

Flexible Working Arrangements and Employee Retention: Longitudinal Evidence from a Shariah-Compliant Knowledge-Intensive Organisation

Ariffin Bin Sabirin, Mazuwin Haja Maideen

Azman Hashim International Business School Universiti Teknologi Malaysia

Email: ariffin@graduate.utm.my, mazuwin@utm.my

DOI Link: <http://dx.doi.org/10.6007/IJARBS/v16-i9/29077>

Published Date: 26 September 2026

Abstract

Employee retention has become a central strategic concern as changing workforce expectations intensify demand for autonomy, flexibility, and work-life balance. For knowledge-intensive organisations, retaining experienced employees is particularly important because turnover can disrupt service continuity, erode organisational knowledge, and increase replacement costs (Al Qahtani et al., 2023). Flexible working arrangements (FWAs) have consequently gained prominence as a human resource practice that gives employees greater discretion over when, where, and, in some cases, how work is performed. Prior research associates such flexibility with stronger work-life balance, engagement, and lower turnover intentions (Gašić & Berber, 2023). This study examines the relationship between FWA implementation and employee retention at Wasiyyah Shoppe Berhad (WSB), a Shariah-compliant estate-planning organisation in Malaysia. A quantitative organisational case-study design combines longitudinal human resource turnover records with quarterly Employee Satisfaction Index (ESI) survey responses to examine changes in retention-related attitudes and observed turnover before and after the introduction of FWAs. The findings indicate a temporal association between the introduction of FWAs and more favourable retention outcomes. Following implementation, employees reported stronger long-term career intentions, while the annual turnover rate declined from 10.8% in FY2023/24 to 6.0% in FY2024/25. These patterns are consistent with prior evidence linking flexible work practices to autonomy, work-life balance, job satisfaction, and reduced turnover intentions (Gašić & Berber, 2023; Gašić et al., 2024). Given the non-experimental design, however, the results should be interpreted as associative rather than causal. The study contributes context-specific evidence from a specialised Shariah-compliant organisation and highlights the potential strategic value of integrating FWAs with broader employee well-being and retention practices. The findings suggest that flexible hours, work-from-home options, early-release arrangements, and employee-selected days off may support workforce stability when implemented in ways that remain compatible with operational and governance requirements.

Keywords: Flexible Working Arrangements (FWAs), Employee Retention, Strategic Human Resource Management, Work-Life Balance, Employee Well-Being, Shariah-Compliant Organisation

Introduction

Employee retention remains a central concern in human resource management because the loss of experienced employees can generate substantial recruitment and training costs, disrupt service continuity, and weaken the accumulation of organisation-specific knowledge (Guoqiang & Bhaumik, 2024). In knowledge-intensive service environments, retention therefore extends beyond cost containment and constitutes an important element of organisational capability and service quality.

Globally, institutions have faced challenges related to voluntary turnover, with employees increasingly demanding autonomy, work flexibility, and a balance between work and life. Flexible Working Arrangements (FWAs) have since become an emerging approach by which non-financial incentives impact retention. During the past two decades, studies on FWAs have increasingly emerged with a focus on how flexibility in work hours, working from remote environments, and compressed work hours impacts work satisfaction, commitment, and retention among employees.

Studies have shown in Malaysia that demand for flexibility grows, especially in service-oriented industries and among younger workers, who want to balance work with other commitments in life. Research undertaken in Klang Valley before the emergence of the COVID-19 pandemic proved FWAs in an organization led to enhanced work-life balance, increased work satisfaction, and reduced turnover intentions among employees when they were given access to FWAs in an organization. Newest research in Malaysia among knowledge works asserts hybrid working, remote working, and flexibility increase worker engagement and have a positive impact on worker retention, especially autonomy in an organization.

Issues of retention can be seen to be most acute in service industries and in firms such as Wasiyyah Shoppe Berhad, which cater to a very specialized Shariah-compliant segment. Their employees are under immense pressure due to work requirements, inconsistent working hours, emotional labour, and stressful working conditions. Additionally, working under stressful conditions without any assistance for work-life balance will see discontent and turnover. Approaches for retention in such companies are further rendered complicated with requirements for Shariah-compliant principles of ethics and governance.

In WSB, the cost of talent loss is especially critical because of the nature of the talent being lost. Having such talented employees with a good grasp of Shariah governance in addition to their professional acumen is not common, and their loss can affect service delivery in terms of ethics and Shariah governance principles, which can affect clients' confidence in their operations. In this context, it is not just a matter of cost but a matter of organizational specialties and clients' confidence.

In this context, FWAs have emerged as a strategy globally to promote worker well-being and retention. They have been developed to improve worker satisfaction and boost corporate sustainability. FWAs are guidelines that allow employees to have autonomy in terms of

where, when, and how they work. Examples of FWAs include flexible hours, working from home or a hybrid model, reduced workweeks, and selecting when to take a work break. They have been developed to allow employees increased autonomy and freedom over their work hours, reduce stress from organizational rules and regulations, and improve worker satisfaction and performance

In Malaysia, flexible scheduling and hybrid working arrangements in knowledge and service-oriented companies have been found to relate to enhanced performance, increased level of job satisfaction, and positive retention outcomes. Such emerging realities establish that FWAs are not a contemporary benefit but an essential part of HR planning, especially in industries in which talent retention, work-life, and reputation matter greatly.

Problem Statement

Employee retention is a continuing organisational challenge for Wasiyyah Shoppe Berhad (WSB), a specialised provider of Shariah-compliant estate-planning services in Malaysia. Employees who possess both professional expertise and organisation-specific knowledge of Shariah-compliant service protocols represent a strategically important resource. Their departure may disrupt service continuity, diminish accumulated organisational knowledge, and increase the time and cost required to develop suitably qualified replacements.

