



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



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ISSN: 2222-6990

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v13-i3/16455>

DOI:10.6007/IJARBSS/v13-i3/16455

Received: 07 January 2023, **Revised:** 09 February 2023, **Accepted:** 28 February 2023

Published Online: 14 March 2023

In-Text Citation: (Azami et al., 2023)

To Cite this Article: Azami, N., Azmee, D. S. S., Keng, N. Z., Qing, N. X., Shen, N. Z., & Han, L. K. (2023). Factors Affecting Employee Retention Among SMES' Millennial Employees in Klang Valley, Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 13(3), 868 – 888.

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Vol. 13, No. 3, 2023, Pg. 868 – 888

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Abstract

MEs have been a significant driver of Malaysia's economy. SMEs provide opportunities for business expansion and employment for people in need. Therefore, it is important to understand the workforce now as well as in the future. According to earlier studies by others, businesses are currently aggressively seeking the best employees on the market as well as the talent that will eventually replace the ageing baby boomer generation in the upcoming few years. It is because one of their biggest talent concerns is how difficult it is to attract and retain younger employees, especially for millennials and generation Z. The purpose of this study is to examine the factors affecting employee retention among SMEs' millennial employees in the Klang Valley. Three independent variables: career development opportunities, compensation, and workplace flexibility, were selected to examine the relationship with employee retention. The Klang Valley region was chosen as it is the fastest-growing area in Malaysia with a variety of businesses, educational institutions, and entertainment that attract people from all over the nation to these economic hubs. The quantitative research was used for this study. In this study, three data analysis models have been applied in data analysis descriptive analysis, multiple linear regression, and Pearson correlation coefficient analysis. A total of 384 responses were received for data analysis. The research approach was by survey questionnaires via Google Forms and all the data collected will be analysed by IBM SPSS version 28.0.0.0 throughout the pilot test and final analysis. The findings demonstrate that all the three hypotheses were supported. All the independent variables (career development opportunities, compensation, and workplace flexibility) are found to have a significant positive relationship with the dependent variable. Finally, a summary of the main discussion, implication of the study, its limitations, and some recommendations for future study are mentioned in this paper.

Keywords: Employee Retention, Career Development Opportunities, Compensation, Workplace Flexibility, Millennials

Introduction

An organisation must attract, develop, and retain employees with the essential skills and expertise to boost the overall effectiveness and efficiency of the company in order to survive in the evolving workplace. A lack of career development, a lack of appreciation or recognition,

and a lack of training opportunities rank as the top reasons for leaving existing employment. (Dhanpat et al., 2018). Organizational management as well as experts in human resources have taken an interest in this subject. Retention is defined as the ability of a company to influence an employee's decision to work there for the longest time feasible by considering employee demands, work happiness, and motivation (Guðmundsdottir & Helgudottir, 2018). Retention strategies are required to lessen key employees' desire to quit because retaining them in the business is crucial to an organization's long-term performance in all sectors. Retention strategies are crucial for businesses because they save on hiring costs and increase organisational efficiency over time (Rakhra, 2018).

The most recent data in the Malaysia Statistical Business Register, MSBR showed that there were 1,226,494 MSMEs in total in 2021, or 97.4% of all businesses in Malaysia. Compared to a total of 1,086,157 MSMEs in 2016, there has been an increase of more than 140,000 businesses, representing an average growth rate of 5.2% annually during the preceding six years (SME Corporation Malaysia, 2021). It stressed the significance of SMEs as the backbone of Malaysia's economy that drive of economic growth. SME's contribution to local and national economies is significant (Lorenz and Potter, 2019). Selangor has the biggest number of SMEs, followed by Kuala Lumpur, which is dedicated to more than one-third of all SMEs.

The millennials, also known as Generation Y, are one of the newest generations in the workforce today, which will replace the soon-to-retire Generation X and Baby Boomers as the largest group of workforces in businesses around the world (Rosa & Hastings, 2018; Weldy, 2020). According to Jobstreet, by 2020, millennials will account for half of the worldwide workforce (Hee & Rhung, 2019). The overall population of millennials, who are defined as those between the ages of 25 and 41, was estimated by the Malaysian Bureau of Labour Statistics, Department of Statistics Malaysia, to be around 9,644,700 in the first quarter of 2022. Millennials are individuals born between 1981 and 1996 and are presently aged 26 to 41 (Ngotngamwong, 2020).

