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TITLE: Factors influencing employee retention in the service sector: A literature review.

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Factors influencing employee retention in the service sector: A literature review.



Figure 1: Tools You Need in Your HR Stack to Improve Employee Retention (Applauz, 2024)

“If retention isn’t the primary goal of your organization, even the best recruitment strategy is doomed to fail.

And failure can be costly “ (Allen, 2008, p.19).

Executive Summary

Purpose: The aim of this master's thesis is to investigate factors within organisational control and their impact on employee retention in the service sector. Additionally, it aims to present recommendations for practitioners to facilitate these factors. The motivation for selecting this thesis subject stems from the desire to gain a better understanding of what motivates employees to stay. This master's thesis refers to employees at all levels within organisations, including leaders and managers. By doing so, everyone is united as the same team, which prevents any distinction of "us" and "them". Creating a work environment that focuses on the existing employees and how to retain top talents can be crucial for organisational success (Acton and Golde, 2003). According to data from the Bureau of Labor Statistics, the hospitality industry has experienced a turnover rate that ranged from 49 to 85 percent over the past three years (Hansen, 2024). This high rate of turnover underscores the importance of gaining a deeper understanding of employee retention in both the hospitality sector and the broader service industry.

Research questions:

- 1) *What are the factors within organisational control and/or influence affecting employee retention?*
- 2) *How can these factors be facilitated for?*

Methodology: This master utilizes a narrative literature review as its methodology.

Researching factors concerning employee retention resulted in a significant number of articles. The aim of this thesis is to provide an overview of research conducted in the field and illuminate existing literature on factors influencing employee retention.

Key findings: The findings are based on existing literature on factors influencing employee retention within the service sector. Findings support prior research emphasizing the importance of focusing on a variety of factor categories, highlighting flexibility, work-life balance, engagement, and involvement in relation to employee retention. The findings align with the Randstad reports, Herzberg's motivator-hygiene theory, and the Job Embeddedness Model. Based on the findings, the authors present five suggestions for practitioners based on the two primary factor categories (5) and (6).

(5) - Flexibility and work-life balance:

1. Offer flexible work arrangements
2. Support remote work
3. Promote healthy boundaries between work and personal life
4. Tailored wellness offers
5. Foster a Culture of Work-Life Balance through Leadership

(6) - Employee Engagement and Involvement:

1. Implement regular feedback tools
2. Focus on open and inclusive communication
3. Recognize contribution
4. Give opportunities for development and growth
5. Foster a positive work environment

Research limitations: To address time constraints, the authors focused on key factors related to employee retention. By taking this proactive approach, they were able to prioritize critical aspects within the given timeframe. The study focused on the most impactful areas to

maximize efficiency and optimize resources. Relying solely on existing research can be seen as a limitation, by not conducting surveys and interviews of employees.

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Acknowledgment

With this master's thesis, we mark the completion of the master's program in Service Leadership in International Business at the University of Stavanger. Our research focuses on understanding factors affecting employee retention within the service sector. With extensive experience in the service sector, we've witnessed high employee turnover rates, prompting us to question why management often opts to replace departing employees rather than understanding the root cause for their departure. Our aim is not merely to dwell on turnover but to explore what motivates employees to stay and continue their growth and organisational contribution. It has been inspiring to delve into a topic we're passionate about - the factors influencing employee retention.

A warm and special thank you to our supervisor, Rune Todnem By, for his support. Our first meeting was when he inspired us through the Leadership Challenges course. His advice and critical insight on this master's thesis have been invaluable. Thank you again for your time and patience.

'You make the difference'

-Inspired by Rune Todnem By.

It is up to each of us to make a difference. We hope this master inspires you to make changes within your organisations by not overlooking the value of your existing employees. If you struggle with high employee turnover or want to enhance employee retention, we hope you find this master's thesis inspirational and educational.

1. Introduction

"All too often, corporate leadership concentrates all its efforts on finding new rather than keeping talents" (Ebbbers, 2023, p.1).

Ebbbers (2023) suggested that companies often prioritize hiring new employees over nurturing and retaining their existing talent. However, this approach overlooks the impact that employee retention has on organisational success and longevity. Employee retention has been defined as *"a process in which the employees are encouraged to remain with the organisation for the maximum period or until the completion of the project"* (Das & Baruah, 2013, p.8) and has become one of the most important topics within Human Resource Management (Coetzee et al., 2018). Recognized as the foundation of organisational success, employees are often considered the most valuable assets, underscoring the importance of talent retention strategies (Pantouvakis et al., 2024; Singh, 2019).

In today's business, research shows that organisations need to continually adapt their employee retention strategies to meet the changing expectations of the workforce (Sorn et al., 2023). Focusing on employee retention strategies is critical for organisations to reduce unnecessary turnover and maximize performance (Bell et al., 2007). This is supported by Cloutier et al. (2015), stating that employee retention strategies should be part of every aspect of an organisation's principles and operations. Bergman et al. (2023) and Gallup (2023) highlight a growing focus on implementing retention strategies, giving the high probability of employees changing jobs several times. Singh (2019) supports the need to develop retention strategies based on the replacement cost of crucial employees. Singh (2019, p.426) stated that:

“the cost of replacing an employee is substantial. It is always better to keep the existing employees in the flock.”

Supported by Cloutier et al. (2015) and Das and Baruah (2013), drawing attention to the importance of employee retention strategies for the organisation’s stability, growth, and revenue. Therefore, identifying factors affecting employee retention is seen as essential for organisations and is illustrated to be among the most demanding challenges of today's workforce (Singh, 2019).

1.1 Employee Retention

As seen in the literature, human resource management professionals and organisational researchers are continuously searching to understand what causes employees to quit. The tight European job market is a concern to many employers (Ebbers, 2023). The job market is constantly changing, but according to Ebbers (2023), there is now competition for talent in Europe. Ebbers (2023, p.1) stated that *“all too often, corporate leadership concentrates all its efforts on finding new rather than keeping talents”*. As a result, fostering a culture of retention rather than solely focusing on recruitment, becomes vital for sustainable organisational success. When searching “employee retention” on Google Scholar, 1 500 000 articles were identified, and 1247 on Scopus. Many researchers have attempted to provide a clear answer to a complex question by highlighting a large amount of research conducted on employee retention.

According to the Gallup (2023) report, 51 percent of employees globally intend to leave their jobs. While these statistics may seem concerning, it's important to note that employees leaving is not necessarily negative and can be a natural part of every employee lifecycle. At

times, a healthy turnover rate is needed to allow fresh talent and new perspectives to enter an organisation. Regarding employee retention, it is essential to note that the ultimate goal goes beyond simply keeping employees within an organisation. Rather, it is about what motivates people and how to create a positive and inclusive work environment that makes them want to work rather than trying to retain them. Nonetheless, research in this field can benefit organisations seeking to improve employee retention for long-term success and sustainable operation (Das and Baruah, 2013; Singh, 2019). The Randstad 2023 report looked at 35,000 employees from age (18-67) working in 34 global markets. The results revealed that 50 percent of all employees were willing to quit to improve their work-life balance. A new perspective has emerged in the retention discussion, highlighting flexibility and work-life balance.

This master thesis will explore factors affecting employee retention within the service sector. It's narrowed to the service sector, which is a sector that has expanded rapidly and has become one of the largest sectors of the economy, in most nations (Statista, n.d). Based on the expansion of the service sector and it being one of the economy's largest sectors, this highlights the importance of understanding and addressing retention challenges. Furthermore, this master will focus on internal factors based on the lack of control over external factors such as the labor market, competition, and economic climate. Additionally, the choice rested on presenting recommendations for practitioners to enhance employee retention.

Prior research has referred to employees as assets, such as Pantouvakis et al. (2024), Singh (2019), and Azeez (2017). To refer to employees as assets, in a way, feels like dehumanizing employees, contributing to making them 'impersonal'. Supported by Baker (2022), who criticized referring to employees as assets, emphasizing that it is a person's potential that

becomes an asset. A traditional ‘employee as asset’ view can, in the worst case, create an environment affected by a transactional relationship between the employee and the employer, which does not support the focus of this master thesis. In addition, this master thesis will refer to employees as employees, including employees at all levels working within the service sector.

1.2 Problem

Phillips and Connell (2011) expressed that employee retention has become a serious and perplexing problem for all types of organisations during the last decade. However, while the retention challenge is not new, technological advancement has illustrated a more public picture of these issues. With the emergence of HR analytics and the increased transparency in reporting turnover rates, organisations might feel more pressure to address and handle this issue. Acton and Golde (2003, p.137) expressed in their research that *‘for organisations to thrive, they must try to create an environment that not only attracts people to join but also retains existing staff’*. Maertz et al. (1998) challenged the idea that much of the existing theoretical and empirical research has addressed how and why employees voluntarily leave an organisation. In contrast, relatively less turnover research has focused on what encourages them to stay (Maertz et al., 1998)—highlighting the importance of studying retention and what makes people stay, along with turnover (Maertz et al., 1998).

In addition, an article published by Jefferson Hansen for Awardco found that the leisure and hospitality industry has the highest employee turnover rate for the past three years based on statistics gathered from the Bureau of Labor Statistics (Hansen, 2024). The turnover rate was between 85 and 79 percent in the last three years, indicating a significant issue within the

service sector. This data prompted an interest in researching strategies organisations can employ to retain employees and reduce turnover.

1.3 Research question and method

This master thesis aims to gather information on existing research on factors that affect employee retention. Furthermore, to support research question 1 and objective 1, by better understanding the factors that influence employee retention globally. In addition, research question 2 and aim 2 will be answered by providing specific recommendations for practitioners, facilitating for a high level of employee retention. The interest in gaining a better understanding of what motivates employees and overviewing the existing literature laid the ground for the research questions:

- 1) What are the factors within organisational control and/or influence affecting employee retention?**
- 2) How can these factors be facilitated for?**

The aims and objectives presented below have been formulated from the underlying research questions.

Aim 1: Identify and discuss factors affecting employee retention in service sector organisations.

Aim 2: Provide specific recommendations for practitioners enabling higher levels of employee retention.

Objective 1: Provide a narrative literature review regarding factors influencing employee retention in the service sector.

2. Methodology

This chapter outlines the methodological framework employed in this research investigation. It delves into the research design adopted, the data collection procedures implemented, and the characteristics of the sample utilized. Furthermore, a critical analysis of the chosen design's strengths and limitations is presented. Additionally, this chapter focuses on the specific methods used to address work towards Aim 1 (Identify and discuss factors affecting employee retention in service sector organisations), which aims to address objective 1, which again entails providing a narrative literature review on employee retention within the service sector.

2.1 Research Design

Research design is the “how” part of the research and describes the approach selected to deal with the problem of the study (Mligo, 2016). Research designs are mainly sorted into three types: qualitative, quantitative, and mixed-method approaches (Mligo, 2016). A literature review research design is a qualitative study that provides an overview of existing research in a particular field (Mligo, 2016). This research design assesses existing studies and, therefore, does not produce new knowledge, but provides a new perspective when reviewing the literature (Mligo, 2016). There is no intention to identify generalizable findings, as this is a quantitative expectation.

