenure were included as control variables in extended models to assess the robustness of the main effects. Bivariate Pearson correlations were used to examine the associations between perceived organizational purpose, leadership style, job satisfaction, role clarity, role overload, and employee retention. To test the hypothesized relationships, multiple linear regression analyses were conducted. In line with prior research, both direct effects and interaction effects were examined to assess whether the relationships between organizational purpose, leadership, and employee retention varied as a function of individual or work-related conditions, including job satisfaction, age, and role overload. Age was operationalized as a binary variable, distinguishing employees younger than 35 years from those aged 35 and above, to reflect commonly used categorizations of early- versus later-career stages in prior research.

For moderation analyses, all continuous predictors were z-standardized prior to computation interaction terms to reduce multicollinearity and facilitate interpretation of regression coefficients. Interaction terms were calculated by multiplying the standardized predictor and moderator variables, including job satisfaction, age, and role overload. Hierarchical regression models were estimated by entering main effects in the first step and interaction terms in the subsequent step to evaluate the incremental explanatory power of interaction effects.

Statistical significance was set at $p < .05$ for all analyses, and two-tailed tests were applied. Effect sizes were reported where appropriate (β , R^2 , ΔR^2), in accordance with APA guidelines for quantitative results. The following chapter presents the results of these analyses.

3.5 Ethical Considerations

The study was conducted in accordance with the ethical guidelines of the Católica Lisbon School of Business & Economics and the American Psychological Association (APA, 2020). All participants were informed at the start that this was a voluntary, and anonymous survey. The purpose of the survey, the expected completion time and confidentiality were stated on the first page of the survey. In addition, participants could withdraw from the survey at any time, and no personally identifiable data were collected. The survey did not address any sensitive topics and therefore did not place any participants in risky situations. All data were used exclusively for academic purposes within the scope of the master's thesis.

4. Results

4.1 Data Screening and Preparation

Before data analysis, the data set was screened to assess the feasibility of testing the hypotheses. Responses were examined for missing data, response patterns and outliers. Cases were excluded if participants failed to meet the inclusion criteria (e.g., not currently employed under a formal contract) or did not complete the full questionnaire. Reverse-coded items were recorded during data preparation, and all multi-item constructs were computed as mean scores. The assumptions underlying the planned analyses, including normality, linearity, multicollinearity, and homoscedasticity, were assessed. No violations were identified that would meaningfully affect the interpretation of the results. The final sample consisted of 124 valid cases, which were used in all subsequent analyses.

4.2 Descriptive Statistics

Descriptive statistics were calculated for all study variables to provide an overview of the data distribution (Table 1).

Employee retention showed an average score of 4.2 ($SD = 1.8$), with observed values ranging from 1 to 7. Perceived organizational purpose received an average score of 4.6 ($SD = 1.1$, $Min = 1$, $Max = 7$). For leadership behaviors, opening leadership demonstrated comparably high scores ($M = 5.4$, $SD = 1.1$, $Min = 1$, $Max = 7$) whereas closing leadership showed $M = 4.47$, $SD = .98$ ($Min = 1$, $Max = 7$). Regarding the control variables, role overload was rated in the mid-range ($M = 3.64$, $SD = 1.48$, $Min = 1$, $Max = 7$), indicating moderate perceptions of workload pressure. Role clarity also displayed relatively high scores ($M = 5.24$, $SD = 1.1$, $Min = 2$, $Max = 7$), suggesting that most participants had a clear understanding of their job expectations. Job satisfaction showed greater variability ($M = 5.47$, $SD = 1.21$, $Min = 1$, $Max = 7$), reflecting substantial differences in perceived workload among participants.

4.3 Reliability and Validity Tests

Internal consistency was assessed using Cronbach's alpha. All scales demonstrated good to very good reliability, with α values ranging from .92 to .81. Retention ($\alpha = .90$), organizational purpose ($\alpha = .92$), and the leadership dimensions (opening: $\alpha = .90$; closing: $\alpha = .81$) all exceeded the recommended threshold of .70. Control variables also demonstrated acceptable to good reliability (role overload: $\alpha = .83$; role clarity: $\alpha = .77$; job satisfaction: $\alpha = .86$). Intercorrelations among all variables were examined using Pearson correlation coefficients. As expected, retention correlated positively with organizational purpose and opening leadership. The full correlation matrix is provided in Table 1.

