

4-22-2026

Effective Small Business Leadership Strategies Used in Rural Areas to Optimize Employee Retention

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Walden University

College of Management and Human Potential

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Michelle Cathey

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Walden University
2026

Abstract

Effective Small Business Leadership Strategies Used in Rural Areas to Optimize
Employee Retention

by

Michelle Cathey

MS, University of Southern California, 2002

BS, Humboldt State University, 2000

Qualitative Pragmatic Inquiry Business Research Project Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Business Administration

Walden University

April 2026

Abstract

Employee retention remains a persistent challenge for rural small business leaders. The specific business problem addressed in this study was that some rural small business leaders lack effective leadership strategies to retain employees, which threatens organizational sustainability and workforce stability in rural communities. Grounded in transformational leadership theory, the purpose of this qualitative pragmatic inquiry was to identify and explore effective leadership strategies used by rural small business leaders in Northeast California to optimize employee retention. Data were collected from semistructured interviews with six rural small business leaders in Northeast California and were triangulated with publicly available documents, websites, and archived materials. Data were analyzed using inductive thematic analysis. Five themes emerged: human-centered leadership, employee empowerment, adaptive management, community-integrated culture, and strategic flexibility in seasonal economies. The findings suggested that employee retention was influenced by relational and ethical leadership behaviors rather than compensation alone, supporting and extending transformational leadership theory within rural small business contexts. Based on these findings, rural small business leaders consider implementing relational engagement practices, structured empowerment approaches, and proactive seasonal workforce planning to strengthen retention outcomes. The implications for positive social change include the potential for rural small business leaders to adopt relational leadership practices that enhance workforce stability, improve employee well-being, and contribute to the economic resilience of rural communities.

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Dedication

This research project is dedicated to Mia and Austin to show them that what we do matters. There are no limits to what we can do. This degree is also dedicated to my Omi (grandmother). She believed in me and pushed me forward to make a difference and leave a lasting impression.

Acknowledgments

Special thanks to Dr. Shao. He gave me direction on this project and was very patient. I am thankful for the love, support, and encouragement from my husband, kids, and family. Lastly, I am grateful for the support from my boss at work. He allowed me the time and space to be productive in business while I worked on earning this degree.

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Section 1: Foundation of the Project

Background of the Problem

Organizations worldwide encounter challenges in retaining employees (Fosu, 2025). Individuals depart from their positions for numerous reasons. In Finland, for example, employees struggle to align their motivation with their chosen sector within the service industry (Selander & Ruuskanen, 2016). Employees may seek higher compensation, better treatment, or increased recognition, prompting them to leave their current employer for alternative opportunities. Employees require assurance that their contributions have a meaningful impact (Krishna & Garg, 2022). In some cases, dissatisfaction does not stem from the job itself but rather from the inherent challenges of the selected industry (Zhang et al., 2021). Various factors influence employee retention (Popescu & Ciorei, 2023).

Leadership impacts retention (Li et al., 2021). Employee retention is important from a business perspective because it fosters long-term stability, organizational development, and profitability (Krishna & Garg, 2022). Although extensive research exists on employee turnover and retention, fewer studies focused on the strategies used to retain employees (Masood, 2024). This gap presented an opportunity for further exploration. Retaining high-quality staff remains a critical concern for small business owner-managers, yet limited research has examined employee retention within small businesses (Gialuisi & Coetzer, 2013). Although existing studies offered valuable insights from an international perspective, additional research was necessary to examine employee retention within the context of the United States. Furthermore, leaders of rural

small businesses often lack effective strategies for retaining employees, which may negatively affect organizational outcomes. Despite extensive turnover research, limited research has examined how rural small business leaders operationalize retention strategies within community-embedded environments.

Business Problem Focus and Project Purpose

The specific business problem was that some leaders in rural small businesses lack effective strategies to retain employees. The purpose of this qualitative pragmatic inquiry study was to identify and explore effective leadership strategies used by rural small business leaders to retain employees. The target population consisted of rural small business owner-managers located in Northeast California along Highway 120 who had implemented successful leadership strategies to retain employees. I gain access through professional associations and social networks after I received Walden University Institutional Review Board (IRB) approval. Data were collected from six small businesses using purposive sampling to select rural small business leaders who had retained employees. I contacted small business owner/managers via email and asked for their participation (see Marcketti & Kozar, 2007). Participants were interviewed using a semistructured interview process to explore their lived experience related to employee retention (see Kelly & Cordeiro, 2020). I also reviewed documents from the businesses that provided relevant information, publicly available documents, and artifacts. The conceptual framework for this project was the transformational leadership theory pioneered by Burns (1978).

Research Question

What effective leadership strategies do small business leaders use to retain employees in rural areas?

Assumptions and Limitations

Assumptions

Assumptions are part of the interpretive framework. Brown (2020) defined an assumption as a statement taken for granted, often based on a belief or feeling without definitive proof. Identifying assumptions remains crucial because they may introduce risk into the research process (Northouse, 2022). The current study operated under the following assumptions: (a) small businesses in rural areas experience high employee turnover, (b) leadership exerts a significant influence on employees, and (c) leaders will provide truthful responses when participating in this research. These assumptions may shape data interpretation; however, acknowledging them helps mitigate potential bias (Northouse, 2022). The goal was to reduce or eliminate bias in the current study.

Limitations

Limitations are also part of the interpretive framework. Limitations represent restrictions or weaknesses that can be identified within a study (Brown, 2020). Recognizing limitations is essential because they may impact the generalizability of the findings (see Ruppap, 2025). The current study acknowledged the following limitations: (a) only individuals in management positions will be classified as leaders, (b) a lack of prior research or data references may constrain analysis, (c) some leaders may not possess an awareness of their leadership style, and (d) as the researcher I had limited

research experience. Articulating these limitations enhanced the study's ability to detect differences and/or impact the generalizability of this study (see Ruppap, 2025).

Transition

Employee retention presents a significant challenge for businesses, necessitating substantial investments in resources, recruitment, and time to fill vacant positions (De Vos et al., 2024). Some leaders struggle to implement effective employee retention strategies in rural small businesses. The current qualitative pragmatic inquiry project aimed to explore leadership strategies used by small business leaders to retain employees in rural areas. The goal was to produce accurate findings with limited bias. A review of literature, methodology, and findings is shared in the next three sections.

Section 2: The Literature Review

A Review of the Professional and Academic Literature

The purpose of this qualitative pragmatic inquiry was to identify and explore successful strategies used by small business leaders to retain employees in a rural area. To create the foundation for this research, I reviewed and analyzed scholarly peer-reviewed literature. The following databases were searched for peer-reviewed literature: EBSCO Discovery Service, ProQuest, Emerald Insights, ScholarWorks, Sage Research Methods, and Google Scholar. Keywords searched in each databases included *leadership strategies, employee turnover, employee retention, the role of human resources and retention, business strategy, small business retention, small rural businesses, employee motivation, transformational leadership, situational leadership, transactional leadership, qualitative research, innovation, organizational culture, business relationships, research interviews, creativity and motivation, diversity in business, and leadership theory*. The types of literature reviewed included peer-reviewed journals, books, non-peer-reviewed journals, and government websites. A total of 167 peer-reviewed articles (87%) were gathered and read for common and differential themes relating to the research question: What effective leadership strategies do small business leaders use to retain employees in rural areas? Of these articles, 151 (90%) were published between 2021 and 2026, which is 5 years old or less (see Table 1).

Table 1*Literature Review Sources*

Source	Total	<i>n</i> < 5 years old	% less than 5 years old
Peer-reviewed journal articles	167	151	90%
Books	5	2	40%
Non-peer-reviewed articles	9	6	66%
Government resource	2	1	50%
Total	183	160	87%

Note: This table shows the count and percentage of each type of literature review source that was less than 5 years old.

“Leadership” requires careful definition because interpretations vary depending on the source. Leadership is a multifaceted subject, with scholars offering diverse perspectives. Tummers and Bakker (2021) asserted that no singular approach universally applies to leadership. Although theory and practice may share similarities, they remain different in application. Various leadership traits, theories, and styles apply to the current study. For the purpose of this study, leadership was defined as how one individual influences others to achieve a common goal (see Northouse, 2022). Managers employ leadership strategies to guide and inspire others.

This qualitative pragmatic inquiry aimed to identify and examine effective leadership strategies leaders of rural small businesses can implement to enhance employee retention. Although some leaders appear to fulfill their roles effortlessly, leadership demands persistence and resilience (Hauer et al., 2021). Employee turnover presents a significant financial burden and adversely affects workplace morale.

Ineffective leadership is frequently a primary factor in high turnover rates (Bake, 2019). Consequently, unsuccessful leadership can hinder business performance and growth. This is a problem for businesses of all sizes, but especially for small businesses because the elements of business are scaled down and resources may be limited.

One critical reason for leadership failure involves insufficient communication. Poor communication negatively impacts multiple aspects of an organization, leading to diminished focus, eroded credibility, and reduced motivation (Dayour & Adam, 2022). Transformational leaders engage with their subordinates, fostering open communication (Umpusinga et al., 2024). Effective leaders continuously refine their strategic approaches to facilitate successful interpersonal and team communication (Juliana et al., 2021). Leadership remains a dynamic and evolving discipline that can be learned over time (Northouse, 2022).

As leadership continues to evolve, building strong relationships and fostering collaboration becomes essential for navigating challenges and successes. The study of leadership holds significance due to its changing landscape (see Clegg et al., 2021). Effective leadership requires continuous adaptation to shifting environments (Jing et al., 2014). Leadership extends beyond charisma; it necessitates the ability to connect with individuals during successes and challenges (Z. Wang et al., 2010). Support and shared experiences contribute to a leader's ability to foster collaboration and resilience. Building strong interpersonal relationships is a cornerstone of successful leadership (Marcketti & Kozar, 2007). It is worth the time and commitment.

A leader must be able to adapt to organizational needs but must also integrate innovation and social responsibility for sustainability. Successful leaders exhibit flexibility and adaptability in response to organizational needs (Coulson-Thomas, 2021). Strategies and solutions must align with industry-specific demands, organizational structures, and the broader global market (Vlasceanu, 2003). Furthermore, integrating social responsibility into leadership practices enhances acceptance among employees and customers worldwide (Arumugam et al., 2023). A failure to innovate can jeopardize an organization's sustainability (see Chatzinikolaou & Vlado, 2024). Within small businesses, transformational leadership serves as a vital framework leading to success of the business and profitability.

Application to the Applied Business Problem

Conceptual Framework

This research adopts transformational leadership theory as its conceptual framework, offering a foundation for examining the challenges small businesses in rural areas face in retaining talented employees. Leadership theories encompass a wide range of perspectives, including transformational, transactional, and situational approaches. Some theories posit that leadership is an innate trait, while others emphasize the role of learned skills, contextual factors, or motivational influence (Bake, 2019). Although numerous leadership theories exist, this study specifically focuses on transformational leadership theory due to its relevance in addressing employee retention within small rural enterprises.

Transformational Leadership Theory

A leader experiences a disconnect between theoretical frameworks and practical applications (Lingens, 2023). In practice, employee departures directly impact business performance (Andrews & Mohammed, 2020). To navigate such challenges, leaders must develop proficiency in various leadership theories, enabling them to adopt diverse, flexible, and innovative approaches (Cuevas-Vargas et al., 2021). In small businesses, transformational leadership is advantageous, as it fosters employee empowerment and involves employees in decision-making, elevating them to future leaders (Knezović & Drkić, 2020). This theory creates an opportunistic environment where followers can become leaders.