This thesis employs a narrative and qualitative research design to explore the factors contributing to employee retention in the service sector and how these factors can be facilitated. The focus on employees' subjective experiences and perspectives justifies using qualitative methods. The research question asks which factors influence employee retention and how these can be facilitated for. In order to understand this and facilitate the research so

that an answer can be found, earlier studies, research, and other secondary data have been the prominent part of the research for this thesis.

Employee retention in the service sector is a multifaceted issue influenced by factors like work environment, compensation, and work-life balance. Despite its ability to provide rich insights, it is essential to acknowledge the limitations of a qualitative approach. One limitation is generalizability, as the findings may not directly apply to the entire service sector workforce (Prabhu, 2020). Nevertheless, the insights gained from this approach can still inform the development of retention strategies that accommodate diverse employee needs and motivations.

2.2 Narrative Literature Review

A narrative literature review presents a narrative of existing literature, highlighting themes, trends, and gaps (Dallakyan, 2023).

The narrative review research aims to collect existing literature on a topic without seeking generalizations or increasing knowledge (Paré et al., 2015). Unlike other review types, it is selective and does not involve a comprehensive literature search. Instead, it often relies on readily available literature and evidence (Paré et al., 2015). A critical point of this research is that narrative reviews can sometimes lack transparency in the review process, making them vulnerable to subjectivity (Paré et al., 2015). The primary goal is to provide an overview of existing literature on a certain topic. The narrative design aims to shed light on the present situation or strengthen parts of the argument about the present issues (Mligo, 2016).

2.3 Justification

Literature reviews play an essential role as a foundation for all types of research (Snyder, 2019). Considering prior, relevant literature is necessary for all research disciplines and

projects. According to Snyder (2019), literature review as a methodology is excellent for many research questions and is the best methodological tool to provide answers (Snyder, 2019). Literature review methodology can be convenient when the researcher wants to assess theory or verification in a specific area or to examine the validity or accuracy of a particular theory or competing theories (Snyder, 2019). This methodology can be beneficial when giving an overview of a specific issue or research problem.

A literature review analyzes the state of knowledge on a particular topic and can be used to create research agendas, identify research gaps, or simply discuss a specific matter (Snyder, 2019).

2.4 Limitations Regarding Narrative Literature Review

A critical point in conducting a master thesis with a literature review is that literature reviews can fail to provide a precious contribution to the field (Snyder, 2019). If it does not contribute sufficiently, it might not be published and read by others. In other words, it can be easy to fall by just summarizing earlier research conducted between specific years, describing such information as the number of articles published, topics covered, citations analyzed, authors represented, and perhaps methods used, without conducting any deeper analysis (Snyder, 2019). Additionally, conducting narrative literature can be limited by the lack of transparency (Dallakyan, 2023).

2.5 Data Collection

The Scopus database was the primary source for finding relevant research articles, and specific search queries were utilized to gather data for our research. However, we also came

across additional research articles through other platforms, such as Google Scholar Oria, and references from the articles we included.

The search queries in the data search log below presented the criteria used when looking for relevant literature for this thesis. When the literature was gathered, further criteria seemed relevant to our research question. This is discussed further under the subchapter “2.6 data analysis.”

Data search log			
Date	Database	Articles	Search queries
January 10 th , 2024	Scopus	68	“Employee AND retention” AND “factors” AND “service AND sector” OR “tertiary AND sector”
January 16 th , 2024	Scopus	160	“Employee retention” AND “factors” AND (“service sector” OR service organisations”)
March 11 th , 2024	Scopus	19	(“employee-retention”) AND (“service-sector”)
March 18 th , 2024	Scopus	21	(“employee AND retention”) AND (“involvement”) AND (“engagement”)
March 18 th , 2024	Scopus	38	(“employee-retention”) AND (“involvement”)
March 18 th , 2024	Scopus	38	(“employee-retention”) AND (“co-creation”)

March 19 th , 2024	Google Scholar	4 350	"Employee involvement," "employee engagement," "employee participation," "employee retention"
March 19 th , 2024	Google Scholar	60 300	Involvement & employee retention

2.6 Data Analysis

The Rayyan (rayyan.ai) tool has been used to analyze all the data collected, efficiently organizing the articles by title, abstract, author, etc. From there, one can choose to include or exclude relevant articles. This tool also lets you remove duplicates and add comments explaining why the article is appropriate.

We used thematic analysis to analyze the data. Thematic analysis is a qualitative research method that involves coding data to identify recurring patterns or themes. It is a flexible technique used to analyze qualitative data. The process involves familiarizing oneself with the data, coding it, developing themes from the codes, reviewing and refining the themes, and finally reporting the findings (questionpro.com, n.d.).

Before conducting the thematic analysis, it was decided to have an inductive approach, which means that during the research, there are no prior biases, preconceptions, or any other expectations on what information in terms of themes and codes will emerge (Crosley, 2021). Reflexive thematic analysis emerged as the ideal choice of thematic analysis for this thesis due to its adaptability (Crosley, 2021). This method allows themes to surface organically from the data, ensuring a close fit with the specifics of employee retention in the service industry.

Furthermore, the emphasis on reflexivity allows the acknowledgment and mitigates potential researcher bias, leading to a more robust and transparent analysis.

After removing duplicates and articles not open to the public, were 57 articles left, mainly from the search on Scopus on January 10th. Some additions came from the other searches in the data search log above. From these 57 articles, it was concluded that 47 were interesting to this thesis and would provide valuable information for this literature review.

Factor categories:

1. Compensation, pay, and rewards
2. Training and development
3. Supervision support
4. Various factors
5. Flexibility and work-life balance
6. Employee engagement and involvement

Here is an overview of the different articles used, categorized by each factor category that has been researched and discussed:

Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
- Altassan's (2023) - Bell et al (2007) - Evans & Huxley's (2009) - Gallup (2023) - Hammond and Coetzee (2022) - Holmberg (2017) - Silbert (2005) - Sorn et al. (2023) - Steiner et al., 2020 - Trevor et al. (1997) - Werf (2022)	- Ferdiana et al. (2023) - Gallup (2023) - Kaplan (2022) - Keswin (2023) - Randstad (2023) - Roslansy (2023) - Suryani et al. (2023) - Xuecheng et al. (2022)	- Coetzee et al. (2018) - Keswin (2023) - Zoeb-Ur-Rahman and Hussain (2020) - Steiner et al. (2020) - Deshpande and Gupta (2021) - Newman et al. (2011) - Goldstein et al. (2017) - Gallup (2023)	-Evans and Huxley (2009) - Hung and Chiu (2023) -Snyman (2022) -Hammond and Coetzee (2022) -Tiwum (2015) -Hausknecht et al. (2009)	- Bell et al. (2007) - Christensen and Schneider (2011) - Gallup (2023) - Hyman and Summers (2004) - Keswin (2023) - Mercer (2023) - Zoeb-Ur-Rahman and Hussain (2020) - Randstad (2023) -Randstad (2024) -Rogish, et al. 2023 -Shockley et al. (2017) - Tangen and Sperre (2020) - White and Maniam (2020) - Jeffrey et al. (2008)	- Balakrishnan (2013) - Bell et al. (2007) - Bode et al. (2015) - Gallup (2023) - Goyal (2023) - Cropley et al. (2020) - Hansen (2021) - Hassan et al. (2020) - Holston-Okae and Mushi (2018) - Iqbal et al. (2017) - Johnson and Pike (2018) - Kundu and Lata (2017) - Markos and Sridevi (2010) - Ngobeni et al. (2022) - Randstad (2023) -Randstand (2024)

					<ul style="list-style-type: none"> - Salameh et al. (2023) - Setiawan and Prasjo (2021) - Shirina et al. (2023) - Steiner et al. (2020) - Snyman (2022) - Theodorsson et al. (2023)
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In pursuit of aim 2, which aims to offer specific recommendations for enhancing employee retention in companies, a comparative analysis has been conducted. Comparative analysis can be beneficial when faced with multiple options or solutions to a problem, enabling the identification of differences among various solutions to determine the most suitable one (Dovetail, 2023). This research has compared the main factors with other important factors to evaluate their optimal influence on retaining employees. The findings of this analysis may indicate that the primary factor category is more suitable for prioritization or that a combination of factors would be well-suited.

2.7 Reliability and Validity

In qualitative research, ensuring reliability is crucial to establishing the trustworthiness of the procedures and data generated (Roberts & Priest, 2006). Similarly, validity focuses on "*strategies used by researchers to establish the credibility of their study*" (Creswell & Miller, 2000, p. 125).

This narrative literature review aimed to comprehensively explore factors influencing employee retention within the service sector. A detailed search strategy, including the databases used and the keywords employed, was documented to ensure transparency in the review process. This search strategy aimed to identify a broad range of articles encompassing factors such as “compensation, pay and reward,” “flexibility and work-life balance,” and “training and development.”

Further, after gathering a wide range of research articles, the findings were categorized into different factor categories (1-6) based on "themes" consistently mentioned in the literature. For instance, a consistent emphasis on "employee engagement and involvement" led to the development of factor category 6. Throughout the categorization process, reliability was maintained by consistently revisiting the articles to ensure alignment with the established categories and close linkage to the existing research.

One particular challenge was related to factor category 4, "various factors." This category emerged due to the diversity in research conclusions, emphasizing various factors influencing employee retention. Notably, researchers showed different important aspects but did not fit the other factor categories, supporting the decision to categorize these together. By dedicating time to revisit, compare, and organize existing research, this study aimed to enhance the validity and trustworthiness of the narrative literature review. This involved critically evaluating the findings, identifying patterns and relationships, and ensuring that the categorizations accurately reflect the existing literature.

2.8 Chapter Summary

This chapter delves into the methodological framework employed to conduct a narrative literature review on employee retention within the service sector. It explores the research design chosen, the data collection procedures implemented, and the characteristics of the data utilized. A critical analysis of the selected design's strengths and inherent limitations is presented.

The research design adopted in this thesis is qualitative, focusing on existing literature to investigate factors influencing employee retention. This approach aligns well with the research question, which seeks to understand the specific factors organisations can control to retain employees.

A narrative literature review strategy was employed to synthesize existing research. This approach provided a comprehensive overview of the current knowledge base regarding employee retention in the service sector. The justification for utilizing a literature review methodology lies in its crucial role in establishing a solid foundation for research and identifying gaps in current knowledge. Furthermore, this methodology proved well-suited to analyze the existing body of research on employee retention. However, limitations associated with narrative reviews were acknowledged. These limitations include the potential lack of contribution to the field due to a lack of in-depth analysis and potential subjectivity due to a less rigorous review process.

The data collection process primarily relied on the Scopus database to locate relevant research articles. Additional articles were identified through other platforms like Google Scholar, and references were found within the included studies. To ensure transparency, the specific search queries utilized were documented.

Rayyan software served as the primary tool for organizing and managing the collected articles. Thematic analysis with an inductive approach was employed to identify recurring themes within the data. This approach meant there were no predetermined biases or expectations regarding the themes that might emerge during the research process. Reflexive thematic analysis was chosen specifically due to its adaptability and its emphasis on acknowledging and mitigating potential researcher bias, ultimately leading to a more robust and transparent analysis.

