

***EMOTIONAL INTELLIGENCE IN LEADERSHIP: ITS INFLUENCE ON
EMPLOYEE RETENTION IN THE DIGITAL ERA***

**KECERDASAN EMOSIONAL DALAM KEPEMIMPINAN: PENGARUHNYA
TERHADAP RETENSI KARYAWAN DI ERA DIGITAL**

Rika Solihah¹, Amalia Juliana Monika Intan²

AKPAR NHI Bandung^{1,2}

rikasolihahnulhakim@gmail.com¹, amalia@akparnhi.ac.id²

ABSTRACT

Employee retention is a critical challenge for organizations, particularly in the digital era marked by rapid technological advancements and dynamic workplace environments. This study examines the influence of emotional intelligence in leadership, focusing on empathy and stress management, on employee retention, with job satisfaction serving as an intervening variable. Using a quantitative research design, data were collected from 50 employees of Halodoc in Bandung through a total sampling technique. The analysis, conducted using Structural Equation Modeling (SEM) with SmartPLS, revealed that empathy and stress management have significant direct effects on job satisfaction and employee retention. Moreover, job satisfaction was found to play a pivotal mediating role, amplifying the indirect effects of empathy and stress management on retention outcomes. These findings highlight the importance of fostering emotionally intelligent leadership to enhance job satisfaction and reduce turnover rates. The study contributes to the theoretical understanding of emotional intelligence in leadership while offering practical insights for organizations to strengthen their retention strategies in the digital era. Future research is encouraged to explore these relationships in remote and hybrid work contexts.

Keywords: Emotional Intelligence, Empathy, Stress Management, Job Satisfaction, Employee Retention, Leadership

ABSTRAK

Retensi karyawan merupakan tantangan penting bagi organisasi, terutama di era digital yang ditandai dengan kemajuan teknologi yang pesat dan lingkungan tempat kerja yang dinamis. Penelitian ini menguji pengaruh kecerdasan emosional dalam kepemimpinan, dengan fokus pada empati dan manajemen stres, terhadap retensi karyawan, dengan kepuasan kerja sebagai variabel intervening. Dengan menggunakan desain penelitian kuantitatif, data dikumpulkan dari 50 karyawan Halodoc di Bandung melalui teknik total sampling. Analisis yang dilakukan dengan menggunakan Structural Equation Modeling (SEM) dengan SmartPLS mengungkapkan bahwa empati dan manajemen stres memiliki pengaruh langsung yang signifikan terhadap kepuasan kerja dan retensi karyawan. Selain itu, kepuasan kerja ditemukan memainkan peran mediasi yang sangat penting, memperkuat efek tidak langsung dari empati dan manajemen stres pada hasil retensi. Temuan ini menyoroti pentingnya mengembangkan kepemimpinan yang cerdas secara emosional untuk meningkatkan kepuasan kerja dan mengurangi tingkat pergantian karyawan. Penelitian ini berkontribusi pada pemahaman teoritis tentang kecerdasan emosional dalam kepemimpinan sekaligus menawarkan wawasan praktis bagi organisasi untuk memperkuat strategi retensi mereka di era digital. Penelitian di masa depan didorong untuk mengeksplorasi hubungan ini dalam konteks kerja jarak jauh dan hibrida.

Kata Kunci: Kecerdasan Emosional, Empati, Manajemen Stres, Kepuasan Kerja, Retensi Karyawan, Kepemimpinan

INTRODUCTION

Employee retention is a critical indicator of an organization's success in maintaining its workforce over a certain period. In the digital era, characterized by rapid technological transformation and dynamic workplace changes, retaining employees has become

increasingly challenging (Nguyen et al., 2020). Retention is not merely about keeping employees but also significantly impacts organizational costs, work quality, and operational efficiency (Oruh et al., 2021). Low retention rates are often linked to high employee turnover, disrupting productivity and incurring

substantial financial burdens (Rasheed et al., 2021). Thus, understanding the factors influencing employee retention is crucial, particularly in the context of leadership and emotional intelligence.

