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Staff Retention among Employees in Malaysian Financial Institutions

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Abstract

This study investigates the retention of employees at a local commercial bank with a sample of 100. This study aims to assess flexible working arrangements, training and career development, compensation and benefits, and job and organisation fit that influence the retention of employees. This study found that only flexible working arrangements influence employee retention. The research findings assist respective bank management in formulating efficient human resource strategies. Understanding the variables that impact the retention of employees enables targeted interventions to improve employee happiness, engagement, and turnover rates.

Keywords: Staff Retention; Sales Worker; A local commercial bank; Likert Scale

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1.0 Introduction

Companies are highly concerned about staff turnover because of the costs incurred by employee turnover, which can harm the organisation's performance (Amri, Ribhan & Ahadiat, 2022). It is only possible to stop employee turnover in a business if a particular strategy is in place to encourage employees to remain with the organisation permanently. One of the most significant issues employers face in the modern day is the ever-increasing turnover rate, which has resulted in a talent shortage in addition to the ever-increasing interest in talent. The organisation must use all its staff retention knowledge to maintain a low turnover rate. According to Jaseel (2019), an employer must encourage employees to look for new opportunities to understand the employees' rhythms better and tap into a variety of fresh labour supply more effectively. After training, individuals leave their current organisation for more excellent opportunities elsewhere. Several things can motivate an employee to hunt for a new job, including lucrative compensation, acceptable working hours, an improved atmosphere, and opportunities for advancement. According to Poorani and Krishnan (2021), employee retention refers to the efforts made by an employer to keep talented workers as employees by adopting policies that contribute to accomplishing organisational goals. Therefore, the primary purpose of the research is to investigate the factors that influence the retention of the sales workforce, investigate the elements that are most influential in the retention of the sales workforce, and provide solutions that can

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improve the retention of the sales workforce in A local commercial bank. A comprehensive solution model for staff retention is another research objective that aims to establish it in addition to earlier objectives.

2.0 Literature Review

2.1 Employee Retention

In the modern day, many companies have made the retention of their employees their primary concern. According to Akanda, Bhuiyan, Kumarasamy, and Karuppanan (2021), the most essential quality of an excellent human resources professional is the individual's ability to retain employees, even though employing talented individuals is still very important. According to Chang and Busser (2020) and Marinakou and Giousmpasoglou (2019), the most critical variables that determine the success of a company are the retention and contentment of its employees, and work productivity inside the organisation is a significant component in determining these factors. The benefits of increased job productivity can be broken down into extrinsic and intrinsic categories. (Steil, de Cuffa, Iwaya, & Pacheco, 2020) While extrinsic rewards, such as bonuses or other types of monetary remuneration, are material, intrinsic incentives, such as offering employees the opportunity to advance in their careers, are considered non-material. According to the findings of the study, the retention of employees is strongly dependent on extrinsic rewards in a thriving environment. On the other hand, Chaudhuri, Arora, and Roy (2020) assert that extrinsic rewards motivate employees more since they encourage loyalty and reciprocity.

2.2 Flexible Working Arrangement

According to Smit and Lawson (2022), prospective employees strongly prefer flexible work norms and procedures, which are increasingly prevalent in modern firms. According to Bal and Izak (2021), most workers in today's society try to negotiate and demand more flexible work schedules from their employers than they did in the past. The opportunity to select between full-time and part-time employment, overtime, online and offline work, weekend work, hourly work, contract work, weekend jobs, and roaster versus shift work are all examples of flexible working arrangements, as stated by Austin-Egole, Iheriohanma, and Nwokorie (2020). Working flexible arrangements also include the flexibility to work on the weekends. Employees can work remotely with the assistance of practical, flexible work arrangements (Kim, Mullins, & Yoon, 2021), reduce chronic job stress (Chandola, Booker, Kumari, & Benzema, 2019), and increase productivity while simultaneously reducing overhead costs (Issa & Kangotue, 2021). According to Mahboob (2021), those opposed to flexible work arrangements point to unethical behaviour, a lack of employee visibility, and employee abuse of job flexibility as the reasons for their refusal to support the concept. According to Chandola et al. (2019), some additional justifications against flexible work arrangements include the ability to manage work flexibility, the capabilities of performance evaluation and comparison, the expenses associated with extra labour, and the support of the owner.

2.3 Training and Development

Training is an essential component of human resource management, with the primary objective being to increase productivity. According to Anwar and Abdullah (2021), it is becoming increasingly important to support employees in their physical and mental development, as well as their activities and ideas. According to Gardi, Hamawandy, Vian Sulaiman, Mahmood, and Alkake's research from 2020, fundamental structures associated with a fulfilling organisation include development and training. There is no age or circumstance in which these are not present; they are indispensable to an organisation's existence and continued existence. Employees must be provided with the required knowledge and continuous input regarding human resources (Demir, Maroof, Sabbah Khan & Ali, 2020). These resources are the most reliable if they are trained appropriately and provided with academic opportunities. There is a clear correlation between the abilities and efforts of workers and the extent to which goods provide superior results overall. Human resources remain, even though it is well-known that industrialised nations extensively use cutting-edge technology (Prabhu, Nambirajan & Abdullah, 2020). This is a contentious issue that has been the subject of much debate. Training and development are two processes that, according to Sultan, Ahmed, Jafar, and Murtaza (2020), work together to enhance employees' knowledge, skills, and ways of thinking. This, in turn, results in outcomes that influence the firm and motivate employees to become more competitive.