Transformational leadership is a creative process (see Gumusluoglu & Ilsev, 2009). Transformational leadership theory emphasizes that leaders are made, not born. It highlights the importance of inspiration, creativity, and meaningful connections in guiding individuals toward shared goals (Birasnav, 2014). Transformational leaders inspire and motivate individuals to work toward shared objectives (Northouse, 2022). James McGregor Burns (1978) pioneered this leadership style; he emphasized creativity and cultivated meaningful connections with followers. He defined transformational leadership as a process that “raises the followers’ level of consciousness about the importance and value of desired outcomes and the methods of reaching those outcomes” (Burns, 1978, p. 141). Transformational leadership is inclusive.

Transformational leaders tend to have certain personality traits in common. According to Saxena (2014), five personality traits characterized effective

transformational leaders: extraversion, agreeableness, conscientiousness, neuroticism, and openness to experience. These personality traits contribute to a leader's ability to inspire and motivate others. Empirical research has demonstrated significant relationships between personality dimensions and transformational behaviors (see Bono & Judge, 2004). Burns (1978) further conceptualized transformational leadership as social leadership in which leaders influence followers' values (see Gielnik & Bledow, 2022). Transformational leaders articulate a compelling vision, effectively communicate, organize strategic initiatives, and engage employees in reinforcing the organization's mission (Saxena, 2014). This leadership style enhances motivation and morale, driving employees to achieve higher performance standards (Ametefe et al., 2024). Moreover, transformational leaders cultivate a culture of appreciation, which contributes to increased job satisfaction and employee performance (Benson, 2015; Mardian Evitasari et al., 2023). Burns (1978) placed ethics as the foundational principle of transformational leadership. In addition to these personality traits, the transformation leader also *does the right thing* for their people and the business.

The transformational leader looks at who and what needs to be led. Bernard Bass (1985) expanded upon Burns' transformational leadership theory by introducing four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These components are not hidden, but are expressed by the transformational leader. These components create a path, like stones on a trail, for the leader to influence, motivate, stimulate, and consider the individual and their needs. The

transformational leader sees the individual for who they are and how they can contribute to the bigger picture and nourishes their talents to get the team to meet its objective.

The transformational leader is multifaceted. To varying degrees, a transformational leader needs to demonstrate one or more of the four key components guiding their followers toward achieving organizational objectives (Northouse, 2022). The capacity to adjust leadership behaviors based on organizational needs enables transformational leaders to adapt to their environments and provide steadfast support to their followers (Zia et al., 2022). Subsequently, both the team and the organization experience growth and improvement.

While adaptability is a valuable trait, it is important to recognize that leadership and power are not synonymous. It is essential to distinguish leadership from power, as leadership is not equal with authority or control (Northouse, 2022). Leaders must remain cognizant of the potential dark side of leadership, which emerges when leadership becomes self-serving rather than aligned with the organization's mission (Harris & Jones, 2018; Cao & Le, 2024). Ethical principles should serve as a guiding force, ensuring that leaders prioritize the needs of both followers and the organization (Murphy et al., 2023). Burn's (1985) components-maintained focus and are intertwined with ethical principles.

Employees look for leaders who demonstrate integrity, especially during difficult situations. Northouse (2022) outlined five fundamental principles of ethical leadership: respecting others, serving others, demonstrating justice and fairness, practicing honesty, and fostering community. Transformational leadership repositions power from the leader or their position to the followers, emphasizing emotional intelligence, ethical

considerations, organizational values, and long-term strategic goals (Buble et al., 2014). This leadership approach fosters a reciprocal relationship in which leaders and followers are mutually engaged in the transformation process (see Hesmert & Vogel, 2024). Ethical leadership strengthens engagement and connection between leaders and followers, enhancing employees' sense of belonging within the organization and potentially improving retention (Balwant & Singh, 2023). Ultimately, transformational leadership cultivates positive experiences for both leaders and followers, contributing to the organization's overall success.

Transformational leadership distinguishes itself through its dynamic and adaptive nature, allowing organizations to tailor leadership strategies to its needs. Effective organizational leadership also promotes total worker health, fostering a supportive and sustainable work environment (Schwatka et al., 2021). This support is vital when implementing organizational change to address small businesses' community-level challenges (Nakamura & Horimoto, 2020). Ineffective talent management leads to diminished employee performance and increased turnover (Murphy et al., 2023). However, when applied within a small business in a rural area, transformational leadership can enhance employee retention by fostering a supportive and empowering workplace culture.

Potential Themes and Phenomena

The business problem focuses on a lack of leadership strategies in rural small businesses that struggle with employee retention. Whereas, in 2020, turnover rates across various industries reached a baseline of 45.1%, reflecting the pervasive nature of this

issue (Popescu & Ciorei, 2023). A majority of businesses in the United States are small businesses (U.S. Bureau of Labor Statistics, 2025). Specifically, in California, the U.S. Bureau of Labor Statistics (2025) reported more people are quitting than those being laid off. Rural small businesses continue to struggle with unfavorable circumstances.

Therefore, the need to retain an employee continues to grow. Resilience becomes a critical requirement for a small business to endure and thrive (Rezaei-Moghaddam et al., 2023). When paired with transformational leadership, resilience plays a pivotal role in enhancing business outcomes (see Cuevas-Vargas et al., 2023). Transformational leadership motivates talented employees to remain with an organization, fosters strong communication, and cultivates a robust organizational culture.

Rural small businesses face the additional challenge of limited access to quality employees, a factor exacerbated by the difficulty in recruiting talent to these areas (Gialuisi & Coetzer, 2013). When businesses attract skilled individuals, they are keen to retain them. Transformational leadership becomes instrumental in retention by encouraging employees to positively push boundaries and adopt innovative approaches (Brown-Deveaux et al., 2022). This creative, outside-the-box thinking is critical for small business success. To capitalize on this, managers create an environment that supports creativity and innovation (Northouse, 2022). Empowering employees allows them to engage in problem-solving, knowledge-sharing, and collaborative efforts that contribute to the organization's overall success (Marcketti & Kozar, 2007). In turn, this organizational support significantly contributes to employee retention.

Effective communication stands as another pillar of transformational leadership. Rural businesses experience challenges such as geographic isolation, limited access to social networks, and a shortage of skilled labor (Deakins & Bensemann, 2019). Turnover can result from a leader's failure to communicate a coherent vision or share an organizational goal (Hauer et al., 2021). These challenges present an opportunity to enhance communication and foster a stronger connection between leaders and employees. Transformational leaders must communicate and align their vision with the needs and aspirations of the workforce (Jing et al., 2014). A leader must have effective communication.

In order to facilitate communication, there must also be awareness. Managers provide recognition, fair treatment, regular feedback, and the time to listen to their employees (Darie, 2024). These actions require strong communication skills across all organizational levels. Transformational leaders prioritize continuous interaction between leaders and followers, nurturing trust and confidence in the organization's direction (Northouse, 2022). This consistent communication, rooted in a shared vision, bolsters employee retention and strengthens organizational culture.

Organizational culture, defined by a company's mission, vision, behavior, and expectations, significantly influences retention (Suherman et al., 2024). Employees leave organizations for diverse reasons, including dysfunctional relationships, conflicts, limited career progression, poor management, and excessive workloads (Gialuisi & Coetzer, 2013). Cultivating an organizational culture centered around communication reduces conflict and ensures employees feel valued, heard, and empowered (Gyamerah et al.,

2022). A culture of inclusivity is also essential, because it recognizes that talent can take many forms and is not always immediately apparent (Chung & D'Annunzio-Green, 2018). Both leaders and followers must seek talent from all corners of the organization. Transformational leaders also contribute to sustainable business practices by providing context and direction (Armani et al., 2020). Flexibility is important.

Ultimately, a resilient organization that integrates transformational leadership can mitigate the issue of employee turnover in a rural small business. Transformational leaders drive innovation, motivate employees, and create an environment of engagement and trust through dynamic communication. These leaders embody the organizational culture, creating an environment conducive to long-term success and employee retention (Knezović & Drkić, 2020). The positive impact of transformational leadership on employee retention, particularly in a rural small business, is well-documented and continues to demonstrate tangible benefits (Ali et al., 2023). It is possible for small businesses to retain employees, even in rural areas.

A significant challenge for small business leaders in rural areas is their lack of awareness regarding available leadership strategies. While various leadership strategies exist, not all are compatible with every organizational environment (Chung & D'Annunzio-Green, 2018). Factors such as business size, employee count, and geographic location significantly influence the appropriateness of a particular retention strategy (Ametefe et al., 2024). Among the diverse approaches, transformational leadership theory is a robust foundation for implementing effective strategies. The strategies including leading with relationships, fostering intentional organizational

culture, and supporting continued growth. All of which are valuable to a small rural business and its ability to retain employees.

Leading With Relationships

In a small business, interpersonal proximity is heightened. No one works alone and everyone needs to get along with each other. Transformational leadership can help with that process of getting along because it emphasizes the importance of the relationship between the leader and followers within an organization, a particularly valuable concept for small businesses. By considering the individual the leader is encompassing one of Bass' four components (Bass, 1985). Cultivating strong and positive relationships is a critical leadership strategy for these organizations (Cao & Le, 2024). Leaders who show genuine care for their employees through attentiveness, respect, and recognition promote a bond beyond transactional exchanges, leading to an emotional connection (Marcketti & Kozar, 2007). This connection boosts the followers' enthusiasm and deepens their sense of shared mission and organizational commitment (Gardner, 1998). As such, relationships in transformational leadership are foundational to trust, innovation, and role modeling—key factors influencing employee retention and small business success.

Transformational leadership is particularly adept at guiding organizations through change. Cao and Le (2024) identified two forms of trust between leaders and followers: disclosure-based and reliance-based. Disclosure-based trust refers to the timely and transparent sharing of information, while reliance-based trust involves placing confidence in a leader's ability to follow through on commitments (Le & Lei, 2018).

Transformational leadership nurtures trust, enabling leaders to build positive relationships that create a stable foundation for organizational change (Northouse, 2022). Trust is indispensable for any successful relationship, especially within teams where collaboration and mutual understanding are essential. In the small business environment, trust becomes a motivator (Bass, 1985). Trust helps employees manage expectations of each other, which is vital in a small business.

Trust also plays a critical role in developing innovation. When employees trust their leaders and feel trusted in return, they are more probable to be creative and share new ideas (Cuevas-Vargas et al., 2023). Transformational leadership strengthens the bond between leaders and followers, providing an environment where individuals feel recognized and encouraged to contribute. This supportive atmosphere reduces dysfunction and conflict, promoting a healthier work environment where employees are more likely to stay (Gialuisi & Coetzer, 2013). As innovation thrives in environments marked by trust, transformational leaders and followers can collaborate to find creative solutions and enhance business performance. This can lead to positive internal and external experiences for a small business. Innovation allows for intellectual stimulation (Bass, 1985). The foundation of a small business is built on trusting relationships.

Role modeling is another essential aspect of relationship-building in transformational leadership. Balwant and Singh (2023) emphasized the importance of role modeling in small businesses, as it provides a framework for behavior, decision-making, and innovation. In this context, role modeling is more than a tool for leadership; it is a vehicle for social transformation and the development of new ways of thinking

(Ashoor, 2021). According to Northouse (2022), transformational leaders worked to develop their followers into future leaders, with role modeling being a central element of this development. Albert Einstein famously noted that setting an example is not merely one way to influence others; it is the only means (Goodreads, n.d.). This perspective underscores the power of leaders to shape organizational culture and behavior through personal example. Role-modeling allows the leader to provide idealized influence (Bass, 1985). When an employee is invested in, through action, for the purposes of elevation, they are motivated to stay with a small business.

