

The Impact of Leadership Styles on Essential Factors of the Labor Market in Romania

Petruta Ionela Stanca¹ and Tudor Tarbujaru²

¹⁾²⁾ *University of Craiova, Craiova, Romania*

E-mail: stancaionela94@yahoo.com; E-mail: tudortarbujaru@gmail.com

Please cite this paper as:

Stanca, P.I. and Tarbujaru, T., 2025. The Impact of Leadership Styles on Essential Factors of the Labor Market in Romania. In: C. Vasiliu, D.C. Dabiya, A. Tziner, D. Pleșea, V. Dinu eds. 2025. *11th BASIQ International Conference on New Trends in Sustainable Business and Consumption*. Oradea, Romania, 26-28 June 2025. Bucharest: Editura ASE, pp. 360-367

DOI: 10.24818/BASIQ/2025/11/006

Abstract

This article investigates the relationship between leadership styles practiced in Romanian organizations and four essential dimensions of the labor market: unemployment rate, labor mobility, digital skills and labor productivity. Given the rapid transformations of the economic and social environment – driven by digitalization, globalization, human capital migration and recent economic crises – leadership is gaining an increasingly important role in influencing organizational adaptability and performance. The study aims to analyze to what extent different leadership styles (transformational, transactional, autocratic and laissez-faire) contribute to managing labor market challenges and strengthening a sustainable organizational culture. The research methodology was based on the application of a standardized questionnaire, using a Likert scale, addressed to a sample of 150 respondents from various fields of activity (IT, manufacturing, services, public administration). The instrument aimed both to identify the perception of existing leadership styles and to assess the essential dimensions of the labor market. The statistical analysis was performed using the Pearson correlation coefficient, highlighting relevant associations between the investigated variables. The results demonstrated that transformational leadership is associated with a high level of digital skills and productivity, while autocratic and laissez-faire styles are negatively correlated with professional stability and employee satisfaction. The study offers a series of conclusions and recommendations for practitioners in the field of human resources and organizational management, emphasizing the importance of adopting adaptive leadership models, focused on human resources development and oriented towards the future of the Romanian labor market.

Keywords:

Organizational leadership, labor market, digital skills, professional mobility, labor productivity.

DOI: 10.24818/BASIQ/2025/11/006

Introduction

In the current context, characterized by increased volatility of the socio-economic environment, leadership becomes an essential factor in maintaining organizational balance and stimulating workforce adaptability. Accelerated technological changes, increased competition on the labor market, and the transition to an economic model based on knowledge and innovation determine a redefinition of the role of the leader. It is no longer enough for leaders to be simple resource administrators or executors of institutional strategies; they must become architects of change, promoters of skills development, and supporters of team cohesion (Tucker, 2003). The Romanian labor market reflects a series of systemic and conjunctural challenges: labor migration in search of better conditions, the gap between available skills and those required by employers, unequal productivity between regions and sectors, as well as a digitalization that advances at an uneven pace. In this complex landscape, the leadership style practiced within organizations influences not only individual and collective performance, but also employees' perception of job stability, openness to continuous learning, and intention to remain within the same professional structure. Increasingly, the specialized literature and managerial practice emphasize that leadership is not only an internal factor of the

organization, but a true vector of interaction with the external environment. Specifically, the way leaders respond to labor market challenges – such as adapting to digitalization, talent retention, continuous professional training, and promoting inclusion – directly influences the organization's ability to remain competitive and sustainable (Azar, Marinescu and Steinbaum, 2017).

