

# Why do People Stay? A Study on Factors Influencing Employees Retention in the Logistics Industry

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## Abstract

Employee retention remains a significant challenge within the logistics industry, particularly in the bustling hub of Klang Valley. Despite its vital role in global supply chains, high turnover rates and shortages persist indicating a necessity for research in this area. This research addresses this need by examining the factors influencing employee retention in logistics companies within Klang Valley. Drawing upon Herzberg's Two-Factor Theory, this study investigates the effect of communication satisfaction, learning and development opportunities, meaningful work, and recognition and rewards on employee retention. Using the quantitative method of convenience sampling, online questionnaires were distributed to employees in logistic companies within Klang Valley. The study collected and analyzed 391 responses. The findings show positive significant relationships of all variables with employee retention. Reward and recognition emerges as the most significant predictor of employee retention. Logistics companies are advised to focus on creating a robust reward system and cultivating a culture of appreciation. This is because employees that are valued and recognized are more likely to remain loyal and committed to their organization.

**Keywords:** Employee Retention, Communication Satisfaction, Learning and Development, Meaningful Work, Recognition and Rewards, Logistic industry

## Introduction

The role of logistics as a key driver of a country's economic development is undisputed. An efficient logistics system can facilitate the smooth flow of goods from producers to consumers, ensuring that business can meet market demand resulting in increased customers satisfaction and boosting both domestic and international trade. The logistics industry in Malaysia is a vital component of the nation's economy, contributing significantly to its trade and commerce. Due to Malaysia's strategic location in Southeast Asia, its logistics sector plays a crucial role in connecting global trade routes, particularly between East and West. The industry encompasses a range of services, including freight transportation, warehousing,

express delivery, customs clearance, and supply chain management. As an important contributor to the country's economy, the Malaysian logistics industry is currently worth RM62.20 billion in 2022 and is expected to increase to RM87.57 billion by 2027 (Gilbert, 2023). The rapid growth of e-commerce platforms, the increased involvement of third- and fourth-party logistics, the expansion of ports and airports are among the key opportunities that could be leveraged by the industry players in the country to further bolster the industry's growth prospects.

Nevertheless, the industry is also facing several obstacles that can hinder and constrain this progress. One significant factor that has often been highlighted is the shortage of labour in the logistic company. Despite the advanced in digitization and automation, logistic is still a labour-intensive industry (Moh, 2023), thus finding and keeping the right manpower is crucial for continued growth and sustainability of the companies. Employees retention has always been a challenge for many employers (Chakravarti & Chakraborty, 2020). A recent study showed that the overall attrition rate in Malaysia has increased from 16.2% in 2023 from 14.9% in 2022. A study done by Hansen & Jefferson (2023), showed that the logistics industry is ranked third in turnover rates across all industries, contributing to a substantial 54% of employee turnover. This places it just behind the leisure and hospitality sector and the professional and business services sector. Furthermore, insights from the 2021 Employee Movement and Retention Report indicate that a significant 61% of Malaysian workers are contemplating seeking new job opportunities (Murad, 2021). These data underscores the critical nature of employee retention challenges within the logistics industry.

Malaysia's logistics industry has long faced a shortage of skilled workers, exacerbating turnover challenges. Lack of properly trained employees, particularly in skilled roles such as supply chain management, data analytics, and advanced warehousing, leads to job dissatisfaction and movement between companies. High turnover hurts companies not only financially but also affect employees' morale (Hacker, 2021; Obeng et al, 2021) and company's reputation in the industry (Khan et al, 2021). Thus, retention of employees becomes a challenge that must be addressed before it undermine the company's success, productivity, and overall competitiveness.

While extensive research exists on employee retention practices across various industries, there is a significant lack of study within the logistics sector (Ouattara, 2022). The logistics industry, distinguished by its rigorous working environments, irregular scheduling, and heavy dependence on frontline personnel, necessitates a tailored investigation into the specific challenges and solutions surrounding employee retention. Hence, this study aims to examine the factors that influence employee retention in logistics companies within Klang Valley. Klang Valley is chosen given its importance as one of the major logistics hubs in the country. Specifically, the study focus on satisfaction with communication, opportunities for learning and development, meaningful work experiences, and the effectiveness of rewards and recognition as factors influencing employee's intention to remain with the company.

