The Impact of Training and Development, Job Embeddedness and Flexible Working Arrangements on Talent Retention Among Young Generation in Pharmaceutical Companies in Malaysia

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Abstract: The study aims to investigate the relationship between training and development, job embeddedness and flexible working arrangements on talent retention among the young generation of employees in Malaysian pharmaceutical companies. This research will employ a cross-sectional survey design, using the questionnaire survey method to collect data on the study variables. The sampling technique used in this research is non-probability, purposive sampling. A sample will be collected from 348 young-generation employees working in pharmaceutical companies residing in Malaysia. PLS-SEM will be used to analyze the hypothesized relationships, providing valuable insight into critical factors influencing talent retention in pharmaceutical companies in Malaysia. The scarcity of research in the pharmaceutical context emphasizes the importance of identifying key influences on employee retention, which include training and development, job embeddedness, and flexible working arrangements. Interventions addressing these elements are critical for retaining skilled employees and improving organizational performance. The result of this research contributes to the comprehension of retention schemes, training and development plans, effective flexible work arrangements, and factors promoting job embeddedness. The findings guide organizational leaders in predicting employee preferences, reducing turnover rates, and implementing effective retention strategies, ultimately contributing to enhanced productivity and economic growth in Malaysia’s pharmaceutical sector. The research also highlights the positive impact on employees’ career advancement, employability, work-life balance, and overall well-being.

Keywords: Talent retention, training and development, flexible working arrangements, job embeddedness

1. Introduction

Talent retention is one of the most important tactics for maintaining business in an agile organization (Mujtaba et al., 2022). In a volatile, unpredictable, complex, and ambiguous (VUCA) environment where change is the only constant, retaining talented employees becomes paramount. Talented individuals possess the capacity to propel a company to the next level, making talent retention a key indicator of success in today’s globalized economy. Talent retention is described as a company’s implementation of a strategy, an activity, or a practice to keep its talent for the longest possible time (Khandelwal & Shekhawat, 2018; Sheraz et al., 2019). Additionally, talent retention also refers to a strategy used by the organization to influence staff to maximize their performance for a longer period and to retain staff for the longest possible time (Houssin et al., 2020). The war for talent will continue as long as talented people are regarded as an organization’s primary source of competitive advantage (Latulha, 2018). Retaining talent is hard to cope with, with a great deal of challenges (Kalyanamitra et al., 2020). Globalization and competition have increased the need to attract and retain a competent and skilled workforce (Arasanmi & Krishna, 2019). Many organizations have become flatter as a result of globalization, which also poses many uncertainties. This situation motivates employees to take charge of their career development (Ott et al., 2018).

The formidable challenges presented by external factors, such as COVID-19, made it difficult for an organization to gain a competitive advantage over competitors (Sharma & Prasad, 2018). In the demanding business environment of today, many companies find themselves grappling with the task of retaining employees amid the ever-present threat of defection to competitors (Sharma & Prasad, 2018). According to second research by Robert Walters, 60% of firms have difficulty retaining top personnel, particularly experts in professions requiring technical expertise, experience, and abilities (Digital News Asia, 2023). Increasing competitiveness,
coupled with a shortage of human capital, has made talent retention a global concern (Arasanmi & Krishna, 2019). Recognizing the impending dominance of the young generation in current and future business, organizations must understand their traits and characteristics (Eyoun et al., 2020; Ou et al., 2017). As today’s labor market predominantly consists of individuals from the young generation and is seen as the future generation that contributes to corporate success and competitiveness (Andrea et al., 2016), understanding and retaining them becomes paramount. Several key challenges to retaining talented young generation employees in today’s competitive businesses such as the pharmaceutical industry, include career growth, workplace well-being, industry competition, globalization, and the changing employment landscape (Mohamad Mazlan & Jambulingam, 2023). For effective talent retention especially in the current evolving workplace, organizations must understand value differences, attitudes, and motivation among young generations (Alhmoud & Rjoub, 2020; Frye et al., 2020). The key components, with individual attributes serving as the foundation for talent retention with training emerging as the central element in talent development, and leadership style identified as one of the primary factors contributing to talent retention (Shahi et al., 2020).

A global survey of 480 respondents from biopharmaceuticals around the world revealed that 56 percent will jump to another company given the opportunity (Peters, 2019). Malaysia reported an attrition rate of 6.5 percent in the first half of 2019 (Malaysian Reserve, 2020). However, when specifically examining pharmaceutical companies, a significantly higher voluntary turnover rate of 15.7 percent was recorded, almost double the national figure. Voluntary turnover in Malaysian pharmaceutical companies has increased steadily. This trend persisted and even escalated, with voluntary turnover in Malaysian pharmaceutical companies surging from 15.7 percent in 2020 to a concerning 17.4 percent in Q3 2023 (internal data, 2023). Of particular concern is the emerging pattern where voluntary turnover among employees with less than two years of experience surpasses the overall rate. The trend, commencing at 15.7 percent in 2020, reached its peak in Q3 2023 at a notable 22.5 percent. This indicates that employees with less than two years of tenure are more likely to leave the organization. The steadily increasing voluntary turnover indicates that pharmaceutical companies in Malaysia are struggling to retain their employees, particularly those with less than two years of service. In the context of the young generation’s propensity to change employment every two years, the complexity of workplace diversity further complicates the landscape of employee retention (Singh, 2019).