In Romania, these challenges take on specific valences. Phenomena such as the accelerated emigration of young and skilled labor, regional discrepancies regarding access to professional opportunities, the relatively low rate of participation in continuing professional training, but also the gap in the digitalization process of some economic sectors, determine a constant pressure on organizations. In this context, it becomes essential to analyze how different leadership styles can act as facilitating factors or, on the contrary, as barriers to organizational adaptation and resilience. The choice of the four leadership styles – transformational, transactional, autocratic and laissez-faire – is based on their extensive recognition in the specialized literature and their relevance for the organizational realities in Romania. Also, the four dimensions of the labor market selected for this research – perceived unemployment, professional mobility, digital skills and labor productivity – were chosen for their ability to directly reflect the interaction between human resource management and the socio-economic context (Heemskerk, Voinea and Cojocaru, 2018). By combining these two sets of variables, the research aims to identify possible correlations between leadership styles and labor market dynamics, while providing a solid basis for formulating practical recommendations. It starts from the premise that effective leadership – understood as an adaptive, empathetic and development-oriented form – can contribute to reducing labor market vulnerabilities and strengthening organizational cohesion.

This paper does not only aim to provide a static picture of the relationship between leadership and the labor market, but to contribute to a broader dialogue on the role of leadership in shaping the future of work in Romania. At a time when flexibility, innovation and trust are becoming essential currencies of performance, a deep understanding of leadership and its impact on fundamental factors of the labor market is not only timely, but absolutely necessary. The present study aims to analyze to what extent leadership styles contribute to shaping employees' behavior and attitude towards the labor market, exploring four essential dimensions: perceived unemployment rate, professional mobility, digital skills and productivity level. Through this approach, it aims to highlight the role that leadership plays in building a stable, high-performing organizational environment adapted to the requirements of the future. The paper starts from the premise that the typology of leadership styles can positively or negatively influence the way employees relate to the labor market. Thus, transformational leadership can stimulate professional development and employee retention, while authoritarian or passive styles can increase staff insecurity and turnover. The proposed analysis aims to provide an empirical perspective on these correlations, contributing to improving leadership strategies in Romanian organizations.

1. Review of the scientific literature

Leadership is a central concept in organizational sciences, being studied both from the perspective of its influence on performance and interpersonal relationships within teams. Over time, leadership theories have evolved from authoritarian and hierarchical models to participative styles, focused on the development of human resources. The transformational leadership style is associated with the leader's ability to inspire, motivate and support the personal and professional development of employees (Legvold, 2004). It fosters innovation, trust and active involvement, being considered effective in dynamic contexts and in organizations undergoing transition or restructuring. Transactional leadership, on the other hand, is built on the relationship between reward and performance, being effective in repetitive or well-structured activities, but less so in those that require adaptability and initiative. In contrast to these performance- and development-oriented styles, autocratic and laissez-faire styles are often perceived as dysfunctional in modern organizational environments (Yukl, 2013). Autocratic leadership involves centralization of decisions and excessive control, which can lead to demotivation and professional insecurity. On the other hand, the laissez-faire style is characterized by the lack of involvement of the leader, which negatively affects team cohesion and operational efficiency (Marinescu, 2017).

The labor market, in turn, is marked by accelerated transformations, caused by digitalization, increased labor mobility and economic instability. Digital skills are becoming an essential condition for employability, and their development is closely linked to the organizational climate and the way in which leaders support learning and adaptation processes (Nier et al., 2019). Labor productivity is also influenced by the leadership style practiced, the quality of internal communication and the level of autonomy granted to employees (House et al., 2004). Leadership is increasingly being addressed as an essential factor in human capital management, especially in the context of labor markets characterized by volatility,

diversification, and increased competition. In high-performing organizations, leaders are no longer just executors of institutional strategies, but also facilitators of change, organizational learning, and continuous innovation (Marinescu and Rathelot, 2018). Thus, leadership becomes a bridge between the strategic vision and the operational reality of employees. The specialized literature highlights the fact that leadership styles directly influence the degree of employee satisfaction and retention. Leadership based on open communication, recognition, and professional autonomy contributes to reducing the intention to migrate and strengthening loyalty to the organization (Tucker, 2003). At the same time, authoritarian or passive leadership styles are associated with high levels of occupational stress, low performance, and increased desire to change jobs. In the context of accelerated digitalization, leadership must increasingly focus on developing employees' digital skills and creating a climate conducive to innovation. Leaders have the role of shaping organizational culture, stimulating adaptability, and supporting the reskilling and upskilling processes, essential for maintaining the competitiveness of the workforce (Robbins and Judge, 2021). This dimension of leadership becomes even more important in economic sectors directly exposed to technological transformations, such as IT, telecommunications, education, or healthcare.