Relationships create a bond connecting employees to their environment. The dynamic nature of relationships within transformational leadership makes them a critical focus for small business leaders striving to retain talented employees (Marcketti & Kozar, 2007). By prioritizing relationships founded on trust, innovation, and role modeling, transformational leaders create an environment where employees are motivated, engaged, and committed to the organization's success. Birasnav (2012) further supported that transformational leaders contribute to a sustainable competitive advantage, explicitly leading with relationships. In rural small businesses, where resources may be scarce and employee retention is a significant challenge, building relationships is a strategy that becomes vital and advantageous.

Intentional Organizational Culture

Competitive advantage in small businesses stems from a strong, intentional organizational culture, where leadership is critical in shaping and driving that culture. Leaders in small businesses significantly influence the company's culture through their

actions, decisions, and behaviors (Wymer & Stucky, 2023). A company's identity is defined by its mission and vision statements, which outline its core values and goals (Motham et al., 2024). However, it is not enough for a business to merely declare its mission and vision. Leaders must embody these values in their daily interactions and decisions. The alignment of several key elements—human resources, diversity, and inclusion—can foster an organizational culture that supports retaining talented employees.

While not every small business may have a dedicated human resources manager (HRM), the functions of HRM is essential to the organization. The HRM represents the face of the company, interacting with employees from the moment they join the organization, throughout their tenure; and, if they leave, during their departure (Bharti, 2022). The HRM implements and enforces policies and procedures that guide the organization's culture (Iskandar, 2023). Foundational research demonstrates that high-performance HR practices reduce turnover and enhance financial performance (Huselid, 1995). This role ensures that employees receive appropriately compensation, training, development, and encouragement (Reni et al., 2023). Coincidentally, it is also a position with very high turnover. Through HRM, leaders can directly impact the organizational culture, shaping employee attitudes, behaviors, and outcomes (Soegiarto et al., 2024). Employee engagement and retention strengthen when HRM functions align with the organization's culture. Whether within HRM or another leadership role, a transformational leader is crucial in developing a positive organizational culture that

motivates employee satisfaction and long-term retention (Reni et al., 2023). The HRM helps manage employees through motivation.

Diversity is a powerful driver of organizational success and key to building an inclusive organizational culture. Diversity encompasses various dimensions including gender, race, ability, language, work arrangements, and learning styles. In the context of retention, employees' have a need for balance between work and home life, the level of challenge in their roles, access to career opportunities, networking, and mentoring, all of which contribute to their job satisfaction (Musser, 2001). A transformational leader can harness the benefits of diversity by promoting a culture of inclusion, which in turn provides individual consideration for each employee (Arumugam et al., 2023). Leaders can leverage informal learning and job involvement to nurture creativity and self-efficacy in employees (Zia et al., 2022). As employees develop their creativity and innovative skills, they become more engaged and contribute to a knowledge-sharing culture, further enhancing small business success. Transformational leadership, diversity, and inclusion initiatives cultivate a more open and innovative environment, leading to improved employee retention (Lee & Seol, 2021). Employees want to be accepted for who they are, and inclusion allows everyone to be themselves.

Inclusivity is crucial in ensuring that employees feel valued and connected to the organization. In a rural small business, where social networks may have a limit, the sense of inclusion can be even more powerful because it considers the individual as part of the whole business. Transformational leadership provides the framework for creating an environment where employees feel part of something larger than themselves. This

inclusivity helps combat the isolation that sometimes characterizes small rural areas, offering employees a sense of community and belonging (Thomas et al., 2021). By focusing on inclusion, leaders foster a workplace culture where employees are accepted and celebrated for their unique contributions, which significantly boosts retention. At the same time, they have intellectual stimulation as they learn about others.

Aligning human resources, diversity, and inclusion within an intentional organizational culture is essential for small businesses, particularly in rural areas. A culture that values flexibility and employee well-being yield higher productivity and greater employee satisfaction (Juliana et al., 2021). Transformational leadership brings these elements together through effective communication, creating an environment where all employees feel heard, respected, and empowered (Jing et al., 2014). While basic communication skills are essential for any leader, transformational leaders benefit from advanced communication techniques that promote transparency, collaboration, and trust. Advanced communication fosters openness for innovation and ensures employees feel fully integrated into the company's vision and goals.

Alignment with an intentional organizational culture, along with the intersection of human resources, diversity, and inclusion plays a vital role in employee retention and organizational success. Transformational leadership provides the framework to unite these elements, ensuring that small businesses in rural areas can compete, thrive, and retain employees with talent in an inclusive and supportive environment.

Continued Growth

Small businesses in rural areas need to continue to grow. Communication and development of a culture centered on happiness are powerful strategies that drive long-term commitment and growth (Motham et al., 2024). Recognition and acknowledgment of employee contributions are fundamental to job satisfaction and retention. When an employee feels their effort is not recognized it may lead to frustration and turnover (Popescu & Ciorei, 2023). Training and development positively impact employees and cultivates loyalty to the organization (Cloutier et al., 2015). By nurturing employees' skills and career growth, businesses can ensure that their workforce continues to thrive, aligning their development with the company's evolving needs (Amarakoon & Colley, 2023). A strategic focus on offering training, development, and advancement opportunities within the organization is critical for retaining top talent and fostering engagement.

Employees require ongoing learning to stay motivated and engaged in their roles. When an organization invests in training, it communicates to the employee that they are valued and the company sees potential in their future (Knezović & Drkić, 2020). For small businesses, which operate with limited resources, cross-training can be a practical solution to cover multiple positions, especially during fluctuating staff levels (Kotey, 2017). By balancing formal training with practical, real-time learning, businesses can create an environment where employees are informed, capable, and empowered to contribute meaningfully to decision-making processes. The transformational leader plays

a crucial role by inspiring employees to take initiative in their development, intellectual stimulation, and encouraging continuous improvement.

While training equips employees with the knowledge they need to perform their current roles, providing opportunities for growth and skill development is equally important. It considers the individual and gives them inspiration to stay with the small business. One challenge for small businesses is a limited training and development budget, but this should not deter leaders from fostering employee growth (Gialuisi & Coetzer, 2013). By focusing on development, businesses arm their employees with the tools to tackle challenges and new opportunities (Harrison et al., 2023). Transformational leaders understand the importance of addressing individual and collective needs and align employee development with broader organizational goals (López-Lemus & De La Garza Carranza, 2024). This approach enhances employees' commitment and performance, strengthening retention as they become integral members of the company culture (Ametefe et al., 2024). Employees need to be encouraged to develop their skills.

Team members must continuously evolve to meet new challenges. Therefore, as an individual an employee must grow and develop; and, as a result, they gain self-awareness and a deeper understanding of their strengths and potential (Nakamura & Horimoto, 2020). This evolution from follower to leader is a natural outcome of personal development and primes the leader to become an idealized influence (Bass, 2000). As their self-efficacy increases, employees gain the confidence to motivate themselves, manage their behavior, and influence outcomes (Zia et al., 2022). Transformational leaders promote this shift by motivating employees through inspiration, stimulation,

applying core values, and empowering them to drive change within the organization (López-Lemus & De La Garza Carranza, 2024). In much the same way, small businesses must embrace change and growth in order to remain competitive and relevant in the marketplace. Just as employees must evolve, businesses must continuously adapt to meet new challenges.

In a small business every role counts. Skill development empowers employees to take initiative and make better decisions. Employee retention strategies rely heavily on training, development, and opportunities for growth (Cloutier et al., 2015). For transformational leaders, these efforts are about skill-building and motivating employees to take ownership of their own development. Strong interpersonal skills and good judgment, which are honed through training and development programs, lead to higher employee engagement and retention (Ali et al., 2023). Furthermore, well-structured career development programs help employees improve their skills, deepen their understanding of the business, and perform at higher levels, ultimately benefiting the organization (Reni et al., 2023). A well-trained team delivers better results and can develop loyalty among customers.

The dynamic nature of running a small business requires employees to be adaptable. Training and development are essential to business adaptability (Marcketti & Kozar, 2007). By investing in these areas, small businesses not only enhance employee retention, but also build a workforce capable of addressing challenges, seizing opportunities, and contributing to the company's overall success. For small businesses, prioritizing employee training and development is a strategic investment that strengthens

both individual capabilities and organizational resilience. By fostering a culture of continuous learning, small businesses position themselves to retain talent, respond to new challenges, and drive long-term growth and success.

Employee retention strategies depend on training, development, and growth as core elements that build a loyal, engaged, and high-performing workforce.

Transformational leaders are pivotal in motivating and empowering employees, guiding them through their development journey, and aligning their growth with the company's strategic goals. Even with limited resources, small businesses must prioritize these initiatives to ensure long-term employment and success. When a small business invests in its people it is an investment in the organization's future.

Compare and Contrast

A leader may employ one or more leadership theories in practice, selecting the appropriate approach based on the theory's advantages and disadvantages. The leader must consider the organization's needs and the capabilities of its leaders, followers, and teams (Phillipson et al., 2019). Organizations and individuals are interdependent, and effective leadership requires a person who can harmonize activities to foster both individual and organizational success (Z. Wang et al., 2010). Transformational leadership suits small businesses because it adapts to serve followers and the business. It creates a team.

Other leadership theories also provide valuable frameworks. For example, transactional leadership focuses on individual tasks that contribute to a broader goal (McCleskey, 2014). Transactional leadership works well in a warehouse environment

because there is a big focus on short-term goals and is task-oriented. It works on rewards and punishments (Hossin et al., 2024). This leadership style does not consider variable factors that may apply to the situation. Therefore, it is not the best singular leadership approach for a small business in a rural area.

Another type of leadership is situational, which considers variable factors in an environment. There are four types of situational leadership, depending on the situation: telling, coaching, participating, and delegating (McCleskey, 2014). It can be helpful when dealing with people and situations that change daily (Y. Wang et al., 2021). An example of this leadership style is a community leader because ever-changing situations determine the course of action. This approach emphasizes people's importance in shaping a project's understanding and meaning. This leadership type can be used sometimes depending on predictable situations, but it lacks the path for growth.

However, in practice, leadership must account for the constant nature of change. Transactional leadership falls short when addressing complex problems (Umpusinga et al., 2024). Situational leadership can be more effective for problem-solving as it incorporates the specific circumstances and individuals involved (McCleskey, 2014). Transformational leadership, in contrast, motivates teams to innovate and promote growth (Northouse, 2022). Transformational leadership proves crucial when a company struggles with issues such as declining sales or poor customer service while the market shifts in a new direction (Lamie et al., 2011). This approach focuses on the big picture and generates positive outcomes for followers (internal employees) and external customers.

While a leader may analyze various leadership theories, transformational leadership stands out as the most flexible and applicable to the needs of a rural small business. Both local and global business landscapes are evolving at an exponential pace. Organizations adapt to these changes and continually evolve to remain competitive (Maran et al., 2023). Leadership is critical in developing trust and navigating unpredictable change (Cao & Le, 2024). Transformational leadership is the most effective strategy for engaging employees, fostering self-efficacy, enhancing information learning, and encouraging job involvement (Zia et al., 2022). Leaders prioritize transformational leadership practices to retain talented employees in a small business. There may be times when additional leadership theories are beneficial in combination, but transformational leadership remains the primary practice for employee retention and business success.

Transformational leadership exerts a positive influence on the leader, followers, and the business as a whole. It aligns all stakeholders toward a common goal, fostering a unified direction (Benson, 2015). A leader must establish this alignment by setting a clear foundation, defining the direction, and charting the course, creating a synergy within the team to drive progress (López-Lemus & De La Garza Carranza, 2024). This foundational act serves as a powerful motivator. Every decision, action, and challenge become an opportunity for growth and achievement (Benson, 2015). When alignment is coupled with effective communication, the team demonstrates increased cohesion and performance.