In Malaysian pharmaceutical companies, prevalent compensation practices predominantly take the form of incentives and bonuses, aligning with performance-related pay structures. While this type of compensation has a positive relationship with retention, organizations are encouraged to look beyond the paycheck benefit, especially in a highly stressful and competitive environment (Bharath, 2021). Amidst the intensified war for talent in the competitive landscape of pharmaceutical companies, it becomes imperative for organizations to invest more comprehensively in talent retention beyond financial rewards (Jindal & Shaikh, 2021). Addressing factors such as work-life balance, effective leadership, and organizational culture becomes crucial, with engagement, flexibility, and autonomy identified as key drivers for retaining talent in the pharmaceutical industry (Jindal & Shaikh, 2021). To identify the factors contributing to retention among the young generation in pharmaceutical companies in Malaysia, a preliminary study was conducted, utilizing in-depth interviews. The findings underscore the significance of the non-financial variables that affect their retention. While some participants brought up wages and remuneration, the majority did not prioritize them. Instead, they emphasized the importance of elements such as leadership style, work-life balance, company culture, opportunities for professional advancement, and supportive relationships. Participants were more interested in factors that enhance their overall work experience and professional development, as they perceived their existing pay and compensation to be competitive.

Although financial elements like wages were mentioned, participants consistently prioritized non-financial factors such as leadership style, work-life balance, company culture, professional advancement opportunities, and supportive relationships. Learning opportunities, even those unrelated to their work, were deemed crucial for motivation. Interpersonal relationships and collaboration were highlighted, emphasizing the importance of teamwork in a dynamic work environment. Flexibility, including remote work and flexible schedules, was seen as a significant perk, especially for younger workers valuing personal time. Line managers played a pivotal role, with positive relationships contributing to motivation and job satisfaction.
Talented employees exhibit distinct mental requirements, necessitating tailored retention strategies. Identifying these nuances is crucial for the development of a robust and cost-effective retention strategy (Mukherjee et al., 2020). To prevent the loss of such valuable assets, organizations must address the psychosocial needs of their employees and cultivate a positive social environment (Al Kurdi et al., 2020). Several studies support the importance of training and development in promoting talent retention (Diah et al., 2020; Ivana, 2020; Pandita & Ray, 2018; Subramaniam et al., 2019). Employees with high embeddedness tend to forge deeper relationships with their managers and co-workers, significantly influencing their performance (Al-Ghazali, 2020). In the pharmaceutical industry, flexibility and autonomy are appreciated; hence, employees tend to stay longer if they are given the freedom to perform their jobs (Ali & Ullah, 2023). Employees consider working-hour flexibility, place of work, leadership style, and healthy relationships, to be effective motivational factors and improve talent retention (Dirani et al., 2016).

Research Objectives
This study is structured around three primary research objectives, as follows:

**RO1:** To determine the influence of learning and development on talent retention among the young generation in pharmaceutical companies in Malaysia.

**RO2:** To determine the influence of job embeddedness on talent retention among the young generation in pharmaceutical companies in Malaysia.

**RO3:** To determine the influence of flexible work arrangements on talent retention among the young generation in pharmaceutical companies in Malaysia.

2. Literature Review

Effective talent management not only enhances performance and innovation but also addresses the significant costs associated with recruitment and training. The definition of talent retention involves organizational actions aimed at motivating employees to stay for an extended period or until project completion (Sheraz et al., 2019). Talent retention refers to the actions taken by the current organization to motivate and influence employees to maximize their function for the longest possible period (Latukha et al., 2020). It encompasses systematic efforts, policies, and practices to address diverse employee needs, fostering a conducive environment for long-term commitment and productivity (Aljbour et al., 2021; Houssein et al., 2020; Kossivi et al., 2016).

Talent retention can be seen from a group perspective, such as motivation, job satisfaction, and organizational culture, or from an individual one, such as advancement prospects or salary (Kossivi et al., 2016). Understanding the reasons why people stay or leave is essential for organizations to develop an effective personnel strategy. Nevertheless, companies should focus on the "staying factors" that increase happiness and commitment to keep great individuals (Kamalaveni et al., 2019). Talents, in this context, are defined as key personnel with exceptional abilities who can perform well within their functions and contribute to the organization’s success (Gallardo-Gallardo & Thunnissen, 2016; Kwon & Jang, 2022). Retaining high-performing personnel necessitates a plan that permits talent to support organizational growth while also fitting future positions (Aina & Atan, 2020). Organizations must have tailored techniques to nurture and retain talented employees (Mukherjee et al., 2020).