Problem Statement

By 2025, it's anticipated that millennials will account for 75% of the workforce (Catalyst, 2021). According to the Society for Human Resource Management, retention has stayed at the top of the management difficulties list for the past five years (Society for Human Resource Management, 2020). It is because millennial generations are self-taught "digital natives" who are accustomed to use modern technologies that they are easily excited to try new things, so they are always prepared to quit their current positions before the year. In Malaysia, there is a new culture where switching jobs frequently is the norm among millennials. Any employment that will satisfy their needs and aspirations is something they will accept immediately (Mahadi et al., 2020). They have the lowest level of employee loyalty to the company, and their job-hopping behaviours are motivated more by instinctive impulse than by logical thought. As a result, it is difficult to keep employees in today's workplace, especially for millennial generations (Dhanpat et al., 2018).

A large number of employees are quitting their employment due to a change in their work preferences, discontent with their current work environments, and to pursue better career opportunities in the wake of COVID-19. A record 4.4 million employees, or 3% of the US workforce, left their jobs in September. Those employees are voluntarily leaving their

employment in the United States and Europe in a movement known as the Great Resignation or the Big Quit. Similar patterns of resignation are also observed in China. (The Star, 2021).

The COVID-19 economic rebound in Malaysia has sparked a widespread employee movement, according to the 2021 Employee Movement and Retention study published by Employment Hero. 61% of Malaysian employees expect to change jobs in the upcoming year. Employees under the age of thirty-five were found to be the most eager to leave their current jobs. Only 4% of respondents to the survey of 1,004 Malaysian employees said they despised or hated their jobs, which is interesting given that most employees (45%) or even love (24%) their jobs. (Malay Mail, 2021) This shows that the problem is not with the work itself.

The impulse to resign is caused by financial burdens. The COVID-19 pandemic is harming the world economy (McKibbin & Fernando, 2020). Therefore, 74% of employees who had their wages reduced during COVID-19 indicate they would like to change jobs over the next 12 months. Workplace flexibility is an important variable for employees' retention after the post-pandemic. According to the EY 2021 Work Reimagined Employee Survey, which surveyed more than 16,000 employees in 16 countries across 23 industries, including Malaysia, 90% of Malaysians want flexibility in where and when they work. More than half of the respondents were millennials. If post-pandemic flexibility was not offered, nearly half of the Malaysian respondents claimed they would quit their jobs, especially from the millennial generation. In addition, the Deloitte Global Millennial Survey (2019) found that companies did not prioritise workplace flexibility as part of their workplace policies, and the number of millennials who expect to leave their company rose by 20% by the fifth year of employment.

The impact of the Great Resignation in Malaysia, however, is viewed differently in a study by the Malaysian Employers Federation (MEF). Despite the fact that Malaysian employees were not impacted by the Great Resignation, the president acknowledged that while most businesses are urging workers to go to work following the pandemic, workplace flexibility is a crucial element to take into account. While everyone enjoys autonomy to some degree, millennials require it more (Rozlan & Subramaniam, 2020). The risk factor associated with non-flexible work schedules and how it may influence employees has been extensively discussed by WHO (WHO, 2021). The National Standard of Canada for Psychological Health and Safety in the Workplace also mentions that inflexible work schedules as one of the workplace dangers (Chua, 2020). For instance, millennials value flexibility in the workplace and expect to be assessed on whether they achieve predetermined goals rather than how many hours they put in each day (Putriastuti & Stasi, 2019). Other than that, some Malaysian employees choose to quit their jobs to operate new businesses, especially after the government unveiled incentives, subsidies, and microcredit programmes to assist business owners and speed up the post-COVID economic recovery.

Research Objective

The purpose of the study is to look at the elements that affect the retention of SMEs' millennial employees in Klang Valley, Malaysia. The following are the study's objectives:

RO1: To examine the relationship between career development opportunities towards employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

RO2: To examine the relationship between compensation towards employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

RO3: To examine the relationship between workplace flexibility towards employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

Literature Review

The underpinning theory: herzberg's motivator – hygiene theory

Herzberg's two-factor theory is a popular motivating theory in academic and business circles (Wu & Rudnak, 2020; Mundia, 2019). Herzberg's theory has been used by leaders to solve employee retention issues and build retention measures (Alrawahi et al., 2020). Organizations can improve staff retention by using Herzberg's motivation and hygiene aspects (Herzberg, 2005). Employee retention techniques may drive employees to become more productive, resulting in the achievement of business goals (Fang et al., 2021; Gosnell et al., 2020).