### **Research Objective**

This study proposed to investigate the relationship between communication satisfaction, learning and development, meaningful work and recognition and rewards as factors

influencing employees' retention in logistics companies in Klang Valley. Hence, the research objectives formulated for this study are as follows:

RO1: To examine the relationship between communication satisfaction and employee retention in logistics companies in Klang Valley.

RO2: To examine the relationship between learning and development and employee retention in logistics companies in Klang Valley.

RO3: To examine the relationship between meaningful work and employee retention in logistics companies in Klang Valley.

RO4: To examine the relationship between recognition and rewards and employee retention in logistics companies in Klang Valley.

RO5: To determine the most significant factor that influence employee retention in logistics companies in Klang Valley.

## **Literature Review**

### *Herzberg's Two-Factor Theory*

Herzberg introduced two variables crucial to employee motivation: hygiene factors, representing external elements, and motivation factors, encompassing intrinsic factors. According to Herzberg's motivation-hygiene theory, job satisfaction and dissatisfaction stem from distinct factors. Motivators contribute to job satisfaction, while dissatisfaction arises from hygiene factors (Chiat & Panatik, 2019). Motivation elements such as growth, achievement, recognition, the nature of the work, responsibility, and progress drive human behavior through the intrinsic nature of the job, independent of the atmosphere or surroundings (Karaferis et al., 2022). Achievement involves effectively completing job duties, resolving issues, justifying actions, and witnessing outcomes (Nguyen et al., 2020). Growth entails acquiring new skills, while recognition involves feedback, praise, and criticism, typically related to acknowledging task performance. On the other hand, hygiene factors, though capable of causing demotivation, cannot provide enduring motivation by themselves (Alrawahi et al., 2020). These contingent factors include company policy, administration, supervision, salary, social relations, and working conditions (Herzberg, 1966).

In the context of the logistics industry, hygiene factors such as working conditions, job security, and company policies, alongside motivators like recognition, achievement, and advancement opportunities, are expected to play pivotal roles in shaping employees' perceptions and job satisfaction (Alrawahi et al, 2020) leading to retention of employment and better performance.

## **Employee Retention**

Retention is the capacity to retain the best employees for a duration longer than competitors (Barween & Muhammad, 2020). It is indisputable that employee retention is vital to the performance and sustainability of organizations. (Denis, 2021). Thus, it is imperative for companies to have a comprehensive retention strategy to pull and keep employees in. Studies have established a myriad of factors contributing to employees' intention to stay in a company. Among others, Chung et al (2021) showed that job stress is directly related to

employees' intention to leave although this can be mitigated by perceived supervisor support Chatzoudes & Chatzoglou (2022) established that HR practices, good working climate and supportive relationships help retain employees. In Malaysia, a study in the service industry by Zainal et al (2022) revealed that work-life balance, reward and compensation have strong positive significance on employee's retention. Meanwhile, career development opportunities, compensation, and workplace flexibility were found to have significant relationship with retention among SMEs employees in a study by Azami et al (2023).

### **Communication Satisfactions**

Communication satisfactions refers to the degree to which employees perceive the communication processes within an organization as effective, transparent, and conducive to their informational needs (Verčič & Špoljarić (2020). It encompasses both formal and informal communication channels, emphasizing the clarity, openness, and timeliness of information flow. Communication satisfactions primarily addresses the context or environment in which employees work rather than the intrinsic nature of the work itself. Effective communication channels, clarity of instructions, and accessible feedback mechanisms have been shown to contribute to a supportive work environment (Arifin, et al., 2023; Enyan et al., 2023). While inadequate communication can lead to dissatisfaction, sufficient communication alone may not necessarily motivate employees to higher levels of performance or job satisfaction (Hipos & Benavides, 2023)

The complex network of activities in the logistic industry requires seamless coordination and efficient communication among key parties within organizations. Precise, unrestricted, and transparent communication fosters a favorable work atmosphere, strengthens employee involvement, and contributes to job satisfaction retention of skilled individuals (Santos et al., 2023). Employees who experience high communication satisfaction are more likely to feel engaged, motivated, and connected to the organizational mission (Yue et al., 2021).