The young generation is defined as Generation Y, born between 1980 and 1995, and Generation Z, born between 1995 and 2010 (Andrea et al., 2016). Generations are groups with similar historical and social experiences. The group likely has similar beliefs, behaviors, and qualities (Lee et al., 2022). The characteristics of the young generation are: being tech-savvy, easily adaptable to changes, preferring short-term plans, looking for work-life balance, and preferring to work in a workplace where they can enjoy themselves, as described by Andrea et al. (2016). They value teamwork, self-interested information sharing, freedom, and empowerment, choose virtual labor, rapid remuneration, and less commitment (Andrea et al., 2016). They are more loyal to co-workers than to their company. The young generation leaves companies in less than two years (Singh, 2019), indicating a retention problem. Generational cohorts join the work market at similar ages and experience similar employment markets and environments; therefore, they see historical events similarly
Factors Affecting Talent Retention Among Young Generation

Employee commitment and retention are influenced by a cluster of factors rather than a single issue. The reward system, especially among multinational companies in Malaysia, while having a significant positive impact on employee turnover, was found to be less influential compared to other factors in the MNC work environment (Subramaniam et al., 2019). Tangible reward benefits such as salary, bonuses, and promotions were considered to positively impact retention, but the effectiveness of the reward system in reducing turnover showed conflicting results (Hosen, 2022; Subramaniam et al., 2019). Singh (2019) supported this notion in a literature review, emphasizing the significance of a flexible compensation package and opposing standardized compensation due to distinct preferences among different age groups.

Several studies support the importance of training and development in promoting talent retention (Diah et al., 2020; Ivana, 2020; Pandita & Ray, 2018; Subramaniam et al., 2019). Comprehensive training sessions encompassing both technical and soft skills will enhance employee retention (Ivana, 2020). Job-related training boosts problem-solving skills; workplace flexibility promotes work-life balance; and improved retention (Singh, 2019). Training and development provided will signal that the employer invested in the employee's development, leading to the formation of a sustainable talent pool, and this positive perception will likely encourage employees to stay with the organization (Hosen, 2022; Pandita & Ray, 2018; Subramaniam et al., 2019).

Josiam et al. (2009) found that young generation workers are less cynical and less motivated by money than their predecessors. The average number of employers in the lifetime of Gen Y is between 15 and 16, double that of Gen X, which is only between 6 and 8 (Turner, 2019; King, 2020). They prioritize the work environment, corporate social responsibility, training, career growth, supervisor-manager relationships, individual responsibility, and difficult work (Festing & Schäfer, 2014, Naim & Lenka, 2018). If employers and managers do not comprehend these concepts, they may struggle with motivation, hiring, and retention (Jayathilake et al., 2021; Josiam et al., 2009; Naim & Lenka, 2017).

Retaining great individuals has become an organization's top priority in the current era of intense competition and the "battle for talent." The young generation has different values and needs, making it more difficult to retain them (Malik & Malik, 2023). For organizations to attract the young generation, they should provide lucrative and unique extrinsic rewards that are equal to their workload (Hassan & Govindhasamy, 2020). Since this generation is younger, it is a popular belief that they want recognition and awards to stick with the company. Studies evaluating extrinsic rewards among Gen Y found it has a significant impact on their retention (Alhmoud & Rjoub, 2020; Hassan & Govindhasamy, 2020). Financial incentives, fair salary increases, and bonuses are examples of extrinsic rewards that are motivating for the young generation (Zarina et al., 2018).

However, money is not the long-term answer for keeping highly skilled employees, as skills beyond paychecks are preferred by most employees as deemed more important for retention (Bharath, 2021). On top of competitive extrinsic rewards, this generation looks for self-actualization, values leadership, communication, work-life balance, job security, job satisfaction, and training and personal development (Jayathilake, 2019; Singh, 2019; Thompson & Muda, 2021). Studies also discovered that intrinsic rewards, like job stability and flexible working arrangements, also had an impact on retention (Alhmoud & Rjoub, 2020; Bharath, 2021; Hassan & Govindhasamy, 2020). For this reason, employers should prioritize providing young workers with intrinsic rewards in addition to competitive compensation.