Strategies to enhance both reliability and validity were implemented throughout the research process. A detailed search strategy was documented, and a coding scheme was used to categorize findings into six-factor categories based on identified themes.

3. Findings and Discussion

3.1 Chapter introduction

This chapter aims to identify and discuss factors influencing employee retention within the service sector, referring to objective and aim 1.

Research in this field has identified two key factors that consistently stand out as primary drivers of retention: flexibility and work-life balance (factor 5) and engagement and involvement (factor 6). Consequently, these factors will be examined and compared with others.

Of the 57 articles reviewed, 12 of 57 articles were found regarding factor (5), and 19 of 57 were found regarding factor 6. Existing research consistently underscores the significance of factor (6) as a primary retention driver. Despite factor (5) having less research, it is noteworthy in job announcements, especially with the emphasis on remote working arrangements.

There is a change in how companies now offer more flexibility concerning working hours and remote working arrangements, which laid the grounds for putting factor 5 as a primary factor as well. Supported by White and Maniam (2020) suggested that flexibility and work-life balance can lead to less stress, better psychological health, increased happiness, and more energy and motivation at work. The change in flexibility and work-life balance can be related to COVID-19 and how it changed the operation of businesses. Research by Yang et al. (2023) found that working from home during COVID-19 decreased overall productivity, but the work-life balance increased. Yang et al. (2023) emphasized that having this focus can increase employees' work-life balance and engagement.

3.1.1 Overview of the factor categories:

This mindmap visually represents the different factor categories presented and discussed in this chapter. The information in the mindmap is based on the findings of factor categories on employee retention.

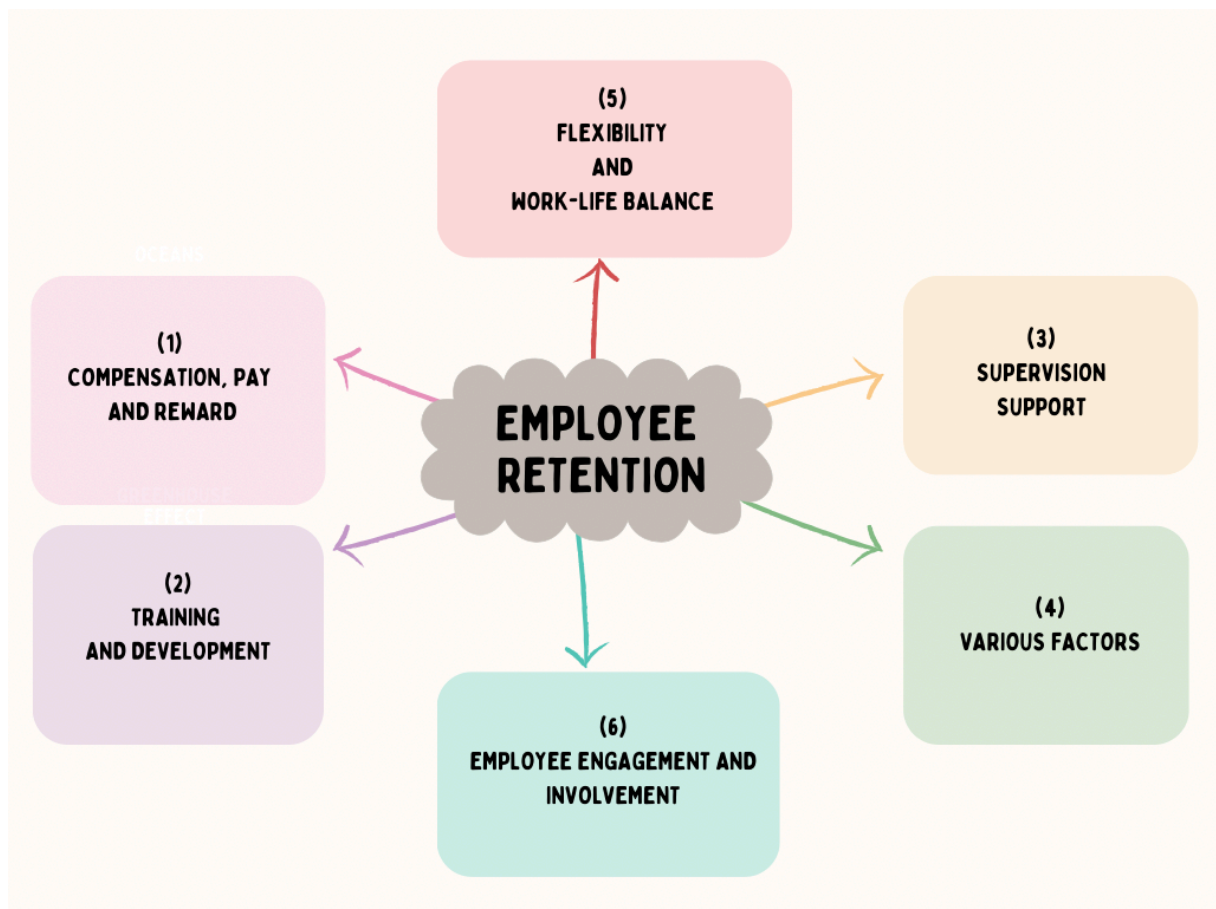


Figure 2: Overview of factors (created in Canva)

3.2: Factor (1) - Compensation, pay, and reward

3.2.1 Findings

The literature defines employee compensation and pay as: “*Salary and wages, benefits, bonuses, and additional perks and the regular payment employees receive for their work*” (Sorn et al., 2023, p.2). Rewards are defined by Werf (2022, p.1) as: “*benefits or bonuses that are given to employees who go above and beyond what’s expected of them or who meet specific performance targets*”.

Much research has been conducted on the impact of compensation, pay, and rewards on employee retention and motivation. This part examines the findings of various studies focusing on the effects of the factor category (1), compensation, pay, and reward on employee retention. This factor category is positioned first in the literature review due to its potential relevance to the recruitment process rather than its direct impact on employee retention.

Numerous research have explored the relationship between employee retention and compensation, pay, and reward. While compensation, pay, and reward can motivate employees, some research questions the direct relationship between compensation, pay, and reward and retention. For example Steiner et al. (2020) suggest that pay might not directly influence retention. Bell et al. (2007) supported this, stating that money alone is not seen as the sole reason for leaving an organisation. However, Bell et al. (2007) emphasize that an attractive reward package can be crucial for retention.

Trevor et al. (1997) indicated that high pay for top performers can help retain them. When high performers receive fair wages, they are less likely to leave than other employees (Trevor et al., 1997). Hammond and Coetzee (2022) discovered that senior women who lacked a

benefits structure expressed a great desire for one. Most of the respondents were willing to change jobs for an opportunity that provided the desired benefits. Similarly, Holmberg et al. (2018) research found a trend among mental health nurses in Sweden relocating to Norway due to lower salaries in Sweden. Many mental health nurses, therefore, choose not to pursue nursing in Sweden based on the unfulfilling financial compensation, highlighting the importance of fair compensation.

Research by Silbert (2005) revealed that convenient reward systems can create a sense of value and contribute to fostering an increased organisational support system among employees. Highlighting that tangible rewards can serve as a symbol of gratitude and appreciation for employees (Silbert, 2005). Resulting in motivating them to work harder towards the company's objectives and enhancing their engagement and motivation (Silbert, 2005). On the other side, Steiner et al. (2020) research suggested that financial rewards only impact work engagement and organisational commitment and are not a significant factor concerning retention. In contrast, the study found that organisational engagement is the most crucial element regarding retention (Steiner et al., 2020).

Regarding pay, Evans and Huxley's (2009) research found pay to be 1 of 3 factors that influenced the employee retention and turnover process. Supported by the global Gallup 2023 report, suggesting that pay is a top factor among job seekers (Gallup, 2023). Results from the report show that among U.S. employees, pay and benefits were the top reasons for leaving a job, supported by research by Altassan (2023) indicating that economic stability is an essential and primary factor for employees.

3.2.2 Discussion

While Trevor et al. (1997) found that pay among top performers helps to retain them, it is vital to recognize the fact that the relationship between pay and retention might vary in different organisations. For example, in a competitive job market, pay alone may not be sufficient if other factors are missing. Research by Evans and Huxley (2009) highlighted the significance of competitive pay in attracting and retaining employees. Supported by Altassan (2023) research emphasizes that financial stability is a primary value for employees.

Hammond and Coetzee's (2022) research underscores the importance of benefits, especially among senior women employees. Offering flexibility, such as family-friendly policies, can be crucial. This study was conducted on female employees in the financial services sector in South Africa, which contrasts with European countries, where benefits such as sick leave, retirement plans, and health insurance are more common. For example, many women in America do not have maternity leave in America, unlike in countries such as Norway, highlighting the global variation in the emphasis on benefits.

Holmberg et al. (2018) research underscores the importance of fair compensation in various professions. Organisations could start by addressing employees' compensation needs through surveys and meetings. If only some employees were proactive in compensation, this could lead to highly unfair compensation for those who are not. Therefore, organisations could create a system where all employees get fair compensation. In the best case, organisations could have regular meetings with employees, giving them clear expectations, whereas compensation is added if the employee is doing what is expected.

Silbert (2005) research found that tangible rewards offered by the company serve as a symbol of gratitude and appreciation towards employees (Silbert, 2005). For instance, an organisation implementing a reward system that offers rewards when performing well can foster motivation and a culture of appreciation, which can positively impact retention. While competitive compensation, pay, and rewards can be essential for attracting talent, it is important to ensure that employees are not solely motivated by financial incentives, as this can lead to a lack of intrinsic motivation and commitment to the organization's long-term goals.

3.3 Factor (2) - Training and Development

3.3.1 Findings

Training and development are influential factors in employee retention, as highlighted by research (Xuecheng et al., 2022). Training and development have been defined as: “*the degree to which training within the organisation is offered to the employees to foster their skills*” (Xuecheng et al., 2022,p.3). Providing opportunities such as training and development can increase employees motivation to stay. This part examines the findings of various studies focusing on the impact of training and development programs.

Xuecheng et al. (2022) evaluated factors affecting employee retention within small and medium enterprises in China, finding that training and development had the highest positive impact on employee retention. Keswin (2023) notes that the absence of development opportunities is often mentioned as a primary reason for leaving a job. Similarly, Suryani et al. (2023) found that training positively correlates with the intention to stay among employees within the education sector.

Similarly, Ferdiana et al. (2023) research highlighted a significant relationship between career development opportunities and retention among university employees. The Randstad 2023 Report supported this, presenting that 30 percent of the respondents would consider quitting if development opportunities were unavailable (Randstad,2023).

The Gallup 2023 Report emphasized the importance of development opportunities and the potential for growth, which are highly valued by employee seekers (Gallup, 2023). Kaplan (2022) also highlighted the importance of internal mobility programs, encouraging leaders to creatively place employees in positions they can succeed in. Offering employees the opportunity to change roles within the organisation, allowing them to grow without leaving (Kaplan, 2022). LinkedIn CEO Roslansky (2023, p.1) stated, *“your next top employee is most likely your current employee”*, emphasizing the importance of focusing on the skills of your existing employees rather than always looking for new ones (Roslansky, 2023).