WSB internal human resource records indicate that turnover increased prior to the introduction of FWAs on 1 December 2024. The annual turnover rate rose from 7.0% in FY2022/23 to 10.8% in FY2023/24, providing an organisational rationale for examining whether changes in work design were associated with subsequent retention outcomes.

FY	Total staffs at opening of FY ; 1 st of June every year (A)	Total staffs at closing of FY ; 30 th of June every year (B)	Average number of staffs (A)+(B) / 2	Total resignation from 1 st of July to the following 30 th June.	Staffs turnover rate from 1 st of July to the following 30 th of June.	WSB's revenue
2022/23	81	89	85	6	7.00%	22,972,364
2023/24	89	95	92	10	10.8 %	30,501,485

*Internal data of WSB for FY 2022/23 and 2023/24.

During the same period, WSB revenue increased by approximately 32%, from RM22.97 million in FY2022/23 to RM30.50 million in FY2023/24. This growth may have increased workload and working-time pressures. However, because the available data do not isolate workload from other contemporaneous factors, the proposed link between business growth, work-life strain, and turnover should be treated as a plausible organisational explanation rather than a demonstrated causal relationship.

Trained and experienced personnel quitting the company will increase not only recruitment and training costs but also disrupt continuity of service in a company dependent on

specialized knowledge in Shariah-compliant estate planning. Besides, it is very difficult to get the right staff with suitable knowledge and qualification in this industry. Talent management challenges now lie in increasing turnover among staff with both technical expertise and Shariah knowledge, which therefore threatens organizational stability, client trust, and creates substantial operational and strategic risks.

Despite growing international interest in FWAs as a retention strategy, important contextual gaps remain. Much of the literature has been developed in conventional or Western organisational settings, while evidence from Malaysian organisations, particularly specialised Shariah-compliant service organisations, remains comparatively limited. This context warrants examination because employee expectations, organisational values, and governance requirements may shape both the design and consequences of flexible work practices.

Accordingly, this study investigates whether the introduction of FWAs at WSB is associated with changes in employee retention outcomes. It contributes to practice by providing organisation-level evidence for HR decision-making and to scholarship by examining FWA-retention dynamics in a Malaysian, knowledge-intensive, Shariah-compliant organisational context.

Research Objectives

3.1 To examine the relationship between employee workload and intention to leave among employees at Wasiyyah Shoppe Berhad.

3.2 To examine the relationship between the implementation of Flexible Working Arrangements (FWAs) and employee retention at Wasiyyah Shoppe Berhad using internal HR turnover data and Employee Satisfaction Index (ESI) survey responses.

Literature Review

Flexible Working Arrangements

FWAs such as flexible working hours, work from home, teleworking, and hybrid models, have emerged as a new characteristic in the post-pandemic work environment. They are appealing because they claim to improve work-life balance for employees, reduce stress, and boost career satisfaction. A systematic review and meta-analysis conducted very recently attests that FWAs demonstrated a sizable positive correlation with work-life balance, in which temporal and location flexibility in work-from-home demonstrated higher efficacy in playing a positive part in better work performance. It refutes a former study, which proved that FWAs lower commuting-associated stress and improve autonomy, which in turn leads to an upsurge in work-life balance and increased work-life balance and boosts psychological well-being. Empirical evidence derived from employer-employee linked data in the case of Germany confirms that remote employees have noted a higher level of subjective psychological wellness and lower levels of commuting-associated stress compared to office-going employees, hence underpinning FWAs with respect to enhanced health with an organizational setup predisposed to facilitating health. In contrast, despite such a reality, emerging literature in this field corroborates a set of unintended negative consequences in FWAs. In one such research work, it had been identified that working from home leads to an arousal in 'job engagement' but simultaneously leads to an intensification of 'family-work conflict', primarily in those employees devoid of strong boundary control capabilities and

possessing self-regulatory efficacy. have voiced a series of such apprehensions on FWAs when they remarked, "FWAs can attenuate the psychological separation of work when employees lack skills in self-management and time management in work contexts." Such intricacies indicate that FWAs, in seclusion, can neither remain efficient nor effective.

One major distinction in literature is based on a contrast between formal FWAs and informal FWAs. Formal FWAs can be described as flexibility embedded in standardised organisational policies, whilst informal FWAs encompass a degree of flexibility which is negotiated between individual employees and their immediate supervisors. Findings from this study indicated that individualised negotiated flexibility, or 'i-deals', in some instances leads to better well-being outcomes in contrast to formal FWAs because it has the potential to offer autonomy and control in a more personalised manner. This matter is rather important in the context of organisations linked to Islamic beliefs, where employees require a degree of flexibility which aligns with religious requirements, personal or family matters, and individual necessities associated with enhanced well-being.

However, a major drawback in most studies available on FWAs is that most sources in this area of study are Western in origin, with a dearth of studies available in relation to Southeast Asia, with a focus on Malaysia. However, under the Employment Act amendment in 2022, FWAs have gained official recognition, such that employees are permitted to negotiate flexible working hours, days, or work sites. Nevertheless, in Malaysia, despite being recognized, implementation has mainly been in response to immediate pandemic requirements and requirements rather than being proactive with a strategic plan in place and lack frameworks in place;

Additionally, cultural and religion factors further make this an interesting topic, especially in companies adhering to Sharia Principles. With most of this country's workforce consisting of increasing numbers of female & millennial employees, with these two demographics valuing flexibility in working hours & autonomy; existing research in this area is very minimal.