Table 1: Correlation Matrix

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7
1. Retention	4.18	1.82							
2. Organizational Purpose	4.60	1.06	.35** [.19, .50]						
3. Opening Leadership	5.40	1.11	.26** [.09, .42]	.32** [.15, .47]					
4. Closing Leadership	4.47	.98	.03 [-.14, .21]	.21* [.04, .37]	.02 [-.16, .19]				
5. Ambidextrous Leadership	4.93	.74	.22* [.04, .38]	.38** [.22, .52]	.75** [.67, .82]	.67** [.56, .76]			
6. Role Overload	3.64	1.48	-.08 [-.26, .09]	-.11 [-.29, .06]	-.05 [-.23, .12]	-.10 [-.28, .07]	-.11 [-.28, .07]		
7. Role Clarity	5.24	1.10	.17 [-.01, .33]	.20* [.03, .37]	.19* [.01, .35]	.23* [.05, .39]	.29** [.12, .44]	-.17 [-.33, .01]	
8. Job Satisfaction	5.47	1.21	.64** [.53, .74]	.47** [.32, .60]	.26** [.09, .42]	.06 [-.12, .23]	.23** [.06, .39]	-.14 [-.31, .04]	.24** [.06, .40]

Note: *M* and *SD* are used to represent mean and standard deviation, respectively. Values in square brackets indicate the 95% confidence interval for each correlation. The confidence interval is a plausible range of population correlations that could have caused the sample correlation. Ambidextrous leadership in the correlation matrix represents an averaged index of opening and closing leadership and is used for descriptive purposes only. Hypothesis involving ambidextrous leadership (H3c) relies on a configurational high–high operationalization to capture simultaneous enactment. * Indicates $p < .05$. ** indicates $p < .01$.

4.4 Hypotheses Testing

To test the hypothesized relationships, multiple linear regression analyses were conducted. First, regression models were used to examine the main effects of perceived organizational purpose and leadership variables on employee retention (H1a, H3a, H3b, H3c). Subsequently, moderation analyses with interaction terms were applied to test whether job satisfaction, age, or role overload altered these relationships (H1b, H2a, H2b). All continuous predictors were z-standardized before computing interaction terms to reduce multicollinearity and to facilitate the interpretation of regression coefficients.

To test H1a, hierarchical OLS regression analyses were conducted with employee retention, operationalized via turnover intention, as the dependent variable (Table 2). In Model (1), perceived organizational purpose was positively and significantly associated with employee retention ($\beta = .645$, $p < .001$), explaining 12.6% of the variance ($R^2 = .126$). In Model (2), job-related control variables (role clarity, role overload, and job satisfaction) were added. After their inclusion, the coefficient for perceived organizational purpose decreased substantially and was no longer statistically significant ($\beta = .128$, $p > .05$). Job satisfaction emerged as a strong and significant predictor of employee retention ($\beta = 1.110$, $p < .001$), and the explained variance increased to 41.8% ($R^2 = .418$). Model (3) additionally included sociodemographic controls (age, gender, and tenure). The effect of perceived organizational purpose remained non-significant ($\beta = .161$, $p > .05$), while job satisfaction continued to show a robust positive association with employee retention ($\beta = 1.061$, $p < .001$). The full model explained 48.6% of the variance in employee retention ($R^2 = .486$). None of the demographic control variables were statistically significant. Taken together, perceived organizational purpose is positively associated with employee retention in bivariate analyses. However, this relationship is attenuated once job satisfaction is controlled for. H1a is therefore partially supported.

To test H1b, hierarchical OLS regression analyses were conducted to examine whether job satisfaction moderates the relationship between perceived organizational purpose and employee retention (Table 3). In Model (1), perceived organizational purpose was positively and significantly associated with employee retention ($\beta = .645$, $p < .001$), explaining 12.6% of the variance ($R^2 = .126$). Model (2) introduced job satisfaction as an additional predictor. Job satisfaction was strongly positively associated with employee retention ($\beta = 1.112$, $p < .001$). At the same time, the effect of perceived organizational purpose decreased substantially and was no longer statistically significant ($\beta = .128$, $p > .05$). The explained variance increased to 41.8% ($R^2 = .418$). In Model (3), the interaction term between perceived organizational purpose and job satisfaction was added. The interaction effect was positive and statistically significant ($\beta = .242$, $p < .05$), indicating that the relationship between perceived organizational purpose and employee retention varies with job

satisfaction. The inclusion of the interaction term further increased the explained variance ($R^2 = .440$). Overall, the results provide support for H1b, suggesting that job satisfaction moderates the effect of perceived organizational purpose on employee retention, such that the positive association between purpose and retention is stronger at higher levels of job satisfaction.