3.3.2 Discussion

Development opportunities are highly valued by job seekers, according to the Gallup 2023 Report. Keswin (2023) identifies that the lack of development opportunities is often mentioned as a top reason for leaving. Research by Xuecheng et al. (2022), Suryani et al. (2023), and Ferdiana et al. (2023) consistently finds a positive relationship between retention and training and development.

In changing times, it is necessary to keep track of new ways to develop employees' skills and growth. Consequently, focusing on training and development programs is crucial for staying competitive and motivating employees to stay.

Kaplan (2022) and Roslansky (2023) highlighted the significance of internal mobility programs, allowing employees to develop and change roles within the organisation. Such programs help organisations can nurture talents from within instead of seeking them externally. However, it is essential that organisations do not overlook external candidates, as new perspectives are valuable, speically from newly educated students. Striking a balance between internal and external candidates is crucial.

The Gallup and Randstad 2023 Reports found that job seekers value growth and development opportunities, which can enhance employee loyalty, commitment, engagement, and retention. However, limitations in budget and time can sometimes restrict these opportunities. Moreover, if training and development programs are offered to only a few employees, it can lead to feelings of unfair treatment and division among employees. Therefore it is crucial to provide equal opportunities to all employees who wish to grow within the organisation.

3.4 Factor (3) - Supervision Support

3.4.1 Findings

‘Good management can be crucial to ensure employee satisfaction and retention’ (Keswin, 2023, p.182).

Recent research shows that supportive supervisors can significantly contribute to employees' well-being and retention (Steiner et al., 2020). Zueb-Ur-Rahman and Hussain (2020) emphasize the crucial role of effective leadership regarding employees' motivation to stay. This part aims to examine the findings of various research focusing on the impact of supervision support on retention.

Steiner et al. (2020) found a positive link between supervisor support and high levels of work engagement and retention. According to Deshpande and Gupta's (2021) research, this is particularly important for newly hired employees within the IT industry. Similarly, Coetzee et al. (2018) highlighted the value of nurturing a good relationship between supervisors and employees, adding that supportive, considerate, and caring supervisors can foster a desire among employees to stay within the organisation (Coetzee et al., 2018).

In Chinese organisations, Newman et al. (2011) highlight the significant role of supervision support, suggesting it is of equal or greater importance compared to Western settings.

Goldstein et al. (2017, p.460) stated: "*Employees do not leave jobs, they leave managers*", adding that employees often leave due to poor management, emphasizing leaders' impact on employee retention.

Supported by Keswin (2023), referring to a survey of 3,000 Americans indicating that poor management can lead to as many as 82 percent of workers quitting their jobs. Similarly, the Salesforce survey revealed that employees consider their primary supervisor crucial in comprehending the organisation and its priorities (Keswin,2023). From the Gallup Report, 52 percent of voluntarily exiting employees stated their organisation/manager could have done something to prevent them from leaving their job (Keswin, 2023). Strongly supporting the impact of the relationship with supervisors concerning employee retention.

3.4.2 Discussion

Previous research has highlighted the importance of supportive supervision in increasing well-being and retention (Steiner et al.,2020). This supports the idea of a clear relationship between supervision support and retention (Zoeb-Ur-Rahman and Hussain,2020).

Deshpande and Gupta (2021), in particular, found a relationship between supportive supervisors and employee retention for newly hired employees within an Indian IT industry. Comparably, Coetzee et al. (2018) emphasized fostering a positive relationship between employees and their supervisors, shedding light on the crucial focus on interpersonal dynamics within the organisation and taking the time to get to know each other.

In Chinese organisations, Newman et al. (2011) suggested that supervision support may hold equal or greater importance in Chinese settings than in Western settings. Furthermore, Goldstein et al. (2017) stated that employees leave managers, not the job.

The findings strengthen the importance of supervision support concerning employee retention and well-being. However, it is essential to approach these findings by looking at possible implications. The first aspect worth questioning is the generalizability of these findings across different industries and cultural contexts. Supervision support might be less relevant in organisations with a flatter structure and greater autonomy. Additionally, it is necessary to evaluate the boundary conditions concerning how supervisors alone can affect retention. Supervision support is without doubt essential concerning retention, but it might not be the sole determinant of retention.

3.5 Factor (4) - Various Factor

3.5.1 Findings

Numerous studies have disclosed various factors influencing employee retention. This factor category results from a variety of research conclusions. Drawing from this premise, the

findings below are categorized under 'various factors' for clarity and transparency. This part will review existing research in cornering various factors and retention.

The research by Hung and Chiu (2023) suggested that improving job satisfaction, implementing a promotion system, selecting candidates with high agreeableness, and reducing burnout can boost retention among home care aids (Hung and Chiu, 2023). Agreeableness is a personality trait described as being cooperative, kind, and sympathetic (Hung and Chiu, 2023). Selecting candidates with these traits can lead to better team dynamics and positive relationships among colleagues and clients, contributing to higher retention rates. Their research added a new perspective on employee retention, adding that it's important to consider personality traits in the understanding of retention (Hung and Chiu, 2023).

Research by Evans and Huxley (2009) looked into how personal and organisational characteristics were related to turnover among social workers in Wales. Their findings suggested that job satisfaction, perceptions of their employer, and pay influenced their intentions to stay (Evans and Huxley, 2009). Their findings indicated that long-serving staff were unlikely to leave if they were unhappy, based on underlying factors such as loyalty or reluctance to change (Evans and Huxley, 2009). Additionally, Snyman's (2022) findings found a positive relationship between job satisfaction and retention.

Research by Hammond and Coetzee (2022) states that stability in HR policies, fair compensation, training and development, managerial support, opportunities for career development, and work-life balance are essential factors in retaining senior female employees.

Twum's (2015) research emphasized involvement, fair promotion, career advancement, diversity, training programs, and flexible work schedules in motivating employees to stay.

According to Hausknecht et al. (2009), job satisfaction and organisational commitment were identified as essential factors affecting employees' motivation to stay. The findings above show that personal and organisational factors are essential concerning retention.

3.5.2 Discussion

The findings show various factors impacting employee retention. Hung and Chiu's (2023) findings align with Evans and Huxley (2009), Hausknecht et al. (2009), and Snyman (2022), highlighting the positive link between job satisfaction and retention. Advocating for implementing a promotion system and selecting candidates with high agreeableness to increase retention (Hung and Chiu, 2023) is recommended. Conversely, Evans and Huxley (2023) emphasize the central role of pay in employees' motivation to stay.

Hammond and Coetzee (2022) identify various factors such as stability in HR policies, fair and competitive compensation, training and development, managerial support, and work-life balance impacting the retention of senior female employees. Twum (2015) underscores the importance of employee involvement, fair promotion, career advancement, training, and flexibility as essential factors concerning retention. These different studies emphasize the importance of considering multiple factors influencing employee retention, highlighting that employees are motivated by various factors. However, with such many factors, it can present challenges in translating which factors truly drive retention, adding the potential complexity when considering various factors and their influence on retention.

3.6 Factor (5) - Flexibility and work-life balance

3.6.1 Findings

Flexibility is defined as *“the ability to make choices influencing when, where, and for how long they engage in work-related tasks”* (Jeffrey et al., 2008, p. 149). According to Shockley et al. (2017, p. 514), work-life balance is defined as *“an overall appraisal of the extent to which an individual’s effectiveness and satisfaction in work and family roles is consistent with their life values at a given point in time”*. This part provides an overview of research on flexibility and work-life balance connected to employee retention.

White and Maniam (2020) found that a great deal of employees use flexible working arrangements to get a better work-life balance. Suggesting that offering flexibility and work-life balance can result in less stress, better psychological health, increased happiness, and more energy and motivation. Supported by Christensen and Schneider's (2011) research highlighting the need for more flexibility, it recommends making workplaces more flexible, benefitting both employers and employees. Erica Keswin states in her book, *“It is best to simply expect that flexibility in some form will always be important, especially to new generations”* (Keswin, 2023, p. 48).

A Future Forum survey of more than 10,000 knowledge workers across six continents found that 76 percent want flexibility (Keswin, 2023). Similarly, the McKinsey study found that among 25,000 respondents, 87 percent who were offered work flexibility would take it (Keswin, 2023). Stating that *“flexibility is a competitive advantage”* (Keswin, 2023, p. 50).

Emphasizing the significance of offering employees the possibility to have a more flexible work schedule, allowing them to have a better work-life balance. Considering flexible

working hours, 45 percent of the respondents from the Randstad report answered they would not accept a position that did not provide flexibility regarding working hours (Randstad report, 2023). Looking into each age group, younger participants found flexibility regarding location more important than older participants. Additionally, in support of remote work, respondents from the Randstad 2024 report state *“working from home is non-negotiable for close to 2 of 5 workers”* (Randstad, 2024, p. 7).

Tangen et al. (2020) research emphasized the importance of flexible work time, autonomy, and development opportunities, especially for millennials. They suggest that the millennial generation looks at flexible work schedules as a matter of course when applying for a job. This is supported by Bell et al. (2007, p.16), stating:

“organisations that offer flexibility are those that have the highest retention rates.”

According to the Deloitte 2023 surveys, 66 percent of remote workers would quit if they had to go back to the office Monday through Friday (Rogish et al., 2023). Additionally, they stated that *“while remote work had improved respondents' engagement and well-being, most of them believe remote could erode engagement and commitment levels over time”* (Rogish et al., 2023, p.1).

A recent editorial in People Management magazine stated that: *“work-life balance is fast becoming one of the defining issues of the current employment scene”* (Hyman and Summers 2004, p. 418). In addition, The Randstad Report revealed that 61 percent of respondents expressed they would not accept a position that would damage their work-life balance (Randstad Report, 2023). Emphasizing that the significance of work-life balance is

particularly highlighted by younger participants. The Randstad Report (2024) further supports the importance of flexibility, with nearly 60 percent of the respondents prioritizing personal life over work, ranking work-life balance as high as pay. The Gallup 2023 Report found that work-life balance and better personal well-being were a top priority among job seekers. The Mercer Report revealed that 51 percent of U.S. employees feel exhausted after work and want a better work-life balance (Mercer, 2023). Supported by Zoeb-Ur-Rahman and Hussain (2020), stating that work-life balance is crucial concerning employee retention.

3.6.2 Discussion

The research above, called attention to the importance of flexibility and work-life balance in relation to employee retention (Zoeb-Ur-Rahman and Hussain, 2020), which indicates that work-life balance is becoming a vital issue within today's workplace (Hyman and Summers, 2004).

Research suggests that many employees use flexible working arrangements in order to get a better work-life balance (White and Maniam, 2020). Traditional work structures might be insufficient, as research highlights the desire to have control over their own schedules, location, and autonomy (Christensen and Schneider, 2011). This is particularly important for younger generations (Randstad Report, 2023; Tangen and Sperre, 2020).

The Gallup and Mercier 2023 Reports indicate that among U.S. employees, work-life balance is a top priority among job seekers (Gallup, 2023; Mercier, 2023). The latest Randstad report from 2024 found that 60 percent of the respondents emphasized their personal lives as more important than their work.

