

## **Enhancing Employee Retention through Spiritual Intelligence in Malaysia's ICT Sector: The Mediating Role of Employee Engagement and the Moderating Effect of Gender**

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### **Abstract**

Change is constant and has an impact on staff retention and engagement. Research shows that over 50% of employees believe too many changes occur simultaneously at work. They report widespread financial difficulties, rising workloads, and unpredictability regarding job security. This impacts employee engagement and retention. Employees with spiritual intelligence (SI) can tackle problems by concentrating on their significance and worth. This study looked at the moderating role of gender, the mediating role of employee engagement, and the impact of spiritual intelligence on employee engagement and retention using the Social Exchange Theory as a framework. Convenience sampling was used in this quantitative study to collect data from 170 workers in Malaysia's ICT sector. SPSS and SmartPLS were used to analyze the data and present the results. The results showed a positive and significant relationship between SI and employee engagement. On the other hand, SI had little impact on staff retention. The association between SI and retention was not mitigated by gender. Retention was also highly influenced by employee engagement. Employee engagement was a full mediator between SI and retention. Gender was not a significant moderator. The results indicate that organizational leaders and HR managers should focus on SI to increase employee engagement. The secret to keeping staff members on board and retained is employee engagement. The study's conclusions provide fresh insight into the vital role that SI plays in increasing employee engagement and the effect that engagement has on retention.

**Keywords:** *Spiritual Intelligence, Employee Retention, Employee Engagement, ICT Sector, Gender*

## 1.0 Introduction

Although some estimates place the value of the ICT sector at \$14.5 trillion globally, Malaysia's infrastructure and talent pool will need to be improved to support and capitalize on this potential. By 2029, the contribution is anticipated to amount to USD 39.18 billion. The industry is expected to increase at a compound annual growth rate (CAGR) of 7.57% from 2024 to 2029. In 2022, the information and communications technology sector contributed MYR101.64 billion to the GDP. Compared to the prior year, this represented a rise of MYR96.25 billion (Statista, 2023). The ICT sector, which is predicted to provide over 500,000 employment opportunities in Malaysia by 2025, is in high demand. The Malaysian government expressed its support for the establishment of innovative, high-growth, tech companies. It was emphasized that these companies are crucial for driving economic growth and creating job opportunities, particularly in the technology and digital sectors (Herdian, 2024). This direction also aligns with Malaysia's goal of becoming a leading player in the global technology and innovation landscape, as outlined in the Digital Economy Blueprint.

According to Gartner, the pace of employee turnover is forecast to be 50–75% higher than companies have experienced previously, and the issue is compounded by it taking 18% longer to fill roles than pre-pandemic (Tupper and Ellis, 2023). Randstad (2022) highlighted that talent scarcity remains one of the most pressing issues for companies looking to drive their digital transformation strategies into a post-pandemic landscape. ICT organizations companies have found it challenging to retain employees. Job-switching behavior among tech professionals in this sector has increased from 10% in 2021 to 14% in 2022. In addition, 22% of tech professionals plan to change jobs in the first half of 2022. This is a 5% increase from the previous year. Given the intense competition for limited talent, companies must differentiate themselves from one another to attract, engage, and retain talent (Randstad, 2022). However, to recruit and keep employees, especially talent, businesses will need to engage them and alter their pay and rewards plans (De Smet et al., 2022). Previous research on employee retention in Malaysia has examined several factors that affect employee retention. Job satisfaction and supervisory support were the two variables that Alias et al. (2023) discovered. Employee retention is impacted by emotional weariness, according to Saleh et al. (2023). Workplace safety has been recognized by Aman-Ullah et al. (2022) as a critical predictor of employee retention. According to Devi et al. (2024), in the Malaysian IT sector, talent retention is linked to career development and rewards programs. This demonstrates the discrepancy in the findings from earlier research. Furthermore, few studies looked at how employee engagement affects workers' intentions to leave the Malaysian ICT industry.

Employee engagement has become a top focus for top management, as companies look for new ways to keep their employees motivated. Almost daily, management is put to the test in terms of its ability to keep employees motivated while also enforcing the policies in place and increasing employee engagement after the pandemic has become one of the major concerns of employers. Employee engagement has been elevated to the top of leaders' and HR managers' priorities in the wake of the current pandemic (Chanana, 2021). Organizations are battling an uphill struggle to create appealing workspaces, provide flexible benefits, and create engaging corporate cultures to enhance employee engagement, according to a report by Deloitte (2022).