Also, in organizations where leadership aligns with collaborative values, oriented towards sustainable development and inclusion, an increased capacity to retain talents and increase productivity in the long term is observed. Modern leadership approaches aim not only to maximize economic results, but also to employee well-being, work-life balance, and social involvement (Northouse, 2019). Another aspect frequently addressed in the specialized literature is the connection between leadership styles and the ability of organizations to manage change (Nier et al., 2019). In an unpredictable economic climate, marked by technological transformations, health crises, or geopolitical conflicts, leaders play a crucial role in maintaining the coherence and stability of teams (Bass, 1990). Adaptive leadership, characterized by flexibility, resilience and empathy, is increasingly valued in recent research, being perceived as an essential trait of the modern manager (Legvold, 2004). As societies become more aware of the impact of organizational decisions on the community and the environment, leaders are evaluated not only in terms of economic performance, but also by their ability to promote equity, transparency and sustainability (Schein, 2010). This type of leadership, anchored in values and social responsibility, contributes to the creation of a healthy and stable organizational culture, which attracts and retains motivated and involved employees (Verbeke, van Tulder and Voinea, 2012). At the same time, the literature pays increased attention to situational leadership, which involves adapting the leadership style according to the context, the professional maturity of the team and the nature of the tasks. In this sense, an effective leader is one who can navigate between authoritarian, consultative or delegative styles, depending on the needs of the organization and the stage of development of team members. This approach is particularly relevant in the current context, in which organizations operate in a hybrid or fully digitalized environment, with geographically distributed and culturally diverse teams (Marinescu, 2017).

Regarding the generational dimension, recent studies highlight the fact that expectations towards leadership differ significantly between generations. Employees from generations Y and Z value more open communication, inclusion, flexibility and continuous feedback, while traditional, authoritarian or exclusively control-based styles are increasingly rejected (Marinescu and Rathelot, 2018). This paradigm shift leads leaders to develop soft skills, such as active listening, emotional intelligence and the ability to build authentic relationships with team members. Thus, contemporary leadership is increasingly seen as a form of positive influence, which transcends hierarchy and is expressed through co-creation, participation and mutual development. In this sense, the role of the leader is no longer to command, but to facilitate, support and create an environment in which people can develop and perform at the highest level (Heemskerk, Voinea and Cojocaru, 2018).

In parallel with the theoretical developments on leadership, the specialized literature also offers numerous perspectives on labor market transformations, especially in the context of Romania and the Central and Eastern European countries (Javidan and Dastmalchian, 2009). Among the most frequently analyzed trends are the increase in the degree of automation, the mismatch of available skills with employers' requirements, the migration of the labor force in search of better conditions, as well as the difficulty of organizations to attract and retain talent. In all these situations, the quality of leadership proves to be an essential element in the ability of an organization to manage change and to consolidate its position in the labor market (Aghion et al., 2004). Current literature increasingly emphasizes the role of leadership in promoting an organizational culture that supports continuous learning, collaboration and work-life balance. In such a climate, employees tend to show a higher level of involvement and stability, which directly contributes to reducing staff turnover and increasing overall performance. Therefore, a clear link is emerging between the type of leadership practiced in an organization and how employees perceive job security, development opportunities, professional stability and willingness to remain within the same structure in the long term (House et al., 2004; Mintzberg, 2009). Specialized studies indicate that leadership styles that emphasize

collaboration, recognition and personal development have a positive impact on these dimensions, while authoritarian or passive styles contribute to insecurity, demotivation and increased professional mobility. In conclusion, the specialized literature provides a solid foundation for exploring the relationship between leadership and the labor market. This supports the hypothesis that leadership directly influences both the internal dynamics of organizations and their ability to respond to external challenges in the socio-economic environment. Based on these theoretical premises, the present research aims to contribute to the consolidation of knowledge in the field through an empirical analysis of the correlations between leadership types and the main dimensions of the Romanian labor market.