### **Learning and Development**

Learning and Development, often abbreviated as L&D, refers to a strategic process within an organization that systematically fosters the acquisition of skills, knowledge, and competencies among its workforces (Csilag et al., 2019). This encompasses a spectrum of activities, including training programs, workshops, mentorship initiatives, and continuous learning opportunities designed to align employee capabilities with evolving organizational needs (Vuppapapati et al, 2023). L&D is not only about addressing current skill gaps but also about proactively preparing employees for future challenges and opportunities. Learning and development opportunities has been proved to directly impact employees' intrinsic motivation and sense of achievement. Providing employees with opportunities to learn new skills, acquire knowledge, and advance in their careers fosters a sense of personal growth and accomplishment (Vu, 2020). Employees are more likely to feel motivated and engaged when they see opportunities for advancement and professional development, which can positively influence their commitment to the organization (Vuppapapati et al, 2023).

### **Meaningful Work**

The idea of "meaningfulness at work" has garnered increased attention in organizational literature in recent decades (Bailey et al, 2019; Frank & Marcos, 2021). Considering their work as meaningful is viewed as a vital prerequisite for motivating and enhancing the performance

of employees. The concept of meaningful work is characterized by the extent to which employees perceive their jobs as generally meaningful, valuable, and worthwhile. It also encompasses the level of purpose or significance that employees attribute to their work (Albrecht et al, 2021; Evgenia & Blake, 2019). Meaningful work is subjective, varying from person to person, but it is characterized by the perception that one's contributions make a meaningful impact on the organization and the world (Bailey et al, 2019). When employees perceive their work as meaningful, they are more likely to experience satisfaction and fulfilment in their roles. Factors such as autonomy, task significance, and opportunities for creativity contribute to employees' sense of meaningfulness in their work, driving intrinsic motivation and job satisfaction (Albrecht et al., 2021). Meaningful work has been linked to numerous positive outcomes for both employees and organizations, including increased job satisfaction, higher levels of employee engagement, enhanced productivity, and reduced turnover (Albrecht et al., 2021; Charles-Leija, 2023).

### Recognition and Reward

Recognition, within the organizational context, involves the acknowledgment and appreciation of an individual's contributions, accomplishments, or efforts (Eddy et al., 2021). It encompasses both formal and informal expressions of praise, emphasizing the value placed on an employee's dedication and achievements. Recognition serves as a powerful mechanism for reinforcing positive behaviors, fostering a sense of belonging, and cultivating a workplace culture that values and appreciates its workforce (Eddy et al, 2021). Rewards meanwhile refer to tangible incentives provided to individuals in recognition of exemplary performance, achievements, or milestones (Adams & Myles, 2020). These incentives can take various forms, including monetary bonuses, promotions, additional time off, professional development opportunities, or personalized rewards. The essence of rewards lies in their ability to acknowledge and reinforce positive behaviors, creating a motivated and engaged workforce (Salman & Olawale, 2021). Recognizing employees' contributions and achievements can enhance their sense of value and belonging within the organization, leading to greater motivation and loyalty (Tirta & Enrika, 2020).