Employee retention improves profitability because retention strategies like training programmes and monetary incentives can encourage employees to remain longer (Shahzad et al., 2020). According to Harris (2019), if businesses establish an environment that encourages employee commitment, employees are more likely to stay long-term. Herzberg's two-factor theory is very similar to Maslow's hierarchy of needs in that people must have their fundamental needs met before progressing to the next level of fulfilment (Zhang et al., 2020).



Figure 1: Herzberg's Motivator – Hygiene Theory

The Dependent Variable

Employee Retention

In this research, employee retention is the dependent variable and the focus of the research. Employee retention is a common problem and concern in businesses all over the world. In Malaysia, millennials make up about 29% of the population (Lin, 2018). According to Job Street, by 2020, Millennials will account for half of the worldwide workforce. The tendency for turnover has spread throughout the world and is not just prevalent in Malaysia (Pandey, 2019).

When employees leave one company, their knowledge and abilities are transferred to another (Basnyat & Lao, 2019; Ivana, 2020). When employees leave and join a competitor company, it can result in severe financial loss and business disruption for the company. Employee retention may increase revenues by enhancing organisational consistency, cutting

training expenses, and lowering onboarding costs for new hires (Diah et al., 2020). Employee retention is a deliberate and creative process that begins with why employees desire to work for a specific company (Sharma et al., 2021) and the various methods taken by businesses to persuade employees to stay for longer periods of time.

The Independent Variables

Career Development Opportunities

Employers use career development opportunities as a strategy to give their staff members chances for personal development. Additionally, this will boost job performance in terms of productivity, effectiveness, and efficiency, as well as increase employee job satisfaction. According to Diwakar Singh, Indian businesses lack a clear career development opportunities strategy, and it is extremely unlikely that a management trainee will advance to CEO. This is a trap of sorts for a devoted worker (Singh, 2019).

91% of millennials favour information about quick career advancement that is provided to them throughout the hiring process. When they first start the hiring process, they have great expectations for the employer. The ability to exercise influence, acknowledgement of individual accomplishments, individualised training, and career advancement rank as the top factors in keeping millennials interested at work. When creating a career path and growth plan, the organisation should take all these variables into consideration (Mayangdarastri & Khusna, 2020).

A career development opportunity is a continuous process or sequence of actions that are taken to promote one's career. It entails transitioning to a new job scope or organization, being promoted to a higher level of responsibility, and receiving training for new skills (Mahadi et al., 2020). Based on their research, other than compensation, career development opportunities stood second for the age range from fresh graduates to age 49 years old. Millennials are within this age group that see the importance of career development opportunities.

Based on the study, it showed a logical link between employees' joyous enjoyment of their work and the emphasis their employers place on them and the training they receive. They are provided the tools to do their jobs properly, but they are also given opportunities to learn new skills and achieve professional goals for a better career. Employers who care about their staff have higher employee retention and work satisfaction (Sheraz et al., 2019).

Compensation

Employees are paid in monetary or non-monetary sums for their contributions (Mackowiak, 2020). Direct compensation and indirect compensation are the two forms of remuneration, according to (Asbari et al., 2020; Hartono et al., 2020; Rokhani, 2020). All revenue received by workers in the form of money, direct or indirect assets as compensation for services supplied to corporations is referred to as compensation. According to Maslow's hierarchy of needs (Lollo & O'Rourke, 2020; Lussier, 2019), employees can experience other work-motivating variables when their job security demands, such as income and remuneration, are addressed.

Employee retention can be elicited by offering a variety of pay and compensation packages (Klindžić & Galetić, 2020). Therefore, to compete with their competitors, some companies

may offer a greater benefits package to their employees. Leaders may optimise income and pay with extra components such as forming relationships and open dialogue to motivate staff productivity and retention (Klindžić & Galetić, 2020; Lollo & O'Rourke, 2020). Depending on the sector, organisational leaders may need to focus on other elements like wage rises, excellent interpersonal skills, and other benefits to retain personnel and promote profitability (Lollo & O'Rourke, 2020). Consequently, the firm will be able to pay higher wages and provide better benefits in order to attract and retain more talented and qualified employees.

Workplace Flexibility

Workplace flexibility, also known as work flexibility, is the practise of allowing employees to pick the day, time, and place of their work in order to better align organisational objectives with personal objectives. According to one of the types of research conducted by Baeza et al (2018), employment flexibility is significant in Mexico owing to its influence on overall satisfaction at work. The genders do not differ in this relationship, however younger Mexican professionals and those without dependents tend to have stronger ties. In order to boost the happiness and engagement of the younger generations of Mexican professionals, managers should take into account the importance of employment flexibility.