2. Research methodology

This study aimed to identify and analyze the relationship between the types of leadership manifested in Romanian organizations and the main current challenges on the labor market. The research is part of a quantitative approach, with the aim of highlighting possible correlations between leadership styles and four essential elements of the labor market: unemployment rate, labor mobility, level of digital skills and labor productivity.

Research objectives:

- **O1.** Identifying the predominant leadership styles in Romanian organizations.
- **O2.** Assessing employees' perception of the four fundamental elements of the labor market.
- **O3.** Determining the existence of significant correlations between leadership styles and the analyzed factors.

The research was based on four types of leadership, theoretically grounded:

- **L1.** Transformational – characterized by motivation, vision and emotional involvement.
- **L2.** Transactional – focused on exchanges of rewards and penalties.
- **L3.** Autocratic (directional) – the leader has decision-making and authoritarian control.
- **L4.** Laissez-faire – minimal involvement of the leader in the work of subordinates.

Fundamental elements of the targeted labor market:

- Unemployment rate – employees' perception of job security and the risk of dismissal.
- Labor mobility – intention to migrate internally or externally for professional purposes.
- Digital skills – degree of adaptation to new technological requirements and digitalization.
- Labor productivity – perception of individual and collective efficiency at work.

The main instrument used was a structured questionnaire, consisting of two parts:

1. **Leadership assessment** – carried out through an adaptation of the MLQ (Multifactor Leadership Questionnaire), which measures respondents' perception of leaders' behaviors.
2. **Assessment of labor market factors** – a series of items comprising statements regarding job security, intention to migrate, level of digital skills and productivity, measured on a Likert scale from 1 (totally disagree) to 5 (totally agree).

Research sample: the questionnaire was applied to a sample of 150 respondents, employed in organizations in various fields (IT, production, services, public administration), distributed in several regions of the country. Choosing a diversified sample aimed to capture the most accurate picture possible of the multiple realities of the Romanian labor market.

The data obtained were processed using the SPSS program. To achieve the objectives, the following methods were used:

- **Pearson correlation coefficient** – to establish the existence and intensity of the relationship between the analyzed variables.
- **Descriptive analysis** – to characterize the distribution of responses.
- **Exploratory factor analysis** – to group the items and validate the measured dimensions.

Working hypotheses:

- **H1.** Transformational leadership is positively correlated with a high level of digital skills and labor productivity.
- **H2.** Transactional leadership is associated with an increased perception of effectiveness, but with a high intention of professional mobility.

- **H3.** Autocratic leadership is associated with an increased level of professional insecurity (perceived unemployment).
- **H4.** Laissez-faire leadership is negatively correlated with perceived performance and professional stability.

3. Results and discussion

The statistical analysis of the collected data allowed the formulation of conclusions regarding the relationships between the leadership styles identified in Romanian organizations and the main challenges on the labor market (Table no. 1). The results are presented below, grouped based on the four hypotheses formulated previously.

Table no. 1. Correlations between leadership types and elements of the labor market

| Leadership Type | Digital Skills | Labor Productivity | Unemployment Perception | Professional Mobility |
|-----------------|----------------|--------------------|-------------------------|-----------------------|
| Transformation | 0.58 | 0.46 | -0.15 | 0.05 |
| Transaction | 0.2 | 0.39 | 0.1 | 0.44 |
| Autocratic | -0.1 | -0.25 | 0.41 | 0.2 |
| Laissez-faire | -0.3 | -0.52 | 0.3 | 0.48 |

Source: data processed with the SPSS application

1. *Correlation between transformational leadership and digital skills/work productivity:* the Pearson correlation coefficient indicated a significant positive relationship between transformational leadership and the level of digital skills perceived by employees ($r = 0.58$, $p < 0.01$). A moderate but significant correlation was also found with work productivity ($r = 0.46$, $p < 0.01$) – (Figure no. 1).