The young generation prioritizes growth opportunities; hence, training and career development opportunities reduce turnover intention (Climek et al., 2022; Jena & Nayak, 2022). Mentoring, reverse mentoring, quick feedback, effective leadership techniques, career development, and training to improve skills ultimately lower employee retention among the young generation (Jayathilake, 2019; Younas & Bari, 2020). Since they value empowerment and autonomy, businesses should view their workers as internal customers, and building strong bonds with managers can help achieve this (Frye et al., 2020; Islam et al., 2022; Kossyva et al., 2021). The young generation values meaningful work, task variety, job autonomy, flexible work arrangements, and work-life
balance, all of which contribute to decreasing turnover intention (Climek et al., 2022). Organizations can improve work environmental factors such as supervisory support, job autonomy, and job security while aligning with the needs of this generation, which values career development and flexible work arrangements (Islam et al., 2022).

In addition to desiring professional advancement, the young generation seeks demanding jobs that balance work and personal life (Younas & Bari, 2020). Companies should adjust their strategy to accommodate flexible work arrangements while continuing to build employee capabilities and provide assistance, particularly during the change management process, as they emphasize autonomy and want to be more involved in the decision-making process (Kossyva et al., 2021; Lin & Wang, 2022). This generation also appreciates clarity on job tasks and responsibilities as their motivation to stay; hence, companies can focus on creating job characteristics that fit into their values and expectations (Vui-Yee & Paggy, 2020). They respect participatory management styles and strong social relationships with supervisors as aspects of organizational culture (Climek et al., 2022). Enhancing their retention can be achieved through coaching and mentoring, participation in corporate decision-making, and a welcoming and inclusive work environment (Climek et al., 2022; Islam et al., 2022; Younas & Bari, 2020).

Factors Affecting Talent Retention in Pharmaceutical Companies

The pharmaceutical industry confronts distinctive challenges and opportunities, necessitating a nuanced approach to talent retention strategies. While competitive compensation and benefits are prevalent, the industry's rigorous standards impose significant stress on employees, making internal encouragement through continuous learning and development essential for talent retention. Recognizing the pivotal role of talent in organizational success, pharmaceutical businesses must establish robust retention schemes to counter the risks of talent poaching by competitors.

The pharmaceutical industry grapples with distinct challenges and opportunities, necessitating a delicate balance in talent retention strategies. The most common compensation practices in Malaysian pharmaceutical companies are in the form of incentives and bonuses, which are performance-related pay. Even though this type of compensation has a positive relationship with retention, organizations are encouraged to look beyond the paycheck benefit, especially in a highly stressful and competitive environment (Bharath, 2021). Within the pharmaceutical industry, besides compensation, and supervisory support, growth opportunities will affect employee retention (Aman-Ullah et al., 2020). Several studies emphasize the significance of comprehensive strategies for employee retention, considering compensation, leadership, training, and development, as well as the working environment (Diah et al., 2020; Jindal & Shaikh, 2021; Kalyanamitra et al., 2020; Ninroon et al., 2020; Sherrina et al., 2021; Thilagham et al., 2022).

From the standpoint of the organization, having talented individuals is essential to its success. Purchasing talent is an expensive fix in dire circumstances (Kerdpitak & Jermsittiparsert, 2020). Due to this industry practice, organizations also run the risk of competitors poaching their talent. Recognizing the pivotal role of talent in organizational success, pharmaceutical businesses must establish robust retention schemes to counter the risks of talent poaching by competitors (Jindal & Shaikh, 2021).

In the current competitive landscape of pharmaceutical companies, the war for talent has intensified, making it essential for companies to invest more in talent retention beyond financial rewards (Jindal & Shaikh, 2021). Pharmaceutical businesses need to establish retention schemes as crucial components of talent retention to overcome these problems. Building a talent pipeline, having a thorough awareness of the market and competitors, utilizing technical expertise, providing a positive onboarding experience, ongoing coaching and mentoring, providing opportunities for training and development, and encouraging engagement are all factors in talent retention (Jindal & Shaikh, 2021). The concept of training and development as talent retention strategies has been stated in several studies (Diah et al., 2020; Dirani et al., 2016; Kalyanamitra et al., 2020; Ninroon et al., 2020; Thilagham et al., 2022). By investing in training and development, pharmaceutical companies can equip their employees with valuable skills and knowledge, which eventually boost productivity (Diah et al., 2020). The investment in development improves employee attitudes and enhances retention. Employees who do not think they are growing in their careers tend to look for new jobs; hence, the absence of training will affect employee retention (Ninroon et al., 2020). Providing training facilities enables employees
to enhance their career success and encourages them to set higher goals, resulting in improved satisfaction, which eventually leads to higher retention (Kalyanamitra et al., 2020).

The negative side of training and development facilities is that the knowledge and experience gained have led young professionals to secure opportunities in higher-paying jobs in the same industry (Thilagham et al., 2022). This will be more apparent with young generations, as it has been found that they switch jobs frequently. Therefore, competitive compensation and appropriate benefits are other factors that positively influence retention (Kalyanamitra et al., 2020). With higher remuneration, employers tend to post higher expectations towards their employees, which leads to high stress among their staff if they fail to meet the expectations (Thilagham et al., 2022). Training and development emerge as recurrent themes in talent retention, enhancing employee skills and knowledge to boost productivity and foster a positive attitude. However, challenges arise as the gained expertise may lure employees to higher-paying opportunities elsewhere.