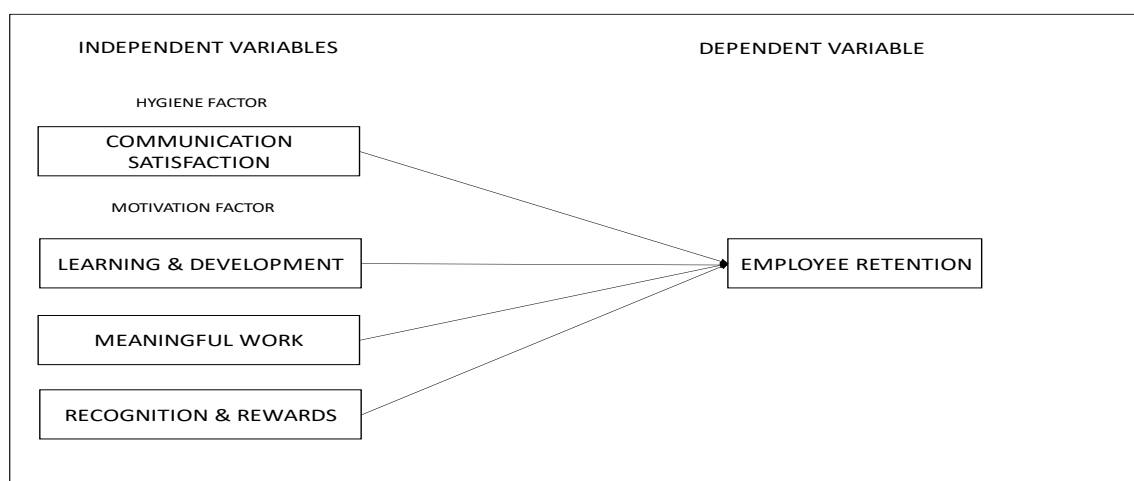


Figure 1 shows the proposed conceptual framework of the study.

**Statement of Hypotheses**

This section describes the research hypotheses and begin with an explanation of how the hypotheses for this study came to be.

The significance of communication satisfaction within a company cannot be overstated. Research consistently demonstrates its effect on various organizational outcomes, including employee engagement, job satisfaction, and overall performance (Hipos & Benavides, 2023). Effective communication also plays a crucial role in conflict resolution and is fundamental in team collaborations. Companies that prioritize communication satisfactions are better equipped to navigate change, foster innovation, and maintain a positive workplace atmosphere (Curado et al., 2022). When communication is perceived as transparent and effective, employees are more likely to have a clear understanding of their roles, goals, and expectations, leading to increased job satisfaction and commitment to the organization. Echoing similar findings, Ghani et al (2022), proves that employees who are satisfied with sustainable and effective communication in the company are more prone to stay than leave.

Learning and development initiatives contribute to employee engagement and motivation. When employees perceive that their professional development is a priority for the organization, they are more likely to feel valued and committed to the company's long-term success. L&D programs also foster a sense of loyalty, as employees recognize that their growth is intricately linked to the growth of the organization (Vuppalapati et al 2023). Using the same Herzberg theory that underpins this study together with the Human Capital Theory, Elsafty & Oraby (2022), proves that training and development is the most significant factor influencing employees' retention and thus argues that managers should implement retention strategies that includes development opportunities for employees.

Research by Allan et al (2019), indicates that meaningful work fosters emotional attachment to the organization, as employees feel more engaged and connected to their roles. This sense of fulfillment enhances loyalty and reduces the likelihood of seeking alternative employment. Additionally, meaningful work enhances motivation and commitment, which improves both individual performance and organizational success, creating a positive feedback loop that reinforces retention (Sánchez-Cardona et al., 2023). Moreover, companies that provide opportunities for personal growth, autonomy, and contribution to a larger societal good tend to foster a culture where employees feel valued and invested (Bailey et al, 2019). Thus, organizations that prioritize creating meaningful work experiences are more successful in retaining their workforce over the long term.

Recognition and rewards entails acknowledging and appreciating employees for serving as role models or for specific actions by providing tangible returns for their achievements or contributions to the organization (Madhani, 2020; Sitopu et al., 2021). Studies highlight that an effective reward system, including competitive salaries, bonuses, promotions, and other benefits, can enhance job satisfaction and reduce turnover (Asif & Nisar, 2022; Tirta & Erika, 2020; ). Recognition programs also fulfill employees' intrinsic need for acknowledgment, leading to higher morale, productivity, and a greater sense of loyalty (Singh, 2019). In contrast, a poor reward system, lack of recognition and perceived inequality in pay has been shown to be instrumental in pushing employees out of the company to search for greener

pastures (Sawaneh & Kamara, 2019) . Thus, reward and recognition systems play a pivotal role in fostering long-term employee commitment and reducing turnover.

Therefore, based on the above discussions, the following hypotheses are proposed:

*H1: There is a significant positive relationship between communication satisfaction and employee retention in logistic companies in Klang Valley*

*H2: There is a significant positive relationship between learning and development and employee retention in logistic companies in Klang Valley.*

*H3: There is a significant positive relationship between meaningful work and employee retention in logistic companies in Klang Valley.*

*H4: There is a significant positive relationship between reward and recognition and employee retention in logistic companies in Klang Valley*

### **Research Methodology**

In this study, a quantitative research approach was employed to explore the factors influencing employee retention in logistics companies in Klang Valley. Questionnaires were used as the primary instrument for data collection. The aim was to systematically gather data to analyze and quantify specific variables, enabling statistical analysis to draw conclusions and identify patterns within the defined research scope. The use of closed questions ensured standardized responses, facilitating a focused investigation into the targeted aspects of the study.

