

EMPLOYEE RETENTION IN MALAYSIAN FINANCIAL INSTITUTIONS

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Abstract: *This study examines the critical factors affecting employee retention among sales employees in Malaysian financial institutions, with a specific focus on a local commercial bank. Employee retention is a significant concern for organizations due to its impact on workforce consistency and efficiency. The study aims to identify and evaluate the influence of flexible work arrangements, training and career development, compensation and benefits, and job and organization fit on employee retention. Using a quantitative research methodology, data were collected from sales teams through structured questionnaires and analyzed using statistical techniques to assess the relationships between the variables. The findings indicate that flexible work arrangements, such as telecommuting and adjustable schedules, significantly enhance employee retention. Although training and development did not show a direct correlation with retention, these factors contribute to improving employee skills and job satisfaction. Compensation and benefits were found to require regular reassessment to remain competitive and effective in retaining talent. Additionally, while job and organization fit did not exhibit a significant direct correlation with retention, it remains essential for fostering a supportive work environment. This study contributes to the existing literature by providing actionable insights for local commercial banks to develop effective retention strategies. It underscores the importance of offering flexible work options, investing in professional development, and maintaining competitive compensation packages. Future research should consider a broader range of financial institutions and incorporate advanced data analysis methods to further understand retention dynamics in the sector.*

Keywords: *Employee Retention; Sales Worker; Commercial Bank; Malaysia*

Introduction

Employee turnover is a significant concern for organizations, particularly due to the associated costs and the negative impact on performance (Amri, Ribhan, & Ahadiat, 2022). The financial sector in Malaysia is no exception to this challenge. As the competition for talent intensifies, organizations are increasingly focused on developing strategies to retain their employees and minimize turnover rates. This is crucial because a high incidence of employee turnover can lead to a talent shortage, which exacerbates the demand for skilled workers. A company can only reduce employee turnover if it has a specific plan in place to incentive employees to join the company long-term. Employers must leverage all available information on employee retention to maintain a low turnover rate. According to Jaseel (2019), employers should encourage employees to seek out new opportunities to better understand their work cycles and more efficiently access a variety of fresh labor sources. However, it is often observed that employees leave their current employers after receiving training, in search of better opportunities elsewhere. Factors influencing such decisions include attractive pay, flexible scheduling, a better work environment, and career growth prospects.

Employee retention is defined by Poorani and Krishnan (2021) as an employer's efforts to retain talented personnel by implementing policies that support the achievement of organizational objectives. Given the critical importance of retaining skilled employees, this research aims to identify the elements that have the greatest impact on sales employee retention in Malaysian financial institutions. The study will also investigate the factors influencing sales employee retention and propose solutions to help local commercial banks retain their sales employee longer. Additionally, the research aims to develop a comprehensive solution model for employee retention, contributing to the broader understanding of employee retention strategies in the financial sector.

The Problem Statements

Employee retention has become a critical issue for both public and private organizations, with significant implications for organizational performance. According to Al-Kurdi, Al-Shurideh, and Al-Afaishat (2020), bank management is increasingly focusing on employee retention tactics to expand and preserve human capital. These strategies are essential for maintaining a stable and skilled workforce, which is crucial for achieving organizational objectives in the competitive financial sector. The study by Al-Kurdi et al., (2020) provides a thorough analysis of retention strategies, highlighting the impact of psychological job security, economic job security, affiliation, and self-actualization on employee retention. These factors significantly influence organizational performance in a banking setting within an emerging market. Specifically, self-actualization, connection, psychological factors, and economic concerns are identified as significant elements influencing employee retention in Jordan's commercial banking sector.

In 2021, Akanda, Bhuiyan, Kumarasamy, and Karuppannan assessed talent management and employee retention strategies used by the banking sector during the interim period. Their survey revealed that employee retention is one of the biggest challenges currently facing public and private businesses. Human resource managers are particularly challenged as skilled candidates now have more options in the global job skills market. Given these insights, it is evident that further research needs to be focused on the financial sector. Consequently, this study aims to

examine the variables affecting employee retention in Malaysia's banking sector, with a specific focus on a regional commercial bank. Understanding these factors is crucial for developing effective retention strategies that can enhance organizational performance and mitigate the high costs associated with employee turnover.