Studies suggest that flexibility fosters a more satisfied and productive workforce, reducing stress and improving employees' well-being (White and Maniam, 2020). Bell et al. (2007) showed that flexible organizations had the highest retention rates. Supported by Keswin (2023), who states that flexible work arrangements can be a competitive advantage in attracting and retaining top talent. The research above underscores the need for organisations to embrace flexibility and work-life balance as critical drivers of retention in the modern workplace.

However, offering flexibility might blur the boundaries between work and personal life. This can increase employees' working hours, resulting in longer work hours at home rather than at the office. This means that flexibility, which enhances work-life balance, has the opposite effect. Not having clear boundaries in relation to leaving the office at the end of the day, can make it challenging to end the workday. Organisations should also consider how communication would affect flexibility regarding the challenges that might accrue when working as a team but from home.

3.7 Factor (6) - Employee Engagement and Involvement

3.7.1 Findings:

Employee engagement is defined as: *“an individual’s sense of purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence directed toward organizational goals”* (Johnson and Pike, 2018,p.65). This part will present the factor ‘employee engagement and involvement’ and provide an overview of existing research in relation to the factor.

According to the Gallup report (2023), representing a global collective voice for employees, the importance of employee engagement reached a record high in 2022. Employee

engagement is predicted to rise again after dropping in 2020 due to COVID-19 (Gallup, 2023). One noteworthy observation from the Gallup report is that a lower engagement percentage is registered among employees from Europe compared to the USA, Latin America, Canada, and Asia. In contrast, Asia has the highest rate of engaged employees according to the 2023 global from Gallup. Retention and engagement go hand in hand, whereas disengaged employees are more likely to leave the organisation (Bell et al., 2007).

Research by Snyman (2022) explored whether psychological contracts affected employees' satisfaction with retention practices within the education sector. The results indicated that factors such as employer and employee obligations, job satisfaction, and the state of the psychological contract were linked to employee retention intentions (Snyman, 2022). This is supported by Ngobeni et al. (2022,p.3), stating that “*the fulfillment of the psychological contract increases employee engagement, and morale for the job and in the workplace, and decreases turnover intentions*”. Psychological contracts refer to the “*mutual beliefs, perceptions, expectations, and informal obligations between an employer and an employee*” (Ngobeni et al., 2022, p.2). The psychological contract is highly related to employee engagement, involvement, and retention (Ngobeni et al., 2022).

Conversely, Salameh et al.(2023) research suggested that fostering psychological involvement is crucial in relation to employee retention. Regarding psychological safety, Hansen (2021) study found that most of the respondents from home care jobs in Sweden experience a high level of psychological safety, a moderate level of work engagement, and a high level of work engagement. Their findings emphasized that psychological safety and work engagement were positively related to employee retention. Goyal's (2023) research suggests that bank employees who experience engagement, involvement, and a sense of attachment are more

likely to stay among (Goyal, 2023). The Randstad Report 2023 and 2024 found that the desire to belong and to be a part of a team is a driver when making career decisions. Most respondents answered they would leave if they didn't feel like they belonged at work (Randstad, 2023; Randstad, 2024).

Yet again, the focus on employee engagement and involvement clearly emerges in the Gallup 2023 Report, suggesting that employees are now ‘‘Quiet quitting’’, which means psychologically separating themselves from work (Gallup, 2023). This can be affected by not being engaged, included, and having little to no supportive bonds with colleagues organisations, or leaders (Gallup, 2023).

Hassan et al. (2020) research looked into factors influencing millennial employees' intention to stay, mainly focusing on normative commitment and the sense of obligation to remain. The results suggest that for millennial employees within small/medium enterprises, it is crucial to focus on employee involvement, inclusion in decision-making processes, and empowerment in day-to-day work (Hassan et al., 2020).

Shirina et al. (2023) research tested the relationship between employee engagement, performance, and retention within higher education Institutions. The results found that employee engagement has a positive effect on employee retention and employee performance. Supported by Holston-Okae and Mushi (2018), findings that job satisfaction, employee compensation, engagement, motivation, and work environment are crucial in whether employees leave their hospitality sector jobs. Where the factor of employee engagement stood out as an essential predictor of turnover intention, suggesting a more significant focus on employee engagement (Holston-Okae & Mushi, 2018).

Building on the elements of social exchange theory, Theodorsson et al. (2023) research suggested that enhancing leadership abilities among mid-level managers, acknowledging employee contributions, and fostering a positive working environment through inclusive communication are crucial for retention. These findings underscore the central role of leadership development, recognition of employee contributions, and inclusive communication in promoting employee engagement and involvement, aligning with employee engagement and inclusion factors.

Balakrishnan et al. (2013) found that engagement, such as communication, recognition, manager/supervisor support, work engagement, teamwork, and role clarity, can improve employee retention, according to research on employees from an airport experiencing high turnover. This is supported by Kundu and Lata's (2017) research, which found a positive relationship between a supportive work environment and organisational engagement. Steiner et al. (2020) research found that high levels of work engagement and organisational commitment, along with the factors perceived by supervisor support and being well-informed about associated, were related to employees' intentions to stay.

Setiawan and Prasojo's (2021) research found a clear relationship between talent management, employee engagement, and turnover intention within the plant factory in Indonesia. Supported by Markos and Sridevi's (2010) research states that companies with engaged employees have higher employee retention. Bode et al. (2015), Iqbal et al. (2017), and Johnson and Pike (2018) all found a positive relationship between employee engagement and retention.

Furthermore, Johnson and Pike (2018) recommend that organisations use a valid and reliable system to measure the engagement and develop effective action plans to improve employee

engagement. Improving employee engagement can lead to positive changes concerning employee retention, according to Johnson and Pike (2018) and Steiner et al. (2020). In addition, Cropley et al. (2020) research brought attention to the importance of work engagement and the feeling of belongingness.

3.7.2 Discussion:

Research consistently demonstrates a positive correlation between engagement and retention across various sectors (Shirina et al., 2023; Theodorsson et al., 2023; Bell et al., 2007). The Gallup 2023, Randstad 2023, and 2024 Reports further highlight the significance of belongingness and employee engagement concerning employee retention. Supported by Holston-Okae and Mushi (2018), Hassan et al. (2020), Steiner et al. (2020), Goyal (2023) and Setiawan and Prasajo (2021), Markos and Sridevi (2010), Bode et al. (2015), Johnson and Pike (2018) and Balakrishnan (2013) and Cropley et al. (2020) found a positive correlation between employee engagement and retention.

The Randstad Report 2023 and 2024 found that the desire to belong and to be a part of a team is a driver when making career decisions.

One interesting observation from the Gallup 2023 Report is that the engagement percentage among European employees is lower than that of employees in the USA, Latin America, Canada, and Asia. At the same time, Asia has the highest rate of engaged employees, according to the Report. This raises the question of how cultural and organisational factors influence employee engagement levels, especially in Europe.

Snyman (2022) and Ngobeni et al. (2022) found that the state of the psychological contract was linked to employee retention intentions (Snyman, 2022). Emphasizing the importance of building a mutual relationship between employee and their employer. In addition, Salameh et al. (2023) and Hansen (2021) highlight the importance of psychological involvement with

employee retention, contributing to employee engagement and involvement. The state of psychological contract is about creating mutual expectations and commitment within organisations. By cultivating a positive state of psychological contract, involvement, and trust, organisations empower employees, enhance commitment, and spark motivation. Focusing on these elements can contribute to a mutual relationship between the employees and the organisation and motivate employees to stay. A critical aspect concerning the focus on employee engagement and involvement can be limited due to time constraints. However, prioritizing employees involvement can boost engagement and retention.

3.8 Other literature

This part presents three seminal frameworks: Frederick Herzberg's Motivator-Hygiene Theory, the Job Embeddedness model, and insight from the Retention Revolution book. Each framework offers unique perspectives on understanding the multifaceted realm of employee retention.

In the 20th century, Herzberg's theory distinguished between factors that prevent dissatisfaction (hygiene factors) and those that promote satisfaction and motivation (motivators) among employees. Organisations can design retention strategies that meet employees' needs and desires by grasping how these factors interact.

The job embeddedness model highlights various ways employees connect to their work and community. Emphasizing the importance of building meaningful relationships and belonging at work. Additionally, the 'Retention Revolution' book offers an up-to-date perspective on employee retention and provides strategies and guides on how to cultivate employee retention

3.8.1 Frederick Herzberg Motivator-Hygiene Theory

3.8.1.1 Findings:

When investigating factors influencing employee retention, it is essential to draw upon established theory that provides insight into underlying motivational factors. Frederick Herzberg's Motivator-Hygiene Theory holds significance, value, and relevance to what motivates employees. By understanding the factors proposed in Frederick Herzberg's theory, organisations can identify key motivation factors affecting employee retention. In this part, his theory will be broadly explained and discussed.

Frederick Herzberg's Motivator-Hygiene Theory is widely employed in several management courses, and the article "One More Time: 'How Do You Motivate Employees?'" is one of Harvard Business Review's most requested reprints (Siemens, 2005). Herzberg conducted a study involving 200 engineers and accountants from different companies in Pittsburgh, Pennsylvania (Siemens, 2005). The goal was to assess their personal feelings towards their working environment (Siemens, 2005). Participants shared stories of times when they felt good and bad about their job. Herzberg then categorized the work factors into two categories, each affecting motivation differently. This led to the Motivator-Hygiene Theory, which suggested motivation had two aspects: job satisfaction and dissatisfaction. Motivator factors increase job satisfaction, while hygiene factors decrease job dissatisfaction.

Herzberg identified two factors influencing employee satisfaction: the motivator and hygiene factors. Motivators such as achievements and recognition, work, responsibility, and growth lead to satisfaction (Herzberg, 1968). Hygiene factors such as company policies, supervision, interpersonal relationships, working conditions, salary, status, and security were crucial

factors motivating employees (Herzberg, 1968). Herzberg's Motivator-Hygiene theory may have laid the groundwork for understanding employee retention and motivation.

New research continues to address challenges and positive relations between the relevant factors in today's workforce. The research by Woodworth (2016) supported Herzberg's theory and confirmed its' relevance. The findings revealed a significant relationship between job satisfaction, hygiene, motivator factors, and intent to stay among clinical nurses (Woodworth, 2016). This research does not stand alone in finding Herzberg's Motivator-Hygiene theory related to job satisfaction and employee retention today. The research by Floyd (2017) found that pursuing personal passion can outweigh financial consideration in job satisfaction.

Indicating that despite lower pay, employees might choose fulfillment. In addition, supported in research by Filtvedt (2016, p.83)

3.8.1.2 Discussion

Drawing on the Theory by Herzberg, recent research challenges his theory, suggesting that factors such as salary may not always be a strong motivator. In other words, pay, benefits, and compensation play a vital role in preventing employee dissatisfaction but may not necessarily foster long-term retention or motivation, as per Herzberg's theory. For instance, Floyd (2017) found that pursuing personal passion can outweigh financial consideration in job satisfaction.

In summary, despite lower pay, employees might choose fulfillment. Supported in the research by Filtvedt (2016, p.83) who challenged the theory, stating: “*Herzberg theory is somewhat outdated, based on the differentiation so broadly between motivator and hygiene factors may be limited when discussion what motivates employees*”. The findings suggested that, to some extent, motivation and hygiene factors contribute to job satisfaction, whereas

some have a more significant impact than others. Challenging Herzberg's theory indicates that multiple factors, not just 'motivators,' or 'hygiene' influence job satisfaction (Filtvedt, 2016).