A hierarchical regression analysis was conducted to examine whether age moderates the relationship between perceived organizational purpose and employee retention. In Model (1), perceived organizational purpose showed a strong positive association with employee retention ($\beta = .645$, $p < .001$), explaining 12.6% of the variance in retention ($R^2 = .126$). In Model (2), age was added as an additional predictor. While perceived organizational purpose remained a significant predictor of retention ($\beta = .662$, $p < .001$), age was negatively associated with employee retention ($\beta = -1.241$, $p = .002$). Including age increased the explained variance to 19.1% ($R^2 = .191$). Model (3) introduced the interaction term between perceived organizational purpose and age. The interaction effect was not statistically significant ($\beta = .349$, $p = .376$), and model fit improved only marginally ($R^2 = .197$). Thus, age does not moderate the relationship between perceived organizational purpose and employee retention. Accordingly, Hypothesis 2a is not supported.

A hierarchical regression analysis examined whether workload, operationalized as role overload, moderates the relationship between perceived organizational purpose and employee retention. In Model (1), perceived organizational purpose was a strong positive predictor of employee retention ($\beta = .645$, $p < .001$), accounting for 12.6% of the variance in retention ($R^2 = .126$). In Model (2), workload was added as an additional predictor. Perceived organizational purpose remained significant ($\beta = .636$, $p < .001$), whereas workload did not show a statistically significant main effect on employee retention ($\beta = -.071$, $p = .156$). The explained variance increased only marginally ($R^2 = .127$). Model (3) introduced the interaction term between perceived organizational purpose and workload. The interaction effect was not statistically significant ($\beta = -.047$, $p = .132$), and model fit improved only negligibly ($R^2 = .128$). These results indicate that workload does not moderate the relationship between perceived organizational purpose and employee retention. Accordingly, Hypothesis 2b is not supported.

A multiple regression analysis examined the direct effects of opening and closing leadership on employee retention (Table 6, Model 1). Opening leadership was positively associated with employee retention ($\beta = .475$, $p = .004$), whereas closing leadership did not show a significant relationship with retention ($\beta = .054$, $p = .734$). Together, the two leadership styles explained 6.9% of the variance in employee retention ($R^2 = .069$). Accordingly, H3b receives support in the baseline model but is not supported in the fully specified model, whereas H3a is not supported. In Model 2, job satisfaction was added to the regression model to assess whether the leadership–retention

relationship is accounted for by job satisfaction. Job satisfaction emerged as a strong positive predictor of employee retention ($\beta = .927, p < .001$), and the explained variance increased substantially ($R^2 = .423$). After including job satisfaction, the coefficient for opening leadership was reduced and no longer statistically significant ($\beta = .180, p = .131$), while closing leadership remained non-significant ($\beta = -.005, p = .126$). This pattern suggests that the relationship between opening leadership and employee retention is largely accounted for by job satisfaction, suggesting that the association is largely explained by job satisfaction.

H3c was tested using a strict high–high operationalization of ambidextrous leadership, capturing employees who simultaneously experienced high levels of opening and closing leadership. As shown in Table 7 (Model 1), ambidextrous leadership was positively but not significantly associated with employee retention ($\beta = .626, p = .354$). The model explained only a small proportion of variance in retention ($R^2 = .025$). Thus, the direct effect of ambidextrous leadership on employee retention was not supported. In Model 2, job satisfaction was added to examine whether the association between ambidextrous leadership and employee retention is accounted for by job satisfaction. Job satisfaction emerged as a strong and significant predictor of employee retention ($\beta = .951, p < .001$), and the explained variance increased substantially ($R^2 = .420$). After including job satisfaction, the coefficient for ambidextrous leadership decreased in magnitude and remained non-significant ($\beta = .302, p = .277$). This pattern suggests that employee retention in the ambidextrous leadership group is primarily driven by job satisfaction rather than by a direct effect of ambidextrous leadership itself. Accordingly, H3c is not supported.

Table 2: Perceived Organizational Purpose on Employee Retention

Dependent Variable. Employee Retention

	OLS (1)	OLS (2)	OLS (3)
Perceived Organizational Purpose	.645*** (.154)	.128 (.145)	.161 (.142)
Role Clarity		.019 (.132)	.037 (.134)
Role Overload		.022 (.120)	.007 (.131)
Job Satisfaction		1.110*** (.126)	1.061*** (.145)
Age			.173 (.212)
Gender			-.224 (.258)
Tenure 1-3 years			-.312 (.307)
Tenure 4 -7 years			-.295 (.392)
Tenure 8-15 years			-.365 (.543)
Tenure > 15 years			.830 (.742)
Constant	4.183*** (.154)	4.183*** (.127)	4.410*** (.262)
Observations	124	124	124
R ²	.126	.418	.486
Job Control Variables	N	Y	Y
Demographic Variables	N	N	Y

Note. OLS regression results are reported. Model (1) includes perceived organizational purpose only.