While competitive compensation and benefits are commonplace, the demanding standards place considerable stress on employees (Thilagham et al., 2022). The interplay of compensation, stress, and competitive landscapes underscores the complexity of retaining talent. The impracticality of switching companies prompts the need for internal encouragement through continuous learning and development, offering a pathway to higher positions and expertise (Thilagham et al., 2022). Addressing factors such as work-life balance, effective leadership, and organizational culture becomes crucial, with engagement, flexibility, and autonomy identified as key drivers for retaining talent in the pharmaceutical industry (Dirani et al., 2016; Kerdpitak & Jermsittiparsert, 2020).

In the pharmaceutical industry, flexibility and autonomy are appreciated; hence, employees tend to stay longer if they are given the freedom to perform their jobs (Ali & Ullah, 2023). This is more relevant to talented employees, as talent is self-determined and self-competent without much monitoring. Employees consider working-hour flexibility, place of work, leadership style, and healthy relationships to be effective motivational factors and improve talent retention (Dirani et al., 2016). A study by Mozaffari et al. (2022) identified that relationships with peers and managers improve engagement, which leads to higher retention as engaged employees stay longer (Jindal et al., 2017).

Addressing factors such as work-life balance, effective leadership, and organizational culture becomes crucial, with engagement, flexibility, and autonomy identified as key drivers for retaining talent in the pharmaceutical industry. The overarching message is clear: proactive efforts by pharmaceutical companies are imperative to ensure employee growth, learning, and job satisfaction, thereby mitigating the high costs and consequences associated with turnover. There is a call for further research in the pharmaceutical industry on relationships, organizational support, leadership style, and supportive work behavior (Bharath, 2021), training and development programs, working-hour flexibility, and healthy relationships among workers as part of the motivational factors culture (Dirani et al., 2016).

**Training and Development**

Organizations must provide training to upskill their employees, especially in industries that face rapid changes and challenges, such as the pharmaceutical industry. Training and development training provided by the organization benefits employee knowledge and skills as a retention tool, and this diminishes the gap between standard and desired performance (Akther & Tariq, 2020). Learning new knowledge will improve employee effectiveness, and qualified employees are a crucial asset for organizations to achieve long-term performance and competitive advantage (Rahaman et al., 2023). Training and development are viewed as pivotal in career growth, skill enhancement, and capability building, all contributing to a better quality of service and support in achieving organizational objectives (Aleem & Bowra, 2020).

Training and development are defined as human resource management functions used to bridge the gap between current and expected performance (Elnaga & Imran, 2013). It is intended to improve mastery of various skills and techniques for carrying out specific, detailed, and routine work, whereas development is intended for managerial-level employees to improve conceptual abilities, decision-making abilities, and human relations (Mangkunegara, 2013).
**Relationship Between Training & Development and Talent Retention**

Training and development can instill confidence as employees can master new skills and achieve a high level of commitment, which leads to retention. Training and development are a statistically significant predictor of employee retention (Elsafty & Oraby, 2022; Mirić & Slavković, 2023). It also has a significant positive effect on organizational commitment, indicating that training and development determine commitment, and commitment has a significant positive effect on employee retention (Mirić & Slavković, 2023). Implementing effective training and career development techniques can improve employee engagement and job satisfaction, leading to higher retention rates (Aleem & Bowra, 2020; Merican et al., 2022). Providing training creates a sense of obligation in employees, leading to their commitment to the organization (Bhakuni & Saxena, 2023). When employees feel obliged and committed, they are more likely to stay in the organization for the long term.

Training and development can provide growth opportunities, enhance skills, and improve employees' attitudes. Employee retention is indeed influenced by growth opportunities, self-attainment, training and development, and employee benefits (Akther & Tariq, 2020; Rahaman et al., 2023). The study also underscores the importance of comprehensive training in retaining employees, emphasizing the need for training that enhances knowledge, skills, and attitudes. Moreover, future growth opportunities were identified as crucial for retaining employees, as they foster trust and confidence. From the perspective of employees, they view training as an opportunity to learn and interact with others, especially training involving conferences, seminars, and workshops (Bharadwaj, 2023). The study also found empirical support for the notion that employees are more likely to identify with organizations that prioritize training and development, leading to higher retention rates. The young generation places importance on career development; hence, the clarity of their career development plan as well as training aspects are valued by this generation (Younas & Bari, 2020). It is therefore hypothesized that:

**H1:** Learning and development have an influence on talent retention among the young generation in pharmaceutical companies in Malaysia.