While Herzberg's theory provides valuable insights and can still be seen as relevant today, it is essential to consider individual motivations in order to understand what motivates them to stay.

When using Herzberg's theory up against the factors that has been uncovered by this research, the factor can be categorized as seen below. From there it shows that there are more emphasis on the hygiene factors compared with motivator factors. Factor category (2) and (6) are related to Herzberg motivating factors. On the other side, factor category (1), (3) and (5) are related to hygiene factors. Lastly the factor category (4) and be seen as both motivating and hygiene factors according to his theory.

3.8.2 The Job Embeddedness Model

3.8.2.1 Findings

The Job Embeddedness Model offers valuable information for understanding employee retention. Offering a broad perspective on the interaction between the employee, organisation, and community, the model examines factors that make leaving an organisation more challenging. The model developed by Mitchell et al. (2001) presents a new perspective on the complexity of factors influencing employee retention. Drawing on samples from retail and hospital employees, their research highlights the importance of "*being connected to both the organisation and the community in reducing turnover*" (Mitchell et al., 2001, p.252). The authors introduce a new construct, job embeddedness, which they argue is a critical factor in understanding why individuals remain (Mitchell et al., 2001).

Job embeddedness involves three dimensions:” *fit, links, and sacrifice, which involve organisational and community aspects* “ (Mitchell et al., 2001, p.1102). Links refer to the formal and informal connections between individuals, institutions, or others. Fit relates to the similarity between employees and their work, including inside and outside links such as bonds with colleagues, management, customers, and clients (Mitchell et al., 2001). Sacrifice is the cost of material or psychological benefits that individuals may forfeit by leaving their job or community (Mitchell et al., 2001). Their research indicates that individuals embedded in their jobs are less likely to leave, challenging the conventional wisdom that job satisfaction and compensation are the primary drivers of retention (Mitchel et al., 2001). Crossley et al. (2007) support the model by stating that” highly embedded and satisfied individuals are less likely to search for new opportunities” (Crossley et al., 2007, p.1040). The embeddedness model proposes that employees who are cared for will be more embedded and more likely to stay.

While job embeddedness is a helpful construct for understanding employee retention, there is still much to learn about the factors that influence how embedded employees become.

Steindórsdóttir et al. (2020) research examined the relationship between job embeddedness and a perceived mastery climate at work. The study comprised 430 respondents from six organisations in Iceland and one in Norway. Their findings indicated that the social context at work and mastery climate positively retain employees. Mastery provides employees with more autonomy over their work, fostering a stronger sense of connection to their coworkers and reducing turnover (Steindórsdóttir et al., 2020).

The Job Embeddedness Model, developed by Mitchell et al. (2001), introduced the concept of job embeddedness as a crucial factor in employee retention and turnover. The model was

based on the three dimensions: fit, links, and sacrifice, which involve connections both within the organisation and the broader community. Mitchell et al. (2001) argued that employees who feel embedded in their jobs are less likely to leave, challenging the traditional belief that job satisfaction and compensation are the main drivers of retention (Mitchell et al., 2001) supported by research by Crossley et al. (2007) suggesting that highly embedded and satisfied individuals are less inclined to search for new opportunities.

On the other hand, Steindórsdóttir et al. (2020) examine the relationship between job embeddedness and a perceived mastery climate at work. Their research on employees from Iceland and Norway suggests that a positive social context at work can enhance job embeddedness. They state that when employees perceive a mastery climate prioritizing autonomy, cooperation, and effort, they are more likely to feel connected to their work and colleagues, which can result in reduced turnover intentions (Steindórsdóttir et al., 2020).

3.8.2.2 Discussion

The relevance of remote work and flexible work schedules might be questioned based on the Job Embeddedness Model, whereas fit and links might not happen as often. The model adds value insight related to employee retention, examining the three factors: fit, links, and sacrifice. However, with an increased focus on flexibility, as mentioned earlier, it is essential to consider how these changes impact the relevance of the model. The model seems designed for office-based work environments and might not be as relevant for remote workers. The fact that remote workers might have fewer connections might affect their connection to the organisation. Given the changes in work arrangement, further research is needed to explore flexibility and its impact on retention. The Job Embeddedness Model offers a valuable framework for understanding employee retention and goes beyond traditional factors. Yet,

further research is needed to explore the interaction between various factors influencing job embeddedness.

3.8.3 The Retention Revolution book by Erica Keswin

3.8.3.1 Findings:

The book ‘Retention Revolution’ by Erica Keswin offers a contemporary perspective on employee retention strategies and has earned the status of a Wall Street Journal bestseller. The book provides precious insight into the reasons behind employee turnover and suggests strategies for organisations in order to motivate employees to stay (Keswin, 2023). Keswin's research on retention in America gives valuable insight that can be related to various organisations across the globe. Keswin emphasizes the importance of focusing on the Onboarding Process, Flexibility and Autonomy, Strategy for Human Resource Professionals, Effective meetings, Professional Development, Manager Training, and Offboarding Processes in order to enhance retention. This part will present Keswin's recommended strategies to improve employee retention and why they are essential.

According to Keswin (2023), the Onboarding Process, particularly the first meeting with employees, is essential. She emphasizes the importance of onboarding programs that align with the organisation's values, fosters a welcoming environment, and provide employees with the start they deserve.

Regarding Flexibility and Autonomy, Keswin recommends that organisations evaluate current policies and consider offering flexible work arrangements. It can be crucial to grant employees autonomy regarding how, when, and where they work.

According to Keswin (2023), it is crucial for Human Resource professionals to prioritize creating a safe workplace where employees feel comfortable expressing themselves.

Highlighting the importance of creating an environment that fosters psychological safety and a sense of belonging. Suggesting that human resource professionals play a significant role in in shaping workplace culture that values psychological safety, inclusivity, and employee retention (Keswin, 2023).

Regarding effective meetings, Keswin suggested that meetings can be efficient and effective and set the tone for future interactions. However, Keswin warns against conducting meetings without a clear purpose. She recommends having fewer, more purposeful meetings with essential participants (Keswin, 2023).

In relation to the offboarding process, a key strategy among Keswin's recommendations for enhancing retention is providing a well-executed offboarding process. In order to increase employer branding and keep the door open for returning employees. Keswin demonstrated this point by giving an example of a CEO stating that “*sometimes an employee has to leave a company to continue their career growth*” (Keswin, 2023, p.190). Emphasizing that employees' departures are a normal part of the work cycle, and if they decide to return to the organisation, their new experiences are valuable (Keswin, 2023). This is supported by Bergman et al. (2023), who found that companies handling of employee branding tactics, including offboarding and dealing with unsuitable candidates, significantly influence employer branding and the potential for employees to return in the future (Bergman et al., 2023).

“Turnover is not always negative or harmful and in some cases, it may even be beneficial for organisations that employees leave” (Allen, 2010, p 586).

Despite Keswins' focus on employee retention, she adds a new perspective and challenges negative statements regarding turnover. Her perspectives nurture a healthy way of looking at employees leaving and sometimes returning as a dynamic river, supporting the importance of understanding that changes will always happen within the organisation. Additionally, enhancing employee retention might not be the goal for every organisation, and it might vary at different times. For example, ‘Functional turnover’ refers to the exit of employees who are easy to replace or the exit of poor performers, which can help the organization in a positive way (Allen, 2010, p. 588). Along with ‘unavoidable turnover’, which includes reasons the organisation may have little or no control over, such as health or dual career issues (Allen, 2010,p. 588). This perspective of turnover being a necessity at times in order to develop and thrive is her main focus on retention, with valuable insight and tips for organisations struggling with turnover and the retention of top talents.

3.8.3.2 Discussion

Keswin offers valuable insight into possible factors influencing employee retention and provides recommendations for motivating employees to stay. One significant aspect highlighted in her book is the focus on a well-working onboarding process. By ensuring that the first meetings between the employees and the organisation are meaningful, organisations lay the foundation for long-term engagement and commitment. Furthermore, Keswin (2023) highlights the importance of offering flexibility and autonomy. Previous research has shown that these factors are essential for many employees. Therefore, allowing employees greater

control over their work schedules can significantly influence their motivation to stay, foster trust, and empower them.

The role of HR professional is another critical point mentioned in the book. Keswin suggests focusing on psychological safety and creating a sense of workplace belonging. This can lead to employees feeling supported and valued, ultimately contributing to employee retention and engagement, supporting the primary factor category (6) above. Lastly, Keswin (2023) points out the importance of having effective meetings with a clear purpose and a well-executed offboarding process, leaving employees with a good impression and keeping the door open for possible future returns (Keswin, 2023). Additionally, adding to the perspective of retention, Keswin suggests not always considering turnover as something negative but as a dynamic river of where employees leave and sometimes return, supported by Allen (2010).

3.9 Chapter Summary

This chapter identifies and discusses factors influencing employee retention in the service sector, emphasizing “flexibility and work-life balance” and “engagement and involvement” as the main factors for the research conducted.

While attractive reward packages can contribute to retention, research by Bell et al. (2007) suggests that compensation alone may not be the sole reason for employees staying or leaving. Fair and competitive compensation is crucial, aligned with industry standards and employee needs, such as the example of senior women (Hammond & Coetzee, 2022).

Training and development opportunities are increasingly vital for attracting and retaining employees, leading to increased loyalty and engagement (Xuecheng et al., 2022; Gallup,

2023; Randstad, 2023). Organisations are encouraged to implement internal mobility programs, allowing employees to grow (Kaplan, 2022; Roslansky, 2023).

Supportive supervision is critical for well-being and retention (Steiner et al., 2020). Nurturing a positive relationship between supervisors and employees fosters a desire to stay (Coetzee et al., 2018), particularly for new hires (Deshpande & Gupta, 2021), while poor management is a significant driver of turnover (Goldstein et al., 2017; Keswin, 2023).

Flexibility and work-life balance are increasingly important (Christensen & Schneider, 2011; White & Maniam, 2020), with employees seeking control over their schedules, location, and autonomy. Organizations offering flexibility tend to have higher retention rates (Bell et al., 2007), as flexibility contributes to employee well-being and reduces stress (White & Maniam, 2020). However, clear communication and boundaries are necessary to prevent work overload.

Employee engagement and involvement consistently correlate with retention (Bell et al., 2007; Shirina et al., 2023; Holston-Okoe & Mushi, 2018). Disengaged employees are more likely to leave, while engagement fosters a sense of purpose and commitment. Cultivating a favorable psychological contract (Ngobeni et al., 2022) and promoting involvement (Salameh et al., 2023) are crucial for enhancing engagement and retention.

Frederick Herzberg's Motivator-Hygiene Theory (Herzberg, 1968) provides a foundational framework for understanding motivation and retention, identifying motivator factors (e.g., achievement, recognition) and hygiene factors (e.g., company policies, salary). While the theory offers valuable insights, it is essential to consider individual motivations and desires,

recognizing that factors like salary may not always be the primary motivator (Floyd, 2017; Filtvedt, 2016).