Model (2) adds job-related control variables (role clarity, role overload, job satisfaction). Model (3) additionally includes sociodemographic controls (age, gender, tenure). Tenure is included as a categorical variable with <1 year as the reference category. Gender is coded as a binary variable with male as the reference category. Standard errors are reported in parentheses. * $p < .05$, ** $p < .01$, *** $p < .001$.

Table 3: Moderation of Purpose and Job Satisfaction

Dependent variable. Employee Retention

	OLS (1)	OLS (2)	OLS (3)
Perceived Organizational Purpose	.645*** (.154)	.128 (.143)	.183 (.143)
Job Satisfaction		1.112*** (.143)	1.248*** (.154)
Purpose x Job Satisfaction			.242* (.111)
Constant	4.183*** (.154)	4.072*** (.134)	4.072*** (.134)
Observations	124	124	124
R ²	.126	.418	.440

Note. OLS regression results are reported. Model (1) includes perceived organizational purpose only. Model (2) adds job satisfaction as an additional predictor (main effects model). Model (3) further adds the interaction term (Purpose × Job Satisfaction) to test the moderation hypothesis. All continuous predictors were z-standardized prior to analysis. Standard errors are reported in parentheses. * $p < .05$, ** $p < .01$, *** $p < .001$.

Table 4: Moderation of Age and Purpose

Dependent variable. Employee Retention

	OLS (1)	OLS (2)	OLS (3)
Perceived Organizational Purpose	.645*** (.154)	.662*** (.149)	.382 (.337)
Age		-1.241** (.396)	-1.219** (.396)
Purpose x Age			.349 (.376)
Constant	4.183*** (.154)	5.213*** (.360)	5.190*** (.362)
Observations	124	124	124
R ²	.126	.191	.197

Note. OLS regression results are reported. Model (1) includes perceived organizational purpose only. Model (2) adds age group as an additional predictor (main effects model). Model (3) further adds the interaction term (Purpose × Age) to test the moderation hypothesis. All continuous predictors were z-standardized prior to analysis. Age is coded as a binary variable (younger than 35 vs. 35 and above). Standard errors are reported in parentheses. * $p < .05$, ** $p < .01$, *** $p < .001$.

Table 5: Moderation of Workload and Purpose

Dependent variable. Employee Retention

	OLS (1)	OLS (2)	OLS (3)
Perceived Organizational Purpose	.645*** (.154)	.636*** (.149)	.643*** (.158)
Workload		-.071 (.156)	-.084 (.161)
Purpose x Workload			-.047 (.132)
Constant	4.183*** (.154)	4.183*** (.154)	4.177*** (.155)
Observations	124	124	124
R ²	.126	.127	.128

Note. OLS regression results are reported. Model (1) includes perceived organizational purpose only. Model (2) adds workload as an additional predictor (main effects model). Model (3) further adds the interaction term (Purpose × Workload) to test the moderation hypothesis. All continuous predictors were z-standardized prior to analysis. Standard errors are reported in parentheses. * $p < .05$, ** $p < .01$, *** $p < .001$.

Table 6: Role of Job Satisfaction in the Relationship between Opening and Closing Leadership and Employee Retention

Dependent variable. Employee Retention

	OLS (1)	OLS (2)
Opening Leadership	.475** (.159)	.180 (.131)
Closing Leadership	.054 (.160)	-.005 (.126)
Job Satisfaction		.927*** (.108)
Constant	4.183*** (.158)	-.891 (.155)
Observations	124	124
R ²	.069	.423

Note. OLS regression results are reported. Model (1) examines the direct effects of opening and closing leadership on employee retention. Model (2) additionally includes job satisfaction to assess whether the relationship between leadership styles and employee retention is accounted for by job satisfaction. Opening and closing leadership were entered simultaneously to account for their conceptual interrelatedness. Standard errors are reported in parentheses. * $p < .05$, ** $p < .01$, *** $p < .001$.