This approach is particularly relevant in management, where relationship-building is the focus. A manager cultivates one-on-one relationships with a follower (Birasnav, 2014). Furthermore, the manager develops a connection with the entire organization, a crucial element, especially in small businesses (Northouse, 2022). In smaller organizations, managers often oversee the entire company rather than just a specific department, directly influencing the organization's culture (Gardner & Cleavenger, 1998). By integrating these elements, the manager creates a transformational environment that motivates the team to strive for higher levels of achievement and work toward a shared goal.

The future of transformational leadership is already taking shape. This leadership style is a powerful force driving the success of both individuals and the organization (Cuevas-Vargas et al., 2023). Small businesses face particular challenges in retaining talented employees, given the unique difficulties inherent in their work environments (Lamie et al., 2011). Small businesses operate on a smaller scale, including compensation (Gialuisi & Coetzer, 2013). Nevertheless, transformational leaders can transform these disadvantages into opportunities for growth and retention.

Transition

The literature suggests a small business can enhance employee retention through transformational leadership. Transformational leadership theory offers a framework for developing such strategies (Zia et al., 2022). Transformational leaders cultivate motivation, stimulate intellectual engagement, provide individualized consideration, and exemplify idealized influence (Bass, 2000). The following strategies increase employee

retention: leading with relationships, creating an intentional organizational culture, effective communication, and opportunities for continuous professional growth. The next section discusses the methodology, including project ethics, and findings for this project.

Section 3: Research Project Methodology

This qualitative pragmatic inquiry research aimed to identify and explore effective leadership strategies that some leaders of rural small businesses employ to retain employees. Researchers use the qualitative method to analyze human behavior and individual experience (Kelly & Cordeiro, 2020). Researchers use this method to gain a deep understanding of the phenomenon by objectively looking at feelings, opinions, and ideas (Northouse, 2022). The human experience cannot be measured with numbers, which is why the quantitative method was not appropriate for the current study (Creswell & Poth, 2018). Similarly, that is also why the mixed method was not selected. The qualitative approach was the appropriate method to explore the leadership strategies of small business managers. Open-ended questions allowed me and the participants to have a flexible conversation to reveal their lived experiences. The qualitative method was appropriate because it allows researchers to examine complex and diverse perspectives (Ramanadhan et al., 2021). This method helped me identify themes among the selected population.

This project included the pragmatic inquiry design. Researchers use pragmatic inquiry because it allows the focus to be on individual decision makers in real-world situations (Northouse, 2022). Pragmatic inquiry is used to find the context of the data. The pragmatic approach has three core principles: emphasis on actionable knowledge; recognition of interconnectedness between experience, knowing, and acting; and inquiry as an experiential process (Kelly & Cordeiro, 2020). Numerous factors contribute to retention, and a pragmatic inquiry approach facilitates an in-depth exploration of this

social phenomenon (Jain, 2021). The pragmatic inquiry design was appropriate for the current study because it helped me answer the following research question: What effective leadership strategies do small business leaders use to retain employees in rural areas?

Project Ethics

Research projects involving human participants must follow established ethical principles and guidelines to protect and fairly treat research subjects. I followed the ethical framework outlined in *The Belmont Report*, which delineates fundamental ethical principles to mitigate ethical concerns (U.S. Department of Health and Human Services, 2018). *The Belmont Report* mandated compliance with three core principles applicable to all research methodologies (quantitative, qualitative, or mixed methods) outlined as follows by the U.S. Department of Health and Human Services (2018):

- Distinguish between practice and research: Research and professional practice must remain separate entities.
- Basic ethical principles: Researchers must treat all participants with respect and equitably and without harm.
- Application of ethical principles: Researchers must obtain voluntary informed consent by providing structured, comprehensive, understandable, and transparent information.

In this qualitative study, I served as the primary instrument for data collection and analysis. My role was to identify eligible participants, plan and design the research, collect data, analyze data, and interpret the data. In this qualitative study, I conducted

semistructured interviews for data collection to answer the research question (see Appendix A). I invited small business leaders in Northeast California, which is a rural area, to participate in the semistructured interviews. This area was selected due to its proximity to me. The invitation included essential details regarding the study, its objectives, and the participant's right to withdraw at any time without repercussions. I was aware of the personnel who worked in the selected businesses, but I was not close with them (i.e., we were not friends).

I followed the Walden University volunteer consent form for this qualitative pragmatic inquiry. Participants received a clear, comprehensible explanation of the research objectives, ensuring ample time to ask questions and assess any potential risks prior to beginning the semistructured interview. Once the participant was ready to start the semistructured interview, they read and signed the consent form. If a participant chose not to proceed with the interview, they did not face pressure to participate and could withdraw without consequence (U.S. Department of Health and Human Services, 2018). The participant was asked to communicate with me verbally or in writing stating they would like to withdraw from the study. They did not need to provide a reason. I thanked participants for their time; Nonparticipants were also thanked; it did not lead to adverse outcomes. Everyone's time is valuable regardless of the amount given.

Participation in the study remained entirely voluntary. I did not offer incentives. An offer of an incentive violated my basic ethical principles because I see it as an external motivating factor, which nullifies the concept of being voluntary. The semistructured interview began with broad inquiries and gradually progresses to open-

ended questions (Northouse, 2022). The initial question addressed the overarching research problem: *In your experience, what effective leadership strategies do small business leaders employ to retain employees in rural areas?* The subsequent questions were tailored upon the participants' responses and any necessary clarification was asked to gain a greater in-depth understanding of their insights and experience (Jain, 2021). Given the semistructured nature of the interview, subsequent questions emerged naturally from the dialogue (Nassaji, 2020). Each question was asked individually, I avoided compound or leading questions to ensure objectivity (Deterding & Waters, 2021). The study aimed to capture the participants' unique perspective based on their experience (see Kelly & Cordeiro, 2020). This study included inductive reasoning and themes.

I maintained confidentiality of the interviewee and company by masking their identity. I did this by referencing participants using their alpha numeric identifies rather than their names (Roberts, 2020). Documents do not include names. Their name is not mentioned in the data. Similarly, company names are also masked and appear as alphabetical identifiers. Confidentiality was a top priority.

This study design follows established research protocols to explore small business leaders' experiences. The interview was administered in person, via phone, or online (e.g., using the Zoom platform) and it began by introducing myself and creating a comfortable environment for the interviewee. The session had no background noise or cross talk, back images were blurred, I was fully present and focused. The study and process of collecting data was explained, leaving room for questions, and I let the

participant know the session was being recorded. Finally, the participant was reminded they may withdraw at any time.

Once both parties were comfortable, and the consent form had been signed, the interview questions began. I was listening to the verbal responses along with monitoring nonverbal cues. I took notes while they were talking and paraphrased when needed. This was an iterative process. I member checked the responses and performed a transcript review until full understanding was achieved.

The interview data and information collected from the company was analyzed using triangulation. Triangulation of data and analysis identified common themes (Deterding & Waters, 2021). The study systematically captured and classified novel findings and commonalities. I ensured the data was protected through storage of all collected information on a password-protected USB drive locked in a secure cabinet for 5 years to protect the rights of the participants (Taquette & Borges Da Matta Souza, 2022). After 5 years, I will permanently delete all data.

After receiving approval from the IRB, I was assigned an IRB approval number: 09-15-25-1195132. This approval provided permission to conduct this qualitative pragmatic inquiry research. Once finished, I provided participants with a summary of the study.

Nature of the Project

There are three types of research methods available: quantitative, qualitative, and mixed. This study employed the qualitative method. Qualitative research is an emergent and iterative process (see Kelly & Cordeiro, 2020). It used pragmatic inquiry and it was

grounded in theory. This inductive approach involved analyzing the problem from the bottom up (Northouse, 2022). In this case, the research examined employee retention. Through semistructured interviews and data analysis, the study sought to identify patterns contributing to developing a potential explanation of this phenomenon (Chowdhury, 2015). I served as the primary instrument in this process (Yoon & Uliassi, 2022). This study does not propose a hypothesis, but builds meaning from the data collected and explored its relationship to transformational leadership theory.

This qualitative pragmatic inquiry research aimed to identify and explore effective leadership strategies that some leaders of rural small businesses employed to retain employees. Researchers used the qualitative method to analyze human behavior and individual experience; and, to gain a deep understanding of the phenomenon by objectively looking at feelings, opinions, and ideas (Northouse, 2022). The human experience cannot be measured with numbers, which is why the quantitative method is not sufficient. Similarly, that was also why the mixed method was not selected. The qualitative method was the appropriate lens to view themes in the daily life of a small business manager. Open-ended questions allowed me and participants to have a flexible conversation to reveal the lived experience. The qualitative method was appropriate because it allows researchers to examine complex and diverse perspectives (Ramanadhan et al., 2021). This method helped identify themes and the relations among the selected population.

This project used the pragmatic inquiry design to find the context of the data. Researchers used pragmatic inquiry because it allows the focus to be on individual

decision maker in real-world situations (Northouse, 2022). The pragmatic approach has three core principles: emphasis on actionable knowledge; recognition of interconnectedness between experience, knowing, and acting; and, inquiry as an experiential process (Kelly & Cordeiro, 2020). Numerous factors contributed to retention, and a pragmatic inquiry approach facilitated an in-depth exploration of this social phenomenon (Jain, 2021). Pragmatic inquiry design was appropriate for this study because it helped answer the question: What effective leadership strategies do small business leaders use to retain employees in rural areas?

Population, Sampling, and Participants

The target population for this study was comprised of small businesses situated along Highway 120 in Northeastern California, specifically those managed by individuals who used successful leadership strategies to retain employees. Success was determined by an operational life of more than 1 year. For the purposes of this research, a “small business” was defined as an organization employing between 2 and 100 individuals, operating within any industry. A “leader” was defined as an individual occupying a managerial role or higher within the rural small business.

Highway 120 traverses Tuolumne County. According to California business records (2024), Tuolumne County includes 45 small businesses, of which 12 qualify as rural. Given the rural context of the study, the objective was to recruit six small business managers, each representing a different type of small business. Due to the small size of the population, the participation of six out of 12 eligible businesses constitutes an adequate sample and was expected to support data saturation. This purposive sampling

strategy facilitated the discovery of meaning within participant responses and contributed to both data saturation and transferability (Jain, 2021). By applying clearly defined eligibility criteria, the study sought to elicit rich, detailed, and context-specific insights through standardized, semistructured interview questions. Engaging a majority of the rural small businesses enabled the identification of recurring themes, ideas, perspectives, and insights pertinent to the research topic (Hennink & Kaiser, 2021). Once data began to repeat, data saturation was considered to have been achieved. If data saturation was not experienced with the current sample size, then additional small rural businesses would have been added to collect data until saturation was achieved.

To identify potential participants, I employed social networking platforms such as Facebook and LinkedIn. I subsequently utilized the Walden University email system to distribute invitations and informed consent forms to businesses meeting the eligibility requirements. To establish a collaborative relationship, I provided detailed information about the project, explained the informed consent process, and guided participants through the semistructured interview protocol. As the focus of the study was on leadership strategies for employee retention in small rural businesses, it was essential to select a qualifying sample capable of offering insights into the retention strategies employed—or not employed—by their respective organizations.

Participation in this study remained voluntary, which may have presented challenges in obtaining a sufficient sample size. To address this, I prioritized rapport-building with qualified participants and maintained transparent, ongoing communication, thereby fostering a trust-based researcher–participant relationship. The study employed

purposive sampling—a non-random, purposive strategy based on predefined criteria (Chowdhury, 2015). This approach facilitated the intentional selection of seven participants from six businesses who met the selection requirements. As Hennink and Kaiser (2021) asserted, qualitative research frequently benefited from smaller sample sizes, as data saturation—wherein no new information emerges—renders further data collection unnecessary. Multiple interactions between myself and the participants helped cultivate trust, which enhanced the depth and quality of the data collected.