Relationship between FWAs and Employee Retention

Research from both global and local perspectives shows a direct correlation with FWA and employee retention. FWAs can impact employee autonomy, work-life balance, and job satisfaction, all leading to reduced turnover intentions because of increased autonomy, work-life balance, and increased job satisfaction, which in turn reduces turnover intentions;;. FWAs such as work hour flexibility, telework, or taking a day of rest provide autonomy to employees to balance work-life with personal life, resulting in increased organizational commitment, hence reduced turnover.

Employee Well-Being

employees' well-being is considered a prominent construct in the realms of organisational behaviour studies, occupational psychology, and human resource management, based on its critical role in shaping the level of productivity, work engagement, and overall sustainability within organisations. The construct is widely perceived to be a multidimensional construct wherein it entails personal, social, emotional, and physiological realms with equal significance. The contemporary literature describes well-being as an evolving state wherein people experience positivity, good function, deep relationships, and purpose in an

occupational setting. The rising incidence of work-related burnouts, work-related stress, and work-life conflict in contemporary work settings have ignited a massive amount of research in identifying the role of an organisations' structure in achieving a state of specific outcomes such as well-being in relation to FWAs and leadership styles, autonomy, work overload, among other dimensions.

Empirical support is emerging to show that work factors and personal factors are playing a role in well-being. Job control, fairness in treatment, support from management, work regulation, and flexible working hours have again proved to have a positive influence on well-being. Research studies have offered that if employees were challenged and given access to high autonomy, flexibility, and support from management, they were able to show high levels of PWE, high levels of emotional well-being, reduced levels of stress and anxiety, and increased organizational commitment. Conversely, lack of control, role uncertainty, and excessive commuting time are important predictors of burnout and emotional exhaustion. This confirms a model of JD-R, which predicts that job demands are linked with energy depletion, and job resources are linked with motivation, resilience, and well-being.

Based on consideration of personal factors, research shows that personal factors such as self-efficacy, emotional intelligence, and religiosity have a role in well-being and influence coping styles among employees. Trust in Allah, patience, and self-vigilance (tawakkul, sabr, and muraqabah) are the Islamic principles which promote Muslim workers to have a stable emotional state and reduce anxiety among them. In contrast, spiritual resources largely support and correspond with Islamic perspectives on well-being, which put a focus on the "physical, mental, and spiritual alignment of well-being". The other Islamic conceptualisation of well-being embraces not solely "spiritual tranquility (sakinah)," but moral grounds and balanced performance with obligations in connection with God, family, and work in contrast to Western definitions which mainly focus on subjective happiness or mental well-being. A broad perspective of well-being can be especially relevant to Islamic-oriented firms such as WSB in which religious principles can be part of occupational characters among employees.

The literature on work-life balance is also linked to employee well-being. The literature clearly shows a negative impact of work-life conflict on well-being. FWAs improve emotional and psychological well-being outcomes, but with a negative noted impact in recent studies, which assert that FWAs can bring mixed results in a study, since autonomy improves well-being but personal work-life boundary preferences can put additional pressure on employees. Such complexity leads to an analysis of well-being in specific settings rather than industries.

Conceptual Framework

The conceptual framework positions FWAs as a job resource that may influence employee retention directly and indirectly through employee well-being. The Job Demands-Resources (JD-R) model provides the principal theoretical foundation: autonomy, flexibility, supervisory support, and boundary control can function as resources that buffer job demands and support positive work outcomes. Within this framework, employee well-being is treated as a plausible mechanism linking flexible work practices with stronger intention to stay. Social Exchange Theory and Self-Determination Theory provide complementary explanations concerning reciprocity and autonomy, respectively.

Conceptual relationship: Flexible Working Arrangements → Employee Well-Being → Employee Retention.

Research Methodology

Research Design and Sample

This study adopts a quantitative organisational case-study design that integrates archival HR records with repeated employee survey data. The design is longitudinal and comparative, examining retention indicators before and after the introduction of FWAs at WSB. The analysis is intended to identify temporal patterns and associations among FWA implementation, employee well-being, retention intentions, and observed turnover; because no experimental control or counterfactual comparison group is available, the design does not establish causality.

Archival HR Data

Existing HR records were used to examine turnover patterns before and after FWA implementation. Archival organisational data provide an objective complement to self-reported attitudes and permit comparison of observed workforce outcomes over time (Venkatesh et al., 2016).

Employee Survey: A structured self-administered instrument was used to capture employee perceptions relevant to work-life balance, well-being, and intention to remain with the organisation. The use of a standardised instrument supports systematic measurement across survey waves (DeVellis, 2014).

Sampling: A total-population (census) approach was adopted, covering employees across 14 departments during FY2022/23 to FY2024/25. Census sampling is appropriate for a relatively small and clearly bounded organisational population because it maximises coverage and reduces sampling-selection concerns (Barlett et al., 2001).

Data Collection

HR Data

HR records were examined for FY2022/23, FY2023/24, and FY2024/25. Each financial year runs from 1 July to 30 June. Because WSB introduced FWAs on 1 December 2024, the dataset provides observations from periods preceding and following implementation, although FY2024/25 contains both pre- and post-implementation months.

The longitudinal records permit descriptive comparison of turnover trends across financial years. Their principal strength is the use of observed organisational outcomes; however, the pre-post structure should not be interpreted as a controlled causal evaluation because other organisational changes may have occurred concurrently.