Literature Review

This part will discuss in detailed about the dependent and independent variables for this study. The dependent variable is employee retention, meanwhile the independent variables are flexible working arrangement, training and development, compensation and benefits and job and organization fits.

Employee Retention

These days, many businesses prioritize retaining their employee, recognizing that the capacity to retain personnel is the most crucial attribute of a superior human resources professional (Akanda et al., 2021). The retention and satisfaction of a company's workforce are key determinants of its success, as emphasized by Chang and Busser (2020) and Marinakou and Giousmpasoglou (2019). Work productivity within the organization significantly influences these factors, with productivity benefits categorized into intrinsic and extrinsic rewards (Steil, de Cuffa, Iwaya, & Pacheco, 2020). Intrinsic incentives, such as opportunities for career growth, are considered non-material, while extrinsic rewards, including bonuses and financial compensation, are material. The study's conclusions indicate that in a healthy workplace, employee retention is highly influenced by extrinsic rewards. Moreover, extrinsic benefits, according to Chaudhuri, Arora, and Roy (2020), are more motivating for workers as they foster a sense of reciprocity and loyalty. Consequently, understanding the impact of these rewards on employee retention is crucial for developing effective strategies to maintain a stable and satisfied workforce in Malaysian financial institutions.

Flexible Working Arrangement

Flexible working arrangements are increasingly favored by prospective employees, as contemporary businesses adopt more accommodating work norms and processes (Smit & Lawson, 2022). Bal and Izak (2021) note that today's workers are more inclined to negotiate and demand flexible work schedules from their employers than in the past. According to Austin-Egole, Iheriohanma, and Nwokorie (2020), flexible working arrangements encompass a variety of options, including full-time and part-time employment, overtime, online and offline work, weekend work, hourly work, contract work, and shift work. The flexibility to work on weekends is another benefit of these arrangements. Such flexible work options allow employees to work from home (Kim, Mullins, & Yoon, 2021), reduce long-term workplace stress (Chandola, Booker, Kumari, & Benzeva, 2019), and increase productivity while lowering costs (Issa, Kangotue, & Mwando, 2021). However, Mahboob (2021) points out that critics of flexible work schedules argue against them due to concerns about unethical behavior, lack of employee visibility, and misuse of workplace flexibility. Chandola et al., (2019) further highlight challenges such as managing work flexibility, comparing and evaluating performance, the costs associated with additional labor, and gaining owner support. Understanding the impact of flexible working arrangements on employee retention is crucial for developing effective strategies to maintain a stable and satisfied workforce in Malaysian financial institutions. Thus, the authors propose that: *H1: Flexible working arrangements is positively significant with the employee retention.*

Training and Development

Training and development, a crucial aspect of human resource management, primarily aims to boost productivity. Anwar and Abdullah (2021) emphasize that it is more important than ever to support employee members in their activities, ideas, and mental and physical growth. According to Gardi, Hamawandy, Vian Sulaiman, Mahmood, and Alkake (2020), training and development are essential structures that contribute to a rewarding organization. These elements are fundamental to both the initiation and continuation of an organization and are relevant in all contexts and eras. Continuous education and skill enhancement are vital for workers, as stated by Demir, Maroof, Sabbah Khan, and Ali (2020). Proper training and access to educational opportunities make human resources the most reliable assets. There is a clear correlation between the abilities and efforts of employees and the overall improvement in product outcomes. Despite the widespread use of cutting-edge technology in industrialized nations (Prabhu, Nambirajan, & Abdullah, 2020), the importance of human resources remains significant. This topic has generated considerable debate. Sultan, Ahmed, Jafar, Murtaza and Gardi (2020) argue that training and development processes complement each other to enhance workers' knowledge, skills, and thought processes, leading to improved organizational outcomes and encouraging employees to become more competitive. Understanding the impact of training and development on employee retention is crucial for developing effective strategies to maintain a skilled and motivated workforce in Malaysian financial institutions. Thus, the authors propose that: *H2: Training and development is positively significant with the employee retention.*