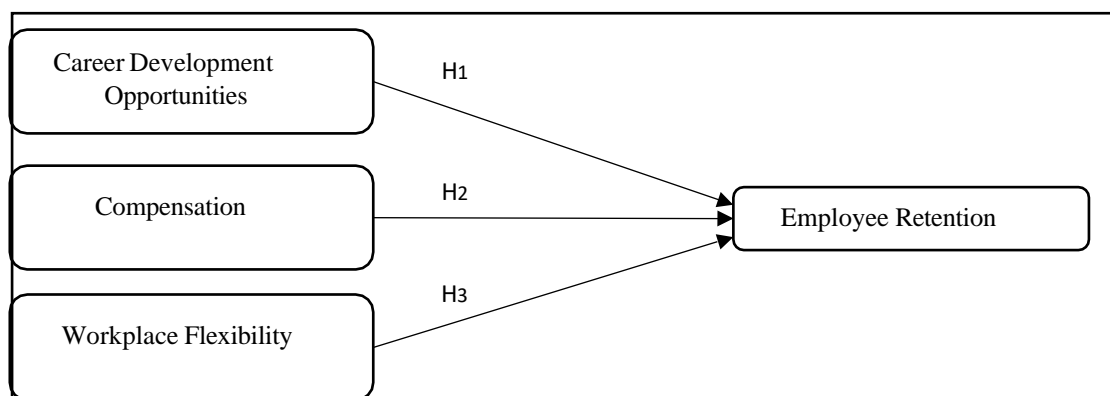
According to recent news by Bernama (2022), employees in Malaysia who desire to work flexibly can apply for Flexible Working Arrangements (FWA) with their current employer under the revision to the Employment Act 1955 that will go into effect on 1 September 2022. This new act amendment will surely become one of the criteria for employee retention. Employees will seek out companies or organisations that can offer such perks.

Proposed Conceptual Framework

Compensation, career development opportunities, workplace flexibility, and employee retention are all variables included in the proposed conceptual framework. This conceptual framework will investigate the elements that affect employee retention among SMEs' millennial employees in Klang Valley, Malaysia. Figure 2 depicts the conceptual framework for our research.

Independent Variables

Dependent Variable



Farah Azilla (2016)

Koh (2018)

Figure 2: Proposed Conceptual Framework

This study employed Herzberg's Two-factor Theory to support the relationship between the three independent variables (compensation, career development opportunities, and workplace flexibility) and the dependent variable (employee retention). When all the independent variables have been improved, the dependent variable will follow suit.

Statement of Hypotheses

This section describes the research hypotheses as well as the supporting research questions and objectives. Compensation, career development opportunities, and workplace flexibility are the three independent variables identified for this study based on data from previous studies. Employee retention is the dependent variable in this study. The section will begin with an explanation of how the three hypotheses for this study came to be.

The Relationship between Career Development Opportunities and Employee Retention

The career development opportunities focus on people's interests, particularly employees. This is established as a primary step in achieving both personal and organisational goals. Learning can be obtained through the lifelong process of career growth (Sheraz et al., 2019). Their study showed a logical link between employees' joyous enjoyment of their work and the emphasis their employers place on them and the training they receive. They are provided the tools to do their jobs properly, but they are also given opportunities to learn new skills and achieve professional goals for a better career. Employers who care about their staff have higher employee retention and work satisfaction.

According to Mahadi et al (2020), every employee of the company depends on their individual aims and objectives, will then look forward to professional growth in the proper direction. To promote employee engagement in the company, it is advised that employers offer equitable advancement possibilities to their staff. Employees that are highly committed will be less likely to want to leave the company. Numerous studies back up the relationship between employee retention and career growth.

H0: There is no significant relationship between career development opportunities and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

H1: There is a significant relationship between career development opportunities and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

The Relationship between Compensation and Employee Retention

Identity refers to a person's idea of who they are and what they desire to be. This is one of the most important factors affecting their financial status, and it may reveal the most effective incentives for people to complete their tasks. According to Lazear (2018), when employees' salaries are increased, they are more diligent and concerned about their jobs. Employee benefits like health insurance, vacation pay, and retirement pensions, according to Modau et al (2018); Balogh et al (2020) are major indirect financial rewards. Employer benefits are not only a technique for improving employee performance; but they also aid in attracting applicants to the hiring process.