Table 7: Role of Job Satisfaction in the Relationship between Ambidextrous Leadership and Employee Retention

Dependent variable. Employee Retention

	OLS (1)	OLS (2)
Ambidextrous Leadership	.626 (.354)	.302 (.277)
Job Satisfaction		.951*** (.105)
Constant	3.996*** (.194)	-1.113 (.583)
Observations	37	37
R ²	.025	.420

Note. OLS regression results are reported. Model (1) examines the direct effect of ambidextrous leadership on employee retention. Model (2) additionally includes job satisfaction to examine whether the association between ambidextrous leadership and employee retention is accounted for by job satisfaction. Ambidextrous leadership is operationalized as a binary variable reflecting a strict high–high configuration of opening and closing leadership. The ambidextrous leadership group comprised 37 respondents. Standard errors are reported in parentheses.

* $p < .05$, ** $p < .01$, *** $p < .001$.

5. Discussion

5.1 Theoretical Contributions

Of all hypotheses tested, only H1a and H1b received empirical support, with support for H1a being conditional. While organizational purpose was positively associated with retention in baseline models, this effect was substantially attenuated once job satisfaction was included, indicating that the relationship operates under specific attitudinal conditions rather than as an unconditional main effect. In line with this interpretation, H1b was supported, showing that the association between organizational purpose and retention is significantly stronger at higher levels of job satisfaction.

H3b was not supported. Although opening leadership showed a positive association with retention in the baseline model, this effect did not persist in the fully specified model including job satisfaction, suggesting that opening leadership does not exert a robust direct effect on retention. All other hypothesized moderating effects, as well as the effects of closing and ambidextrous leadership, were non-significant. These outcomes reshape existing theoretical assumptions in several ways. Taken together, the results point to a comparatively parsimonious explanatory pattern, in which a limited set of core mechanisms, rather than multiple contingent effects, drive employee retention. Specifically, the findings suggest that organizational purpose functions as a higher-order organizational cue, whereas leadership primarily shapes retention through employees' proximal job experiences rather than as a direct driver.

The findings of this study contribute to several ongoing discussions in the literature on purpose, leadership, and employee retention. First, the strong association between organizational purpose and retention is consistent with prior work, which shows that purpose can enhance commitment, identification, and well-being (Gartenberg et al., 2019). However, the present results also extend this research by indicating that purpose may operate as a relatively stable organizational cue that matters regardless of employees' evaluations of their leaders. Earlier studies often portrayed leadership as the central mechanism through which purpose becomes credible; the current findings suggest that purpose itself may serve as an independent psychological anchor (Henderson & Van den Steen, 2015). At the same time, the results indicate that this relationship is not unconditional. Once job satisfaction was accounted for, the direct effect of organizational purpose on retention was substantially attenuated, suggesting that purpose unfolds its retention-relevant effects primarily in conjunction with employees' evaluative job experiences rather than as a stand-alone driver. Taken together, these findings position job satisfaction as a central psychological pathway through which organizational purpose becomes retention-relevant, rather than merely a statistical control variable.

Second, the results refine existing leadership theory. Opening leadership reflects autonomy, exploration, and the encouragement of new ideas. Consistent with research on transformational

behaviors and intrinsic motivation (Judge & Piccolo, 2004), opening leadership was positively associated with employee retention. However, the effect of opening leadership was no longer significant once job satisfaction was included in the model, indicating that its influence on retention is primarily indirect. In contrast, closing leadership did not show the theorized benefits. This finding contrasts with long-established assumptions that clarity, structure, and predictability necessarily promote employee retention (Yukl et al., 2019). This suggests stabilizing functions alone may no longer be sufficient in contemporary workplaces, since employees appear to respond more strongly to developmental and meaning-oriented leadership behaviors. Rather than functioning as active retention drivers, closing leadership behaviors may reflect baseline expectations that become salient only in their absence.

Third, several hypothesized moderating effects were not seen, including those related to age and workload. This contradicts prominent generational and role-based perspectives that emphasize substantial differences in employees' responses to organizational conditions (Twenge et al., 2010). Organizational purpose and opening leadership are relevant across employee groups. These findings suggest greater universal relevance of meaning-oriented organizational factors than of effects that are strongly contingent on demographic or workload-related conditions. Furthermore, the non-significant effects of closing and ambidextrous leadership challenge the common belief that having a clear structure or the ability to change one's behavior necessarily makes it easier to retain employees. In particular, the absence of effects for ambidextrous leadership questions additive or synergistic assumptions within ambidexterity theory, indicating that combining opening and closing behaviors does not automatically translate into higher employee retention. This suggests that ambidextrous leadership may be more relevant to performance and adaptability outcomes than to retention-related decisions, thereby refining its theoretical scope.