2.4 Compensation and Benefits

When beginning their employment with the company, most workers do so with the expectation of obtaining remuneration and benefits, in addition to having certain financial obligations of their own. According to Khatun, Rahman, and Khatun (2023), "compensation" refers to the recompense an organisation offers its employees. This remuneration may be a wage, benefits, or anything else. Many polls have demonstrated that providing employees with monetary remuneration encourages productivity and enhances their commitment to the organisation. Research conducted by Hanai and Pallangyo in 2020 indicates a considerable connection between one's salary and one's level of satisfaction in one's profession. This relationship may be split down into other forms of payments, such as those based on performance or competency. Both types of calculations are possible.

2.5 Job and Organization Fit

As Dalgic and Akgunduz (2022) stated, the person-job fit theory is a motivational factor that increases employee engagement and attentiveness. The link between employee attributes and work characteristics is discussed in this article. Since an employee's job fit is decided by the degree to which their employer can fulfil their requirements and desires, organisational training plays a vital role. They went on to say that to achieve this fit, two types of suitability must be met: the compatibility of each person's knowledge, competence,

and skills with the work or tasks that are currently being performed and the compatibility of each person's personality, which includes their needs, interests, and values that are in line with the culture of the organisation. To successfully foster the growth of a committed working relationship between the two parties, it is necessary for employees and organisational principles to "fit" with one another.

2.6 Employee Retention in the Banking Industry

Al-Kurdi, Al-Shurideh, and Al-AI Afaishat (2020) state that employee retention strategies are becoming an increasingly important concern for bank management. This is because these strategies deal with how to preserve and expand the bank's human capital. The study provides a more in-depth analysis of these retention strategies, with a particular emphasis on how psychological job security, economic job security, affiliation, and self-actualisation influence staff retention and how this, in turn, influences organisational performance in a banking setting in an emerging market. Among the factors affecting employee retention in Jordan's commercial banking sector, the findings indicate that self-actualisation, affiliation, psychological factors, and economic concerns are all important. During this interim period, Akanda et al. evaluated the banking industry's talent management and staff retention practices in the year 2201. According to the survey, one of the most significant challenges that public and private companies currently face is employee retention. This challenge has become increasingly challenging for human resource managers as qualified applicants have more options in the global job skills market. While this happens, more research must focus solely on the banking industry. As a result, the objective of this paper was to investigate the factors that influence the retention of staff in the banking industry of Malaysia, with a particular emphasis on a local commercial bank.

3.0 Methodology

Simple random selection was used to choose the respondents from among the current sales employees of a nearby commercial bank. The sample size was determined by utilising the table provided by Krejcie and Morgan (1970). Only 100 employees who were chosen to answer the questionnaire completed it. A self-administered questionnaire with two sections is used in the study; Section A asks questions about the demographics of the respondents, and Section B asks questions about the independent and dependent variables. Employing the identical instruments that a prior researcher (Rombaut & Guerry, 2022; Dhanpat, Manakana, Mbacaza, Mokone & Mtongana, 2019; Chaudhuri et al., 2020) used to study employee retention in organisations. Table 1 contains summaries of the measurements for the build, which are as follows:

Table 1. Coefficients in regression analysis

Construct	Measurement	No of Item(s)	Source
Flexible Working Arrangement	Implementation of flexible working arrangement	7	Rombaut & Guerry, (2020)
	Encouragement from supervisor		
	Supportive from supervisor		
Training & Career Development	Commitment during working hours	9	Rombaut & Guerry, (2020)
	New skills		
	Experience		
	Motivation		
	Potential for a higher position		
Compensation & Benefits	Opportunity	6	Rombaut & Guerry, (2020)
	Salary		
	Leave		
	Assistance		
Job & Organization Fit	Financial support	6	Dhanpat et al., (2019)
	Performance bonus structure		
	Major needs		
	Values		
	Personality		
	Requirements		
Employee Retention	Happy	5	Chaudhuri et al., (2020)
	Enthusiasm		
	Foreseeable future		
	Feel valued		
	Career opportunities		

According to the degree of agreement between each construct and the regression, a value between 1 and 5 will be awarded to each (Saad, Ishak, Abu Bakar, Sandhu & Mahmood, 2022). Multiple regressions were calculated (Keen, Liang, & Sham, 2022).

4.0 Findings

The relationship between the independent and dependent variables is shown through multiple regression. The dependent variables in this study were identified and explained using R-squared (R²) measurements. The regression analysis's model summary is displayed in Table 2.