Employee Survey

To complement the HR records, the study uses quarterly Employee Satisfaction Index (ESI) survey data collected from FY2022/23 through FY2024/25. The survey includes items concerning employees' perceptions of organisational growth and their intention to establish a long-term career with WSB. The analysis focuses primarily on intention to stay as the attitudinal retention outcome.

Survey responses were recorded on the organisation's response scale and collected anonymously to encourage candid participation. The analysis aggregates response distributions by quarter and compares patterns across the pre- and post-FWA periods.

Integrating repeated employee perceptions with archival turnover records enables triangulation between attitudinal and behavioural indicators of retention. This strengthens the descriptive organisational analysis while retaining appropriate caution regarding causal attribution.

Data Analysis

Data analysis was conducted at two levels: (1) organisational-level descriptive analysis of annual turnover using HR records and (2) employee-level descriptive analysis of quarterly ESI response distributions. Trends before and after FWA implementation were compared to assess whether both data sources showed convergent changes in retention-related outcomes.

HR Data Analysis: Organisational Turnover

Annual turnover was compared across FY2022/23, FY2023/24, and FY2024/25, with 1 December 2024 treated as the FWA implementation date. The analysis examines whether observed turnover patterns changed following implementation while recognising that FY2024/25 spans both pre- and post-implementation periods.

The annual turnover rate was calculated as the number of resignations during the financial year divided by the average number of employees during that year, multiplied by 100. Descriptive comparisons were then made across the three financial years.

Ethical Considerations

Ethical safeguards were incorporated to protect participant autonomy, confidentiality, and psychological well-being, particularly given the potential power asymmetries inherent in organisational research. Participants were informed of the study purpose, the voluntary nature of participation, and their right to withdraw without adverse consequences (Hammersley, 2020; Sikes & Piper, 2013).

Survey data were collected anonymously through Google Forms without personally identifiable information. Data handling was restricted to the Human Resource Manager, and the researcher did not have direct access to identifiable employee information. These procedures were intended to reduce privacy risks, social pressure, and researcher influence (Haahr et al., 2020).

Collectively, these procedures were designed to support voluntary participation, confidentiality, and responsible handling of organisational data.

Research Findings

	Strongly disagree	Not agree	Mildly disagree	Mildly Agree	Agree	Strongly agree	Number of staffs
Q1 (Jul-Sept) 22/23	0	1	1	10	32	37	81
	0	2	3	12	28	36	81
Q2 (Oct-Dec) 22/23	0	1	1	12	33	34	81
	0	2	4	15	27	33	81
Q3 (Jan-Mar) 23/24	0	2	2	12	31	40	85
	0	3	3	14	31	34	85
Q4 (Apr-Jun) 23/24	0	1	1	12	33	42	89
	0	2	2	14	33	38	89
Q1 (Jul-Sep) 23/24	0	1	1	15	44	53	89
	0	3	1	13	41	53	89
Q2 (Oct-Dic) 23/24	0	2	3	12	38	34	89
	0	3	4	11	38	33	89
Q3 (Jan-Mar) 23/24	0	5	4	13	35	35	92
	0	8	6	12	35	31	92
Q4 (Apr-Jun) 23/24	0	6	7	11	42	29	95
	0	11	13	13	32	26	95
Q1 (Jul-Sept) 24/25	0	4	6	13	43	29	95
	0	12	11	14	31	27	95
Q2 (Oct-Dic)24/25	0	5	7	14	33	38	97
	0	6	10	14	31	36	97
Q3 (Jan-Mar) 24/25	0	1	5	11	43	41	101
	0	0	1	18	42	40	101
Q4 (Apr-Jun) 24/25	0	0	1	7	47	50	105
	0	0	1	10	40	54	105

Table 1. Quarterly ESI responses for retention-related items before and after FWA implementation.

The quarterly ESI data from FY2022/23 to FY2024/25 show changes in two retention-related items: employees' perceptions of organisational growth and their intention to establish a long-term career with WSB. Positive responses remained substantial in FY2022/23 but weakened during FY2023/24. By Q4 FY2023/24, the proportion of favourable responses had declined relative to earlier quarters. Following the introduction of FWAs on 1 December 2024, favourable responses increased markedly, reaching approximately 91%-96% by Q4 FY2024/25, while negative responses became uncommon. This descriptive pattern is consistent with stronger intention to stay after FWA implementation, although the data alone do not demonstrate that FWAs caused the change.

Taken together, the ESI results and archival turnover data show convergent improvement in retention-related indicators during FY2024/25. This convergence provides organisational evidence consistent with a beneficial role for FWAs, while alternative explanations cannot be excluded.

The observed pattern is broadly consistent with prior research associating flexible work practices with greater autonomy, work-life balance, job satisfaction, engagement, and lower turnover intentions (Guoqiang & Bhaumik, 2024; George & Poluru, 2024; Tsen et al., 2021).

The present evidence extends this discussion to a specialised Malaysian Shariah-compliant service context.

Flexible Working Arrangements at Wasiyyah

Although an ample literature is available for a better understanding of flexible working arrangements, it is essential for these schemes to be considered in their operating context in Wasiyyah Shoppe Berhad. As a Shariah-compliant service organization operating in a niche with regards to an existing sector in estate planning, Wasiyyah Shoppe Berhad, on 1st December 2024, adopted a flexible working arrangement which suits a female and millennial-dominated workforce.

The organization is currently operating four FWAs: flexible working hours with staggered timings, work-from-home schemes, early leaving schemes, and employee selection of a preferred day off. Such schemes have been introduced in order to overcome two major issues—the employee turnover and work-life stress because of increased business volume, which is in line with different studies undertaken globally and in Malaysia, which have shown optimistic effects of FWAs on employee attitudes and turnover, respectively;;.