Each of the 12 eligible small business along Highway 120 received a formal email invitation requesting the nomination of a managerial-level leader to participate in a semistructured interview. This letter included the researcher's contact information, enabling prospective participants to pose questions and schedule a meeting in person or via Zoom at their convenience.

To ensure confidentiality, all identifying information related to businesses and employees was anonymized. Interview notes, archived data, and other relevant documents exclude names and are instead coded numerically. This research design adhered strictly to established qualitative protocols for exploring leadership experiences among small business managers and ensured ethical, valid, and reliable data collection. All data were treated as confidential and were not shared with third parties.

Data Collection Activities

Data collection included semistructured interviews, supplemented by information gathered from small business websites and archival records. I used an interview document template with the participants number and industry, date, and time of the

interview. The template also had the semistructured interview questions with space for me to write the answers. Any surrounding dialogue was captured. This templated information and any additional questions and answers was added into Microsoft Word after the interview for organization and analysis.

The semistructured interview was a major method of data collection. Interviews were conducted in person, via phone, and via Zoom. The Zoom application recorded the interview (e.g., audio and video) and provided real-time transcription during the session. Both were exported. Each interview began with brief introductions between myself and the participant to establish rapport and set the tone. Once the participant felt comfortable and the informed consent form was signed, the interview formally began.

I followed the interview protocol (see Appendix A) while also asking in-depth follow-up questions to explore emerging themes. I actively listened for both verbal and non-verbal cues, paraphrasing participant responses as needed to ensure clarity and shared understanding of the information shared. These findings were journaled on the template to provide context. After the interview, the transcript was reviewed, and the content was member checked by the participant to validate accuracy. The review between myself and the participant continued until both parties were satisfied that the data represented the participants actual lived experience. Participants were then thanked for their time and openness.

This flexible approach aligned well with qualitative pragmatic inquiry research, allowing participants to share nuanced perspectives in their own words. I needed to be honest, which is shown through the use of data triangulation—interviews, business

websites, and archival records—to enhanced the validity of the findings and contributed to a more comprehensive analysis of the small business sample (Fusch et al., 2018). The data also needed to be member checked after each iteration. The data were reliable and valid when the data collected was dependable, credible, transferrable, and confirmable. The business website and archived data was collected using the world wide web and human interaction. I also asked if the participant was willing to share any archived data from their small business that related to this study. The pragmatic inquiry design provided a structured yet adaptable framework that supported small business leaders in sharing their real-world experience.

Given the rural setting of the target population, the study acknowledged potential limitations in the availability of small business managers. In this context, retaining skilled workers was essential for sustaining operations and mitigating the cyclical challenges of recruitment and turnover. The data collected from semistructured interviews aimed to capture the small business leader’s perspective from their own point of view. To increase reliability and validity every interaction, clarification, update in understanding, member check, transcript review, and change in data interpretation was documented and flexibly coded in a journal. As Deterding and Waters (2021) emphasized, flexible coding enables a rigorous, transparent, and adaptable analysis of qualitative interview data. I maintained a research journal to track progress, significant events, revisions, and analytical decisions, thereby adding context to the data.

The semistructured interview offered participants the opportunity to reflect on and communicate their daily practices and lessons learned in relation to leadership and employee retention.

Interview Questions

For consistency, I used the standardized interview protocol when asking questions.

1. What effective leadership strategies do small business leaders use to retain employees in rural areas? In your experience, how do you define and measure employee satisfaction within a small rural business?
2. What are the most significant challenges related to employee satisfaction and turnover costs in a small business today?
3. Could you share examples of successful strategies or initiatives that you have implemented to improve employee retention over your career?
4. How have these strategies positively influenced the overall work environment and business outcomes?
5. Conversely, can you discuss any strategies that did not yield the expected results or encountered challenges? What lessons were learned?
6. How do you balance the needs for employee satisfaction with the fiscal responsibilities of reducing turnover costs?
7. Can you describe any innovative approaches or best practices that address both employee satisfaction and turnover cost reduction simultaneously?

8. What key performance indicators (KPIs) or metrics can be monitored to assess the effectiveness of these strategies?
9. Over your career, how have you promoted a culture of continuous improvement and employee engagement?
10. What else do you think that I need to know about this topic?

Data Organization and Analysis Techniques

Once the data was collected, it was systematically organized and analyzed to ensure structure and consistency. This qualitative study employed inductive thematic analysis as described by Braun and Clarke (2022). This organization and analysis process had six steps: select quotations, keywords, coding, themes, conceptualization, and development of conceptual model (see Naeem et al., 2023). Figure 1 is a visual representation of the data process of organization and analysis and can be used by any researcher to reproduce this study. Once the data was organized, I proceeded with thematic analysis, examining notes and transcripts for commonalities, differences, and emergent findings (Kelly & Cordeiro, 2020).

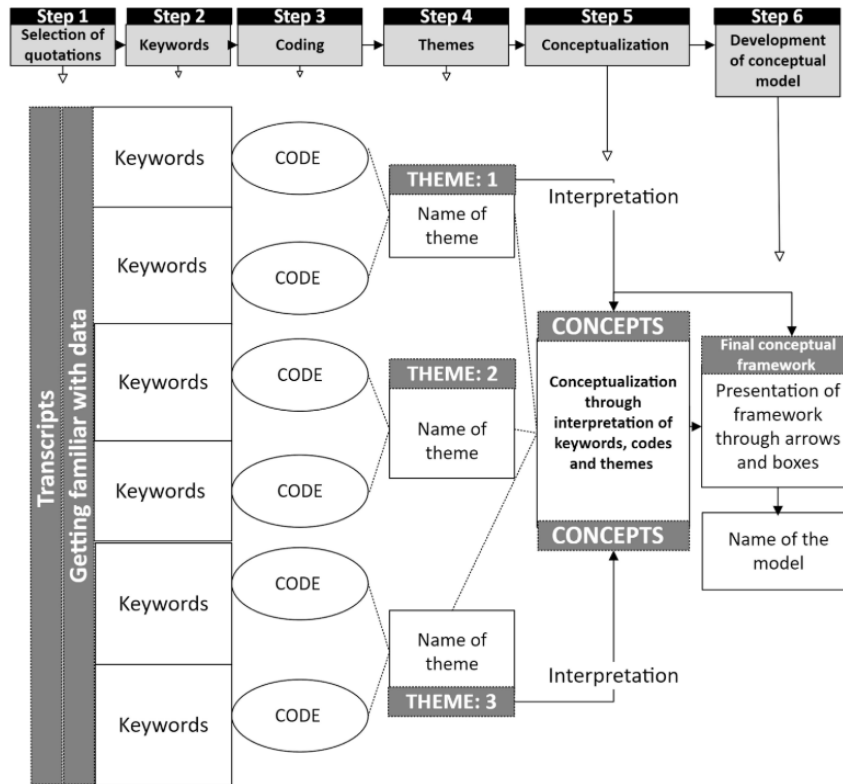
The first step in thematic analysis is the selection of quotations. A large amount of data was collected from the interview transcripts, journal entries, business websites, and archived data. I reviewed the data in detail and broke it down into smaller manageable pieces. This was done to become familiar with the information. Per Naeem et al. (2023) this is a *deep dive* into the content with the lens of trying to identify themes and important sections of the data. Once I was familiar with the data and understood the intricate

details, then I began to select quotations that were relevant to this study. This was a hands-on process, meaning I highlighted the quotes.

From within the quotes, I progressed to step 2 and highlighted recurring keywords to see if I could identify a pattern or terms that encapsulated the participants experience (Naeem et al., 2023). This allowed the data to be broken down and categorized into common topics. Next, I put the information into Microsoft Excel and organized according to ID, participant, quote, keyword, code, and then theme. All data were analyzed and coded to identify emergent themes (Kelly & Cordeiro, 2020).

Step 3, included sorting phrases, known as codes, into core messages as related to the theoretical framework (Naeem et al., 2023). I used triangulation to enhance the analytical depth and ensured a comprehensive understanding of leadership strategies used in small businesses (Fusch et al., 2018). This helped relate the data to the research question. The raw data was stored on a thumb drive and will be stored securely for 5 years. From the codes, a code book was created to simmer findings into relevant groupings that were flexible.

Figure 1

Thematic Analysis

Note. Thematic analysis involves the selection of quotations, keywords, coding, themes, conceptualization, and development of conceptual framework. From “A step-by-step process of thematic analysis to develop a conceptual model in qualitative research” by Naeem, M., Ozuem, W., Howell, K., & Ranfagni S., 2023, *International Journal of Qualitative Methods*, 22. <https://doi.org/10.1177/16094069231205789>

Step 4 is theme development (Naeem et al., 2023). The findings were compared with existing literature to identify similarities, divergences, and patterns. The research journal supported this process by providing an auditable trail, reinforcing the study's transparency and context. Data were reviewed both individually and holistically to construct a well-rounded interpretation.

Step 5. Conceptualization used the findings to highlight common leadership strategies among small business leaders and reveal novel approaches. These patterns were evaluated against established recommendations from transformational leadership theory to determine whether and how this framework is applied in practice.

Through this analysis, I drew meaningful conclusions, which was Step 6 (Naeem et al., 2023). The content analysis emphasized reliability, validity, and generalizability (Jain, 2021). The insights generated through this research served as a practical reference for small business leaders seeking to enhance employee retention in Northeastern California. The methodology followed a clear and replicable process, supporting accurate reporting and future research replication.

Reliability and Validity

The data collected in this qualitative research demonstrated reliability and validity. The aim of the researcher was to interpret the data and present findings that explained diverse perspectives and deepened the understanding of the phenomenon under investigation (Fusch et al., 2018). In a qualitative study reliability and validity are demonstrated through trustworthiness, which is the degree of perceived honesty by the reader (Cloutier & Ravasi, 2021). Semistructured interview questions served as the

primary instrument for data collection. Standardized procedures guided the processes of data collection, analysis, and interpretation to ensure replicability and methodological rigor (Northouse, 2022). This systematic approach enhanced the study's dependability, credibility, transferability, and confirmability.

Reliability

The reader needs to believe the researcher is being honest (Northouse, 2022). Therefore, the researcher acknowledged the impossibility of complete detachment from personal experiences, values, and perspectives. To enhance dependability, I maintained reflexive notes and utilized an audit trail to document decisions and changes throughout the research process. Reflexive journaling fostered critical self-awareness, encouraging me to interrogate the data without imposing bias, thereby allowing the participants' perspectives to emerge authentically (Ide & Beddoe, 2024). The audit trail included detailed journals, memos, decision logs, and interpretative records. This process documented the trustworthiness of the process and data collected.

This study adopted a thematic analysis using a triangulation strategy that integrated semistructured interviews, websites, and document analysis. Fusch et al. (2018) identify four forms of triangulation: data, investigator, theory, and methodological. This research used methodological. By analyzing the data from multiple vantage points, maintaining a transparent chain of evidence, and involving participants in reviewing the retention methods, the study strengthened both its validity and reliability. Dependability was achieved through the completeness and accuracy of the data.

Validity

The reader needs to believe the data collected is accurate (Northouse, 2022). Credibility remained a central concern in this qualitative research. To ensure credibility, the study accurately reflects the participants' lived experiences (Braun & Clarke, 2022). All participants responded to a standardized set of semistructured interview questions. Their responses were recorded and documented reflexively. I engaged in ongoing reflexive note-taking to bracket personal biases. Only the participants were positioned to validate the accuracy and credibility of the data (Fusch et al., 2018). Following initial documentation, participants reviewed the transcribed notes and suggested revisions to enhance accuracy. This process, known as member checking, continued iteratively until both participant and researcher reached a shared and comprehensive understanding of the interview content (Ide & Beddoe, 2024). Through member checking, the interpretation of the data achieves credibility.