Compensation and Benefits

Most employees begin working for a company with the expectation of receiving compensation and benefits, which are essential to meeting their financial responsibilities. Khatun, Rahman, and Khatun (2023) define "compensation" as the benefits that a company provides to its workers, including salary, benefits, or other forms of payment. Numerous surveys have indicated that offering financial compensation to employee members boosts their loyalty to the company and promotes efficiency. Research by Hanai and Pallangyo (2020) revealed a strong correlation between an individual's pay and their level of job satisfaction. This relationship can be enhanced through various payment options, such as performance-based or competency-based compensation. Understanding the impact of compensation and benefits on employee retention is crucial for developing effective strategies to maintain a motivated and loyal workforce in Malaysian financial institutions. Thus, the authors propose that: *H3: Compensation and benefits is positively significant with the employee retention.*

Job and Organization Fits

The concept of person-job fit is a motivating factor that raises employee engagement and attentiveness, as noted by Dalgic and Akgunduz (2022). This idea explores the relationship between work qualities and employee attributes, emphasizing the importance of organizational training in achieving an optimal job fit. An employee's job fit is determined by how well their employer can meet their needs and preferences. To achieve this fit, two key requirements must be satisfied: first, each individual's knowledge, competence, and skills must align with the tasks or duties being performed; second, each individual's personality, including their needs, interests, and values, must align with the organization's culture. Employees must "fit" with organizational values to effectively support the development of a dedicated working relationship between the two sides. Understanding the impact of job and organizational fit on employee retention is crucial for developing effective strategies to maintain a committed and

engaged workforce in Malaysian financial institutions. Thus, the authors propose that: *H4: Job and organization fits is positively significant with the employee retention.*

Research Framework

Based on a comprehensive review on previous studies, a conceptual framework using hypotheses H1 – H4 is proposed to understand the relationships as presented in Figure 1.

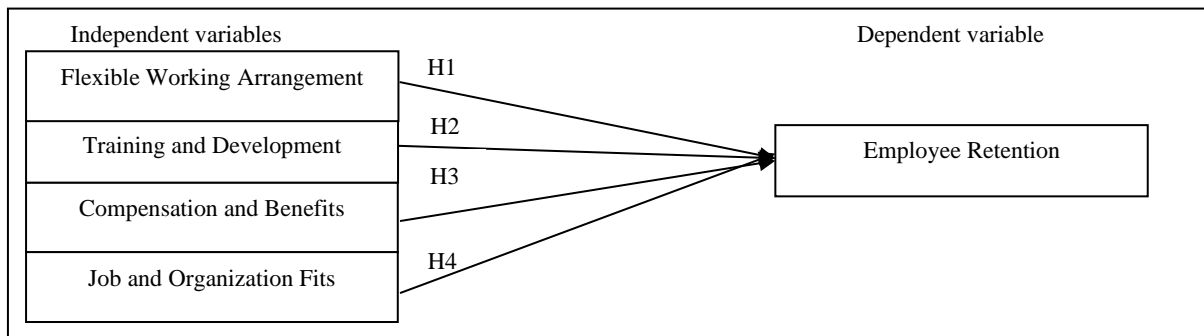


Figure 1: Research Framework

Methodology

This study adopts a quantitative approach with a cross-sectional research design. Data collection was conducted using self-administered questionnaires distributed via Google Forms. The unit of analysis is individual sales employee members from a neighboring commercial bank. The questionnaire consists of 42 questions, encompassing three elements: demographics, the dependent variable (employee retention), and independent variables (Chaudhuri et al., 2020; Rombaut & Guerry, 2020; Dhanpat, Manakana, Mbacaza, Mokone, & Mtongana, 2019). The questions are graded using a five-point Likert scale. To investigate the association between variables and employee retention, the Statistical Package for Social Science (SPSS) and the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis method using SmartPLS 4 were employed. SPSS was utilized to evaluate the demographic data, while SEM-PLS was used to analyze the data by measuring and evaluating structural models. This methodological approach ensures a comprehensive analysis of the factors influencing employee retention in Malaysian financial institutions.