It's critical to define the term "rewards" appropriately when considering the relationship between compensation and employee retention. Cash and non-cash awards, direct and indirect rewards, and substantial and external prizes presented to employees as a catalyst and

motivation to stay in the organisation are all examples of rewards (Alrazehi et al., 2021). Hence, the hypothesis is proposed as follows

H0: There is no significant relationship between compensation and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

H2: There is a significant relationship between compensation and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

Relationship between Workplace Flexibility and Employee Retention

In recent years, workplace flexibility has become one of the key factors or strategies to hire and retain talented employees in an organization. This factor became prominent during the COVID-19 pandemic as people understand about the benefit of working from home or flexible working hours. Long commutes are diminished as well as flexible working hours, making them feel in total control of their schedule, which does not happen if they are working on site.

Workplace flexibility helps employees maintain a healthy balance between their personal and professional lives, which improves performance and job satisfaction and benefits the firm. Flexibility in the workplace is crucial, and modern technology and digital revolutions have made it possible for many operations to be carried out anywhere there is an internet connection. A regular job is beginning to have a significant influence on the labour market, mainly in these times of coronavirus crisis restrictions. According to a Gallup article published in early April 2020, three out of five US workers who performed their homework during the coronavirus pandemic would choose to continue working from home as possible, while 41 % would favour to come back to work or the office to continue their pre-crisis daily schedule. (Davidescu et al., 2020).

H0: There is significant relationship between workplace flexibility and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

H3: There is a significant relationship between workplace flexibility and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.

Methodology

This study adopted quantitative research because it allows for the easy collection of numerical data that can be utilised to assess and analyse the relationship between the two variables (McLeod, 2019). This is because the quantitative research method may include a sizable population, making it more appropriate and efficient to examine and evaluate the study's hypotheses as well as construct numerical models and theories.

The survey was conducted using self-administered questionnaires, which means that respondents were responsible for interpreting and responding to the questions and it was sent out to millennial employee of SMEs in Klang Valley via an online Google Form. Employees from all sectors of the SME industry in Klang Valley are given questionnaires to reduce bias and boost respondent response in this study. The survey covers all employee classifications, including management and non-management positions. This study's sample size is 384 respondents from a total population of 3.28 million millennial employee of SMEs in the Klang Valley as of 2020 (DOSM, 2022). The sample sizes are chosen from a table of simplified sample sizes created by Krejcie and Morgan (1970), which is shown in Figure 3 below.

Table for Determining Sample Size of a Known Population									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size

Source: Krejcie & Morgan, 1970

Figure 3: Sample Size Determination using Krejcie and Morgan Table

The respondents for the study are those from the millennial generation who were born between 1980 and 2000 and are presently aged 22 to 42 (Ngotngamwong, 2020). The Klang Valley region is Malaysia's most rapidly developing region, containing the capital city of Kuala Lumpur as well as other major cities such as Petaling, Klang, Shah Alam, Subang Jaya, and others. It covers around 2,832 square kilometres and is situated at the heart of Malaysia's west coast peninsular. The Klang Valley region includes the Federal Territory of Kuala Lumpur, Gombak, Petaling, Klang, and Hulu Langat districts (Abdul Rashid, 2020). The location map of the Klang Valley and its cities is shown in Figure 4 below.