The study scope focused on employees working within logistics companies in Klang Valley, comprising an estimated figure of 574,000 individuals. To ensure statistical validity, a minimum sample size of 384 respondents was selected, guided by the Krejcie and Morgan table (1970). Convenience sampling was chosen as the sampling technique to ensure accessibility and ease of participant selection. The unit of analysis for this research focused on individuals employed in the logistics industry within Klang Valley, encompassing various positions and sectors. The research instrument, an online questionnaire was administered through Google Forms. Featuring close ended five Likert scale questions, the questionnaire aimed to gauge respondents' perspectives on various aspects related to both independent and dependent variables.

The questionnaire comprised of two sections. Section A was designed to collect demographic data to provide context to the responses. It consist of nine questions ranging from age, gender, education level as well as salary range and experience of respondents in the logistic company. Section B features questions on Likert scale of 1 to 5 where 1 indicates strong disagreement with the statement and 5 is strongly agree. Each variable in the study is represented by five items. Sample of items include 'The work I perform in this job is very important to me' to measure meaningful work, 'Conflicts are handled properly through appropriate communication channels' for communication satisfaction, 'The supervisor consistently provides constructive feedback on the employee's performance' for learning and development, 'I am satisfied with promotional opportunities in the company' for reward

and recognition and 'I can see the future for myself within this company' for employee retention.

## **Results**

### *Demographic Analysis*

Data was successfully collected from 391 respondents, with all responses considered valid and acceptable for analysis. Out of the 391 individuals, 49.4 percent are female, and 50.6 percent are male. Age wise, the majority of the respondents are within the age range of 26 to 34 at 41.9 percent, 35 to 55 years stand at 30.4 percent and only 3.1 percent of the respondents are older than 55 years.

The marital status of the respondent revealed that 49.6 percent are married, and the rest are single. A significant portion of respondents, totaling 245 individuals or 62.70 percent, reported holding a Bachelor's qualification. 15.10 percent held a Master's qualification. 4.20 percent reported holding other qualifications, such as Primary and Secondary qualifications. A large percentage of the respondents have worked in the logistic industry for less than five years. This group represent 51.2 percent while only 6.6 percent have more than 11 years of experience. Salary wise, 37.0 percent take home a salary of between RM2,000 to RM3,999., 24.8 percent earns between RM4,000 and RM5,999, while only 22.8 percent earns more than RM6,000. The data also showed that responses were received from varied positions with 35.5 percent are those in entry level and non-executive position, 30.7 percents holds executive roles and 34 percents are from managerial position and above.

### **Descriptive Analysis**

Table 1 illustrates the descriptive analysis of the study. The average mean of employee retention for dependents variable is 3.46, with a standard deviation of 0.876. With a mean of 4.06 and a standard deviation of 0.793, meaningful work is the independent variable with the highest average mean. Communication satisfaction is the second highest average mean, with a mean of 3.93 and a standard deviation of 0.710. This is followed by learning and development with a mean of 3.85 while reward and recognition ranks last, with a mean of 3.38 and a standard deviation of 1.019.

Additionally, the study also assesses how the respondents respond to the items in the constructs used. 'Conflicts are handled properly through appropriate communication channels' is the item with the highest mean of 3.97 for communication satisfaction. 'Employees have been assigned tasks aimed at cultivating their competencies' is the measurement with the highest mean of 3.89 for learning and development. 'The work I perform in this job is very important to me' is the measurement with the highest mean of 4.13 for meaningful work. 'I am satisfied with the salary and the pay raise in the company' at 3.43 is the highest mean for reward and recognition. Finally, the measurement 'I feel happy upon coming to work' has the highest mean under employee retention at 3.58.