**Job Embeddedness**

The concept of job embeddedness serves as a crucial framework for understanding the multifaceted factors influencing employee decisions to stay within an organization. Job embeddedness is based on the interrelated components of fit, linkages, and sacrifice and includes aspects that occur both during and outside of work. The concept of job embeddedness was coined by Mitchell et al. (2001), based on Lewin's theory that psychological reality depicts the totality of connections that determine behaviors at any given time and is a function of both the individual and the environment. This whole system is important in terms of life space. Based on this theory, William Lee et al. (2014) posited that the individual's job was in the middle of these connections or the web.

The concept of job embeddedness emerges as a key framework for understanding the complex factors that influence employee decisions to quit a job, highlighting the combined forces that deter individuals from leaving an organization and emphasizing the importance of elements such as fit, links, and sacrifice within the working environment. Employees often go through some degree of mental consideration before quitting a job, comparing current and alternative jobs. Job embeddedness can be a result of organization-related forces and is defined as a combined force that keeps a person from leaving the organization (Crossley et al., 2007). Mitchell et al. (2001) introduced job embeddedness theory, which focuses on why people stay and describes the feeling of being enmeshed in a social system. The underlying components of job embeddedness are fit, links, and sacrifice, wherein fit refers to an employee's perceived compatibility with the working environment, links are concerned with formal or informal ties between employees and organizations and other co-workers, and sacrifice refers to the ostensible cost incurred by leaving a job.

**Relationship Between Job Embeddedness and Talent Retention**

Improving on-the-job embeddedness is essential from an organizational perspective since it is controllable within the organization, unlike community job embeddedness, which is harder to manage, given the significance of job embeddedness in boosting retention. On-the-job embeddedness significantly predicts affective commitment and improves retention (Lim et al., 2022). Off-the-job embeddedness, however, found no significant association between community-level embeddedness and organizational commitment. The results point towards the importance of on-the-job embeddedness in fostering affective commitment, suggesting that employees with a strong level of embeddedness tend to exhibit a higher level of commitment. Previous studies

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have shown that on-the-job and off-the-job embeddedness differently influence employee behavior and work attitudes (Lee et al., 2004; Porter et al., 2019). Moreover, some studies have failed to find evidence for the impact of community factors in predicting turnover, suggesting that on-the-job embeddedness is a more important factor in explaining why people stay at their jobs (Zhang et al., 2012).

High job embeddedness is linked to lower turnover intentions, especially on-the-job embeddedness and its sub-dimensions, links, fit, and sacrifice (Coetzer et al., 2019). Turnover can be reduced by promoting group cohesion and addressing particular aspects of embeddedness, such as fit and sacrifice. Positive relationships among employees will enhance the feeling of job embeddedness in the employees and influence performance and retention (Al-Ghazali, 2020; Khalid et al., 2021). Job embeddedness—more especially, the characteristics of linkages, fit, and sacrifice—is positively correlated with a felt mastery climate (Steindórsdóttir et al., 2020). The study provides important insights into the variables affecting employee retention and well-being by identifying the mediating function of psychological need satisfaction (autonomy, competence, and relatedness) in this relationship. The results underscore the significance of cultivating an environment of mastery and giving psychological need satisfaction a top priority to improve employee connection, engagement, and the overall performance of the firm. Members of the young generation are attracted to close interaction, and they tend to socialize more because the higher the interaction, the better the benefit to them (Fuchs, 2022). Embedding shared commitment, organizing social functions, and arranging training are some of the actions a company can take to increase on-the-job linkage (Al-Ghazali, 2020). The sacrifice dimension is significantly impacting Gen Y’s intention to quit (Fuchs, 2022). It is therefore hypothesized that:

**H2:** Job embeddedness has an influence on talent retention among the young generation in pharmaceutical companies in Malaysia.

**Flexible Work Arrangement**

Several human resource strategies may improve employees’ ability to balance the demands of personal and professional life and foster the development of a positive attitude toward their employer (Subramaniam et al., 2019). Satisfied employees tend to be more committed and make more positive contributions due to their higher willingness to exert extra effort, which eventually helps to enhance the organization’s effectiveness and success (Kokobun, 2017).

Flexible work arrangements are defined as “alternative work options that allow employees to accomplish tasks outside of the temporal (timing) and spatial (location) boundaries of a standard workday” (Sekhar & Patwardhan, 2021). Flex time (temporal flexibility) is when employees are given leeway on when to arrive and leave the workplace (Amirul & Shaari, 2021; Sekhar & Patwardhan, 2021). Part-time or job sharing, flextime, and compressed workweeks are examples of temporal flexibility. For instance, an employee may request to work part-time to care for a child. If an employee changes her child-care schedule, the employee may request a flexible plan to arrive at work earlier and leave earlier.

