CHAPTER V
CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

This study aimed to analyze the impact of adaptive leadership on employee resilience, engagement, and turnover within a multifinance company, specifically at PT Wahana Ottomitra Multiartha, Tbk. (WOM Finance).

Table 5.1 Relationship between Employee Turnover Rate, Adaptive Leadership, Employee Resilience and Engagement

Source: WOM Finance Internal Data

Employee Turnover Rate	Branch	Adaptive Leadership	Employee Resilience	Employee Engagement
83.33%	A	NO	YES	NO
75.00%	B	NO	YES	NO
71.43%	C	NO	YES	NO
0%	D	YES	YES	YES
0%	E	YES	YES	YES
0%	F	YES	YES	YES

The findings highlight a crucial relationship between adaptive leadership, employee resilience, engagement, and turnover. While resilience allows employees to endure challenges, it is engagement that determines their long-term commitment to the company. The data indicates that branches with adaptive leaders—who foster open communication, collaboration, and innovation—have employees who are both resilient and engaged, leading to a 0% turnover rate. In contrast, branches with non-adaptive leadership show a high turnover rate, despite having resilient employees. This suggests that resilience alone is insufficient to retain employees; engagement, cultivated through adaptive leadership, is the key driver of retention. Employees in adaptive leadership environments express pride in their work, a willingness to take on challenges, and a

desire to remain with the company, reinforcing the importance of leadership in shaping workplace commitment and stability. Thus, companies aiming to reduce turnover must focus on fostering adaptive leadership to enhance employee engagement, ensuring long term workforce retention. The findings reveal several key insights from the research question:

1. **How can adaptive leadership style reduce employee turnover rates?**

   The research findings reveal that branch managers with high employee turnover rates tend to exhibit poor adaptive leadership. These managers micromanage, exclude employees from decision-making, and lack a collaborative approach, leading to disengagement and eventual turnover. In contrast, branch managers who adopt an adaptive leadership style foster a more inclusive, team-oriented work environment. They empower their employees by encouraging collaboration, problem-solving, and idea-sharing, making employees feel valued and supported. This sense of recognition and growth fosters commitment, ultimately reducing turnover rates.

2. **How can adaptive leadership style foster employee resilience and engagement?**

   Adaptive leaders create an environment where employees feel supported yet challenged to develop their skills. Instead of providing direct answers, they guide employees to think critically, fostering problem-solving abilities and resilience. By actively listening, involving employees in decision-making, and promoting open communication, these leaders make their teams feel valued and engaged. Employees in such environments experience personal and professional growth, strengthening their connection to the organization and their willingness to contribute beyond their core responsibilities.

3. **How do resilient employees handle workplace pressure and lessen their urge to leave the company?**

   The study found that resilience exists across both adaptive and non-adaptive leadership environments. Resilient employees can endure workplace stress and remain committed to their roles even in unsupportive environments. However,

while resilience allows employees to withstand challenges, it does not necessarily drive long-term retention. If employees in high-turnover branches continue to experience a lack of managerial support and growth opportunities, they are more likely to leave the company when better opportunities arise elsewhere. Thus, resilience alone is not sufficient to reduce turnover—engagement, facilitated by adaptive leadership, plays a crucial role.

4. **How does employee engagement decrease employee turnover?** Employee engagement emerges as a key factor in reducing turnover. Employees who feel engaged take pride in their work, seek opportunities to enhance their competence, and have confidence in their career growth within the company. Adaptive leadership fosters this engagement by making employees feel heard, challenged, and recognized. When employees are engaged, they develop a strong sense of belonging and purpose within the organization, significantly reducing their inclination to seek opportunities elsewhere.

The research confirms that adaptive leadership is a critical factor in reducing employee turnover, fostering engagement, and enhancing organizational performance. While resilience helps employees endure challenges, engagement—driven by strong leadership—is what truly ensures long-term retention. Organizations should prioritize developing adaptive leaders who create supportive, growth-oriented work environments. By doing so, they can strengthen employee commitment, improve retention rates, and drive overall business success.

5.2 Implications of the Research

5.2.1 Theoretical Implications

This study adds to the growing body of research on adaptive leadership by highlighting its role in promoting employee resilience and engagement while reducing turnover. The key theoretical implications include:

- Validation of Adaptive Leadership Theory

This study supports the framework proposed by Heifetz et al. (2009), emphasizing the effectiveness of adaptive leadership behaviours, such as "Get on the Balcony" and "Giving the Work Back to the People."