In this matter, it is important to highlight WSB's application of FWAs because this shows consideration and awareness on an organization's part of cultural and religious values, in addition to being attuned in a Shariah-compliant environment to a direct relationship existing between an employee's welfare and a given organization's ethics. FWAs being given a flexible treatment can allow employees' control over working time and service delivery standards to coexist with principles of Shariah governance. An assessment of FWAs used in this research work helps in accommodating existing FWA literature in a theoretical manner relevant to WSB.

HR Archival Data

FY	Total staffs at opening of FY ; 1 st of June every year (A)	Total staffs at closing of FY ; 30 th of June every year (B)	Average number of staffs $\frac{(A)+(B)}{2}$	Total resignation from 1 st of July to the following 30 th June.	Staffs turnover rate from 1 st of July to the following 30 th of June.
2022/ 23	81	89	85	6	7.0 %
2023/24	89	95	92	10	10.8 %
2024/ 25	95	105	100	6	6.0 %

Table 2. Annual employee turnover at WSB.

Table 2 summarises WSB employee turnover across FY2022/23, FY2023/24, and FY2024/25 using opening headcount, closing headcount, average headcount, resignations, and the annual turnover rate.

Across the three financial years, organisational headcount increased while turnover followed a non-linear pattern.

The number of employees increased from 81 at the opening of FY2022/23 to 105 at the close of FY2024/25. Annual resignations increased from six in FY2022/23 (7.0% turnover) to ten in FY2023/24 (10.8%), before declining to six in FY2024/25 (6.0%). Because FWAs were

introduced on 1 December 2024, the decline in FY2024/25 is temporally consistent with improved retention after implementation. Nevertheless, the annual period includes months both before and after implementation, and the descriptive design does not rule out competing explanations.

Accordingly, the archival data support an association between the post-implementation period and lower turnover, rather than a definitive causal effect of FWAs.

Turnover rate reduction is a very important consideration given WSB being a highly specialized Shariah-centric organization, where maintaining employees can be a very important factor. The role of FWA in turnover reduction can have a very important implication in work-life balance, work satisfaction, and organizational support in an organization, which were assumed to influence turnover in an organization based on ESI. The rising turnover intentions were witnessed in the ESI study undertaken in this research work, where the employees' confidence in remaining with an organization increased with FWA implementation. Overall, these results show both a numeric and proportional increase in retention from FY2022/23 to FY2024/25. Bearing this in mind, it would seem that flexible work practices have an important part to play in ensuring a better turnover of staff in highly skilled/specialized worker populations in order to promote organizational continuity and niche KIS provision.

Significance of the Study

This study has practical and scholarly relevance for specialised, knowledge-intensive, and Shariah-compliant organisations. At the organisational level, the simultaneous improvement in ESI retention indicators and decline in observed turnover suggests that flexible work practices may form part of a broader retention strategy for difficult-to-replace employees.

From a theoretical perspective, the present study contributes to the literature by extending the applicability of Social Exchange Theory, Job Demands–Resources Model, and Self-Determination Theory to a niche Shariah-focused context. Past research on FWA and retention has been dominantly conducted in conventional organizations, and this study also shows that the same underpinning mechanisms, namely autonomy, work–life balance, and perceived organizational support, operate well in specialized knowledge-intensive environments;.

Methodologically, the study combines repeated perception-based ESI data with observed HR turnover records. The convergence of these sources strengthens the descriptive interpretation by connecting employee attitudes with an organisational outcome, while the single-case, non-experimental design necessarily limits causal and generalisable claims.

For HR practice, the findings support systematic monitoring of employee sentiment alongside turnover indicators and suggest that FWAs can be integrated with strategic workforce planning, employee well-being, supervisory support, and career-development practices. More broadly, the study provides context-specific evidence on how flexibility may contribute to workforce stability in a niche, values-based, knowledge-intensive service organisation.

Discussion

Interpretation of findings

The findings indicate that the period following FWA implementation at WSB was associated with more favourable employee retention indicators. ESI responses showed stronger endorsement of organisational growth and long-term career intention, while annual turnover declined from 10.8% in FY2023/24 to 6.0% in FY2024/25. The alignment between attitudinal and archival indicators strengthens the interpretation that flexibility may have contributed to improved retention; however, the evidence remains observational.

The reduction in turnover is consistent with prior research linking flexible work policies with job satisfaction, lower work-family conflict, and stronger organisational commitment (Berber et al., 2022; Shilpakar et al., 2024). Importantly, the present study does not isolate FWAs from other changes that may have occurred during FY2024/25. The results therefore support a theoretically plausible association rather than a causal conclusion.

These findings are particularly significant in light of the highly specialized Shariah-focused context that WSB operates within. The employees are highly trained in Islamic estate planning and hold high academic qualifications in Shariah, making it strategically critical to retain them due to their direct effect on service quality, organizational expertise, and therefore competitive advantage. The fact that turnover intention decreased and career commitment perceptions changed suggests that FWAs effectively fulfil some of the key motivational and psychological needs among these employees, including autonomy, work-life balance, and perceived organizational support. This finding is based on theories such as the Social Exchange Theory, Job Demands-Resources Model, and Self-Determination Theory, which argue that provisions taken by an organization that improve job resources and meet the basic psychological needs of an individual enhance commitment and further reduce intentions of quitting.

Overall, the findings position FWAs as a potentially strategic HR practice rather than merely an employee convenience. In WSB, flexible work practices coincided with stronger retention-related attitudes and lower turnover, suggesting that flexibility may help sustain specialised human capital while supporting continuity of Shariah-compliant services.