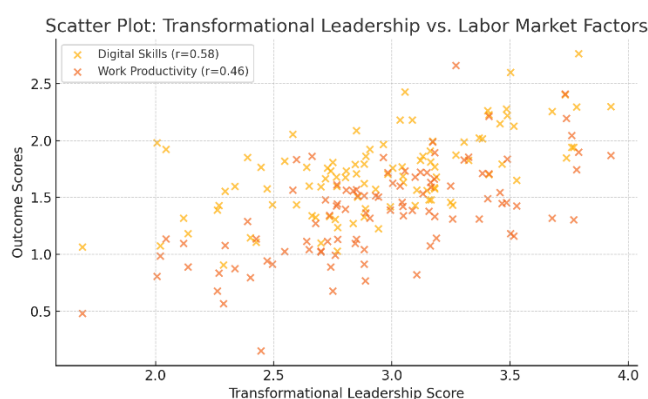


Figure no. 1. Scatter plot between transformational leadership and digital skills/work productivity

Source: data processed with the SPSS application

These results suggest that transformational leaders create an environment conducive to innovation, encourage continuous learning, and stimulate the personal and professional development of employees, thus contributing to increased productivity and adaptation to new technological requirements.

2. *Correlation between transactional leadership and workforce mobility/productivity:* transactional leadership showed a positive correlation with perceived work productivity ($r = 0.39$, $p < 0.05$), indicating the effectiveness of this style in managing routine tasks and achieving immediate goals. However, the same leadership style was positively correlated with the intention of professional migration (mobility) ($r = 0.44$, $p < 0.01$), which may indicate a lack of long-term organizational loyalty in the absence of intrinsic motivation – (Figure no. 2).

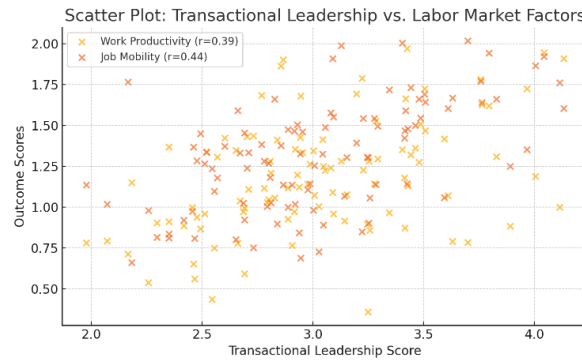


Figure no. 2. Scatter plot between transactional leadership and workforce mobility/productivity

Source: data processed with the SPSS application

3. *Correlation between autocratic leadership and perception of unemployment*: the data revealed a significant positive correlation between autocratic leadership and perception of unemployment risk ($r = 0.41$, $p < 0.01$) – (Figure no. 3).

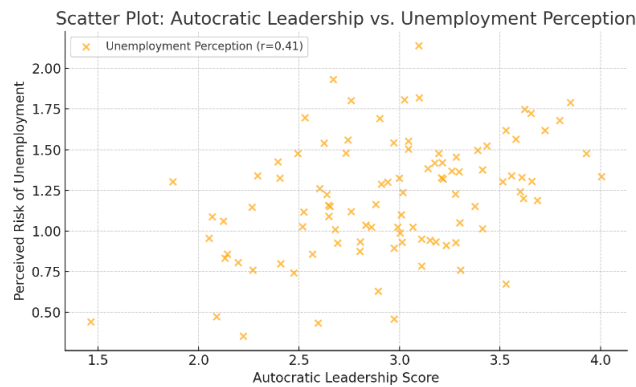


Figure no. 3. Scatter plot between autocratic leadership and perception of unemployment

Source: data processed with the SPSS application

Employees led by autocratic leaders reported increased feelings of job insecurity and a lack of job stability. This result indicates that excessive control and lack of employee participation in decision-making can diminish satisfaction and trust in the organization.

4. *Correlation between laissez-faire leadership and Professional performance/stability*: laissez-faire leadership was found to be negatively correlated with employee perceptions of productivity ($r = -0.52$, $p < 0.01$) and professional stability ($r = -0.48$, $p < 0.01$) – (Figure no 4).