Top management now places a high priority on employee engagement as businesses search for innovative strategies to maintain staff motivation. Management's capacity to maintain employee motivation while upholding established norms and boosting engagement is put to the test practically every day as the epidemic has emerged as one of the top issues for employers.

In the wake of the present pandemic, CEOs' and HR managers' top priorities now include employee engagement (Chanana, 2021). According to a Deloitte (2022) report, organizations are facing a challenging task in creating attractive workplaces, offering flexible benefits, and developing captivating corporate cultures to improve employee engagement.

Studies have shown that spiritual intelligence is a critical element to engage and retain employees a crucial role in the retention of employees within organizations (Arya, 2022). Studies have shown that organizations that focus on spiritual intelligence tend to have higher employee retention rates. Additionally, spiritual intelligence is linked to employee engagement, with a focus on improving spiritual intelligence improve employee engagement (Vas and Mohan, 2022). Spiritual intelligence has gained appeal among researchers, and spiritual intelligence has been linked to employee performance and other outcomes in previous research (e.g., Oyewunmi, et al., 2021; Karimi & Karimi, 2016). However, there is a lack of studies that examined the effect of SI on employee engagement and retention in Malaysia after the pandemic. Therefore, this study will examine the combined influence of spiritual intelligence, social intelligence, and emotional intelligence on employee engagement and retention among employees in the ICT sector in Malaysia.

Prior research works have analyzed and shown that there is a positive impact of an employee's, spiritual intelligence on the retention of employees. However, there is a dearth of studies that examined the mediating role of employee engagement between SI and retention of employees. In addition, there have been several changes in the employee's workplace after the pandemic. There is a paucity of research that examined the impact of spiritual intelligence on employee engagement and retention among employees in the ICT services sector after the pandemic in Malaysia. This indicates a clear gap in the present literature. This present study examined the impact of employees' spiritual intelligence on engagement and retention. This study included the mediating role of employee engagement and the moderating role of gender. This study will add to the current knowledge and provide a better understanding to organizations on the value of SI on employee engagement and retention.

## **2.0 Literature Review**

### **2.1 Theories and Models**

The Social Exchange Theory (SET) can help support employee retention within an organization. SET is considered one of the most influential paradigms in organizational behavior (Cropanzano and Mitchell, 2005). According to social exchange theory, social behavior involves social exchanges where people are motivated by obtaining something of value which is a reward in exchange for forfeiting something else of value or cost (Thibault & Kelly, 1959). In social exchanges, employees seek profit and are disturbed when there is no equity in an exchange or when others are rewarded more at the same costs incurred by the individual (Wallenburg, and Handfield (2022). Based on this theory, SI can positively influence engagement by providing employees with a sense of purpose, resilience, and compassion. Engaged employees are more likely to stay with an organization, contributing to higher retention rates.

### **2.2 Employee engagement**

Smith (2024) defines employee engagement as the level of fervor or zeal and dedication a worker has for their task. This definition is based on the notion that motivated employees care about their work and the company's performance because they believe their contributions count.

"An act of expressing preferred self through the simultaneous investment of cognitive and emotive energy into job performance that increases connections to work and with others" is how Kahn (1990) described work engagement. Likewise, employee involvement was defined as an internal psychological state. It characterizes a condition of the mind, body, and intellect that integrates an employee's effort, fulfillment, and dedication at work (Chanana, 2021). Employee engagement is defined by Deloitte as a worker's emotional dedication to the company, its vision, and its objectives (Deloitte, 2023). Schaufeli et al. (2006) described the employee as the incorporation of energy, commitment, and employee absorption or immersion. As a result, employee engagement lacks a precise definition.