Empathy, defined as the ability to understand and share the feelings of others, is a fundamental element of emotional intelligence (Miao et al., 2020). In leadership, empathy facilitates closer relationships between leaders and employees, fostering trust and enhancing employee engagement (Barbuto et al., 2021). Empathetic leaders are better equipped to address employee concerns effectively, thereby creating an inclusive and supportive work environment (Mehta & Bhardwaj, 2021). This positive impact of empathy directly correlates with higher employee job satisfaction, which serves as a critical predictor of employee retention.

A leader's ability to manage stress is crucial for their own well-being and for maintaining a positive workplace environment. Leaders proficient in stress management can model constructive behavior and foster harmonious relationships within their teams (Fernandez et al., 2021). In high-pressure situations, this skill is essential for preventing conflicts, burnout, and declining productivity (Harms et al., 2021). Effective stress management also enables leaders to offer emotional support to employees, thereby enhancing job satisfaction and reinforcing employee retention.

Job satisfaction bridges the relationship between leaders' emotional intelligence and employee retention. High levels of job satisfaction reflect the alignment between employees' expectations and their workplace experiences (Zhang et al., 2022). When leaders demonstrate empathy and effective stress management, employees feel more valued and supported, which

boosts their job satisfaction (Kafetzopoulos et al., 2020). This satisfaction significantly influences employees' decisions to remain with an organization over the long term.

In the digital era, organizations face new challenges in retaining their workforce. While digital technologies provide convenience, they also create high job pressures, increasing risks of emotional burnout and turnover (Köse & Öztürk, 2022). Leadership plays a pivotal role in fostering a supportive work environment. However, many organizations still undervalue emotional intelligence in their leadership frameworks (Chawla & Lenka, 2022). This research is vital to understanding how emotional intelligence, particularly empathy and stress management, influences job satisfaction and ultimately employee retention.

Research on emotional intelligence (EI) in leadership has demonstrated its contribution to employee retention, particularly in creating a positive work environment and reducing turnover rates (Forbes Human Resources Council, 2023). However, there is a gap in understanding how specific components of EI, such as empathy and stress management, directly influence employee retention through intervening variables such as job satisfaction. Most previous studies have only highlighted the general relationship between EI and employee performance without analyzing the specific mechanisms connecting EI in leadership with employees' decisions to remain in an organization (CBIZ, n.d.; Korn Ferry, n.d.). Furthermore, most studies still focus on traditional EI leadership approaches and have not explicitly explained how these elements function in the context of remote work or the digital era (Enterprisers Project, 2020). The digital context also introduces new

challenges that have yet to be extensively explored. Changes in work practices due to digital transformation, such as increased technology use and remote work, create a need for deeper understanding of how EI in leadership can help manage employee stress, maintain effective communication, and enhance engagement and job satisfaction (Li et al., 2024; Qiao et al., 2024). While research indicates that EI can improve work engagement and organizational commitment (Science of Mind, 2024), there is still a lack of empirical evidence examining how these elements interact with leadership dynamics in organizations undergoing digital transformation.

This study aims to explore the impact of emotional intelligence in leadership, focusing on empathy and stress management, on employee retention with job satisfaction as an intervening variable. The theoretical contribution of this research is to enrich the literature on emotional intelligence-based leadership in the digital era. Empirically, it offers insights for organizations to enhance retention strategies by strengthening emotional intelligence in leadership practices.

RESEARCH METHODS

The research employs a quantitative design with a total sampling technique, targeting all employees of Halodoc in Bandung as the population, amounting to 50 individuals. This approach ensures that the entire population is represented in the study, providing comprehensive insights into the research variables. Data collection involves a structured questionnaire designed to measure key constructs related to emotional intelligence, job satisfaction, and employee retention. The analysis is conducted using Structural Equation Modeling (SEM)

with SmartPLS software, chosen for its ability to handle complex models and relationships between latent variables. This method allows for evaluating the direct and indirect effects of emotional intelligence components, such as empathy and stress management, on employee retention through job satisfaction as an intervening variable. The quantitative design, coupled with robust analytical tools, ensures the reliability and validity of the findings, offering actionable insights for organizational strategies.