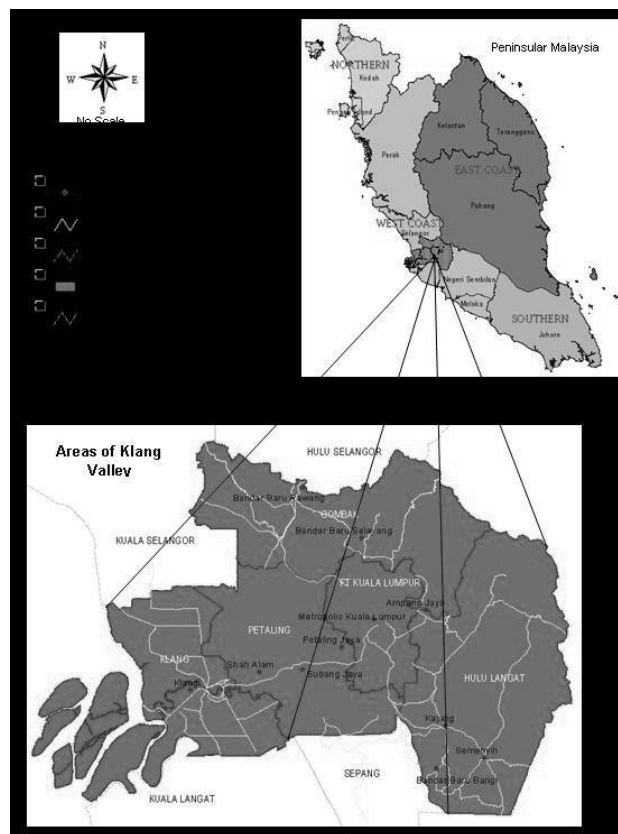


Figure 4: The Location Map of the Klang Valley and its Cities

A pilot test is a small-scale trial or research undertaken before the appropriate data are utilised for the main test. The pilot study is valuable for collecting data transparency from a small sample of individuals' trials. The data transparency derives from a reliability test that evaluated the consistency of a statistic. A pilot test needed 10% to 20% of the sample size recommended in the study. Therefore, the questionnaire was given to 30 respondents in order to conduct a pilot test. There are 30 questions in the questionnaire that were included for the pilot test.

Table 1

Pilot Test

Variables	Cronbach's Alpha (α)	No of Item
Employee Retention	0.909	6
Career Development Opportunities	0.924	6
Compensation	0.852	6
Workplace flexibility	0.891	6

Table 1 shows the results of coefficients (α) are between 0.852 and 0.924. The employee retention showed the coefficient (α) was 0.909, which is considered excellent reliability. On the other hand, the coefficient (α) for the independent variables of career development opportunities is 0.925, which is excellent reliability. While the coefficient (α) for the other two independent variables of compensation is 0.852 and workplace flexibility is 0.891, which are both considered very good reliability (Zikmund et al., 2013).

Data Analysis

Characteristics of the Respondents

A total of 400 questionnaires were distributed to respondents in the Klang Valley, Malaysia. The questionnaire was used on the online platform, Google Forms to collect this data. All questionnaires received were checked to confirm that all questions had been addressed. Only 384 data were analysed for findings in the end. The researcher received 400 questionnaires in total, indicating a 96% response rate. Then, the data was analysed using IBM Statistical Package for the Social Sciences (SPSS) software version 28.0.

Demographic Analysis

Females make up most of the respondents, accounting for 202 out of a total of 52.6% of those who took part in the study. This study also included 182 male participants, or 47.4% of the total. The respondents born between 1981 and 1996 made up the majority of the sample, accounting for 384 people. There are 12 respondents from this age group who were born before 1981, and respondents born after 1996, on the other hand, make up the smallest age group, accounting for only 4 people in the survey. Respondents from these two groups were not included in our study because they were excluded from the millennium group. Single respondents made up the majority of survey respondents, with a total of 209 respondents (54.4%), while married respondents made up 175 respondents (45.6%).

The highest education level received by most respondents is a bachelor's degree, which accounts for 264 respondents (68.8%), followed by STPM/Pre-U/Diploma with 52 (13.5%) and postgraduate with 41 (10.7%). Only 1 of the 27 respondents (0.2%) was in primary school; the remaining number of respondents (6.8%) were from secondary school. There were 178 respondents, or 46.4% of all respondents, who worked at the executive level. The next job position among respondents is manager or managerial roles, which has 129 respondents from this group (33.6%). The supervisor level has 46 responses, or 12% of the total in this study. Clerk is slightly lower than supervisor, with 31 respondents, or 8.0% in the survey. We may deduce from the data that the majority of respondents in this industry have a bachelor's degree or higher.

The respondents with 5 to 10 years of work experience made up most of the sample accounting for 172 out of a total of 44.8% of the total. Those with 1 to 5 years of experience are the second group, accounting for 100 respondents (or 26% of the total) in the research. 95 respondents, or 24.7% of all respondents, had worked for more than ten years. The respondents with less than one year of work experience had the least number of respondents, accounting for 17 people (or 4.5% of the total) in the study. The summary of respondents' demographic for this study is shown in Table 2.

Table 2

Summary of Respondents' Demographic

Variable	Classification Variable	Frequency	Percentage (%)	Cumulative Percentage (%)
Gender	Male	182	47.4	47.4
	Female	202	52.6	100.0
Born Year	1981 to 1996	384	100.0	100.0
Marital Status	Single	209	54.4	54.4
	Married	175	45.6	100.0
Highest Education Level	Primary School	1	0.2	0.2
	Secondary School	26	6.8	7.0
	STPM/A-Level/Diploma	52	13.5	20.5
	Bachelor's Degree	264	68.8	89.3
	Postgraduate	41	10.7	100.0
Job Position	Clerk	31	8.0	8.0
	Supervisor	46	12.0	20.0
	Executive	178	46.4	66.4
	Manager/Managerial Role	129	33.6	100.0
Work Experience	Less than 1 year	17	4.5	4.5
	1 to 5 years	100	26.0	30.5
	5 to 10 years	172	44.8	75.3
	More than 10 years	95	24.7	100.0