Theoretical Implications

These findings add to the theoretical understanding of how FWA influences employee retention, especially in highly specialized and knowledge-intensive organisations like WSB. Drawing on these findings, the literature on work-life integration and the mechanisms that lead to retention has been extended by showing that FWAs can enhance employees' intention to stay through increased satisfaction and affective commitment. According to social exchange theory, employees are likely to reciprocate with positive attitudes and behaviours, such as increased commitment and reduced turnover intention, when they receive valuable resources from organizations.

The findings are consistent with the JD-R proposition that job resources such as autonomy, flexibility, and perceived organisational support can buffer job demands and promote favourable employee outcomes. In this study, FWAs can be interpreted as a job resource that may reduce work-family conflict and strengthen well-being and commitment (Gašić et al.,

2024). The evidence is theoretically consistent with JD-R but should not be treated as a direct test of mediation unless the relevant constructs are formally modelled.

The findings are also compatible with Self-Determination Theory (SDT), particularly its emphasis on autonomy as a basic psychological need. Greater discretion over working time and location may strengthen intrinsic motivation, engagement, and organisational commitment, thereby supporting intention to stay (Salem, 2025).

The study therefore provides context-specific support for applying established retention frameworks in a Shariah-compliant organisational setting. Rather than demonstrating that these mechanisms operate identically across contexts, the results suggest that social exchange, job resources, and autonomy provide useful theoretical lenses for interpreting the observed retention patterns.

Future research should test these mechanisms explicitly, including employee well-being, perceived organisational support, and autonomy as potential mediators or moderators of the FWA-retention relationship.

Practical Implications

The findings have several implications for human resource management in specialised, knowledge-intensive organisations. First, FWAs may be treated as part of strategic workforce planning rather than solely as an employee benefit. Their value is likely to depend on how effectively flexibility is aligned with operational requirements, supervisory practices, employee well-being, and service standards (Berber et al., 2022).

Secondly, FWAs are particularly important in specialized human capital in most organizations. The human capital of WSB comprises specialized employees with a high level of education in Shariah studies and in-depth training in Islamic estate planning. The cost of employing such people is rather high because they involve a lot of time to train, and if they leave, it will impact service delivery. Studies show a decline in turnover intentions and an increase in organizational commitment among organizations which have adopted FW programs, making FWAs a critical tool in ensuring the retention of specialized human capital.

Third, the convergence between ESI responses and observed turnover highlights the value of monitoring employee sentiment alongside behavioural HR indicators. Regular analysis of well-being, work-life balance, and intention-to-stay measures may help managers identify emerging retention risks before they translate into resignations.

Fourth, the WSB case suggests that flexible work practices can be implemented within a specialised, values-based service setting. Transferability to other sectors should nevertheless be evaluated empirically rather than assumed, because job design, workforce composition, technology, and organisational culture may shape outcomes.

From a strategic HR perspective, FWAs should be integrated with complementary practices such as supervisory support, career development, workload management, and performance systems. Such alignment may strengthen the conditions under which flexibility contributes to employee well-being, commitment, and retention.

Limitations

This study has several limitations. First, it examines a single specialised Shariah-compliant organisation. The case provides valuable contextual depth, but the findings should not be generalised automatically to organisations with different workforce characteristics, job designs, cultures, or institutional environments.

Second, the ESI measures are self-reported and may be affected by social desirability, common-method influences, or changes in survey participation across quarters. In addition, the retention-related items provide indicators of intention to stay rather than a comprehensive validated measure of all proposed theoretical constructs.

Third, the study is non-experimental and does not include a control or comparison organisation. Consequently, the decline in turnover cannot be attributed exclusively to FWAs. Changes in workload, labour-market conditions, compensation, management practices, organisational growth, or other contemporaneous events may also have influenced retention. Fourth, the post-implementation observation period is relatively short. FY2024/25 also combines pre- and post-FWA months because implementation occurred on 1 December 2024. Longer follow-up using monthly or quarterly turnover data would permit a more precise assessment of whether the observed improvement is sustained.

Future studies could strengthen causal inference through quasi-experimental designs, comparison organisations, interrupted time-series analysis, or longer panel datasets.

Recommendations for Future Research

Future research should extend the analysis across multiple organisations, industries, and cultural settings to assess the boundary conditions of the FWA-retention relationship. Mixed-method designs could combine HR indicators with interviews or focus groups to clarify how employees experience different forms of flexibility. Longer longitudinal studies should examine whether retention gains persist and should model potentially important mechanisms and contingencies, including employee well-being, autonomy, perceived organisational support, workload, career stage, supervisory support, and changing labour-market conditions.

Conclusion

This study examined whether the introduction of FWAs at Wasiyyah Shoppe Berhad was associated with improved employee retention. Across the study period, turnover rose from 7.0% in FY2022/23 to 10.8% in FY2023/24 and subsequently declined to 6.0% in FY2024/25, during which FWAs were introduced on 1 December 2024. Quarterly ESI responses also became substantially more favourable by Q4 FY2024/25, indicating stronger perceptions of organisational growth and long-term career intention. Considered together, the two data sources provide convergent evidence of improved retention-related outcomes following FWA implementation. The findings are consistent with theoretical arguments from the JD-R model, Social Exchange Theory, and Self-Determination Theory concerning job resources, reciprocity, and autonomy. However, the single-organisation, non-experimental design and short post-implementation period preclude causal attribution. The study therefore contributes context-specific evidence that FWAs may form a valuable component of strategic retention in

specialised, knowledge-intensive, Shariah-compliant organisations and provides a basis for more rigorous multi-organisation and longitudinal research.