Spatial flexibility comprises professional job autonomy, new working conditions, and telecommuting (Matli, 2020). Flexible work arrangement provides a sense of autonomy, and this is deemed a sign of trust and respect, leading to increased commitment (Weideman & Hofmeyr, 2021). Working from home (place flexibility) is when employees are allowed to perform tasks at home through virtual means (Sekhar & Patwardhan, 2021). Flex leave (immediate temporal and/or place flexibility) is when employees who require immediate attention to resolve personal issues during working hours are given the flexibility to take paid time off (Tsen et al., 2021). In the context of pharmaceutical companies, this excludes tasks that require face-to-face interaction with customers.

**Relationship Between Flexible Working Arrangement and Talent Retention**

Flexible working arrangements reduce turnover by providing greater flexibility and autonomy (Choi, 2020). Flexible work arrangements provide a sense of autonomy, and this is deemed a sign of trust and respect, leading to increased commitment (Weideman & Hofmeyr, 2021). Employees with high job independence show lower turnover intentions when utilizing flexible working arrangements (Tsen et al., 2021).
Implementing flexible work arrangements benefits employers and employees as it improves work-life balance and productivity (Amirul & Shaari, 2021; Sekhar & Patwardhan, 2021; Weideman & Hofmeyr, 2021). Employees with direct family responsibilities, regardless of gender and marital status, also value flexibility (Arredondo-Trapero et al., 2022; Ciarniene & Vienazindiene, 2018). Having a good work-life balance positively influences job satisfaction and employee retention (Silaban & Margarethta, 2021). Flexible working arrangements also positively impact loyalty and satisfaction among this generation (Capnary et al., 2018). A favorable work environment can attract and retain talent, and providing flexible work arrangements can help with turnover rates, especially among the young generation (2022). Flexible working arrangements reduce turnover (Choi, 2020). It will improve the well-being of employees, leading to increased employee satisfaction and reduced turnover (Gordon et al., 2019). It also improves performance and increases talent retention (Richman, 2015; Kaya & Karatepe, 2020; Mohammed et al., 2020). It is therefore hypothesized:

**H3:** Flexible work arrangement has an influence on talent retention among the young generation in pharmaceutical companies in Malaysia.

### 3. Underpinning Theory: Social Exchange Theory

The Social Exchange Theory was first introduced by Blau (1964) and has been used in various studies to explain the motivators that shape the attitudes and behaviors of individuals and thus govern the context of relationships. This makes the theory a perfect framework for understanding the relationship between employees and employers (Diah et al., 2020). The social exchange theory posits that people maximize their rewards while minimizing costs when making human interactions and becomes an economic analysis of social interaction (Emerson, 1976). The theory explains human behavior in relationships in terms of costs, rewards, profits, and losses, and if a person believes that he will gain more rewards by performing certain behaviors and the risk is minimized, he will be able to perform those behaviors. Economic exchange involves financial transactions and interactions between the parties (Jung & Takeuchi, 2019). In economic exchange, the organizations award the employees financially for the better performance they show in their job responsibilities and duties. Rewards include fellowship, belonging, satisfaction, and others, and as long as rewards outweigh the cost, it is worthwhile to stay in the relationship and vice versa.

When people are engaged in an exchange relationship, they expect various economic as well as social benefits (Zhang et al., 2020). The exchange relationships will eventually build trust, loyalty, and commitment, provided both parties follow the stipulated rules (Liyanaarachchi et al., 2021). Social exchange theory proposes that social contracts are formed whenever some transactions take place and are constituted on trust in the party that initiated the contract (Cropanzano et al., 2017; Diah et al., 2020). Social exchange provides employees with a trustful, long-term, and reciprocal relationship with the organization (Bianchi et al., 2016; Rubel et al., 2020). When an individual or organization provides reciprocity for another party, they expect a return, although the timing of the return is uncertain. This forms a development of interpersonal relationships and is based on a subjective evaluation of interest and cost (Lin et al., 2019). Both social and economic exchange phenomena improve the show of employees and also increase their job satisfaction, and as a result, employees make effective commitments to the organization (Buch et al., 2019). Social exchange may involve personal investment in resources, efforts, identity, attachment, and commitment for some benefits. Recent studies have argued that employees who perceive that the organization values their contribution develop positive feelings toward their jobs and attitudes toward an organization (Tsarenko et al., 2018). Thus, the theories of social exchange and reciprocity are applicable in the context of employee retention.