Descriptive Analysis

The mean and standard deviation of each variable are shown in Table 3, allowing us to assess the responses of the respondents to this study. The average mean of employee retention for dependents variable is 3.6532, with a standard deviation of 0.77767. With a mean of 3.6124 and a standard deviation of 0.66254, career development opportunities are the independent variable with the highest average mean. Workplace flexibility is the second highest average mean, with a mean of 3.6102 and a standard deviation of 0.64992. Compensation ranks third, with a mean of 3.5655 and a standard deviation of 0.68447. According to the table 3, all the reported variables have a mean greater than 3.50.

Table 3

Descriptive Analysis

Variables	Mean	Std. Deviation	Skewness	Kurtosis	N
Employee Retention	3.6532	0.77767	-0.159	-0.590	384
Career Development Opportunities	3.6124	0.66254	-0.133	-0.414	384
Compensation	3.5655	0.68447	0.014	-0.514	384
Workplace flexibility	3.6102	0.64992	-0.043	-0.295	384

According to the skewness range, a distribution is said to be typically symmetrical if its skewness is between -0.5 and 0.5. The dependent variable and independent variables have a range of -0.159 to 0.014, and their distribution is regarded as normal. Negative kurtosis for

the kurtosis range denotes a distribution with light tails. Both our independent and dependent variables have negative figures, which is indicative of a light-tailed distribution.

Furthermore, the study also assesses how the responses of the respondents to each measurement affect each variable. "I do not plan to actively look for a job with a new employer within the next year" is the measurement with the highest mean of 3.7656 for employee retention. "I have access to information for my career planning" is the measurement with the highest mean of 3.7214 for career development opportunities. "Incentives, such as bonuses, motivate me to do more than required" is the measurement with the highest mean of 3.7578 for compensation. Last but not least, the measurement "I feel comfortable with the implementation of staggered working hours compared to the normal working schedule" has the highest mean for workplace flexibility, 3.6745.

Pearson Correlation

According to the Pearson correlation analysis, all independent variables exhibit a positive relationship with employee retention. Within all independent variables, the r between employee retention and career development opportunities is 0.862, followed by workplace flexibility at 0.853. The correlation coefficient between employee retention and compensation is 0.848, which is the lowest among the independent variables.

Furthermore, all the correlation coefficients between the independent variables were greater than 0.8, indicating a positive relationship. Table 4 revealed a substantial positive correlation association between workplace flexibility and compensation ($r=0.900$), compensation and career development opportunities ($r=0.894$), and workplace flexibility with career development opportunities ($r=0.888$) when compared to others.

Table 4

Pearson Correlation Analysis

		ER	CDO	C	WF
Pearson Correlation	Employee retention (ER)	1.000			
	Career Development Opportunities (CDO)	0.862	1.000		
	Compensation (C)	0.848	0.894	1.000	
	Workplace Flexibility (WF)	0.853	0.888	0.900	1.000

Regression Analysis

Figure 5 illustrates that the residuals of the multiple regression roughly match a normal distribution. As a result, the residuals are assumed to be normally distributed.

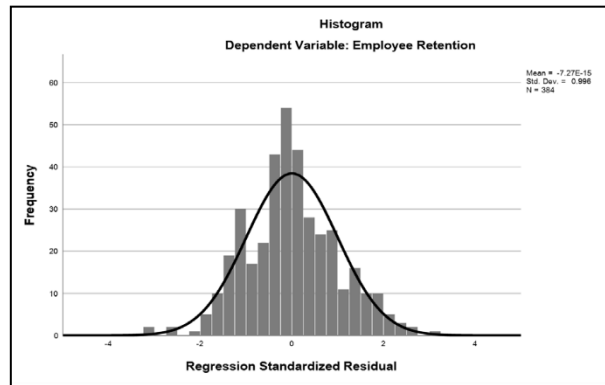


Figure 5: Analysis of Normality of the Residuals

The Durbin–Watson test was performed to determine whether the residuals were independent. The Durbin-Watson value in this study is 1.933, as shown in table 5, which is within the allowed range (1.5 to 2.5), indicating that the residuals are relative independent and that there is no serial correlation between them.