Questionnaire Design

The study utilizes a self-administered questionnaire divided into two sections: Section A covers respondents' demographics, while Section B addresses the independent and dependent variables. Summaries of the constructs' metrics are provided in Table 1.

Table 1: Item Measurement of the Study

Construct	Measurement	No of Item(s)	Source
Flexible Working Arrangement	Implementation of flexible working arrangement. Encouragement from supervisor, Supportive from supervisor, Commitment during working hours	7	Rombaut & Guerry, (2020)
Training & Career Development	New skills, Experience, Motivation, Potential for a higher position, Opportunity	9	Rombaut & Guerry, (2020)

Compensation & Benefits	Salary, Leave, Assistance, Financial support, Performance bonus structure	6	Rombaut & Guerry, (2020)
Job & Organization Fit	Major needs, Values, Personality, Requirements	6	Dhanpat et al., (2019)
Employee Retention	Happy, Enthusiasm, Foreseeable future, Feel valued Career opportunities	5	Chaudhuri et al., (2020)

Data Collection and Analysis

Respondents were selected at random from the current sales employee members of a neighboring commercial bank using simple random selection. The sample size was calculated using the Krejcie and Morgan (1970) table, resulting in one hundred (100) employees completing the survey. Data were exported and analyzed using SPSS version 28.0 (IBM Corporation). Descriptive statistics were presented as counts and percentages to summarize the collected data. The researcher employed SEM-PLS to examine the factors influencing employee retention among the sales employee and to determine the relationships between these factors and retention. Employee members were asked to complete the questionnaire within one week, a process facilitated by the researchers to achieve higher response rates. Data were collected and coded before being loaded into SPSS to check for errors and ensure scores were not missing or out of range. Finally, SmartPLS 4.0 was used to test the study's hypotheses.

Findings

This part discussed the findings of the study.

Profile of Respondent

The respondent profile for this study consists of 100 participants. The gender distribution is 39% male and 61% female. The age range of respondents is varied, with 42% aged 27-36, 23% aged 37-40, 28% over 40 years old, and 7% between 22-26. The majority of respondents are Malay (99%), with a small percentage (1%) from other ethnic backgrounds. In terms of working experience, 35% have 6-10 years of experience, while 22% have over 21 years. Educationally, most respondents hold a degree (46%), followed by diplomas (29%), secondary education (17%), master's degrees (6%), and PhDs (2%). The respondents occupy various positions, with 62% being officers/executives, 16% in managerial roles, 21% in clerical positions, and 1% in other roles. They work across different locations, including regional offices (22%), Kota Bharu (16%), and several others. Monthly income levels range mostly from RM5001 to RM7000 (61%), with 22% earning between RM2501-RM5000, 16% earning above RM7001, and 1% earning between RM1500-RM2500. Finally, 79% of respondents hold permanent employment, while 21% are on contract.

Measurement Model Evaluation

The first criterion to be determined in the measurement model is internal consistency reliability which includes Cronbach's alpha and composite reliability. Specifically, the composite reliability values should be higher than 0.70 (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014) to show the modest reliability applicable in the research.