- Integration with Employee Engagement and Resilience Theories

  The findings align with prior research (Avey, Luthans, & Jensen, 2009), suggesting that while resilience is important, it alone does not guarantee employee retention. Engagement serves as a critical mediating factor between resilience and turnover. One of the key theoretical contributions of this study is the confirmation that adaptive leadership directly influences employee engagement, a factor that has been well-documented in existing research (e.g., Kahn, 1990; McKinsey, 2023). The findings reveal that branch managers who demonstrate adaptive leadership—encouraging collaboration, empowering employees, and fostering problem-solving—have teams that are both resilient and engaged, leading to significantly lower turnover rates. This supports the notion that engagement, rather than resilience alone, is the decisive factor in employee retention. While resilient employees can endure challenging work environments, without engagement, they remain susceptible to external job opportunities, ultimately contributing to high turnover.

- New Insights into Turnover Causes

  The study supports earlier findings (Dess & Shaw, 2001) that indicate workplace culture, leadership style, and job fit are significant factors influencing employee turnover.

5.2.2 Managerial Implications

The study provides insights into how managers in the multifinance industry can implement adaptive leadership strategies to reduce turnover, strengthen employee resilience, and improve engagement. The following implications outline the necessary managerial actions based on the findings of this research.

Adaptive Leadership as a Key Strategy for Reducing Employee Turnover

Research Question Addressed: *How does adaptive leadership influence employee turnover rates?*

The findings indicate that branches with adaptive leaders tend to experience lower employee turnover rates, while those with rigid or authoritarian leadership styles see higher attrition. Employees are more likely to leave when they feel unheard, unsupported, or disconnected from their leaders. Managers who fail to adjust their leadership styles in response to workforce needs struggle to retain employees, leading to high recruitment costs, knowledge loss, and decreased productivity.

Managerial Implications:

- Develop Adaptive Leadership Skills: Managers should undergo leadership training programs focused on adaptability, flexibility, and emotional intelligence to better respond to evolving workplace challenges.

- Encourage Open Communication: Leaders must create an environment where employees feel safe voicing concerns and providing feedback. Town hall meetings, one-on-one check-ins, and employee surveys can help managers gauge team sentiment.

- Differentiate Between Technical and Adaptive Challenges: Instead of relying solely on technical solutions, managers should involve employees in problem-solving when addressing complex workplace challenges, fostering a sense of ownership and collaboration.

Building Employee Resilience Through Leadership Support

Research Question Addressed: *How does adaptive leadership foster employee resilience and engagement?*

The research highlights that employee resilience is strengthened when leaders provide consistent guidance, encourage problem-solving, and create a psychologically safe work environment. Employees working under adaptive leaders develop the confidence to handle workplace pressures, while those under rigid leadership often feel overwhelmed and demotivated.

Managerial Implications:

- Provide Resources for Skill Development: Managers should ensure employees have access to training, coaching, and mentorship programs that enhance their ability to handle workplace stress.

- Encourage a Growth Mindset: Adaptive leaders should emphasize that failures are opportunities for learning, reducing employee anxiety and fostering resilience in handling new challenges.

- Establish Support Networks: Peer support groups and employee assistance programs (EAPs) should be integrated into company culture to provide emotional and psychological support during challenging times.

Leveraging Resilience to Reduce Turnover

Research Question Addressed: *How does employee resilience help employees manage workplace pressure and reduce turnover?*

Although resilience alone does not prevent turnover, the study indicates that resilient employees are better equipped to cope with workplace stress and uncertainty, which improves retention. Employees who lack resilience struggle with workplace pressures, feel overwhelmed, and are more likely to quit. However, resilience needs to be complemented by strong leadership and engagement strategies.

Managerial Implications:

- Foster a Resilient Workplace Culture: Leaders should create a work environment where challenges are approached as learning experiences, reducing fear of failure.

- Monitor Employee Well-Being: Managers should regularly assess employee stress levels and workload balance to prevent burnout. Flexible work arrangements, mental health resources, and wellness programs can help sustain resilience.

- Develop Adaptive Leaders at All Levels: Resilience must be embedded at every level of leadership, ensuring that even mid-level managers and team leaders are equipped to support employees in navigating workplace challenges.

Strengthening Employee Engagement to Drive Retention

Research Question Addressed: *How does employee engagement impact employee turnover rates?*

The study finds that high engagement levels directly reduce employee turnover. Engaged employees feel valued, motivated, and committed to the organization, while disengaged employees tend to seek external job opportunities. Leadership plays a crucial role in fostering engagement, with recognition, career development, and meaningful work assignments being key drivers.

Managerial Implications:

- Recognize and Reward Employees: Managers must implement regular recognition programs—both monetary and non-monetary—to acknowledge employees' contributions. Personalized recognition improves job satisfaction.