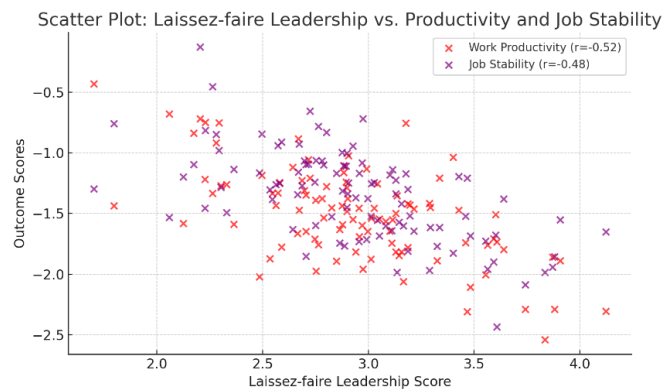


Figure no. 4. Scatter plot between laissez-faire leadership and professional performance/stability

Source: data processed with the SPSS application

Lack of leader involvement was associated with poor team coordination, low motivation, and increased desire to change jobs.

The hypothetical results highlight a clear trend: participative and motivating (transformational) leadership styles correlate with positive labor market factors, while passive or authoritarian styles (laissez-faire and autocratic) generate insecurity, increased mobility, and low productivity (Table no. 2).

Table no. 2. Hypothesized correlation between leadership styles and the main dimensions of the labor market

| Leadership Type | Positive correlation | Negative correlation |
|-----------------|------------------------------|---------------------------------------|
| Transformation | Digital skills, Productivity | – |
| Transaction | Productivity | Professional stability |
| Autocratic | – | Stability, Perception of unemployment |
| Laissez-faire | – | Productivity, Stability |

Source: developed by the authors based on the collected data

This dynamic confirms the importance of adaptive and empathetic leadership in a socio-economic context marked by rapid change, accelerated digitalization and professional migration.

Conclusions

The present study highlighted the existence of significant correlations between leadership styles and fundamental elements of the Romanian labor market, thus outlining a framework for a deeper understanding of how leadership influences organizational dynamics and employee adaptability in the current context. Transformational leadership proves to be the most effective in stimulating digital skills and labor productivity. By focusing on innovation, motivation, and personal development, this style contributes to strengthening human resources in a constantly changing economic environment. Transactional leadership has a positive impact on short-term efficiency but is associated with increased labor mobility, suggesting that material rewards and contractual relationships are not sufficient to ensure employee retention and loyalty. Autocratic leadership is correlated with an increased perception of unemployment risk, reflecting a lack of trust in job stability and a rigid organizational culture, unadapted to the contemporary context. Laissez-faire leadership negatively influences both performance and the perception of professional stability, as the lack of managerial involvement leads to disorganization, demotivation, and an increased desire to leave the organization. The results obtained provide valuable directions for leaders and decision-makers in Romanian organizations. Adopting a transformational leadership style should be encouraged, especially in sectors affected by digitalization and accelerated innovation, as it can contribute to increasing employee adaptability and reducing the intention to migrate. Training programs for leaders should include components of emotional intelligence, effective communication, and collaborative leadership to support the development of inclusive and stable organizational cultures. Constant monitoring and evaluation of leadership styles in relation to labor market dynamics should become a frequent managerial practice to prevent the emergence of imbalances such as excessive staff turnover or decreased performance. Reforming authoritarian or passive leadership models, which no longer meet the current demands of the workforce, should be considered a priority for organizations aiming to remain competitive and sustainable. Furthermore, the integration of adaptive leadership strategies tailored to the specific needs of various industries could enhance the alignment between managerial approaches and employee expectations. For example, sectors such as information technology, finance, and creative industries, which are particularly sensitive to innovation cycles and market volatility, may benefit most from flexible, participative leadership models that foster autonomy and continuous learning. At the same time, more traditional sectors, such as manufacturing or public administration, may require a more gradual transition from hierarchical to collaborative models, guided by carefully designed change management processes. In addition, the development of a leadership culture that values feedback, transparency, and ethical decision-making can significantly contribute to restoring trust between employers and employees—a trust that has been increasingly tested by economic uncertainty, job insecurity, and rapid technological transformations. Organizations that actively invest in cultivating such cultures are more likely to attract and retain high-potential talent, thereby reinforcing their resilience and long-term competitiveness.