Other retention-related studies acknowledge that the employee and employer are deemed "two actors,” and the actions of the employer in supporting retention practices are the employee’s decision to stay or leave the organization (Allen & Shanock, 2013; Mignonac & Richebe, 2013). In return, employee competency and performance may support the employer's decision to retain the employee by increasing the incentives or benefits that are important to the employee (Diah et al., 2020). This exchange can be considered a social exchange concept as workers remain with their respective organizations if management is seen to implement and value these strategies (Al-Emadi et al., 2015). Social exchange theory explains the motivation of employees and their good attitudes towards the organization (Stafford, 2017). The SET can be regarded as relevant to this research and can be applied to elaborate the framework of this study because employees are expected to return the same value of what is provided by the employer by continuing to work in the organization (Almaaitah et
Aman-Ullah et al. (2020) review existing literature on employee retention in the context of Pakistan, and the social exchange theory emerges as the most frequently employed theory to explain employee retention.

**Figure 1: Conceptual Framework**

![Conceptual Framework Diagram]

### 4. Methodology

The purpose of the study aligns with an explanatory research design, as defined by Sekaran and Bougie (2016). Explanatory research is focused on understanding the relationship between variables and explaining the reasons behind certain outcomes. This study aims to investigate the relationship between training and development, job embeddedness, flexible working arrangements, and talent retention among the young generation in Malaysian pharmaceutical companies. This research is based on positivist philosophy and uses a deductive approach whereby quantitative analysis will be performed using the PLS-SEM tool. This research employed the positivist paradigm because it offers a distinctive perspective by observing, describing, and believing how issues should be understood and addressed (Creswell, 2014). This research is conducted in a natural setting in a non-contrived manner using controlled, non-probability, purposive sampling. The unit of analysis is individual and online, and a face-to-face questionnaire will be distributed to employees working in pharmaceutical companies in Malaysia, regardless of position. The time horizon is cross-sectional. Data is gathered once and conducted over some time to allow participants to answer all the questionnaire items. Then hypothesis testing is to be conducted to conclude from the results.

This research focuses on employees working in pharmaceutical companies in Malaysia who reside in Malaysia and are registered under PhAMA. The unit analysis of this study is based on individuals, and as the research is on talent retention, the employees are individuals working in pharmaceutical companies. The respondents are unique individuals working in pharmaceutical companies in Malaysia; hence, they will be individuals and not organizations. The sampling technique used in this research is purposive, non-probability sampling. Researchers attempted to collect data on employees working in pharmaceutical companies in the country but failed to do so due to the Personal Data Protection Act of 2010. The goal of the study is to have a sample size that offers enough statistical power to identify important connections and effects. The Slovin formula will be used in this study to calculate the sample size. The Slovin formula can be used to determine the bare minimum number of samples needed when a population’s behavior is uncertain (Batool & Kashif, 2022; Aryadinata & Samopa, 2019; Indarti et al., 2017). The total population size is projected at 2727 (PhAMA, 2018). The projected sample size for this study is 348 people due to the intricate nature of the links being examined and the requirement for a thorough statistical analysis.

The questionnaire is intentionally distributed, targeting the population to be studied. The survey questionnaire was divided into 3 sections: Section A for demographic profile, Section B for the dependent variable (talent retention), and Section C for independent variables. In Section A, questionnaire items are designed using the nominal scale and ordinal scale, while the constructs in Sections B and C will be measured using the interval scale, which is the five-point Likert scale, ranging from strongly disagree (1) to ‘strongly agree’ (5). The proposed framework can be assessed using structural equation modeling (SEM). This research used PLS-SEM to analyze the hypothesized relationships. It is called ‘partial’ given that the iterative PLS-SEM algorithm estimates the coefficients for the partial ordinary least squares regression in both measurement and structural models (Hair et al., 2011). Given the flexibility and capacity of PLS-SEM, which facilitated a better.
understanding of complex data relationships, this research allowed for a balance between explanation and prediction (Hair et al., 2017). In addition, it was a useful tool because this model’s complexity and the sample sizes, particularly the oil palm cooperatives, were comparatively small, consistent with the suggestion by Hair et al. (2017).

5. Conclusion

This research underscores the critical importance of talent retention among the young generation in agile organizations, particularly within the pharmaceutical industry in Malaysia. In a volatile and competitive global environment, the retention of skilled individuals is identified as a key indicator of organizational success. The challenges posed by the war for talent, globalization, and external factors like the COVID-19 pandemic are some of the contributing factors to the struggle of companies to retain talented employees.

Pharmaceutical companies in Malaysia revealed a significantly higher voluntary turnover rate than the national average. Multifaceted issues are contributing to this trend, including workplace diversity, compensation practices, and the evolving needs of the young workforce. The preliminary study conducted by the researcher within the pharmaceutical industry highlights the prominence of non-financial variables in employee retention, with an emphasis on factors like training and development, interpersonal relationships, and flexible working arrangements displayed by the manager.

The study broadens the retention focus beyond financial incentives, exploring the impact of learning and development, job embeddedness, and flexible working arrangements. By uncovering the multifaceted aspects influencing talent retention, the research equips pharmaceutical companies in Malaysia with valuable insights to formulate comprehensive and effective retention strategies for a competitive edge in the global marketplace.

References


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