Table 2: Internal Consistency Reliability

Construct	Loading range (>0.70)	Composite Reliability (>0.70)	Cronbach's Alpha (α) (>0.60)
Flexible Working Arrangement	0.775– 0.909	0.850	0.848
Training & Career Development	0.827– 0.958	0.870	0.862
Compensation & Benefits	0.834– 0.948	0.875	0.857
Job & Organization Fit	0.868– 0.920	0.854	0.853
Employee Retention	0.736– 0.933	0.818	0.810

The findings from Table 2 illustrate the internal consistency reliability of the constructs examined in the study, specifically flexible working arrangement, training and career development, compensation and benefits, job and organization fit, and employee retention. The flexible working arrangement construct shows factor loadings ranging from 0.775 to 0.909, a composite reliability of 0.850, and a Cronbach's Alpha of 0.848, indicating strong item correlations and good internal consistency. Training and career development has factor loadings between 0.827 and 0.958, a composite reliability of 0.870, and Cronbach's Alpha of 0.862, signifying high reliability and consistency. The compensation and benefits construct demonstrates factor loadings from 0.834 to 0.948, a composite reliability of 0.875, and a Cronbach's Alpha of 0.857, reflecting strong internal consistency. Similarly, job and organization fit has factor loadings ranging from 0.868 to 0.920, a composite reliability of 0.854, and Cronbach's Alpha of 0.853, indicating reliable and consistent measures. Lastly, the employee retention construct shows factor loadings from 0.736 to 0.933, a composite reliability of 0.818, and a Cronbach's Alpha of 0.810, which also indicates good internal consistency and reliability. Overall, all constructs exhibit high internal consistency reliability, with factor loadings above 0.70, composite reliability values exceeding 0.70 (Nunnally & Bernstein, 1994) and Cronbach's Alpha values well above the acceptable threshold of 0.60. These results confirm that the measurement items for each construct are consistent and reliable, validating their use for further analysis in the study.

Convergent Validity

The convergent validity of the measurement model was evaluated using three key indicators as shown in Table 3: Composite Reliability (CR), Average Variance Extracted (AVE), and Cronbach Alpha (α) (Gholami, Sulaiman, Ramayah, & Molla, 2013). All constructs exceeded the recommended thresholds, demonstrating strong convergent validity. Specifically, flexible working arrangement, training and career development, compensation and benefits, job and organization fit, and employee retention showed CR values above 0.70 (Hair, Black, Babin, & Anderson, 2010), AVE values above 0.50, and Cronbach Alpha values above 0.60. This indicates that the constructs are reliable and valid for further analysis.

Table 3: Convergent Validity of Measurement Model

Construct	CR (>0.70)	AVE (>0.50)	Cronbach Alpha (α) (>0.60)
Flexible Working Arrangement	0.850	0.764	0.848
Training & Career Development	0.870	0.766	0.862
Compensation & Benefits	0.875	0.823	0.857

Job & Organization Fit	0.854	0.809	0.853
Employee Retention	0.818	0.742	0.810

Discriminant Validity

The common methods to assess discriminant validity are cross-loading, Heterotrait-Monotrait ratio (HTMT), and Fornell-Larcker (2018) criterion of comparing the correlations between constructs and the square root of the AVE for that construct. Table 4 shows the results of loadings and cross-loading of constructs.