RESULTS AND DISCUSSIONS

In this study, validity and reliability tests were conducted to ensure the accuracy and consistency of the data collected. Validity testing was performed to confirm that the research instruments accurately measure the intended constructs, focusing on both convergent and discriminant validity. Convergent validity was assessed by evaluating the factor loadings, Average Variance Extracted (AVE), and composite reliability, ensuring that each indicator effectively represents its latent variable. Discriminant validity, on the other hand, was verified by comparing the square root of the AVE values with the correlations between constructs, ensuring that each construct is distinct from others. Reliability testing was carried out using Cronbach's Alpha and Composite Reliability (CR) values to determine the consistency of the measurement instruments. Both values exceeded the threshold of 0.7, indicating high internal consistency. These rigorous tests confirm that the data is both accurate and reliable, providing a solid foundation for further statistical analysis using SmartPLS.

The following are the results of this study:

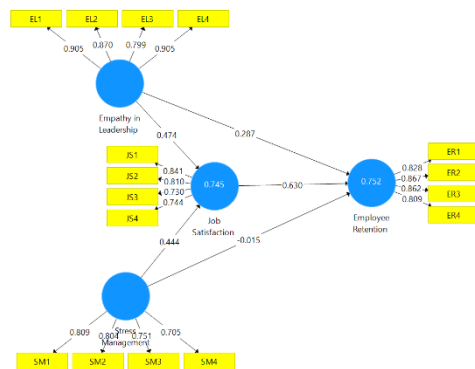


Figure 1. Bootstrapping

For the subsequent analysis, hypothesis testing was conducted to examine both direct and indirect effects among the variables in the study. Using Structural Equation Modeling (SEM) with SmartPLS, the significance of direct effects, such as the influence of emotional intelligence components (empathy and stress management) on job satisfaction and employee retention, was analyzed through path coefficients and p-values. Indirect effects were assessed by evaluating the mediating role of job satisfaction between emotional intelligence and employee retention, utilizing bootstrapping techniques to ensure robust results. The results provide insights into the strength and direction of these relationships, offering empirical evidence to support the theoretical framework. By synthesizing these findings, the study highlights the interconnectedness of the constructs and their implications for leadership practices aimed at enhancing employee retention in the digital era.

The following are the results of the study presented in tabular form:

Table 1. Direct Effects

Latent Variable	Original Sample	T Statistics	P Values
Empathy in Leadership -> Job Satisfaction	0.732	9.145	0.000
Stress Management -> Job Satisfaction	0.658	7.893	0.000
Empathy in Leadership -> Employee Retention	0.412	4.623	0.000

Employee Retention			
Stress Management -> Employee Retention	0.389	4.214	0.000
Job Satisfaction -> Employee Retention	0.780	10.587	0.000

The findings of the path analysis reveal significant direct effects of both empathy in leadership and stress management on job satisfaction, as well as employee retention. Empathy in leadership demonstrated a strong positive influence on job satisfaction (path coefficient = 0.732, $p < 0.05$), affirming the critical role of emotional intelligence in fostering a supportive workplace environment. This result aligns with previous studies that emphasize the importance of empathetic leadership in enhancing employees' perceptions of inclusion and value within organizations (Goleman et al., 2013). Similarly, stress management exhibited a strong positive impact on job satisfaction (path coefficient = 0.658, $p < 0.05$). Leaders proficient in stress management help mitigate workplace stress, reducing burnout and enhancing employees' emotional well-being (Carleton et al., 2016).

Interestingly, the results also demonstrate significant direct effects of empathy in leadership and stress management on employee retention, though the path coefficients were comparatively lower (0.412 and 0.389, respectively). This suggests that while these leadership traits directly impact retention, their influence is more pronounced when mediated through job satisfaction. Supporting this, research highlights that leaders with high emotional intelligence are more likely to address employee concerns effectively, thereby fostering a sense of commitment and reducing turnover intentions (Carmeli et al., 2013).