The Job Embeddedness Model (Mitchell et al., 2001) introduces the concept of job embeddedness, encompassing fit, links, and sacrifice. This model suggests that deeply embedded employees are less likely to leave (Mitchell et al., 2001; Crossley et al., 2007). However, its applicability to remote work requires further investigation, as reduced face-to-face interaction might affect employee embeddedness.

Erica Keswin's "Retention Revolution" (Keswin, 2023) emphasizes the importance of a well-structured onboarding process, flexibility and autonomy, psychological safety, effective meetings, and a well-executed offboarding process. Keswin challenges the negativity surrounding turnover (Allen, 2010), highlighting the potential benefits of "functional turnover" and acknowledging the natural flow of employees within organisations.

This chapter emphasizes the complex interplay of factors influencing retention in the service sector. While compensation remains essential, flexibility, work-life balance, engagement, and involvement are increasingly significant. Organizations need a holistic approach, considering individual needs and motivations, fostering a supportive environment, and prioritizing well-being and development.

4.0 Comparative Analysis

4.1 Chapter Introduction

This chapter delves into the intricate interplay of factors influencing employee retention, a persistent challenge within the dynamic service sector. It focuses on two primary factors, "Employee Engagement and Involvement" and "Flexibility and work-life balance," examining how they interact with other crucial elements such as compensation, training and development, supervision support, and various personal and organisational attributes. By understanding these complex dynamics, organisations can develop comprehensive strategies to create a work environment that not only attracts but also retains top talent, fostering a motivated and committed workforce.

4.2 Comparative Analysis - Employee Engagement and Involvement (6)

4.2.1 Employee Engagement and Involvement VS Compensation, pay, and reward

Silbert (2005) emphasized the significance of offering compensation, pay, and reward systems as crucial factors in expressing employee appreciation and fostering motivation and commitment to the organisation. Pay is seen to be a top factor influencing employee retention, according to the research by Evans and Huxley (2009). Furthermore, fair compensation has been highlighted as influential in various professions (Holmberg, 2017). Altassan (2023) emphasized the importance of financial security and stability as a primary value for employees. Organisations that offer fair compensation, pay, and rewards could reduce stress regarding employees' economic situation.

In order to retain top talents, it is crucial to consider various factors and acknowledge the connection between the different factor categories. The relationship between employee engagement and involvement, compensation, pay, and reward is complex and multifaceted.

Organisations can foster a positive work environment by offering fair compensation, pay, and rewards, which can motivate employees to participate actively, for example, by providing bonuses to employees when reaching specific organisational, team, or individual goals. This, in turn, can contribute to employees feeling more engaged and involved in their work.

4.2.2 Employee Engagement and Involvement VS Training and Development

Offering training and development programs can positively affect employee retention, according to research by Xuecheng et al. (2022). Keswin (2023) and the Randstad report (2023) indicate that training and development can impact retention and foster an engaged work environment. Research by Suryani et al. (2023) and Ferdiana et al. (2023) found a positive relationship between retention and training and development.

By investing in upskilling employees to support their growth, organisations demonstrate that they value employee contribution and are willing to commit to employees' development.

When employers commit to employee growth through training and development initiatives, it can lead to increased employee engagement in their work. In addition, fostering a culture of learning and development not only enhances employee skills but also promotes a sense of loyalty and commitment, ultimately benefiting both the employees and the organisation as a whole

4.2.3 Employee Engagement and Involvement VS Supervision Support

Deshpande and Gupta (2021) emphasized the importance of supportive supervisors in enhancing employee retention, a notion supported by Coetzee et al. (2018), Zoeb-Ur-Rahman and Hussain (2020), and Steiner et al. (2020), who found supervisor support to positively

influence employee retention. Goldstein et al. (2017) further underscore this point by stating that employees often leave managers, not their jobs.

When examining the relationship between supervision support, employee engagement, and involvement, it is essential to consider the organisational structure. This factor may be less relevant in an organization with a flat structure with fewer supervisors. However, in organisations with supervisors, their support can significantly affect employee engagement and involvement. Employees who receive feedback and support from their supervisor are more likely to feel engaged and involved within the organisation, increasing their desire to stay.

4.2.4 Employee Engagement and Involvement VS Various Factors

Hung and Chiu (2023), Evans & Huxley (2009), Hausknecht et al. (2009), and Snyman (2022) found that improving job satisfaction, selecting people with agreeableness personal traits, implementing a robust promotion system, enhancing professionalism, and reducing burnout can significantly impact employee retention. Additionally, having personal traits such as being cooperative, kind, and sympathetic can contribute to a better work environment. Hammond and Coetzee (2022) suggested that stability in HR policies, fair and competitive compensation, training and development, managerial support, opportunities for career development, and work-life balance are essential to retention.

Twum (2015) has shown that these factors, along with employee involvement, fair promotion practices, career advancement opportunities, diversity initiatives, training programs, and flexible work schedules, affect employee engagement and involvement.

Various factors such as job satisfaction, personal traits, stability in HR policies, fair compensation, promotion systems, managerial support, development, and work-life balance play essential roles in influencing employee engagement and involvement. By addressing these factors, organisations can build a supportive work environment that fosters employee retention and commitment.

Since “various factors” include a variety of different factors, it is difficult to compare and analyse them as a whole. The factors are all relevant to retention but do not stand out as the main parts of employee retention.

4.2.5 Employee Engagement and Involvement VS Frederick Herzberg

Theory

Among Herzberg's motivator factors, achievements and recognition align with factors contributing to engagement (Herzberg, 1968). Recognizing employees' efforts and achievements can be related to employee engagement and involvement. On the other hand, if employees are never recognized for the work being done, this could lead to less involvement and engagement. Employee engagement reflects the extent to which employees feel valued and motivated in their roles, whereas Herzberg's theory identifies intrinsic motivators like recognition and growth opportunities and extrinsic factors such as salary and working conditions.

Where an organisation invests in providing opportunities for development and recognition programs, these initiatives address Herzberg's motivator factors such as achievement, recognition, and growth opportunities, which can lead to job satisfaction. As a result, employees are likely to feel more engaged with their work, as they perceive their

contributions as meaningful and valued by the organisation. This demonstrates a direct relationship between Herzberg's motivator factors and employee engagement, highlighting how fulfilling work experiences can enhance employees' emotional commitment and enthusiasm towards their roles.

4.2.6 Employee Engagement and Involvement (5) VS Job Embeddedness

The Job Embeddedness Model focuses on fit, links, and sacrifice (Mitchell et al., 2001) and provides insights into how employees' connections and attachments in their roles influence engagement. Employees who feel a firm fit and connection to their work are more likely to be engaged. Sacrifice as a cost of leaving suggests that employees deeply embedded in their roles are more engaged and committed to staying. Based on this, there is a clear connection between the job embeddedness model and employee engagement and involvement concerning employee retention.

The relationship between these two lies in the understanding that higher levels of employee engagement and involvement often correlate with stronger job embeddedness. Engaged employees are more likely to form strong connections within the organisation, develop meaningful relationships with colleagues, and perceive their work as integral to their overall identity and well-being. These factors contribute to higher levels of job embeddedness, as employees feel deeply rooted and invested in their current jobs and organisations.

Employee Engagement and Involvement focus on the emotional and behavioral aspects of commitment within the workplace, the Job Embeddedness model provides a framework for understanding the broader contextual factors that influence employees' decisions to stay with or leave an organisation.

4.3 Comparative Analysis of Flexibility and work-life balance (5)

4.3.1 Flexibility and work-life balance VS Compensation, pay, and reward

Compensation, pay, and rewards offer a sense of financial security and stability, a primary value for employees, as highlighted by Altassan (2023). Competitive pay, supported by findings from Evans and Huxley (2009) and the Gallup report (2023), remains a top factor for attracting and retaining talent. Additionally, as Holmberg et al. (2018) emphasized, fair compensation practices can prevent employee dissatisfaction and potential employee turnover within the service sector.

However, focusing solely on pay can be a shortsighted strategy. Studies by Steiner et al. (2020) suggest that financial rewards alone may not directly impact retention. Employees today seek a more holistic work experience where flexibility and work-life balance emerge as crucial factors. The ability to control schedules and locations, as highlighted by the Randstad Report (2023) and Tangen & Sperre (2020), empowers employees, particularly younger generations, to achieve a better work-life balance. This, in turn, fosters satisfaction and reduces stress (White and Maniam, 2020), potentially leading to a more productive and engaged workforce.

The key to winning the war for talent lies in recognizing the interplay between these factors. Organisations must create a competitive compensation structure within the industry that aligns with employee experience and education levels. However, this should be coupled with flexible work arrangements like remote work or flextime. Research by Hammond and Coetzee (2022) further underscores the importance of tailoring benefits to specific employee demographics. For instance, family-friendly policies can be desirable to senior women employees seeking to balance work and personal commitments.

Furthermore, incorporating a well-designed reward system, as suggested by Silbert (2005), can go a long way. Tangible rewards serve as tokens of appreciation, fostering a culture of recognition and motivation, ultimately contributing to a more engaged and loyal workforce.

Both flexibility and work-life balance, along with competitive compensation, pay, and rewards, are crucial weapons in the service sector battle against employee retention. Even though the factors are not directly related, by striking a balance between the factors and the needs of a diverse workforce, organisations can create a work environment that attracts top talent and empowers them to stay and thrive.

4.3.2 Flexibility and work-life balance VS Training and Development

Research by Xuecheng et al. (2022) highlights training and development as a significant favorable influence on employee retention. Employees who feel stagnant and lack growth opportunities are more likely to seek jobs elsewhere (Keswin, 2023). Conversely, studies by Suryani et al. (2023) and Ferdiana et al. (2023) in the education sector demonstrate a positive correlation between training opportunities and employee retention. Kaplan (2022) advocates for internal mobility programs, where employees can switch roles and departments without leaving the company. This allows them to grow and develop their skill sets while fostering a sense of loyalty to the organization.

A potential challenge identified in The Gallup and Randstad Reports (2023) is the limitation of training programs due to budget or time constraints. Additionally, focusing solely on training a select few employees can backfire, creating resentment and a sense of unfairness among those excluded (Xuecheng et al., 2022). Training opportunities should ideally be accessible to all employees who are motivated to learn and develop.

Here's where flexibility comes into play. Offering flexible work arrangements like remote work or flextime can empower employees to manage their time more effectively, potentially allowing them to participate in training programs without sacrificing personal commitments.

This can particularly appeal to younger generations who value professional development and work-life balance (Randstad Report, 2023; Tangen & Sperre, 2020).

Training and development are powerful tools for employee retention, but their effectiveness is amplified when combined with flexibility. By investing in people's growth and offering flexible work arrangements, organisations can create an environment that fosters loyalty, engagement, and a strong foundation for retaining top talent in the service sector.

4.3.3 Flexibility and work-life Balance VS Supervision Support

Research consistently identifies strong leadership as crucial to employee satisfaction and retention. Studies by Steiner et al. (2020) and Zoeb-Ur-Rahman and Hussain (2020) highlight a positive connection between supportive supervisors and high employee engagement, ultimately leading to lower turnover. This is particularly true for new hires, as evidenced by Deshpande and Gupta's (2021) research in the IT industry.