Table 1

*Descriptive Analysis*

|                            | Mean | SD    | Skewness | Kurtosis |
|----------------------------|------|-------|----------|----------|
| Communication Satisfaction | 3.93 | 0.710 | -0.687   | 0.385    |
| Learning and Development   | 3.85 | 0.784 | -0.720   | 0.533    |
| Meaningful Work            | 4.06 | 0.793 | -0.915   | 1.066    |
| Reward and Recognition     | 3.38 | 1.019 | -0.464   | -0.323   |
| Employee Retention         | 3.46 | 0.876 | -0.577   | 0.422    |

Normality test provides the Skewness and Kurtosis value which indicated the symmetry and the 'peakedness' of the distribution (Pallant, 2007). The 'zero' value explained that the distribution as the perfectly normal curve (Coakes, 2007). The information of the Skewness and Kurtosis value for all variables of this study is shown in Table 1 above. The result showed that all variables' skewness and kurtosis values are close to zero. According to Hair et al, (2019), the acceptable value for skewness and kurtosis is within the range of  $-2 \leq x \leq 2$ . The result of normality test for this research has shown skewness and kurtosis for all variables are within the acceptable range.

**Reliability Testing**

A reliability assessment was conducted to assess the consistency and stability of the measurements for both the dependent and independent variables. Cronbach's alpha ( $\alpha$ ) was employed to interpret the reliability analysis findings, which indicate the degree to which the measurements were dependable (Hair et al., 2019). Table 2 displays the results of Cronbach's alpha reliability test. All the variables show excellent reliability for all their components with a coefficient alpha above 0.8, exceeding the minimum acceptable value (Hair et al., 2019).

Table 2

*Cronbach's Alpha*

|                            | Cronbach's Alpha |
|----------------------------|------------------|
| Communication Satisfaction | 0.833            |
| Learning and Development   | 0.873            |
| Meaningful Work            | 0.926            |
| Reward and Recognition     | 0.927            |
| Employee Retention         | 0.840            |

**Correlation Analysis**

As shown in Table 3, the Pearson correlation analysis shows the outcome of the relationship between the four independent variables and employee retention. Based on the correlation matrix shown, there are moderate to strong positive correlations between Communication Satisfaction (CS), Learning and Development (LD), Meaningful Work (MW) and Reward and Recognition (RR) with Employee Retention. The correlations range from 0.488 to 0.696, with p-values less than 0.05, indicating statistically significant relationships. From the results, Reward and Recognition showed the strongest positive relationship with employee retention at 0.696, followed by Communication Satisfaction and Learning and Development. However Meaningful work only have a moderate positive correlation with retention among employees in the logistic companies.

Table 3  
Correlations

|  |                         | DV_Retention | IV_CS   | IV_LD   | IV_MW   | IV_RR   |
|--|-------------------------|--------------|---------|---------|---------|---------|
| DV_Intention   | Pearson Correlation (r) | 1.000        | 0.544** | 0.505** | 0.488** | 0.696** |
|  | Sig. (2-tailed)         |              | 0.000   | 0.000   | 0.000   | 0.00    |
|  | N                       | 319          | 319     | 319     | 319     | 319     |
| **. Correlation is significant at the 0.01 level (2-tailed). |                         |              |         |         |         |         |

### Regression Analysis

Multiple Linear Regression analysis is a statistical process that is used to measure the strength of the relationship between a dependent variable and multiple predictor variables. The result would be able to show which of the factors is more significant in influencing employee retention among employees in logistic companies in the Klang Valley. Table 4, Table 5, and Table 6 show the results of the multiple regression analysis.

Table 4  
Model Summary

| Model | R                  | R Square | Adjusted R Square |
|-------|--------------------|----------|-------------------|
| 1     | 0.748 <sup>a</sup> | 0.560    | 0.555             |

Table 5  
ANOVA Analysis

| Model      | Sum of Squares | df  | Mean Square | F       | Sig.               |
|------------|----------------|-----|-------------|---------|--------------------|
| Regression | 167.751        | 4   | 41.938      | 122.825 | <.001 <sup>b</sup> |
| Residual   | 131.796        | 386 | 0.341       |         |                    |
| Total      | 299.547        | 390 |             |         |                    |

Table 6  
Regression Analysis (Coefficients)