Table 4: Loadings and Cross-Loading of Each

Construct	Employee Retention	Flexible Working Arrangement	Training & Career Development	Compensation & Benefits	Job & Organization Fit
Q1	0.933	0.555	0.487	0.443	0.561
Q2	0.736	0.483	0.464	0.390	0.475
Q3	0.906	0.507	0.437	0.433	0.549
Q4	0.929	0.638	0.574	0.565	0.592
Q5	0.785	0.519	0.478	0.337	0.424
Q6	0.461	0.876	0.490	0.528	0.640
Q7	0.577	0.894	0.508	0.564	0.628
Q8	0.556	0.849	0.376	0.327	0.505
Q9	0.516	0.901	0.473	0.468	0.616
Q10	0.511	0.906	0.463	0.484	0.595
Q11	0.597	0.909	0.470	0.421	0.550
Q12	0.605	0.775	0.538	0.449	0.595
Q13	0.379	0.325	0.866	0.757	0.692
Q14	0.536	0.647	0.845	0.702	0.702
Q15	0.601	0.638	0.867	0.760	0.796
Q16	0.298	0.208	0.874	0.789	0.719
Q17	0.544	0.415	0.958	0.859	0.822
Q18	0.470	0.357	0.915	0.761	0.767
Q19	0.460	0.434	0.882	0.828	0.824
Q20	0.491	0.554	0.838	0.731	0.764
Q21	0.558	0.511	0.827	0.692	0.730
Q22	0.402	0.416	0.699	0.908	0.780
Q23	0.472	0.470	0.745	0.948	0.772
Q24	0.327	0.412	0.669	0.834	0.757
Q25	0.384	0.446	0.801	0.947	0.765
Q26	0.560	0.531	0.899	0.907	0.836
Q27	0.538	0.551	0.859	0.893	0.836
Q28	0.571	0.673	0.868	0.856	0.894
Q29	0.586	0.664	0.866	0.863	0.889
Q30	0.530	0.730	0.770	0.776	0.913
Q31	0.554	0.459	0.729	0.759	0.868
Q32	0.526	0.547	0.723	0.735	0.920
Q33	0.497	0.559	0.718	0.722	0.911

According to this method, discriminant validity is determined when the loading of an item on a construct is higher than all of its cross-loading with other constructs. The result shows that the first construct which is employee retention consists of five (5) items and they were found to have significant loadings in this construct. For the flexible working arrangement, seven (7) items were found to have significant loadings while the training and career development comprises of nine (9) items was found to have significant loadings. In addition, the compensation and benefits comprises of six (6) items was found to have significant loadings and job and organization fit comprises six (6) items was found to have significant loadings.

The next methods are the Heterotrait-Monotrait ratio (HTMT) and Fornell-Larcker criterion that compares the square root of the AVE values with the latent variables correlations. These method requires that the square root of each construct of AVE should be greater than its highest correlation with any other constructs.

Table 5a: Heterotrait-Monotrait ratio (HTMT)

Constructs	Compensation & Benefit	Flexible Work Arrangement	Job & Organization Fits	Employee Retention	Training & Development
Compensation & Benefit					
Flexible Work Arrangement	0.547				
Job & Organization Fits	0.909	0.709			
Employee Retention	0.523	0.671	0.649		
Training & Development	0.897	0.542	0.900	0.587	

Table 5b: Fornell-Larcker Criterion

Constructs	Compensation & Benefit	Flexible Work Arrangement	Job & Organization Fits	Employee Retention	Training & Development
Compensation & Benefit	0.907				
Flexible Work Arrangement	0.529	0.874			
Job & Organization Fits	0.877	0.675	0.899		
Employee Retention	0.509	0.632	0.607	0.862	
Training & Development	0.872	0.545	0.870	0.570	0.875

Note: Diagonals (in bold) represent the average variance extracted while the others entries represent the squared correlation.

The HTMT (Table 5a) ratios and Fornell-Larcker Criterion (Table 5b) were used to assess discriminant validity. HTMT values for most constructs were below the recommended threshold of 0.90, except for a few higher values in the relationships between job and organization fits and compensation and benefits, and between job and organization fits and

training and development. The Fornell-Larcker Criterion also confirmed discriminant validity, with the diagonal values (representing the square root of the AVE) being higher than the off-diagonal values (representing the correlations between constructs).

Structural Model Evaluation

The structural model involves the analysis of the relationship between the latent variables or constructs. This includes the collinearity assessment, path coefficient, coefficient of determination (R^2), effect size (f^2) and predictive relevance (Q^2) and blindfolding (Hair, Hult, Ringle, & Sarstedt, 2014).