This is where flexibility comes into play. When coupled with supportive supervision, flexibility can create a powerful combination. Supportive supervisors understand their team members' needs and are willing to work with them to create flexible work arrangements. This allows employees to maintain a healthy work-life balance while still feeling supported and engaged in their roles. Supervision support emerges as a critical factor in employee retention, especially when flexibility is provided.

Flexibility and work-life balance can enhance supervision support by fostering trust and communication. In addition, strong supervision support can encourage the effective use of flexible policies - allowing employees to gain better control of their work-life balance.

4.3.4 Flexibility and work-life balance VS Various Factors

While flexibility and work-life balance offer schedule control and cater to immediate needs, other factors play a significant role. Job satisfaction, for instance, provides a sense of fulfillment and value (Hausknecht et al., 2009). This goes beyond the immediate benefit of flexibility. Additionally, stability in HR policies, as emphasized by Hammond and Coetzee (2022), fosters a sense of security that a flexible schedule alone may not provide. Similarly, selecting candidates for jobs with high agreeableness (Hung & Chiu, 2023) can contribute to positive team dynamics, creating a more enjoyable work environment that complements flexibility. In essence, a multifaceted approach that combines flexibility with factors fostering long-term well-being could be effective in working toward employee retention. As mentioned in 4.2.4, there are some challenges with comparing the main factor with everything included under “various factors” as so many different elements are discussed here.

4.3.5 Flexibility and work-life balance (6) VS Job Embeddedness Model

By understanding the dimensions of job embeddedness: fit, link, and sacrifice, organisations can use these three factors in relation to factors (5) and (6), which can be important when focusing on retention strategies. This holistic approach can be essential in retaining talent in today's competitive job market and evolving work landscape.

Fit: Providing flexible work arrangements, like remote, can increase employees' work-life balance. Employees can then feel that their job fits their personal lives, and having such flexibility can lead to employees being more embedded in their careers. **Link:** Regarding

links, providing flexibility can contribute to fewer links and connections with coworkers. If you are remote or have flexible work schedules, that might prevent you from connecting with coworkers, especially on a deeper level. **Sacrifice:** Organisations that offer family-friendly policies like parental leave, for example, can result in employees feeling more embedded and less likely to leave, which means sacrificing benefits. Providing parental leave supports flexibility and work-life balance.

While flexibility and work-life balance primarily address individual needs and preferences, their impact on the fit and sacrifice components of the Job Embeddedness model demonstrates how these benefits can enhance employees' overall attachment to the organisation, thereby improving retention and satisfaction.

4.3.6 Flexibility and work-life balance VS Frederick Herzberg Theory

Herzberg's theory splits job satisfaction into motivators (achievement, recognition, etc.) and hygiene factors (salary, work environment, etc.). Flexibility does not fit neatly, but it could be a hidden motivator. Picture the satisfaction of managing personal commitments with work or the potential growth from owning tasks with a flexible schedule.

Herzberg's theory, while valuable, has limitations. Some prioritize passion over pay.

Flexibility can empower this passion by allowing employees to pursue personal goals outside of work.

Flexibility and work-life balance align with Herzberg's Motivation-Hygiene Theory, where they can be seen as hygiene factors that prevent dissatisfaction. While they may not directly motivate employees, their presence contributes to a more stable and satisfied workforce, thereby supporting overall job satisfaction.

4.4 Comparative analysis of primary factors (5) and (6)

Flexibility and work-life balance VS Employee Engagement and Involvement:

It is apparent in the literature that both factor categories (5) and (6) are essential concerning employee retention. To gain a better understanding of how the two primary factors (5) and (6) relate or influence each other, a comparison is conducted beneath:

Perceiving support from organisations regarding work-life balance and flexibility can lead to employees feeling more valued. Conversely, engagement and involvement can be questioned when organisations offer hybrid working spaces where employees work from home. Younger employees emphasize the importance of flexibility and work-life balance, and the demand for this has increased. When employees are left more to their own, this can, in worst cases, lead to loneliness and being distanced from the organisation and employees. It is worth questioning whether flexibility and work-life balance might not positively affect employee engagement and involvement. Rogish et al. (2023, p.1) stated in regards to remote work that “*while remote work had improved respondents engagement and well-being, most of them believe remote could erode engagement and commitment levels over time*”. Suggesting that while remote work initially enhances engagement and well-being, there is a concern that extended remote work arrangements could potentially diminish engagement and commitment levels over time.

5. Conclusions and Recommendations

This master thesis has explored factors influencing employee retention within the service sector, aiming to address research question 1, through an in-depth analysis of six factor categories. This study examined six key factor categories influencing employee retention within the service industry: compensation, pay and reward; supervision support; various factors; training and development; flexibility and work-life balance; and employee engagement and involvement. By analyzing these factors through the lens of Herzberg's Motivation-Hygiene Theory and the Job Embeddedness model and integrating insights from Keswin's "The Retention Revolution," we aimed to provide a comprehensive understanding of what drives employee satisfaction and retention.

Throughout this master thesis, our investigation has been dedicated to addressing the following research questions:

- 1) *What are the factors within organisational control and/or influence affecting employee retention?*
- 2) *How can these factors be facilitated for?*

Referring to research question 1, our findings indicate that while all six-factor categories play a significant role in shaping employee experiences, flexibility and work-life balance (Factor 5) and employee engagement and involvement (Factor 6) are crucial concerning employee retention. The latest Randstad Report from 2024 supports our findings: Flexibility and work-life balance rank expectantly high among job seekers in terms of motivational factors, surpassing the pay factor. Additionally, the report emphasizes the global significance of belongingness as an essential aspect of employee satisfaction (Randstad, 2024).

Furthermore, our findings underscore the relevance of Herzberg's two-factor theory and job embeddedness model in understanding the factors influencing employee retention.

The perceived expense of retention strategies may, in some cases, further demotivate leaders from taking action. However, by emphasizing the importance of employee engagement and fostering a culture of flexibility and work-life balance, organisations can offer a clear and accessible starting point for retention efforts. The primary factors are employee engagement and involvement and flexible work-life balance, which often demand fewer financial resources than other factor categories, such as development and training programs or substantial compensation packages and rewards. Additionally, our analysis reveals that prioritizing employee engagement and involvement, as well as flexibility and work-life balance, not only enhances retention but also aligns with cost-saving goals. Referring to research question 2, five suggestions for sustaining employee engagement and involvement, as well as flexibility and work-life balance, are presented beneath:

5.1 Recommendations for practitioners:.

5.1.1 Enhance flexibility and work-life balance:

- 1. Offer flexible work arrangements:** Organisations can implement flexible work schedules, such as compressed workweeks or flextime, allowing employees more autonomy and control over their work hours to achieve a better work-life balance. (3.6.2 for more information.)
- 2. Support remote work:** By providing the necessary equipment and technological infrastructure, organisations can empower employees to work remotely, reducing commute times and offering greater flexibility in the work location.

(4.2.3 and 3.6.1 for more information.)

- 3. Promote healthy boundaries between work and personal life:** Organisations can set clear expectations around communication outside of work hours and discourage practices that blur the lines between work and personal life, allowing employees to truly disconnect and recharge.

(3.6.1 for more information.)

- 4. Tailored wellness offers:**

Tailored wellness programs can significantly enhance employee satisfaction and retention. Consider offering gym memberships or fitness classes catering to different ages and fitness levels, family-friendly offers, mental health resources, and social events appealing to diverse interests. Providing flexible work arrangements and personalized training opportunities further demonstrates your commitment to employee well-being and individuality.

(4.2.2 for more information.)

- 5. Foster a Culture of Work-Life Balance through Leadership:** Encourage managers to actively model healthy work-life balance practices by utilizing flexible work arrangements, taking breaks, and setting clear boundaries between work and personal time. This benefits managers' well-being, demonstrates to employees that the organisation values work-life balance, and empowers them to prioritize their own well-being.

(4.2.4 for more information.)

5.1.2 Prioritize employee engagement and involvement:

- 1. Implement regular feedback tools:** Organisations can utilize surveys, suggestion boxes, or one-on-one meetings to gather employee feedback on various aspects of their work and the work environment, demonstrating a commitment to listening to employee voices.

(4.1.4 for more information.)
- 2. Focus on open and inclusive communication:** Leaders can cultivate a culture of transparency by holding regular meetings to share company updates, address concerns, and encourage open communication across all levels of the organisation.

(3.7.1 and for more information.)
- 3. Recognize contribution:** Organisations can implement recognition programs that acknowledge and reward employee achievements, both big and small, fostering a sense of appreciation and value for employee contributions.

(3.7.1 and 4.1.6 for more information.)
- 4. Give opportunities for development and growth:** Organisations can invest in employee development by providing training programs, mentorship opportunities, or tuition reimbursement programs, demonstrating a commitment to supporting employee growth and career advancement. By providing opportunities for employees to participate, companies can make significant progress on equity and inclusion while boosting work engagement.

(4.1.3 for more information.)

5. **Foster a positive work environment:** Organisations can create a positive and supportive work environment by promoting teamwork, celebrating successes, and addressing conflicts constructively, leading to increased employee morale and engagement.
(3.7.1 and 4.1.7 for more information.)

5.2 Future Research and Limitations

The Gallup report from 2023 indicated that Asia has the highest rate of engaged employees. Europe, on the other hand, had the lowest percentage of employee engagement. This raises the question of why these factors might influence employee engagement differently across countries. On that basis, it would be interesting to delve deeper into factors that contribute to these differences by, for example, conducting comparative research on employees within organisations in Europe and Asia. In addition, Newman et al. (2011) highlight the significant role of supervision support, suggesting it is of equal or greater importance in Chinese organisations than in Western organisations. It could be interesting to include this in future research. To see if there is a correlation between supervision support and employee engagement in Asian countries compared to Western countries.

Flexibility and work-life balance were found to be specifically important for younger generations (Randstad Report, 2023; Tangen and Sperre, 2020). Future research could benefit from identifying how the younger generations of job seekers suggest that organisations can offer flexibility and work-life balance in the best possible way. This would give a better understanding of how organisations can deliver this in practice.

Existing research also mentioned psychological safety. Psychological safety is highly related to employee engagement and involvement but is a contrasting domain of the organization's dynamics. Psychological safety refers to the belief that the environment you are working in is open and safe for interpersonal risk-taking. A work environment that is open to failure, speaking up, and being allowed to question choices without being judged is highly beneficial for an employee's job satisfaction. Further research might want to look into how psychological safety influences employee retention.

When conducting research on employee retention, the factors of HMS have not been registered in any studies. This might be because employees do not mention it as a factor affecting their motivation to stay. Based on people with high-risk jobs, it can be imagined that safety and HMS are essential factors. It would be interesting to see more research in that area, especially in areas of offshore workers, regarding what factors motivate them to stay and if HMS would be a factor mentioned by the employees.

A limitation is solely relying on existing research on factors influencing employee retention. Another limitation is that the authors were unable to address all existing factors in relation to employee retention, which could result in overlooking factors that might be seen as necessary. Due to time constraints, certain limitations had to be set for the research; therefore, the authors focused on existing literature to be in complete control of the study's conduct.

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