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.  |
|-------|------------|-----------------------------|------------|---------------------------|--------|-------|
|       |            | B                           | Std. Error | Beta                      |        |       |
| 1     | (Constant) | .250                        | .180       |                           | 1.390  | .165  |
|       | IV_CS      | .136                        | .071       | .110                      | 1.924  | .055  |
|       | IV_LD      | .061                        | .061       | .055                      | 1.016  | .310  |
|       | IV_MW      | .210                        | .048       | .191                      | 4.366  | <.001 |
|       | IV_RR      | .469                        | .034       | .545                      | 13.761 | <.001 |

Table 4 demonstrated how much of the variance in employee retention is influenced by communication satisfaction, learning and development, meaningful work and reward and

recognition. The R Square of 0.560 explains that 56.0% of the employee retention is influenced by the independent variables constructed for this research model. While the remaining 44% of employee retention could be influenced by other factors not included in the current study.

ANOVA Analysis allows researchers to determine the significant relationship between a dependent variable and multiple independent variables. The f-value for this regression model is 122.825 and the value of 'Sig.' being  $<0.001$  proved that relationships between employee retention and all others predictor variables in this research model are statistically significant. Therefore, in this study, it can be concluded that communication satisfactions, learning and development, meaningful work and reward and recognition are reliable predictors of employee retention in logistic companies.

The multiple regression coefficients table demonstrated the regression model for this study. B-coefficient values reveal the average change in employee retention associated with each unit of change in the predictors. Using reward and recognition, for example, a unit increase in RR results in an average of 0.469 increase in employee retention while for LD, a unit increase will only result in a minimal increase of 0.061 in retention. The above table also shows that communication satisfaction has a positive coefficient, meaning that an increase in CS leads to an increase in ER. However, the p-value is 0.055, which is slightly above the traditional 0.05 threshold for significance. This means CS is borderline significant; it may have some influence, but the evidence is not strong enough at a 5% significance level. Learning and development has a positive coefficient, but its p-value (0.310) is much greater than 0.05, meaning LD is not a significant predictor of ER.

In contrast, meaningful work has a significant positive impact on ER. The p-value is less than 0.001, meaning MW is a highly significant predictor of ER. Nevertheless, with a Beta value of 0.191, this indicates that although significant, MW only has a moderate impact on ER. Reward and recognition also has a strong positive effect on ER. The p-value is less than 0.001, indicating that RR is a highly significant predictor of ER. The standardized coefficient Beta at 0.545 indicates that RR has the strongest impact among all predictors. Thus, it can be summarized that of the four factors, reward and recognition is the strongest and most significant predictor of employee retention, followed by meaningful work. Communication Satisfaction only has a borderline effect, while learning and development is not a significant predictor. Based on the analyses done, several conclusions can be derived from the study, especially the outcomes for the hypotheses that were developed for the study. The summary of the hypotheses results is shown in Table 6.

Table 6

*Hypotheses Result*

| HYPOTHESES DESCRIPTION |  | RESULT   |
|------------------------|--|----------|
| <b>H1</b>              | There is a significant positive relationship between communication satisfaction and employee retention in logistic companies in Klang Valley | ACCEPTED |
| <b>H2</b>              | There is a significant positive relationship between learning and development and employee retention in logistic companies in Klang Valley   | ACCEPTED |
| <b>H3</b>              | There is a significant positive relationship between meaningful work and employee retention in logistic companies in Klang Valley.           | ACCEPTED |
| <b>H4</b>              | There is a significant positive relationship between reward and recognition and employee retention in logistic companies in Klang Valley     | ACCEPTED |

**Discussion**

In this study, reward and recognition emerged as the most significant predictor. This finding underscores the critical role that acknowledging employee efforts and providing meaningful incentives play in maintaining workforce stability. The logistics industry, characterized by high operational demands and often stressful working conditions, faces significant turnover challenges. The study revealed that employees who feel valued and rewarded for their contributions are more likely to remain committed to their organizations. This concurs with Herzberg's Theory that deemed reward as an intrinsic motivation factor that boost job satisfaction and employee morale, leading to retention. (Peramatzis & Galanakis, 2022). The finding also lend support to other studies that established the crucial role of played by reward and recognition in employee retention. (Amadi et al 2021; Ndiago et al, 2024, Nyugen, 2023).