To deepen the results, future research could include comparative analyses between regions or economic sectors, qualitative investigations to understand employee perceptions of leadership, and studies on the impact of digitalization on emerging leadership styles.

References

- Aghion, P., Bond, S., Klemm, A. and Marinescu, I., 2004. Technology and financial structure: Are innovative firms different? *Journal of the European Economic Association*, 2(2-3), pp.277–288. <https://doi.org/10.1162/154247604323067989>.
- Azar, J., Marinescu, I. and Steinbaum, M.I., 2017. Labor market concentration. *National Bureau of Economic Research*, Working Paper No. 24147. <https://doi.org/10.3386/w24147>.
- Bass, B.M., 1990. *Bass & Stogdill's Handbook of Leadership: Theory, Research, and Managerial Applications*. 3rd ed. New York: Free Press.
- Heemskerk, F., Voinea, L. and Cojocaru, A., 2018. Busting the myth: The impact of increasing the minimum wage—the experience of Romania. *World Bank Policy Research Working Paper No. 8632*. <https://doi.org/10.1596/1813-9450-8632>.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. and Gupta, V., 2004. *Culture, leadership, and organizations: The GLOBE study of 62 societies*. New York: Sage Publications.
- Javidan, M. and Dastmalchian, A., 2009. Managerial implications of the GLOBE project: A study of 62 societies. *Asia Pacific Journal of Human Resources*, 47(1), pp.41–58. <https://doi.org/10.1177/1038411108099289>.
- Legvold, R., 2004. Review of *Stalinism for all seasons: A political history of Romanian communism* by Vladimir Tismăneanu. *Foreign Affairs*, 83(2), pp.168–169. <https://doi.org/10.2307/20033988>.
- Marinescu, I.E., 2017. The general equilibrium impacts of unemployment insurance: Evidence from a large online job board. *Journal of Public Economics*, 150, pp.14–29. <https://doi.org/10.1016/j.jpubeco.2017.03.002>.
- Marinescu, I.E. and Rathelot, R., 2018. Mismatch unemployment and the geography of job search. *American Economic Journal: Macroeconomics*, 10(3), pp.42–70. <https://doi.org/10.1257/mac.20150423>.
- Mintzberg, H., 2009. *Managing*. San Francisco: Berrett-Koehler Publishers.
- Nier, E., Popa, R., Shamloo, M. and Voinea, L., 2019. Debt service and default: Calibrating macroprudential policy using micro data. *IMF Working Paper No. 19/182*. <https://doi.org/10.5089/9781513511818.001>.
- Northouse, P.G., 2019. *Leadership: Theory and Practice*. 8th ed. Thousand Oaks, CA: Sage Publications.
- Robbins, S.P. and Judge, T.A., 2021. *Organizational Behavior*. 18th ed. Harlow: Pearson Education.
- Schein, E.H., 2010. *Organizational Culture and Leadership*. 4th ed. San Francisco: Jossey-Bass.
- Tucker, R.C., 2003. Review of *Stalinism for all seasons: A political history of Romanian communism* by Vladimir Tismăneanu. *Slavic Review*, 62(3), pp.606–607. <https://doi.org/10.2307/3185809>.
- Verbeke, A., van Tulder, R. and Voinea, L., 2012. New policy challenges for European multinationals: A resource bundling perspective. In *Progress in International Business Research* (Vol. 7, pp. 1–27). Emerald Group Publishing Limited. [https://doi.org/10.1108/S1745-8862\(2012\)0000007004](https://doi.org/10.1108/S1745-8862(2012)0000007004).
- Yukl, G., 2013. *Leadership in Organizations*. 8th ed. Upper Saddle River, NJ: Pearson.