Finally, the lack of interaction between purpose and leadership raises questions about whether leadership enhances purpose. In this sense, prior research indicates that leaders serve as translators of organizational values (Avolio & Gardner, 2005). However, the findings also suggest that credibility may come from broader cultural or structural signals within the organization. This implies that organizational purpose may derive its legitimacy from consistent organizational practices, structures, and cultural signals rather than solely from leadership behavior. These findings suggest that employees' commitment to their company is shaped not only by their immediate supervisors but also by the company's broader organizational culture.

5.2 Managerial Implications

The study offers several insights for organizations aiming to improve employee retention. The findings indicate that organizational purpose should not be treated merely as a communication tool.

Employees are more likely to remain with an organization when they understand its overarching goals and perceive a precise alignment between stated purpose and everyday organizational practices. Organizations benefit when purpose is articulated clearly, perceived as credible, and consistently reflected in managerial decisions, HR practices, and organizational routines rather than being confined to symbolic communication. Leadership-related practices that encourage independence, learning, and involvement shape employees' day-to-day work experiences and are associated with higher retention intentions. Accordingly, leaders may benefit from placing less emphasis on control and rule enforcement and more on relational leadership, empowerment, and meaning-oriented guidance. However, the findings also suggest that these leadership behaviors primarily contribute to retention by enhancing job satisfaction, underscoring the importance of translating leadership intentions into positive day-to-day work experiences.

The results further suggest that retention strategies need not be strongly differentiated across demographic groups. For instance, organizational purpose appears to be relevant across employees of different ages and tenure levels. In that sense, it is easier to communicate and train leaders, as organizations can focus on a coherent set of leadership and purpose-related practices rather than tailoring fundamentally different approaches to different employee segments. For senior decision-makers and HR leaders, this reduces complexity in leadership development and employer branding initiatives.

Finally, because purpose and leadership did not show strong interaction effects, organizations should avoid assuming that one will compensate for the other's weaknesses. Purpose and leadership can both help retain employees, but they should be developed as complementary yet independent levers. For practitioners, this implies that investing in purpose without addressing everyday leadership quality is unlikely to yield sustainable retention outcomes. Instead, both elements require consistent and aligned implementation at the organizational level.

5.3 Limitations and Future Research

For interpretation, it is essential to consider the limitations of the present study. For instance, the study uses self-reported measures. Such measures are inherently subjective and may be influenced by respondents' current affective states or social desirability concerns. Furthermore, common-method bias cannot be entirely ruled out because all variables were measured via self-report questionnaires within a single survey wave. However, using validated scales, varied construct framings, and different scale anchors helps to reduce, though not eliminate, common-method bias.

Its cross-sectional design limits causal inference. Because the associations are theoretically grounded, it cannot be conclusively determined whether purpose influences retention or whether

greater commitment leads employees to view their organization more favorably. Research that follows people over time would help clarify the direction and stability of these relationships.

Although the sample is demographically diverse, it reflects a specific organizational context. If organizational purpose plays a different role across industries or cultural contexts, the observed effects may vary accordingly. Even though the models capture broadly applicable behavioral patterns, the study does not address the full range of ways in which leaders' actions may evolve. A more thorough investigation into the mechanisms underlying opening and closing behaviors could facilitate a more comprehensive understanding of these phenomena. Further exploration of other psychological and environmental factors not examined in this study is warranted. For instance, employees' perceptions of workplace safety may influence their assessment of leadership effectiveness. Exploring this idea may help clarify why opening leadership showed effects primarily at the bivariate level in the current data. Another avenue is to broaden the leadership perspective. While this study focused on opening and closing leadership, future work could compare these findings with other theoretically established styles, such as ethical, authentic, or servant leadership, to determine whether meaning-oriented or values-based behaviors provide greater explanatory power for retention. Such comparisons could help identify whether the effects observed here are unique to the ambidextrous leadership framework or part of a broader leadership logic.

Methodologically, more dynamic research designs would add valuable insight. For example, leadership was assessed using a single self-report. This approach cannot capture short-term behavioral fluctuations or situational variability. Therefore, further research may be needed that either follows a group of employees over a long period or uses tools to assess how their behavior changes over time. To get a broader picture of how leadership affects people, self-reported data could be paired with behavioral notes or 360-degree feedback.