Interestingly, reward and recognition outperformed other traditionally emphasized retention factors like work-life balance, job security, and career development. This suggests that even in a fast-paced, operational-heavy environment like logistics, employees prioritize acknowledgment and tangible rewards over other benefits (Nyugen, 2023) These findings imply that logistics companies aiming to improve employee retention should focus on creating a robust reward system and cultivating a culture of appreciation, making employees feel indispensable to the organization's success.

Another factor in the study that contributed to retention is meaningful work. Although the current study found that meaningful work only have moderate relationships and effect on retention, meaningful work is still crucial because it fosters a sense of purpose and connection to the broader goals of the organization. Logistics roles often involve repetitive, high-pressure tasks such as managing shipments, tracking inventory, or coordinating deliveries, which are transactional and monotonous over time. When employees understand the importance of their work and how it contributes to the success of the company and the satisfaction of end customers, they are more likely to feel fulfilled and engaged. In a field like logistics, where efficiency and accuracy are key, creating a work environment where employees feel valued can lead to greater job satisfaction and loyalty (Albrecht et al, 2021; Evgenia & Blake, 2019). When workers see their tasks as part of a larger mission, such as enabling global commerce or ensuring essential goods reach people on time, it gives them a deeper sense of significance

(Catherine & Ruth , 2019). This emotional connection can counterbalance the physical and mental demands of the job.

### **Conclusion**

This study provides valuable insights into employee retention within the logistics industry in the Klang Valley, suggesting strategies for organizations to enhance their retention initiatives. Several limitations are present in the study. While the study provides valuable insights into factors influencing employee retention in the logistics industry in the Klang Valley, it may not fully address future industry changes driven by factors such as technological advancements, market dynamics, and regulatory shifts (Zhu, 2023). For instance, advancements in automation and changes in market demands could impact the effectiveness of identified retention strategies. Therefore, ongoing assessment and adaptation of retention strategies are essential to address evolving industry challenges and opportunities.

Another limitation of this study is its geographical constraints, as it was conducted exclusively within the urban area of the Klang Valley. The dense population and extensive transportation networks characteristic of urban settings like the Klang Valley may present unique challenges that could influence employee retention (Ouattara, 2022). Hence, these findings may not fully apply to rural or suburban logistics settings, where factors such as commute times, cost of living, and talent competition may differ significantly. Thus, the generalizability of the study's findings to other geographic areas may be limited. Therefore, future research should include a more diverse geographical settings where researchers can discern commonalities and differences in employee retention factors and strategies (Chatzoudes & Chatzoglou, 2022). This comparative approach may shed light on region-specific factors that influence retention in the logistics industry. Longitudinal studies would also be beneficial in assessing how these factors evolve over time, especially as technology and labor market dynamics continue to change.

Theoretically, this study added support to the literature by reinforcing the notion that employees who feel valued and find purpose in their work are more likely to stay with their organizations . This study highlights the significance of reward and recognition programs and meaningful work as key influencing factors. While previous research has explored various retention drivers, this study specifically demonstrates the impact of these two factors within the unique context of logistics companies. This has important practical implications for logistics organizations facing high turnover and seeking to cultivate a stable and engaged workforce. In context of the current research, the demographic data collected shows that 37.10 percent of the respondents earned between RM2000 to RM4000 per month while 24.8 percent earn more than RM4000 up to RM6000 per month. Based on the estimated average salary in logistic industry reported by Jobstore (2023), the remunerations given by the companies are still within the industry average, but as predicted by Adecco (2024) in its Salary Guide 2023, 45 percent of employees will be seeking greener pastures and better pay in the next 12 months. Thus, it is imperative for companies in the logistic industry to ensure that the salary is competitive to attract the much-needed talent for their growth. Companies have to be creative in striking the right balance in their pay package, offering both financial and non-financial benefits that will appeal to the multi-generational workforce serving the logistic industry.

In conclusion, this research provides actionable insights for managers aiming to develop and implement retention strategies in their companies. Logistics industry leaders can enhance business performance and reduce employee turnover by reviewing, revising, and aligning their retention and recruitment strategies with the findings of this study.

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