The study also prioritized transferability. Supplementary resources, including archived data and online sources, provided contextual richness and detail. The data were coded, categorized, and analyzed to identify patterns of similarity and difference (Chowdhury, 2015). Interpretation of the data focused on identifying salient themes and ensuring that findings are transferable across similar contexts (Deterding & Waters, 2021). By triangulating interview data with external sources, both the researcher and reader can discern themes relevant to leadership theory and the experiences of small businesses in rural areas.

Confirmability is also essential in this qualitative pragmatic inquiry. The audit trail enabled external reviewers to trace the research process and assess whether the findings arise logically and systematically from the data. It provided a transparent account of how the data, as viewed through the participants' perspectives, inform the conclusions of the study. As the research progressed, recurring themes and overlapping responses began to emerge, indicating data saturation (Hennink & Kaiser, 2022). To ensure confirmability, the research process remained logical, transparent, and methodical throughout.

Transition and Summary

This qualitative pragmatic inquiry was used to explore the transformational leadership theory and the strategies used by small businesses to retain employees. The goal was to gain an understanding of the real-life experience of small businesses and to learn how they retain employees. This section detailed the nature of the study, population, sampling, data collection, and analysis. A standard process and procedure allowed for the findings to be credible, transferrable, dependable, and confirmable. Trustworthiness was established through credibility (member checking), transferability (rich contextual descriptions), dependability (audit trail documentation), and confirmability (reflexive journaling and triangulation). The next section takes the elements described and applies the research to real data.

Section 4: Findings and Conclusions

Presentation of the Findings

The purpose of this qualitative pragmatic inquiry was to identify and explore effective leadership strategies used by rural small business leaders to retain employees in Northeast California. The research question guiding this study was the following: What effective leadership strategies do small business leaders use to retain employees in rural areas? Data were collected through six semistructured interviews and triangulated with publicly available business documents, company websites, and archival materials.

Table 2 shows the demographics of the participants. Participant demographics confirmed that all contributors held senior manager or owner/manager roles within small enterprises employing fewer than 20 individuals. The concentration of businesses in Groveland and the surrounding area further highlighted the intimately scaled, community-embedded nature of their operations.

Table 2

Participant Demographics

Participant	Company	Role	Number of employees	Location (CA)
P1	A	Senior manager	< 20	Groveland
P2	A	Owner/manager	< 20	Groveland
P3	B	Owner/manager	< 15	Groveland
P4	C	Owner/manager	< 15	Groveland
P5	D	Owner/manager	< 15	Groveland
P6	E	Owner/manager	< 10	Big Oak Flat
P7	F	Owner/manager	< 10	Groveland

Note. Created using semistructured interview factors.

Through inductive thematic analysis, five interrelated themes emerged: human-centered leadership, empowerment, adaptive management, community-integrated culture, and strategic flexibility in a seasonal economy (see Table 3). Table 4 shows how the information provided by participants aligned with the themes. These themes reflected shared experiences among participants and illustrated the ways in which rural business leaders balance interpersonal care, operational agility, and community relationships to sustain employee engagement and retention (see Braun & Clarke, 2022; Fusch et al., 2018).

Table 3

Thematic Analysis

Keyword	Sample code	Category	Theme
Family, relationships, individual worth	Treat employees like family; know employees; care about personal lives, led by example, informal mood/vibe assessment	Relationship-building practices, empathy-based leadership, relational performance assessment	Theme 1- Human Centered Leadership
Open/listen	Listening to suggestions; avoiding micromanaging; giving second chances	Employee voice, structural empowerment; inclusive hiring	Theme 2- Empowerment
Flexible/adaptable, one size does not fit all	Flexible scheduling, adapting style as needed; delegating by strengths; shadow training and mentoring	Work-life accommodation, situational leadership, experiential training	Theme 3- Adaptive management
Employee appreciation	Employee appreciation, hiring from local networks; social overlap outside of work	Recognition practices; rural social embeddedness; work-community	Them 4- Community integrated culture
Seasonal workforce	Seasonal staffing reductions, POS data for scheduling, higher wages/bonus, cutting hours during slow months	Data informed decisions; incentive; adaptive cost control	Theme 5- Strategic flexibility in Seasonal Economy

Note. Created using semistructured interview data.

Table 4*Participant Alignment With Themes*

Theme	Representative quote	Participant contributing
Human centered Leadership	“You treat them like family...” “make sure they are seen” “we lead by example”	Company A (P1 & P2) Company C (P4) Company D (P5)
Empowerment	“They find problem solvers themselves”; “we try really hard to not deny anyone’s time off requests”; “highlighting that as a strength”	Company B (P3) Company C (P4)
Adaptive management	“It is unpredictable”; “read your audience...adapt to the person”; “balancing schedules...fluctuations in seasonality”	Company A (P2) Company D (P5) Company B (P3)
Community-integrated culture	“Our mission is to serve happiness”; “built-in camaraderie of the mission”; “highest quality [product] in our little community”	Company C (P4) Company E (P6) Company F (P7)
Strategic flexibility in seasonal economy	“We cut my staff in half”; “balancing schedules seasonally”; “I don’t lead by fear”	Company D (P5) Company B (P3) Company C (P4)

Note. This table shows how the theme relates to the quotes provided by specific participants.

Theme 1: Human-Centered Leadership

Human-centered leadership emerged as the foundational retention strategy among participating small business leaders in Northeast California. Leaders consistently described employee retention as relational rather than transactional. Participant 2 described the organization’s leadership approach as “treating employees like family” and “investing in people” rather than viewing employment as transactional. Instead of focusing on compensation as the primary retention mechanism, participants emphasized individualized engagement, emotional awareness, and visibility.

The language of “family” and “investment” signaled long-term relational commitment rather than short-term employment exchange. Participant 5 emphasized the importance of visibility and acknowledgment, stressing “mostly we just try to make sure

they [employees] are seen.” That statement reflected individualized engagement, a core dimension of transformational leadership (see Bass, 2000). The findings indicated that perceived recognition functions as a retention mechanism.

Leaders consistently described knowing employees beyond their job roles by understanding their family responsibilities, personal goals, financial realities, and community involvement. This practiced visibility of personal needs in relation to business needs (Bass, 2000). Participants emphasized accessibility, transparency, and ethical consistency. The convergence of relational engagement across multiple interviews strengthened the credibility of this theme.

Several participants described routine one-on-one check-ins focused not only on performance, but also on well-being and professional aspirations. Leaders reported adjusting expectations during personal hardships, offering schedule accommodations, and maintaining an open-door policy. Participants similarly shared examples of modeling integrity during financial strain, communicating honestly about revenue fluctuations and involving employees in collaborative problem-solving.

Participant 4 described modeling expectations by behaviors such as “leading by example.” This idealized influence, suggested that leaders reinforce trust through behavioral consistency (see Bass, 2000). Business websites frequently highlighted “family values,” “people-first philosophy,” and “integrity-driven leadership.” Social media posts on Facebook celebrated employee milestones, work anniversaries, and community achievements. The local newspaper, archival document, reflected consistent recognition initiatives and transparent communication practices. The lived experiences

align with Balwant and Singh (2023), who found leader identification reduces turnover. This study extended existing knowledge by demonstrating that human-centered leadership was amplified in rural settings where personal and professional lives intersect. In small rural businesses, leadership behavior was highly visible and relational proximity intensifies its impact on retention.

Theme 2: Empowerment

Empowerment emerged as a central leadership strategy influencing employee retention across all participant interviews. Participants described involving employees in decision-making, encouraging initiative, and creating ownership opportunities. Empowerment was linked to autonomy, shared responsibility, and trust (Lee & Kim, 2020). Leaders specifically described moving away from command-and-control management toward collaborative leadership structures.

For example, Participant 2 explained “we try really hard to not deny anyone’s time off requests.” Rather than rigidly enforcing structure, leaders adjusted operational demands to accommodate employee needs. Participants shared examples of delegating operational decisions, inviting employee input on scheduling and customer engagement strategies, and supporting innovation. Leaders noted that when employees feel empowered to influence outcomes, their engagement increases and turnover decreases.

Company materials showed evidence of team-based problem-solving meetings, suggestion systems, and internal promotions. Online employee testimonials referenced opportunities to “grow into leadership” and “make meaningful contributions.” This illustrates intellectual stimulation, where employees were encouraged to think

independently and contribute solutions. Empowerment was not framed as relinquishment of leadership, but as structured delegation (Lorinkova & Perry, 2021).

These findings confirmed research linking empowerment and transformational leadership to retention (see Zia et al., 2022; Ali et al., 2023). Intellectual stimulation and shared vision, are core components of transformational leadership, were evident in participant narratives. The findings extend prior literature by illustrating empowerment in rural small businesses often occurs informally, but remains highly effective (see Singh & Sharma, 2024). Empowerment did not require formal leadership development programs, but instead relied on trust-based delegation.

Theme 3: Adaptive Management

Adaptive management reflected the leaders' ability to adjust strategies in response to workforce challenges, economic fluctuations, and changing employee needs. Participants emphasized flexibility in communication style, scheduling, and operational planning. One participant acknowledged "it [business] is unpredictable." This unpredictability requires ongoing adjustments. A big part of adjusting management is a result of reading your audience and adapting to that person.

Participants described modifying policies proved to be impractical; whereas, adjusting workloads during staffing shortages, and shifting responsibilities seasonally was beneficial for the business. This indicates situational flexibility embedded within transformational practice (see Bass, 2000). The upfront communication with employees helped manage expectations and many returned to work the following season when more positions became available. Rather than applying a uniform leadership style, participants

demonstrated contextual responsiveness (see Kuntz & Malinen, 2021). The consistency of these narratives across interviews confirmed adaptive leadership as an embedded practice rather than an occasional adjustment.

Likewise, several leaders described modifying practices through trial and error, highlighting the importance of continuous reflection. Business websites and public statements demonstrated adaptability through evolving service models, seasonal promotions, and community-responsive initiatives. Word of mouth, instead of archived documents, described updates to procedural changes over time. These findings align with situational and transformational leadership research emphasizing adaptability (see McClesky, 2014; Lopez-Lemus & De La Garza Carranza, 2024).

While transformational leadership remains dominant, adaptive behaviors enhance its effectiveness. The study extends knowledge by showing that adaptive management is not a separate leadership theory in practice, but integrated within transformational leadership behaviors in rural small businesses (see Battisti & Deakins, 2021).

Theme 4: Community-Integrated Culture

Community integration was a distinguishing factor of rural retention strategies. Leaders and participants described their organization as an extension of the local community. Employees were often long-term residents, relatives of customers, or active in local civic activities. One participant articulated “our mission is to serve happiness.” This mission-centered framing reinforces inspirational motivation, where employees align with a purpose beyond transactional work. Retention was influenced not only by workplace dynamics but also by the organization’s community reputation.

Leaders shared examples of sponsoring local events, participating in school programs, and supporting local charities. This indicates a collective identity strengthening retention. Employees are not only attached to the organization, but to its community role. The data suggests that in rural contexts, retention strategies are embedded within broader social systems (Suherman et al., 2024). Websites highlighted community partnerships, local sponsorships, and civic engagement. Social media posts featured community events and collaborative initiatives.

These findings support Thomas et al. (2021), who noted *belonging* as central in small organizations. The results also align with transformational leadership's emphasis on shared values and collective identity (Burns, 1978). This study extends prior research by demonstrating that rural retention strategies must consider the interconnected relationship between business and community. Organizational culture extends beyond the workplace into the broader social fabric (Jones et al., 2021).

Theme 5: Strategic Flexibility in a Seasonal Economy

Seasonality emerged as a structural challenge for each leader and required strategic adaptation. Highway 120 is the main road that leads to Yosemite National Park in Northeastern California and it drives through the towns of Groveland and Big Oak Flat. Participants described revenue fluctuations tied to tourism, agriculture, and weather patterns. Strategic flexibility includes adjusting staffing levels, cross-training, and diversifying services (Miao & Cao, 2022).