Future studies may also benefit from examining subgroup differences that could not be tested meaningfully in this dataset. For example, comparing employees across hierarchical levels or job functions might reveal whether purpose and leadership operate differently. Additionally, gender-based analyses could uncover potential differences in how organizational purpose or leadership signals are interpreted by men and women. Such differentiated analyses would be feasible with larger and more diverse samples.

In summary, these extensions would deepen understanding of the interaction of purpose and leadership with situational, behavioral, and demographic conditions. They would also help clarify under which conditions these factors exert the most decisive influence on employee retention.

6. Conclusion

This thesis examines how an organization's purpose and its leaders' behaviors influence employees' decisions to remain. The results suggest a more parsimonious pattern than the theory initially proposed. Perceived organizational purpose emerged as an essential factor in employees' decisions to remain with an organization. People who thought their company had a purpose were more likely to stay. Positive work experiences related to learning and development were associated with higher retention intentions. Both findings indicate that it is essential to feel that one's work is making progress and that one is believed in one's potential. Notably, the findings suggest that the retention-relevant effect of organizational purpose is conditional upon employees' job-related evaluations, highlighting job satisfaction as a key boundary condition rather than a mere control variable.

The findings did not support other commonly held assumptions. The study found no evidence supporting the hypothesis that leadership, generational effects, and the interaction between purpose and leadership are connected. Instead of a complex system of mutually reinforcing effects, purpose and leadership appeared to operate largely independently of one another. Employees responded to each on its own terms. They did this because it helped them understand their work or because it shaped their day-to-day work experience.

The study suggests that whether people stay in a job may depend less on formal structures or demographic patterns and more on whether people feel guided and encouraged. It appears that a clear sense of purpose plays an important role, whereas leadership-related experiences primarily matter insofar as they influence employees' daily work experience. Overall, the findings suggest that in contemporary organizations, retention is less driven by structural stability or demographic segmentation and more by employees' understanding of meaning and opportunities for development.

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Master Thesis Pauline Schmitt

Start of Block: Block 1

Welcome and thank you for participating in this survey! My name is Pauline Schmitt, and I am a master's student at Católica Lisbon School of Business & Economics. This survey is part of my master's thesis research project. Your responses are anonymous and will be used solely for academic purposes. Completing this survey will take approximately 8 to 10 minutes. Please answer honestly; there are no right or wrong answers. Thank you very much for taking the time to contribute to this research!

Page Break

Q0 Are you employed at the moment?

- ☐ Yes, I am an employee at a company.
- ☐ Yes, I am self-employed.
- ☐ No.

End of Block: Block 1

Start of Block: Exit Block

Exit Thank you very much for your willingness to participate! Unfortunately, this study focuses on employees currently working under an employment contract. Based on your answer, you do not meet the criteria for this survey. I sincerely appreciate your time and interest.

End of Block: Exit Block

Start of Block: Demographic Data



Q1 Age: (in years)

Q2 Gender:

- ☐ Male
- ☐ Female
- ☐ Non-binary / Gender diverse
- ☐ Prefer not to say

Q3 What is your nationality?

- ☐ German
- ☐ Austrian
- ☐ Swiss
- ☐ Portuguese
- ☐ Spanish
- ☐ French
- ☐ Italian
- ☐ Other European
- ☐ Non-European

End of Block: Demographic Data

Start of Block: Sociodemographic Data

Q4 How long have you been working for your current company?

- ☐ < 1 year
 - ☐ 1 - 3 years
 - ☐ 4 - 7 years
 - ☐ 8 - 15 years
 - ☐ > 15 years
-

Q5 What type of organization are you working for?

- ☐ NGO
- ☐ Public sector
- ☐ Private sector

Q6 How large is the organization you work for?

- ☐ < 50 employees
 - ☐ 50 - 249
 - ☐ 250 - 999
 - ☐ > 1000
-

Q7 At which job level are you currently working in your organization?

- ☐ Working Student / Intern / Trainee
 - ☐ Entry Level / Junior Position
 - ☐ Professional / Specialist
 - ☐ Middle Management
 - ☐ Senior Management
 - ☐ Executive / Top Management
-

Q8 What is the highest level of education you have completed?

- ☐ High School
 - ☐ Vocational Training / Apprenticeship
 - ☐ Technical or Professional School
 - ☐ Bachelor's Degree
 - ☐ Master's Degree
 - ☐ Doctorate / PhD
-

Q9 What is your employment type at the moment?

- ☐ Internship
 - ☐ Working Student
 - ☐ Temporary
 - ☐ Part-time
 - ☐ Full-time
-

Q10 What is your approximate gross annual income (before taxes)?