Assessment of Collinearity among the Constructs

The first step in evaluating the structural model is to examine collinearity issues between each set of constructs separately for each subpart of the structural model. Table 6 shows the Variance Inflation Factor (VIF) values of the analyses. The collinearity assessment showed that all Variance Inflation Factor (VIF) values were below 5, indicating that multicollinearity is not a concern in this model. The VIF values ranged from 1.901 for the relationship between flexible work arrangement and employee retention to 4.591 for the relationship between compensation and benefit and employee retention. Thus, the author can continue examining the default report such as path coefficient, R^2 , f^2 , and Q^2 .

Table 6: Collinearity Assessment of the Constructs

Construct	VIF (<5)
Compensation & Benefit -> Employee Retention	4.591
Flexible Work Arrangement -> Employee Retention	1.901
Job & Organization Fits -> Employee Retention	4.122
Training & Development -> Employee Retention	4.234

Assessment of Path Coefficients

The structural model path coefficients and their significance were evaluated. The path coefficient (β) from flexible work arrangement to employee retention was 0.416, with a t-value of 3.137 and a p-value of 0.002, indicating a significant positive relationship. However, the relationships between training and development, compensation and benefits, job and organization fit, and employee retention were not significant, as indicated by their respective p-values of 0.059, 0.414, and 0.413 as illustrated in Table 7.

Table 7: Significant Testing Results of the Structural Model Path Coefficients

Structural Path	Path coefficient (β)	t- value	P value
Flexible Work Arrangement -> Employee Retention	0.416	3.137	0.002
Training & Development -> Employee Retention	0.303	1.891	0.059
Compensation & Benefit -> Employee Retention	-0.130	0.817	0.414
Job & Organization Fits -> Employee Retention	0.177	0.820	0.413

Assessment of Coefficient of Determination (R^2)

The R^2 value refers to a measure of the model predictive accuracy and is calculated as the squared correlation between a specific endogenous construct's actual and predicted values. There is no specific rule of thumb for R^2 value. The threshold values that were suggested by Chin (1998) to measure R^2 value are 0.67 (substantial), 0.33 (moderate) and 0.19 (weak). Table 8 shows the R^2 value for the endogenous construct that achieves the acceptable value of R^2 . The determination coefficient (R^2) for employee retention was 0.477, indicating that the model

explains approximately 47.7% of the variance in employee retention, which is considered moderate. Thus, this model is meaningful with strong predictive capacity.

Table 8: Determination Coefficient (R²)

Endogenous variable	R ² value	Threshold
Employee Retention	0.477	≥0.33 (moderate)

Assessment of Effect Size (f²)

The effect size (f²) is a measure used to assess the relative impact of a predictor (exogenous) construct on an endogenous construct (Chin, 1998). By following the guidelines from Cohen (1988) to measure the relative effect size of exogenous construct on the endogenous construct, the f² values of 0.02 may be considered as small effect, 0.15 is considered as medium effect and above 0.35 as large effects. The result is presented in Table 9. The effect sizes (f²) for the relationships were also calculated, with flexible work arrangement showing a medium effect size (0.174), while the other constructs had small effect sizes, indicating that flexible work arrangement had the most substantial impact on employee retention among the constructs studied.

Table 9: Effect Size (f²) of the Latent Variable

Structural Path	Effect size (f ²)	Rating
Flexible Work Arrangement -> Employee Retention	0.174	Medium
Training & Development -> Employee Retention	0.033	Small
Compensation & Benefit -> Employee Retention	0.006	Small
Job & Organization Fits -> Employee Retention	0.008	Small

Note: The values of f²; 0.02=small, 0.15=medium, 0.35=large

Assessment of Predictive Relevance (Q²) and Blindfolding

The Q² value is a measure of predictive relevance based on the blindfolding technique in SEM-PLS (Chin, 1998). In the structural model, the Q² value that is larger than zero for a certain reflective endogenous latent variable indicates the path models predictive relevance for this particular construct. By running the blindfolding technique in SmartPLS3.2.1, the Q² values were obtained as shown in Table 10. The predictive relevance (Q²) for employee retention was 0.431, which is above zero, indicating that the model has good predictive relevance for this endogenous construct. Thus providing support for the model predictive relevance regarding the reflective endogenous latent variables.