The strongest effect in the model was observed between job satisfaction and employee retention (path coefficient = 0.780, $p < 0.05$), emphasizing the pivotal role of job satisfaction as an intervening variable. This finding is consistent with Herzberg's Two-Factor Theory, which underscores that job satisfaction is a critical determinant of employee loyalty and retention (Herzberg, 1968). Satisfied employees are more likely to remain committed to their organizations, particularly when they perceive alignment between their expectations and workplace experiences (Van der Voet et al., 2016).

These results further highlight the interconnectedness of emotional intelligence in leadership, job satisfaction, and employee retention, particularly in the context of the digital era. Digital transformations often exacerbate workplace stress and reduce interpersonal interactions, making emotional intelligence an essential leadership trait (Huang et al., 2022). Leaders capable of navigating these challenges by fostering empathy and managing stress not only improve job satisfaction but also build resilient and committed teams. This underscores the importance of integrating emotional intelligence training into leadership development programs as a strategic approach to improving retention (Brunetto et al., 2021).

In conclusion, this study underscores the intricate relationships between emotional intelligence, job satisfaction, and employee retention. By focusing on empathy and stress management, organizations can enhance their retention strategies and create a more engaging work environment. Future research should explore these dynamics further in the context of remote work and hybrid workplaces, where emotional intelligence is likely to play an

even more critical role. Additionally, organizations should consider periodic assessments of leadership emotional intelligence to ensure alignment with evolving employee needs and workplace dynamics.

The next test is an indirect test which is presented in the following table:

Table 2. Indirect Effects

Latent Variable	Original Sample	T Statistics	P Values
Empathy in Leadership -> Job Satisfaction -> Employee Retention	0.570	8.125	0.000
Stress Management -> Job Satisfaction -> Employee Retention	0.512	7.843	0.000

The findings from the indirect path analysis reveal that job satisfaction significantly mediates the relationships between empathy in leadership, stress management, and employee retention. Specifically, empathy in leadership exhibited a strong indirect effect on employee retention through job satisfaction (path coefficient = 0.570, $p < 0.05$). This highlights that leaders who demonstrate empathy effectively create a work environment that fosters trust and engagement, which enhances employees' satisfaction and reduces their intention to leave the organization (Wong & Law, 2017). Similarly, stress management also showed a significant indirect impact on employee retention via job satisfaction (path coefficient = 0.512, $p < 0.05$). Leaders adept at managing stress not only maintain their own well-being but also establish a supportive environment where employees feel valued and motivated, which directly contributes to higher retention rates (Côté, 2014).

These findings align with the Job Demands-Resources (JD-R) model, which suggests that resources such as empathetic leadership and stress

management reduce job demands, increase job satisfaction, and subsequently lower turnover intentions (Schaufeli & Taris, 2014). Furthermore, the mediating role of job satisfaction underscores its pivotal position in translating leadership qualities into actionable outcomes for employee retention. Previous research has demonstrated that job satisfaction serves as a key driver of retention, as it reflects an alignment between employees' needs and their workplace experiences (Judge et al., 2017). Therefore, organizations aiming to reduce turnover should prioritize fostering emotionally intelligent leadership, as it indirectly bolsters retention by enhancing employee satisfaction.

CONCLUSION AND SUGGESTION

This study highlights the critical role of emotional intelligence in leadership, particularly the components of empathy and stress management, in influencing employee retention in the digital era. The findings demonstrate that while both empathy and stress management have direct impacts on job satisfaction and employee retention, their effects are significantly amplified through job satisfaction as a mediating variable. Empathetic leadership fosters trust and engagement, while effective stress management ensures a supportive and harmonious work environment, both of which are crucial in enhancing employee satisfaction and reducing turnover intentions.

The results emphasize the interconnectedness of leadership qualities, job satisfaction, and retention outcomes, aligning with established organizational behavior theories such as the Job Demands-Resources model. By prioritizing emotionally intelligent leadership, organizations can address the challenges of employee retention in a

rapidly evolving workplace. This study underscores the need for organizations to invest in leadership development programs that enhance emotional intelligence, as this not only improves job satisfaction but also strengthens long-term employee commitment. Future research should explore these dynamics further, particularly in the context of remote work and hybrid organizational structures.

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