- ☐ < 20.000€
- ☐ 20.000€ - 39.999€
- ☐ 40.000€ - 59.999€
- ☐ 60.000€ - 79.999€
- ☐ 80.000€ - 99.999€
- ☐ 100.000€ - 124.999€
- ☐ 125.000€ - 149.999€
- ☐ > 150.000€

End of Block: Sociodemographic Data

Start of Block: Job Characteristics

Q11 Role Overload:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I never seem to have enough time to get everything done.	☐	☐	☐	☐	☐	☐	☐
I have too much work to do to do everything well.	☐	☐	☐	☐	☐	☐	☐
The amount of work I am asked to do is fair.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q12 Role Clarity:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
Most of the time I know what I have to do on my job.	☐	☐	☐	☐	☐	☐	☐
On my job I know exactly what is expected of me.	☐	☐	☐	☐	☐	☐	☐
On my job, most of my tasks are clearly defined.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q13 Job Satisfaction:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
All in all, I am satisfied with my job.	☐	☐	☐	☐	☐	☐	☐
In general, I like working here.	☐	☐	☐	☐	☐	☐	☐
In general, I don't like my job.	☐	☐	☐	☐	☐	☐	☐

End of Block: Job Characteristics

Start of Block: Organizational Purpose

Q14 Contribution:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
My organization aims to contribute to the common good.	☐	☐	☐	☐	☐	☐	☐
My organization seeks to create a positive change in the world.	☐	☐	☐	☐	☐	☐	☐
My organization aims to achieve something that goes beyond its own benefit.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q15 Authenticity:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
My organization remains true to its core values even when conflicts occur.	☐	☐	☐	☐	☐	☐	☐
My organization is fully committed to its overarching goals.	☐	☐	☐	☐	☐	☐	☐
My organization credibly embodies its core values.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q16 Guidance:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
My organization's overarching goals provide orientation in complex situations.	☐	☐	☐	☐	☐	☐	☐
My organization's higher goals guide decisions and actions.	☐	☐	☐	☐	☐	☐	☐
My organization's overarching goals provide stable guidance in times of rapid change.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q17 Inspiration:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
My organization unites through inspiring higher goals.	☐	☐	☐	☐	☐	☐	☐
My organization conveys the idea of being part of something bigger.	☐	☐	☐	☐	☐	☐	☐
My organization inspires by providing a higher cause.	☐	☐	☐	☐	☐	☐	☐

End of Block: Organizational Purpose

Start of Block: Ambidextrous Leadership

Q18 Opening Leadership: My leader...

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
...allows different ways of accomplishing a task.	☐	☐	☐	☐	☐	☐	☐
...encourages experimentation with different ideas.	☐	☐	☐	☐	☐	☐	☐
...motives to take risks.	☐	☐	☐	☐	☐	☐	☐
...gives possibilities for independent thinking and acting.	☐	☐	☐	☐	☐	☐	☐
...gives room for own ideas.	☐	☐	☐	☐	☐	☐	☐
...allows errors.	☐	☐	☐	☐	☐	☐	☐
...encourages error learning.	☐	☐	☐	☐	☐	☐	☐

Page Break

Q19 Closing Leadership: My leader...

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
...monitors and controls goal attainment.	☐	☐	☐	☐	☐	☐	☐
...established routines.	☐	☐	☐	☐	☐	☐	☐
...takes corrective action.	☐	☐	☐	☐	☐	☐	☐
...controls adherence to rules.	☐	☐	☐	☐	☐	☐	☐
...pays attention to uniform task accomplishment.	☐	☐	☐	☐	☐	☐	☐
...sanctions errors.	☐	☐	☐	☐	☐	☐	☐
...sticks to plans.	☐	☐	☐	☐	☐	☐	☐

End of Block: Ambidextrous Leadership

Start of Block: Employee Retention

Q20 Employee Retention:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I often think about quitting my job.	☐	☐	☐	☐	☐	☐	☐
I will probably look for a new job in the next year.	☐	☐	☐	☐	☐	☐	☐

Q28 Employee Retention

	Very unlikely	Unlikely	Somewhat unlikely	Neither agree nor disagree	Somewhat likely	Likely	Very likely
How likely is it that you will actively look for a new job in the next year?	☐	☐	☐	☐	☐	☐	☐

End of Block: Employee Retention

Start of Block: Block 8

You have reached the end of this survey. If you have any further questions, please don't hesitate to contact me via s-paschmitt@ucp.pt.

End of Block: Block 8