Leaders indicated that retaining employees during off-peak seasons required creativity and transparency with employees. Some leaders shared “we cut our staff in half

off-season.” At the same time Participant 5 specified “I do not lead by fear.” This indicates that even during economic contraction, leaders prioritize trust and transparency. Seasonal adaptation was therefore not merely financial management but relational stewardship (Sutherland, 2022). Business websites promoted diversified services during slower periods, suggesting strategic adjustments to stabilize revenue. Archived data reflected fluctuating staffing and alternative hours of operation across seasons.

These discoveries confirm rural business research indicating environmental context influences management strategies (Phillipson et al., 2019; Amarakoon & Colley, 2023). Transformational leadership’s emphasis on vision and shared responsibility appeared critical in navigating seasonal fluctuations (Bass, 2000). The study extends knowledge by identifying seasonal economic strategy as a distinct retention factor specific to rural small businesses.

Collectively, the five themes illustrate that effective rural small business retention strategies are relational, empowering, adaptive, community-integrated, and strategically flexible. Each theme aligns with transformational leadership theory while reflecting contextual nuances unique to rural environments (see Table 5). The evidence from participants reveals prior scholarship on transformational leadership and retention while extending knowledge by demonstrating how rural context, community integration, and seasonal economics shape leadership practice.

Table 5*Triangulation Matrix*

Theme	Interview evidence	Public record source	Convergence of evidence	Trustworthiness	Alignment
Human-centered leadership	leaders treat employees like family, emphasize empathy, personal care, and leading by example	customer reviews referencing “friendly staff”, “welcoming atmosphere”, social media posts highlighting employee appreciation events	external customer perceptions align with internal claims of relational culture	credibility, confirmability	idealized influence; individualized consideration
Empowerment	equal rights; employee input valued; no micromanaging	listen to employee feedback and incorporate team decision making	structural documentation confirms empowerment practices	credibility, dependability	intellectual stimulation; idealized influence
Adaptive management	flexible scheduling; strength-based delegation; tailored motivation; informal satisfaction assessment	consistent employee presence across years in social media and reviews; return employees	visible staff continuity supports reduced turnover	credibility	individualized consideration
Community-integrated culture	strong ties between business and local community; support for employees beyond work	community event participation; sponsorships; positive reviews; local staple	public engagement reflects community-embedded leadership practices	transferability, credibility	inspirational motivation
Strategic flexibility in seasonal economy	seasonal staff reductions; adjusted hours; reliance on POS data; transparent financial communication	seasonal hours posted publicly; peak-season hiring announcements	operational patterns match described seasonal adaptation strategies	dependability	Inspirational motivation

Note. Table 5 illustrates cross-participant convergence across themes, demonstrating multiple leaders contributed to each thematic category, thereby enhancing credibility and confirmability through triangulated participant agreement.

The thematic analysis leads to the Conceptual Model presented in Figure 2. The conceptual model developed from this study's findings illustrates how rural small business leaders in Northeastern California employ a constellation of people-centered and context-responsive leadership practices to enhance employee retention. The model reflects the interplay of the five emergent themes (e.g., human-centered leadership, empowerment, adaptive management, community-integrated culture, and strategic flexibility in a seasonal economy) each of which aligns closely with core components of transformational leadership theory (Bass, 2000).

The conceptual model demonstrates that rural small business leaders engage in a holistic form of transformational leadership tailored to the constraints and opportunities of their environment. Their practices are not abstract applications of leadership theory; rather, they are embedded in the relational, communal, and seasonal dynamics that define rural business life.

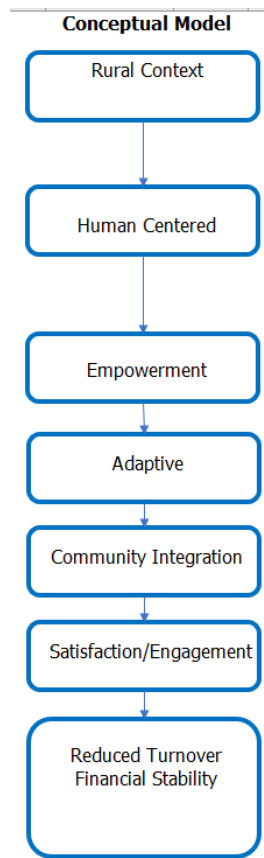
To ensure confirmability, I maintained an audit trail documenting coding decisions, theme development, and analytic memos throughout the research process. Interview transcripts were reviewed multiple times to ensure that themes emerged inductively from participant language rather than preconceived assumptions. Direct quotations were preserved to demonstrate a clear linkage between raw data and thematic interpretations, strengthening transparency (see Table 4).

Reflexive journaling was used to bracket personal assumptions regarding rural leadership and retention, thereby reducing researcher bias (Ortlipp, 2008). Member checking was conducted by providing participants with summaries of their responses to

confirm accuracy and intended meaning (Motulsky, 2021). No participant requested modification of their statements.

Figure 2

Conceptual Model



Note. Developed from study analysis results.

Dependability was supported through systematic coding procedures consistent with Braun and Clarke's (2022) thematic analysis framework. The coding categories were refined iteratively and compared across participants to identify convergence and divergence. The use of consistent semistructured interview protocols further enhanced

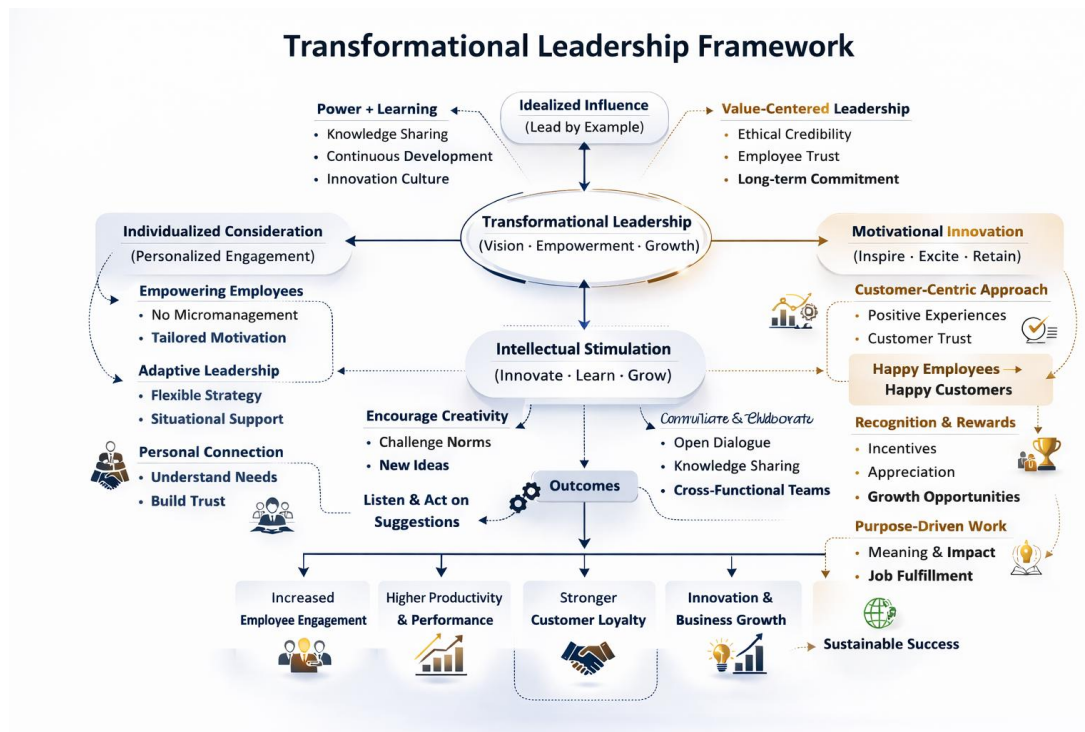
procedural reliability (see Deterding & Waters, 2021). Documentation of analysis steps provided a transparent process that could be replicated in similar rural business contexts.

Methodological triangulation strengthened the credibility of the findings by integrating multiple data sources (Fush et al., 2018). Primary data were collected through semistructured interviews with six rural small business leaders. These findings were corroborated through analysis of publicly available organizational documents, mission statements, websites, and archival materials (see Table 5). Convergence across interview narratives and documented organizational values reinforced the validity of the identified themes.

For example, the participants description of “treating employees like family” aligned with publicly stated organizational commitments to community engagement and employee appreciation (see Table 4). Similarly, reported flexibility in scheduling was consistent with documented seasonal service adjustments. The alignment between verbal accounts and documented practices supported the trustworthiness of the thematic conclusions (see Flick, 2022).

Figure 3 maps the five themes onto the four components of transformational leadership the conceptual model provides a theoretical lens through which to understand how rural leaders retain employees despite environmental challenges (Bass, 2000).

Figure 3

Transformational Leadership Framework

Note. AI generated using raw data collected.

In summary, the findings highlight that rural small business leaders employ a highly relational, community-responsive, and flexible approach to leadership (see Figure 3). Their strategies are shaped not only by organizational goals, but also by the social fabric and seasonal dynamics inherent to rural economies. These insights contribute to a deeper understanding of retention-focused leadership in small rural enterprises.

Business Contributions and Recommendations for Professional Practice

The purpose of this qualitative pragmatic inquiry was to identify and explore effective leadership strategies used by rural small business leaders to retain employees. Through thematic analysis and triangulation, five interconnected themes emerged:

human-centered leadership, empowerment, adaptive management, community-integrated culture, and strategic flexibility in a seasonal economy. Collectively, these findings provide meaningful contributions to professional business practice and extend existing scholarship on transformational leadership in rural small business contexts. The study significantly reframes employee retention from a compensation-centered issue to a relationship-centered leadership strategy. While prior research identifies compensation and benefits as contributors to retention (Umpusinga et al., 2024), participants in this study emphasized human-centered leadership as the primary driver of long-term employee commitment.

This study deepens the understanding of transformational leadership literature in relation to rural small businesses, particularly the component of individualized consideration (see Bass, 2000; Northouse, 2022). Leaders who intentionally cultivate authentic relationships foster trust, which Cao and Le (2024) identified as a mediating instrument between transformational leadership and organizational change capability. In rural small businesses, relational proximity amplifies this effect. Unlike larger firms where leader-employee distance is common, rural leaders operate within overlapping professional and social networks. This intensifies the impact of ethical consistency, transparency, and accessibility.

For business leaders, the implication is clear: relational leadership is not a soft skill but a strategic retention asset. Leaders who intentionally practice human-centered engagement reduce turnover vulnerability even when financial resources are constrained. The second contribution identifies empowerment as a structured retention strategy.

Participants consistently described delegating authority, encouraging innovation, and involving employees in operational decisions. This aligns with intellectual stimulation and inspirational motivation components of transformational leadership (Burns, 1978; Bass, 2000).

The study illuminates Zia et al.'s (2022) assertion that transformational leadership promotes informal learning and job involvement, both of which enhance retention. Ali et al. (2023) found a positive relationship between transformational leadership behaviors and employee retention, mediated by work environment quality. This study extends the literature by demonstrating that empowerment in rural small businesses occur informally yet remains highly effective.

For professional practice, empowerment must be intentional rather than incidental. Leaders should develop structured opportunities for employee input, collaborative problem-solving, and delegated responsibility. Empowered employees demonstrate high organizational commitment, reduced turnover intent, and increased innovation capacity (Cuevas-Vargas et al., 2023).