- Align Employee Roles with Organizational Purpose: Employees are more engaged when they see meaning in their work. Leaders should communicate the company's vision clearly and show employees how their roles contribute to business success.

- Offer Career Growth Opportunities: Providing clear career progression paths, skill-building programs, and internal mobility opportunities will enhance engagement and reduce turnover risks.

The findings of this research suggest that adaptive leadership is a critical factor in reducing employee turnover by fostering a supportive, engaging, and resilient work environment. Managers in the multifinance industry should focus on developing their adaptability, enhancing communication, and prioritizing employee well-being to improve workforce stability. Organizations that implement structured leadership development programs, engagement initiatives, and resilience-building strategies will be better positioned to retain talent, improve productivity, and sustain long-term business success. By aligning leadership practices with employee needs, multifinance companies can reduce costly turnover, enhance engagement, and build a resilient workforce capable of navigating industry challenges.

5.3 Strategic Long-term Recommendations

To ensure sustainable growth, workforce stability, and competitive advantage in the multifinance industry, WOM Finance and similar companies must adopt long-term strategies that enhance leadership effectiveness, employee resilience, engagement, and retention. Based on the findings of this study, the following strategic recommendations are proposed:

5.3.1 Establish a Leadership Development Program Focused on Adaptive Leadership

Objective: Build a resilient leadership pipeline capable of navigating industry challenges and fostering employee retention.

The study highlights that adaptive leadership reduces employee turnover and improves engagement, yet many leaders lack the necessary skills to lead adaptively. Rigid, top-down leadership structures discourage innovation, collaboration, and employee loyalty. Recommendations:

- Develop an Adaptive Leadership Training Program that equips managers with skills in situational leadership, problem-solving, and psychological safety.
- Incorporate a mentorship and coaching system where senior leaders guide mid-level managers and emerging leaders to develop adaptability and resilience.
- Implement a Leadership Rotation Program to expose managers to different business functions, enhancing decision-making agility and cross-functional collaboration.
- Embed Leadership KPIs focused on employee engagement, turnover reduction, and team development rather than solely on financial performance

5.3.2 Strengthen Employee Engagement through a Comprehensive Retention Strategy

Objective: Increase employee commitment and reduce voluntary turnover by fostering a workplace culture that values employees' contributions and career growth.

Disengaged employees are more likely to leave, even if they are resilient. The research finds that a lack of recognition, growth opportunities, and meaningful work drives turnover, even among competent employees.

Recommendations:

- Develop a Structured Employee Recognition Program, ensuring that both financial and non-financial incentives (bonuses, promotions, awards, and career advancement) are consistently applied.

- Enhance Career Development Opportunities by providing clear pathways for internal promotion, sponsoring further education, and offering specialized certifications in finance and leadership.

- Conduct Regular Employee Engagement Surveys and use data-driven insights to improve work culture, leadership effectiveness, and job satisfaction.

- Introduce Flexible Work Arrangements, such as hybrid work models where applicable, to enhance work-life balance, particularly for roles that are not customer-facing.

5.3.3 Implement a Data-Driven Workforce Analytics System to Predict & Prevent Turnover

Objective: Use AI and workforce analytics to identify early warning signs of employee disengagement and flight risk, allowing for proactive interventions.

High employee turnover increases costs related to recruitment, onboarding, and lost productivity. Many companies only react to resignations rather than anticipating and preventing them.

Recommendations:

- Adopt HR analytics tools to track employee sentiment, workload stress levels, and engagement scores. Use this data to identify high-risk employees and develop targeted retention strategies.

- Develop a Predictive Turnover Model that analyzes historical data, performance trends, and employee feedback to anticipate which departments or individuals are at risk of leaving.

- Implement Stay Interviews (not just exit interviews) to understand why employees choose to stay and what could be improved before they consider leaving.
- Personalize Career Growth Plans based on employee strengths, interests, and engagement levels, ensuring that top talent is continuously challenged and motivated.

5.3.4 Foster a Resilient and Agile Workforce to Adapt to Industry Changes

Objective: Strengthen workforce adaptability by investing in continuous learning, upskilling, and resilience-building initiatives.

The multifinance industry is rapidly evolving due to technological advancements, economic fluctuations, and regulatory changes. Employees who lack adaptability may struggle to meet new demands, leading to low engagement and higher turnover.

Recommendations:

- Invest in Continuous Learning Programs, ensuring employees are trained in emerging industry trends, digital finance tools, and leadership development.
- Implement Resilience Training to help employees develop emotional intelligence, stress management techniques, and problem-solving skills.
- Encourage Cross-functional Collaboration, enabling employees to rotate between departments and gain a broader understanding of business operations.
- Develop Digital Transformation Initiatives, ensuring employees are prepared for automation, AI integration, and fintech innovations shaping the multifinance industry.