Table 10: Predictive Relevance (Q²) of Endogenous (Omission distance=7)

Endogenous	Q ² >0
Employee Retention	0.431

Overall Results of Structural Model Analysis

The results of the hypotheses testing are summarized in Table 11. The hypotheses testing results revealed that only the hypothesis concerning the relationship between flexible working arrangement and employee retention was supported. This relationship was significant with a standard beta (β) of 0.416 and a p-value of 0.002. The other hypotheses, regarding the relationships between training and career development, compensation and benefits, job and organization fit, and employee retention, were not supported due to their non-significant p-values. In conclusion, the analysis highlighted the significant positive impact of flexible working arrangements on employee retention, while other factors such as training and career development, compensation and benefits, and job and organization fit did not show a significant

influence in this study. These findings provide valuable insights for organizational strategies aimed at improving employee retention. In conclusion, only one (1) hypotheses were accepted in this research.

Table 11: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationship	Standard Beta (β)	Standard Error	t-value	f^2	P value	Decision
H1	Flexible Working Arrangement → Employee Retention	0.416	0.133	3.137	0.174	0.002	Supported
H2	Training & Career Development → Employee Retention	0.303	0.160	1.891	0.033	0.059	Not Supported
H3	Compensation & Benefits → Employee Retention	-0.130	0.159	0.817	0.006	0.414	Not Supported
H4	Job & Organization Fit → Employee Retention	0.177	0.216	0.820	0.008	0.413	Not Supported

* 1.645 - 2.32

** 2.33 and above

**p<0.01

Discussion

Organizations place a high value on employee retention because it directly affects the consistency and effectiveness of their workforce. A comprehensive examination of the sales teams at a local commercial bank reveals a significant relationship between flexible work schedules and employee retention. This finding aligns with a previous study by Austin-Egole et al., (2020), which indicated that flexible work schedules positively influence employee retention across various industries and sectors. Examples of flexible working arrangements include telecommuting, flexible scheduling, job sharing, and part-time employment. When employees have the opportunity to create a more balanced integration of their personal and professional lives, their loyalty and job satisfaction increase (Bal & Izak, 2021). Flexible working options facilitate this balance. This study emphasizes the importance of flexible working arrangements in retaining sales personnel, particularly focusing on the sales teams of a local commercial bank. The positive correlation between flexible work schedules and the retention of sales professionals is a noteworthy finding for organizations, especially those in the banking sector. Flexible work schedules are gaining popularity in modern workplaces due to the benefits they offer to both employers and employees.

Conclusion and Recommendations

Adopting flexible work options, such as telecommuting or rearranging work schedules, can significantly help a local commercial bank retain its sales personnel. To effectively maintain its sales expertise, the bank must carefully evaluate other components of this study and make the necessary adjustments. The findings of this study will have a considerable impact on the bank and its sales team. To successfully retain its sales specialists, the bank should continue offering various flexible work options, such as working from home or alternating between different hours. Additionally, it is recommended that the bank provide its sales teams with more

opportunities for professional growth and training. Even though the study did not find a significant association between career development and training and employee retention, investing in the training and development of its sales employee can enhance their skills, job satisfaction, and long-term retention. To stay competitive and meet market demands, the bank must also assess and adjust its benefits and compensation plans. This can help attract and retain exceptional employees in the sales teams. While the study did not discover a significant correlation between job and organization fit and employee retention, developing personnel who are a good fit for the bank's sales force remains crucial. Clear job descriptions and criteria, a supportive and collaborative work environment, and corporate values that align with employee goals are beneficial in achieving this fit. Additionally, regularly assessing worker satisfaction and engagement is important. Performance reviews, employee surveys, and open communication can help achieve this. By measuring employee engagement and satisfaction, the bank can identify areas for improvement and implement solutions. Future research endeavors may include additional financial institutions and incorporate new factors and data analysis methodologies.

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