Table 5
Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.887 ^a	.787	.786	.35993	1.933

- a. Predictors: (Constant), Flexible Working Hours, Career Development Opportunities, Compensation
- b. Dependent Variable: Employee Retention

The results of the multicollinearity using VIF and tolerance test are presented in Table 6. The tolerance values range from 0.147 to 0.164, which is greater than 0.1, and the VIF value ranges from 6.086 to 6.786, which is less than 10. We may conclude that multicollinearity is not an issue in our research.

Table 6
VIF and Tolerance

Unstandardized	Coefficients		Standardized			Collinearity	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-0.230	.106		-2.171	.031		
Career Development Opportunities	.464	.068	.395	6.771	<.001	.164	6.086
Compensation	.252	.070	.222	3.600	<.001	.147	6.786
Workplace flexibility	.363	.072	.303	5.056	<.001	.156	6.427

The multiple correlation coefficient (R) indicated in Table 7 is using all predictors at the same time and has a value of 0.887. The R square achieved was 0.787, which suggests that three variables, including career development opportunities, compensation, and workplace flexibility may affect employee retention by 78.7%. However, the variance of 21.3% could be attributed to other variables affecting employee retention.

Table 7
Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.887a	.787	.786	.35993

a. Predictors: (Constant), Workplace flexibility, Career Development Opportunities, Compensation

b. Dependent Variable: Employee Retention

As such, the most significant relationship between career development opportunities and employee retention is the ($\beta = 0.395$, $p < 0.000$). Following that are workplace flexibility ($\beta = 0.303$, $p < 0.000$) and ($\beta = 0.222$, $p < 0.000$). When $p < 0.05$, three independent variables exhibit a significant relationship with employee retention.

Table 8 provides a summary table that explains the variables that affect employee retention and the relationships between variables. All the hypotheses were accepted because the variable's p-value was less than 0.05.

Table 8

Summary of Hypotheses

No	Hypotheses	P-Value	Remark
H1	There is a significant relationship between career development opportunities and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.	<.001	Supported
H2	There is a significant relationship between compensation and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.	<.001	Supported
H3	There is a significant relationship between workplace flexibility and employee retention among SMEs' millennial employees in Klang Valley, Malaysia.	<.001	Supported

Discussion & Recommendations

In this study, all the independent variables examined had a strong positive direct effect on employee retention. The SMEs' businesses might focus on these three parameters to enhance staff retention rates. All the workforce in this group will be either at mid-level or middle management level. That's why career development opportunities stood as a priority for them as employee retention. Workplace flexibility comes in second as the COVID-19 pandemic has changed the landscape of the workforce not only around the world but Malaysia as well. Meanwhile, when we are looking at compensation, it becomes the least influential factor among the other two factors. Though it is the least among them, it is still a factor in employee retention in SMEs' businesses.

The findings of the study also provided insight into how the elements explored in this study effect retention of SMEs' millennial employees in Klang Valley, allowing them to design better plans to attract, promote, and retain important individuals to satisfy present and future industry needs. A comprehensive firm or organization's policy and plan should be executed to meet the demands of employees while also taking care of their feelings. The findings of the study can be utilised as examples for other firms wanting to retain competent and important people, not just for SMEs' millennial employees. Understanding the factors that influence employee retention will provide a competitive advantage to the firm or organisation.

The researcher's initial limitation is the time constraint. If the study takes longer to collect data, the quality and credibility of the data can be increased. The second disadvantage of this study is that it is based on only Klang Valley. As a result, due to societal influences, perceptions, desires, views, and other factors that affect company retention, millennial employees in SMEs' businesses may not be able to reflect the full millennial employee community. Due to a time constraint, the selection did not consider the differences between the SME industries. Each industry of SMEs' millennial employees has different job roles and expectations for staying in the company, which will influence the elements that affect employee retention. These findings may not be representative of all millennial employees in Malaysia's SME industry.

The researcher gave few recommendations for resolving the study's flaws. The inquiry and data gathering should be done over a longer period of time at first. The accuracy and reliability of the results can be improved by increasing the sample size. Future research can be compared to this study's findings to discover if the elements that affect employee retention are similar

or involve additional factors. Businesses can use several sample plan and research frameworks as a guide for establishing a stronger retention plan for important employees. The researcher recommends that a study of each component of the SMEs' industry be conducted in order to gain a better understanding of the factors that contribute to the retention of millennial employees in Malaysia, as well as to ensure that the data collected is representative of Malaysia's millennial population. Finally, to build a research framework, a future study on millennial employee worker retention in the SMEs' industry might consider other demographic features. Studying the demographic profile will increase the study's realism and quality.

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