5.3.5 Build a Strong Employer Brand to Attract and Retain Top Talent

Objective: Position WOM Finance as a top employer in the multifinance industry, making it easier to attract and retain high-caliber employees.

Companies with a weak employer brand struggle to attract top talent and experience higher turnover. A strong workplace culture, leadership reputation, and employee benefits can enhance the company's ability to retain skilled professionals.

Recommendations:

- Enhance Employer Branding on Social Media & Professional Platforms (LinkedIn, Glassdoor, company website) to showcase employee success stories, leadership development programs, and workplace culture.
- Partner with Universities and Business Schools to develop internship and early-career development programs, ensuring a pipeline of young, skilled talent.
- Develop an Employee Advocacy Program, where highly engaged employees share their experiences and promote WOM Finance as an employer of choice.
- Offer Competitive Benefits Packages (including wellness programs, flexible benefits, and performance-based bonuses) to differentiate WOM Finance from competitors.

By implementing these long-term strategic recommendations, WOM Finance and other companies in the multifinance industry can enhance leadership effectiveness, workforce resilience and employee engagement and ultimately reducing turnover rates. A proactive approach that integrates adaptive leadership development, employee retention strategies, workforce analytics, continuous learning, and strong employer branding will position the company for sustainable success in an evolving industry landscape.

5.4 Limitations & Future Research Directions

While this research provides valuable insights into the impact of adaptive leadership on employee resilience, engagement, and turnover, it is essential to acknowledge several limitations that may influence the interpretation and applicability of the findings. These limitations include generalizability, bias and subjectivity, time constraints, external factors, single-case study design, and data collection methods.

1. Generalizability

   This study focuses on WOM Finance, a single multifinance company in Indonesia. While the findings provide deep insights into the relationship between adaptive leadership, employee engagement, and turnover, they may

not be directly applicable to other companies, industries, or cultural contexts. The unique organizational structure, leadership styles, and workforce characteristics at WOM Finance may differ from those in other financial institutions or sectors. Future research should expand the scope to multiple companies or conduct cross-industry comparisons to enhance generalizability.

2. Bias and Subjectivity

Given that this research relies on qualitative methods, including in-depth interviews with branch managers and function heads, there is a possibility of bias and subjectivity in participant responses. Employees may alter their answers due to social desirability bias—providing responses they believe are expected rather than their genuine opinions. Additionally, researcher interpretation of qualitative data may introduce unintended bias. To minimize this, the study employed triangulation, cross-referencing findings with company reports and workforce analytics. However, future research could incorporate anonymous surveys or mixed-method approaches to reduce subjectivity.

3. Time Constraints

The study was conducted within a limited timeframe, which restricted the ability to observe long-term leadership and workforce trends. Employee engagement, resilience, and turnover are dynamic factors that can change over time due to external market conditions, leadership transitions, or organizational policies. A longitudinal study that tracks these variables over multiple years would provide a more comprehensive understanding of how adaptive leadership influences employee retention and performance over time.

4. External Factors

This study primarily examines internal leadership and organizational factors, without deeply exploring the impact of external macroeconomic conditions, regulatory changes, or industry-wide disruptions on employee turnover. In the multifinance industry, factors such as interest rate fluctuations, technological advancements, and economic downturns may influence employee retention

independently of leadership style. Future research should integrate external economic and policy variables to determine their interaction with leadership effectiveness and workforce stability.

5. Single-Case Study Design

   The research follows a single-case study approach, which allows for in-depth exploration of adaptive leadership within WOM Finance but limits comparative analysis. While the findings provide rich contextual insights, they may not fully capture variations in leadership effectiveness across different companies or industries. Future studies could adopt a multiple-case study design, comparing several companies in the multifinance or banking sector to gain a broader perspective on how adaptive leadership influences employee engagement and turnover across different organizational settings.

6. Data Collection Methods

   This study primarily utilized semi-structured interviews and internal company reports for data collection, which may not fully capture all perspectives. While interviews provide detailed qualitative insights, they may lack statistical robustness compared to quantitative methods. Additionally, the study does not include employee survey data at scale, which could provide broader engagement and sentiment analysis. Future research could combine qualitative and quantitative approaches—such as large-scale employee engagement surveys, structured behavioral assessments, and real-time HR analytics—to strengthen data reliability and depth.

While these limitations do not diminish the contributions of this study, they highlight areas where future research can build upon its findings. Expanding the research scope, adopting mixed-method approaches, and incorporating external factors will enhance the understanding of adaptive leadership's role in improving workforce retention and engagement in dynamic business environments