Table 2. Model summary of regression analysis

Model	R	R ²	Adj. R ²	Std Err of the Est.	Change Statistics
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1	.681 ^a	.463	.440	.54449	R ² .463	F 20.484	df1 4	df2 95	Sig.F <.001
a.	Predictors: (Constant), JOF, FWA, TD, CB								

The Multiple Linear Regression model summary is displayed in TABLE 2. The model's adjusted R2 value is 0.440, whereas its R2 value is 0.463. There is a good connection (R-value of 0.681) between a criteria variable (DV) and the predictors (IV). It indicates that the independent variables flexible working arrangement, training and career development, compensation and benefits, and job and organisation fit account for 46.3% of the variance in employee retention among workers in a local commercial bank.

Table 3. Coefficients in regression analysis

Model	Un-Std. Coeff.		Std Coeff.		Coll. Stats.	
	B	Std. Err.	Beta	t	Sig	Tol.
(Constant)	1.392	.330		4.218	<.001	
Flexible Working Arrangement	.360	.094	.412	3.843	<.001	.492
Training And Career Development	.232	.143	.276	1.618	.109	.194
Compensation And Benefits	-.117	.124	-.161	-.940	.350	.192
Job & Organization Fit	.223	.211	.225	1.058	.293	.125

a. Dependent Variable: Employee Retention

The regression analysis results in Table 3 indicate that the prediction of the criterion variable has been significantly aided by flexible working arrangements ($\beta = 0.412, p < 0.05$). Its significant value is less than 0.05, which explains why. Besides, the flexible working arrangement has the most significant beta coefficient, 0.412. Hence, it is the strongest unique predictor in predicting employee retention among workers in A local commercial bank as compared to training and career development (0.276), compensation and benefits (-0.161), and job and organisation fit (0.225). Compensation and benefits have the smallest beta coefficient, which is -0.161. It shows that it is the weakest unique predictor in predicting employee retention among workers in A local commercial bank as compared to flexible working arrangement (0.412), training and career development (0.276), and job and organisation fit (0.225). In summary, the analysis found that only one (1) variable, flexible working arrangement, was significant in explaining employee retention among workers in A local commercial bank.

5.0 Discussion

Because it directly impacts the consistency and effectiveness of their workforce, organisations place a substantial amount of importance on the retention of their employees. There is a correlation between flexible work arrangements and the retention of sales staff, according to the findings of a comprehensive investigation of the sales teams at a local commercial bank. This finding is consistent with the findings of a previous study that was carried out by Austin-Egole, Iheriohanma, and Nwokorie (2020). That study revealed that flexible working arrangements positively affect employee retention across various industries and organisations. Many flexible working arrangements include job sharing, part-time employment, flexible scheduling, and telecommuting. When employees are allowed to establish a more favourable equilibrium between their personal and professional lives, it increases job satisfaction and loyalty to the organisation (Bal & Izak, 2021). Flexible working alternatives provide employees with the opportunity to reach this equilibrium. This study primarily examines the sales teams of a local commercial bank, emphasising the significance of flexible working conditions in retaining sales personnel. The association shown in a local commercial bank between flexible work schedules and sales professionals' retention is a noteworthy finding for businesses, particularly those in the banking industry. There has been a rise in the popularity of flexible working arrangements in modern settings due to their potential benefits for organisations and their employees.

6.0 Conclusion & Recommendations

Using flexible work arrangements, such as working from home or adjusting working hours, will significantly assist a local commercial bank in its efforts to retain its sales professionals. It is necessary for a local commercial bank to thoroughly assess the other aspects of this study and adjust to keep its sales experts. The findings of this study will have significant repercussions for a local commercial bank and its sales staff. To efficiently retain its sales specialists, a local commercial bank should continue offering various flexible working options, such as working from home or alternating between different hours. More training and professional development opportunities should be made available to the sales teams of a local commercial bank. Even though the research did not uncover any substantial correlation between training and career development and employee retention, a local commercial bank should nonetheless invest in the training and development of its sales force. Their capabilities, pleasure at work, and long-term retention can all be improved because of this.

Nevertheless, to maintain its competitive edge and fulfil the market's requirements, a local commercial bank needs to evaluate and modify its compensation and benefits packages. This can facilitate recruiting and keeping outstanding people for sales teams. Even though the study did not find a significant association between job and organisation fit and employee retention, a local commercial bank should continue to vigorously emphasise developing individuals who are a good fit for their sales force. To do this, it is helpful to have clear job descriptions and requirements, a welcoming and collaborative workplace, and company values congruent with employee ideals. Lastly, frequent evaluations of employee engagement and satisfaction should be conducted. This can be accomplished using open communication, employee surveys, and performance evaluations. Through the measurement of employee satisfaction and engagement,

a local commercial bank has the potential to identify areas for improvement and put solutions into action. Future studies could be extended to other financial institutions with new variables and techniques for analysing the data.

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Paper Contribution to Related Field of Study

This study aims to provide new insights into the elements that contribute to employee retention in a local commercial bank by examining the factors that affect employee retention among bank employees. Planners may utilise the study's results as a foundation to create a novel approach to employee retention within the company. The findings' principal implication may also motivate companies, especially those in the banking sector, to rethink and enhance employee retention initiatives.

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