References

- Al Qahtani, M., Hamza, A., & Al Nawwash, T. (2023). Behavioral Economics and Its Positive Impact on Overcoming the Corona Pandemic Among Owners of Small and Medium Enterprises. *Information Sciences Letters*, 12(10), 2795–2805. <https://doi.org/10.18576/isl/121028>
- Ali, H. M. (2022). Impact of COVID-19 on Corporations in Malaysia from a Corporate Restructuring and Insolvency Law Perspective. In *The Impact of COVID-19 on Corporations and Corporate Law in Malaysia* (pp. 171–196). https://doi.org/10.1007/978-981-19-5519-8_9
- Allen, T. D., Johnson, R. C., Kiburz, K. M., & Shockley, K. M. (2013). Work-Family Conflict and Flexible Work Arrangements: Deconstructing Flexibility. *Personnel Psychology*, 66(2), 345–376. <https://doi.org/10.1111/peps.12012>
- Avgoustaki, A., & Cañibano, A. (2025). Flexible working and employee well-being: Why does the difference between formal FWAs and informal flexibility I-deals matter? *European Management Journal*, 43(3), 492–501. <https://doi.org/https://doi.org/10.1016/j.emj.2024.04.006>
- Baidoo, M., Ansah, E., & Essien-Baidoo, S. (2023). Employee turnover intention: The predictive role of work-related burnout and psychosocial climate among university workers. *Journal of Psychology in Africa*, 33, 303–312. <https://doi.org/10.1080/14330237.2023.2233210>
- Bakker, A. B., & Demerouti, E. (2017). Job demands-resources theory: Taking stock and looking forward. *Journal of Occupational Health Psychology*, 22(3), 273–285. <https://doi.org/10.1037/ocp0000056>
- Barlett, J. E., Kotrlik, J., & Higgins, C. (2001). Organizational Research: Determining Appropriate Sample Size in Survey Research. *Information Technology, Learning, and Performance Journal*, 19.
- Berber, N., & Gašić, D. (2024). The mediating role of employee commitment in the relationship between compensation system and turnover intentions. *Employee Relations*, 46(4), 721–755. <https://doi.org/10.1108/ER-05-2023-0270>
- Berber, N., Gašić, D., Katić, I., & Borocki, J. (2022). The Mediating Role of Job Satisfaction in the Relationship between FWAs and Turnover Intentions. *Sustainability (Switzerland)*, 14(8). <https://doi.org/10.3390/su14084502>
- Chung, H., & van der Lippe, T. (2020). Flexible Working, Work–Life Balance, and Gender Equality: Introduction. *Social Indicators Research*, 151(2), 365–381. <https://doi.org/10.1007/s11205-018-2025-x>
- Cvenkel, N. (2020). Mental Health and Well-Being in the Workplace. In *Approaches to Global Sustainability, Markets, and Governance: Vol. Part F171* (pp. 159–189). https://doi.org/10.1007/978-981-15-3619-9_8
- DeVellis, R. F. (2014). *Scale Development: Theory and Applications* (4th ed.). SAGE Publications.
- Dong, J.-J., Tan, Z.-D., Zhang, Y.-L., Sun, Y.-J., & Huang, Y.-K. (2025). Work from home and employee well-being: a double-edged sword. *BMC Psychology*, 13(1). <https://doi.org/10.1186/s40359-025-02994-5>

- Edeh, F. O., Zayed, N. M., Faisal-E-Alam, Md., Nitsenko, V. S., & Bazaluk, O. (2024). Flexible working arrangements on employee well-being concerning the mobile telecommunication industry. *The TQM Journal*. <https://api.semanticscholar.org/CorpusID:272170108>
- Fadhilah, J., & Eryandra, A. (2025). Flexible Work Arrangements and Internal Communication Satisfaction Predicting Optimal Performance. *SENTRALISASI*, 14(3), 123–144. <https://doi.org/10.33506/sl.v14i3.4516>
- Gašić, D., & Berber, N. (2023). The Mediating Role of Employee Engagement in the Relationship between Flexible Work Arrangements and Turnover Intentions among Highly Educated Employees in the Republic of Serbia. *Behavioral Sciences*, 13(2). <https://doi.org/10.3390/bs13020131>
- Gašić, D., Berber, N., Slavić, A., Strugar Jelača, M., Marić, S., Bjekić, R., & Aleksić, M. (2024). The Key Role of Employee Commitment in the Relationship Between Flexible Work Arrangements and Employee Behavior. *Sustainability*, 16(22). <https://doi.org/10.3390/su162210067>
- George, J., & Poluru, N. (2024). Exploring the Impact of Flexible Work Arrangements on Turnover Intention: The Mediating Role of Job Satisfaction and the Moderating Effect of Perceived Supervisory Support. *Journal of Accounting, Business and Management (JABM)*, 32, 217. <https://doi.org/10.31966/jabminternational.v32i1.1467>
- Guoqiang, Z., & Bhaumik, A. (2024). WORK-LIFE HARMONY AND RETENTION OF EMPLOYEES: A REVIEW OF THE IMPACT OF FLEXIBLE WORK ARRANGEMENTS. *International Journal of Advances in Business and Management Research*, 02(02), 31–38. <https://doi.org/10.62674/ijabmr.2024.v2i02.005>
- Haahr, A., Norlyk, A., Martinsen, B., & Dreyer, P. (2020). Nurses experiences of ethical dilemmas: A review. *Nursing Ethics*, 27, 258–272. <https://doi.org/10.1177/0969733019832941>
- Hammersley, M. (2020). On Epistemic Integrity in Social Research. In R. Iphofen (Ed.), *Handbook of Research Ethics and Scientific Integrity* (pp. 381–401). Springer International Publishing. https://doi.org/10.1007/978-3-030-16759-2_16
- Hasnah Haron, Nathasa Mazna Ramli, Nurul Nazlia Jamil, & Abdul Rahim Abdul Rahman. (2022). Values in an Islamic University in Malaysia: Analysis From Western and Islamic Perspectives. *The Journal of Muamalat and Islamic Finance Research*, 19(1), 86–105. <https://doi.org/10.33102/jmifr.v19i1.415>
- Kader, H. (2021). Human well-being, morality and the economy: an Islamic perspective. *Islamic Economic Studies*, 28(None), 102–123. <https://doi.org/None>
- Krajčík, M., Schmidt, D. A., & Baráth, M. (2023). Hybrid Work Model: An Approach to Work–Life Flexibility in a Changing Environment. *Administrative Sciences*, 13(6). <https://doi.org/10.3390/admsci13060150>
- Laulié, L., Tekleab, A. G., & Rousseau, D. M. (2025). Psychological Contracts at Different Levels: The Cross-Level and Comparative Multilevel Effects of Team Psychological Contract Fulfillment. *Group & Organization Management*, 50(3), 1020–1060. <https://doi.org/10.1177/10596011231203365>
- Osman, N. D., Hassan, F. M., Ahmad Tajuddin, A., & Ali, M. N. A. (2021). COVID-19 as a national security issue in Malaysia: A comparison with the Italian and Australian perspectives. *Academic Journal of Interdisciplinary Studies*, 10(4), 261–272. <https://doi.org/10.36941/AJIS-2021-0115>