Adaptive management was a distinct, but complementary strategy. Participants described adjusting leadership behaviors in response to labor shortages, workforce maturity levels, and economic variability. Results suggested adaptive management integrates situational flexibility within a transformational leadership framework, supporting McClesky's (2014) argument that leadership effectiveness requires hybrid application of leadership theories. This study extends leadership ideas by illustrating how transformational leadership functions dynamically within rural constraints. Rather than

operating as a static style, transformational leadership was enacted adaptively. Leaders modified communication strategies, workload expectations, and operational structures to maintain employee stability.

From a business practice perspective, leaders must cultivate adaptive capacity. Rigid policy enforcement without contextual awareness may increase dissatisfaction and turnover (Harney & Collings, 2021). Therefore, training programs for rural small business leaders should incorporate adaptability, reflective decision-making, and environmental scanning competencies.

A unique contribution of this study is the identification of community-integrated culture as a retention mechanism. While previous research acknowledges organizational culture's influence on retention (Juliana et al., 2021; Gyamerah et al., 2022), this study demonstrates that rural culture extends beyond the internal organization into the broader community ecosystem. Phillipson et al. (2019) noted that rural businesses operate within distinctive social networks that influence performance.

This study confirms that employees remain in organizations not only because of workplace conditions, but also due to pride in community affiliation. Transformational leadership's emphasis on shared values and collective identity appears particularly effective in rural environments where identity and employment intersect (Burns, 1978; Bass 2000). For practitioners, investing in community engagement through sponsorships, partnerships, and civic involvement is not merely corporate social responsibility; it is a retention strategy. Employees embedded in community-aligned organizations

demonstrated stronger loyalty and exhibited reduced turnover intention (see Zang et al., 2020).

The final contribution addresses strategic flexibility within seasonal economic structures. Rural small businesses frequently experience cyclical revenue patterns influenced by tourism, agriculture, and environmental conditions (see Sutherland, 2022). Participants described cross-training, hour-sharing, and service diversification to stabilize employment. This finding contextualizes research on rural subject matter experts by explicitly linking seasonal flexibility to retention outcomes (see Amarakoon & Colley, 2023). Transformational leadership's vision-setting and collaborative communication components were critical during seasonal transitions. For business leaders, proactive seasonal planning should include: cross-training initiatives to preserve employee hours, transparent financial communication, diversified service strategies, and shared sacrifice approaches during downturns. Such practices maintain trust and mitigate turnover during economic fluctuations.

Together, the five themes function as an integrated leadership model rather than independent strategies. Human-centered leadership establishes trust. Empowerment strengthens engagement. Adaptive management ensures contextual responsiveness. Community integration enhances identity alignment. Strategic flexibility sustains stability during seasonal change.

This combined approach aligns strongly with transformational leadership theory and extends its application into rural small business contexts (Bass, 2000). The findings contribute to closing the gap identified by Masood (2024), who called for research

focused specifically on practical retention strategies rather than turnover predictors.

Based on the findings, the following actionable recommendations are provided for rural small business leaders:

1. Institutionalize human-centered check-ins: Implement structured daily, weekly, or monthly relational meetings that address both performance and well-being.
2. Develop formal empowerment mechanisms: Create decision-sharing structures such as employee advisory groups or innovation forums.
3. Train leaders in adaptive decision-making: Provide leadership development focused on situational flexibility and reflective management.
4. Strengthen community integration initiatives: Actively engage in local partnerships and publicly recognize employee community involvement.
5. Design seasonal workforce stabilization plans: Introduce cross-training and diversification service offerings prior to anticipated slow seasons.

Rural small business leaders should adopt relational leadership practices that emphasize empowerment, transparency, and community engagement to improve employee retention.

Implications for Social Change

The implications for positive social change are directly connected to the problem identified in Section 1: Some rural small business leaders lack effective strategies to retain employees, resulting in workforce instability and economic vulnerability within rural communities. Rural small businesses serve as critical economic anchors in geographically isolated regions where employment opportunities are limited (Phillipson

et al., 2019). High turnover not only disrupts organizational performance, but also contributes to income instability, family stress, and weakened community resilience (Hancock et al., 2013; Hom et al., 2017).

This study demonstrates that transformational leadership behaviors - specifically human-centered leadership, empowerment, adaptive management, community-integrated culture, and strategic flexibility – contribute to sustainable workforce retention. When rural leaders adopt relational and ethically grounded leadership practices, they foster environments where employees feel valued, supported, and connected to a broader mission. This relational stability can reduce employment volatility, thereby promoting economic continuity for individuals and families (Hom et al., 2020).

Improved retention within rural small businesses lead to measurable social benefits, including reduced unemployment cycles, strengthened household financial stability, and enhanced intergenerational opportunity. Stable employment allows individuals to invest in education, housing, and community participation (Cooper et al., 2021). As businesses maintain consistent staffing, service quality improves, customer trust increases, and local economic circulation is reinforced (Giampiccoli & Saayman, 2019).

Additionally, community-integrated culture-identified as a central theme-suggests that rural businesses function not only as economic entities but also as social institutions (Sutherland, 2022). Leaders who align the business mission with community well-being contribute to civic engagement and collective identity (Maak et al., 2021). This study therefore extends beyond business efficiency; it offers leadership strategies that promote

dignity, inclusion, and long-term economic resilience in rural communities. By equipping rural business leaders with actionable retention strategies grounded in transformational leadership theory, this research contributes to strengthening both organizational sustainability and community well-being (see Bass, 2000).

Recommendations for Further Research

The current study used a qualitative pragmatic inquiry design to explore leadership strategies. While rich in depth, the findings would benefit from statistical validation. A quantitative authentication of transformational leadership and retention outcomes would unveil the statistical relationship between transformational behaviors and employee retention rates. This research could use key performance indicators (KPIs) to measure turnover rate, absenteeism, and employee engagement scores. A benefit of this study is that it would provide data-driven benchmarks for rural small business leaders. A lack of prior research or data references limited the current study; by performing additional research, it would strengthen theoretical foundation and improve replicability.

It would also be respectable to research employee-centered retention. In this study, one of the limitations was that only management positions were classified as leaders. This excludes informal leaders and employee perspectives. A mixed-method study could be performed to explore employee perceptions of leadership effectiveness; alignment or gaps between leader intent and employee experience; and psychological safety, trust, and empowerment metrics from the employee viewpoint. That study would improve validity of this study and reduces single-perspective bias.

A third future study that could be performed as a mixed-method is exploring leadership awareness and style identification. Some leaders do not know their leadership style and an experimental design could utilize existing questionnaires (e.g., Multifactor Leadership Questionnaire), training in transformational leadership, and measurement of retention outcomes after leadership education. This converts implicit leadership behaviors into intentional strategy. It also addresses the third limitation of this study, which is leaders may lack awareness of their leadership style. By incorporating a validated leadership assessment instrument, combined observations, and interviews the leadership style is classified with accuracy, which enhances the validity.

Conclusion

Employee retention within rural small businesses were both a leadership challenge and a strategic opportunity. The purpose of this qualitative pragmatic inquiry was to identify and explore effective leadership strategies used by rural small business leaders in Northeastern California to retain employees. Grounded in transformational leadership theory (Burns, 1978; Bass, 2000), this study sought to answer the research question: What effective leadership strategies do small business leaders use to retain employees in rural areas?

The findings demonstrate that retention in rural small businesses is primarily relational rather than transactional. While compensation and operational considerations remain relevant (see Umpusinga et al., 2024), participants consistently emphasized leadership behavior as the dominant influence on employee commitment. This finding supports prior research indicating that ineffective leadership is a primary contributor to

turnover and that relational leadership strengthens employee engagement and retention (see Bake, 2019; Balwant & Singh, 2023). Consistent with the literature, leaders who prioritize individualized engagement, ethical consistency, and transparent communication foster stronger organizational attachment (Cao & Le, 2024).

Five interrelated themes emerged as central to sustainable retention: human-centered leadership, empowerment, adaptive management, community-integrated culture, and strategic flexibility in a seasonal economy. These themes collectively reflect transformational leadership's four core components: individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence (Bass, 2000). The prominence of relational engagement aligns with findings by Marcketti and Kozar (2007), who emphasized relationship-centered leadership in small firms. Similarly, empowerment practices observed in this study reinforce research demonstrating that transformational leadership enhances informal learning, job involvement, and retention (see Zia et al., 2022; Ali et al., 2023).

Adaptive management emerged as a contextual extension of transformational leadership. While situational leadership offers flexibility in response to changing circumstances (see McCleskey, 2014), this study illustrates that adaptability operates within a transformational framework rather than independently. Leaders modified communication styles, scheduling, and operational structures to meet evolving workforce needs—an approach consistent with literature emphasizing leadership adaptability in dynamic environments (López-Lemus & De La Garza Carranza, 2024).

Community-integrated culture was a distinguishing feature of rural retention strategies. Phillipson et al. (2019) highlighted the unique environmental conditions shaping rural small business performance, and this study extends that work by demonstrating how community alignment strengthens workforce stability.

Transformational leadership's focus on shared values and collective identity appears particularly effective in rural contexts, where employment, reputation, and social identity intersect (see Bass, 2000). Employees remained committed not solely because of workplace conditions but because of pride in their organization's community role.

Seasonal economic variability further shaped retention strategies. Rural small businesses operate within fluctuating tourism-based economies (see Amarakoon & Colley, 2023; Phillipson et al., 2019). Leaders who applied strategic flexibility through cross-training, diversification, and transparent communication mitigated turnover during down times (Kim & Beehr, 2022). These findings align with research suggesting that transformational leadership enhances organizational resilience and innovation in small firms (see Cuevas-Vargas et al., 2023).

This study contributes to professional practice by reframing employee retention as a strategic leadership responsibility rather than a solely compensation-driven or administrative function. Masood (2024) identified a need for research focused specifically on practical retention strategies rather than turnover predictors. The findings of this study directly respond to that call by identifying actionable leadership behaviors that influence retention in rural small business environments.

The implications extend beyond organizational performance. Rural small businesses serve as economic anchors in geographically isolated regions (Phillipson et al., 2019). Stable leadership practices that promote retention contribute to workforce continuity, economic resilience, and community sustainability (Sutherland, 2022). As transformational leaders cultivate trust, empowerment, and shared mission, they strengthen not only business outcomes, but also social cohesion (Northouse, 2022; Schwatka et al., 2021).

Although this study was limited to a small regional sample and relied on leader perspectives, it offers meaningful theoretical and practical contributions. The findings confirm the relevance of transformational leadership theory in rural small business contexts and extend existing literature by identifying community integration and seasonal economic adaptation as context-specific retention factors.

Ultimately, sustainable rural workforce retention is not achieved through policy alone but through consistent, ethical, and adaptive leadership practice. Transformational leadership when enacted through relational engagement, empowerment, adaptability, and community alignment creates an environment where employees choose to remain. By integrating evidence-based leadership behaviors with contextual awareness, rural small business leaders can enhance organizational stability while contributing to the long-term vitality of their communities.

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Appendix A: Interview Questions

1. What effective leadership strategies do small business leaders use to retain employees in rural areas? In your experience, how do you define and measure employee satisfaction within a small rural business?
2. What are the most significant challenges related to employee satisfaction and turnover costs in a small business today?
3. Could you share examples of successful strategies or initiatives that you have implemented to improve employee retention over your career?
4. How have these strategies positively influenced the overall work environment and business outcomes?
5. Conversely, can you discuss any strategies that did not yield the expected results or encountered challenges? What lessons were learned?
6. How do you balance the needs for employee satisfaction with the fiscal responsibilities of reducing turnover costs?
7. Can you describe any innovative approaches or best practices that address both employee satisfaction and turnover cost reduction simultaneously?
8. What key performance indicators (KPIs) or metrics can be monitored to assess the effectiveness of these strategies?
9. Over your career, how have you promoted a culture of continuous improvement and employee engagement?
10. What else do you think that I need to know about this topic?