- Park, S., Lehto, X., & Kang, J. (2025). Balancing Work and Leisure: Unraveling Constraints on Work-Leisure Integration in Bleisure Travel. *International Journal of Hospitality & Tourism Administration*, 26(3), 656–682. <https://doi.org/10.1080/15256480.2024.2344226>
- Salem, M. R. M. (2025). Designing future-ready workplaces: how Gen Z's preferred work type influence retention intention; mediating role of perceived autonomy in Malaysian SMEs. *Future Business Journal*, 11(1), 211. <https://doi.org/10.1186/s43093-025-00643-2>
- Samroodh, M., Anwar, I., Ahmad, A., Akhtar, S., Bino, E., & Ali, M. A. (2023). The Indirect Effect of Job Resources on Employees' Intention to Stay: A Serial Mediation Model with Psychological Capital and Work–Life Balance as the Mediators. *Sustainability*, 15(1). <https://doi.org/10.3390/su15010551>
- Shaari, S. C., & Amirul, S. R. (2023). Flexible Working Arrangements (FWAs) in Malaysia: The Missing Component of the Right to Disconnect. *IOP Conference Series: Earth and Environmental Science*, 1181(1). <https://doi.org/10.1088/1755-1315/1181/1/012013>
- Shilpakar, N., Giri, B., & Pokhrel, S. K. (2024). Flexible Working Arrangements and Employee Turnover Intention: Mediating Role of Employee Engagement. *SAIM Journal of Social Science and Technology*, 1(1), 27–39. <https://nepjol.info/index.php/sjsst/article/view/72514>
- Sikes, P., & Piper, H. (2013). Ethical research, academic freedom and the role of ethics committees and review procedures in educational research. In *Ethics and Academic Freedom in Educational Research* (pp. 1–9). <https://doi.org/10.4324/9781315872711>
- Tan, E. J., & Doraisamy, L. (2025). The Impact of Flexible Work Arrangement and Technology Integration on Work-Life Balance in Malaysia SMEs. *Business Management and Strategy*, 16(2), 112–142. <https://doi.org/10.5296/bms.v16i2.22798>
- Tsen, K., Gu, M., Tan, M., & Goh, K. (2021). Effect of flexible work arrangements on turnover intention: does job independence matter? *International Journal of Sociology*, 51(6), 451–472. <https://doi.org/10.1080/00207659.2021.1925409>
- Venkatesh, V., Brown, S. A., & Sullivan, Y. W. (2016). Guidelines for Conducting Mixed-methods Research: An Extension and Illustration. *Journal of the Association for Information Systems*, 17, 435–495. <https://doi.org/10.17705/1jais.00433>
- Vohra, V., Singh, S., & Dutta, T. (2024). Embracing Flexibility Post-COVID-19: A Systematic Review of Flexible Working Arrangements Using the SCM-TBFO Framework. *Global Journal of Flexible Systems Management*, 25(1), 1–26. <https://doi.org/10.1007/s40171-023-00366-9>
- Wang, B., Liu, Y., Qian, J., & Parker, S. K. (2021). Achieving Effective Remote Working During the COVID-19 Pandemic: A Work Design Perspective. *Applied Psychology*, 70(1), 16–59. <https://doi.org/10.1111/apps.12290>
- Yusof, R., Harith, N., Lokman, A., Batau, M., Zarina, M., & Rahmat, N. (2023). A Study of Perception on Students' Motivation, Burnout and Reasons for Dropout. *International Journal of Academic Research in Business and Social Sciences*, 13. <https://doi.org/10.6007/IJARBS/v13-i7/17187>
- Zulkarnain, Z., Hadiyani, S., Novliadi, F., & Gusria, A. (2025). Work-life balance as a moderator between job embeddedness and turnover intention. *SA Journal of Human Resource Management*, 23. <https://doi.org/10.4102/sajhrm.v23i0.3063>