### **2.3 Retention of Employees**

Employee retention refers to an organization's ability to retain quality employees. The retention rate is often expressed as a percentage and the goal is for it to be high (Herrity, 2023). In other words, it refers to the decision made by employees to either stay with the organization or leave. Employee retention focuses on keeping valuable employees, particularly those who contribute to the organization's success (Buenger, 2006). It is measured by the number of employees who choose to remain with the organization (Phillips and Connell, 2004). Conversely, employee turnover refers to the number of employees who leave the organization, either voluntarily or involuntarily (Hom, Allen, and Griffeth, 2019). Voluntary turnover occurs when employees choose to leave their current employer (Hom et al., 2019). On the contrary, retention of employees refers to voluntary action taken by employers to provide a supportive environment where the employees are highly engaged for the long term (Oginni, Dunmade & Ogunwole, 2018).

### **2.4 Spiritual Intelligence**

Spiritual intelligence is a topic that researchers are becoming more and more interested in, and many scholars have defined it from a variety of angles (e.g., Mayer (2000), Emmons (2000), and Vaughan (2002). Vaughan (2002) asserts that spirituality can take on a variety of forms and intensities. This could be happening consciously or unconsciously. A person's degree of spiritual intelligence is linked to their inner existence, which consists of their mind and spirit, and how it connects to the outside world. From a different perspective, Mayer (2000) defined spiritual intelligence as a higher or more conscious state. Mayer (2000) posits that an individual's spiritual consciousness arises from their capacity to organize consciousness. Consciousness revolves around three main themes: Oneness, transcendence states, and ultimate concerns. According to a different researcher (Vaughan, 2002), spiritual intelligence is the capacity to perceive and understand different states of consciousness. As per Wigglesworth (2013), spiritual intelligence additionally encompasses an individual's ability to comprehend themselves and the world, enabling them to adjust to their surroundings. Emmons (2000) asserts that spiritual intelligence endows individuals with particular skills or aptitudes for overcoming obstacles and resolving problems. Milliman et al. (2003) stated that workplace spirituality consists of three dimensions namely meaningful work, a sense of community, and alignment with organizational values. This points to spiritual intelligence as a multi-dimensional construct.

### **2.5 Relationship between Spiritual Intelligence and Employee Engagement**

Past studies have revealed that spiritual intelligence has an impact on several work-related outcomes including job satisfaction and employee engagement (Oyewunmi, et al., 2021; Karimi & Karimi, 2016; Devi, 2016; Vas and Mohan, 2022). The results by Samul (2024) also revealed that spiritual leadership affects employees' work engagement. The engagement is indirectly influenced by employees' spiritual well-being. The result of a study by Vas and

Mohan, (2022) revealed that improvements in SI led to higher levels of employee engagement. The study by Oyewunmi, et al. (2021) revealed a positive and significant effect of spiritual intelligence on employee outcomes. Devi's (2016) research in the banking industry in India examined and confirmed the link between spirituality and employee engagement. Devendhiran, and Wesley, (2017) explained that spirituality had a significant association with employee engagement. The findings of the study Arya, (2022) revealed that employees with higher levels of spiritual intelligence attain self-satisfaction that can lead to higher engagement. However, there have been studies that found either a partial or non-significant relationship between spiritual intelligence and work engagement. Studies have shown that the conscious state expansion dimension has a non-significant relationship with work engagement (Jaafar et al., 2018). Another study by Torabi and Nadali (2016) found a positive but weak correlation between spiritual intelligence and job engagement. Past studies show that generally there is a relationship between spiritual intelligence and job engagement. Based on the above review, it is hypothesized that:

*H1: There is a significant relationship between spiritual intelligence and employee engagement.*

## **2.6 Relationship Spiritual Intelligence and Employee Retention**

Studies have shown that the level of spiritual intelligence is positively and significantly related to several employee-related outcomes such as commitment and retention (Kremljak (2022; Kaur, and Dhillon, 2021; Dordunu et al., 2020). Spiritual intelligence has a significant impact on faculty performance and retention in higher education institutions in India, as revealed by the study by Nayyar et al. (2019). The study by Kaur and Dhillon (2021) showed that spirituality at the workplace construct had a significant and positive association with employee retention. The study by Dordunu et al. (2020) further confirmed an inverse relationship between spiritual intelligence and employee turnover intention. A study by Kremljak (2022) with 251 respondents further added that organizations that are spiritually charged have a higher rate of employee retention. Arya (2022) further reaffirmed that employees with higher levels of spiritual intelligence have higher rates of employee retention. Arya (2022) explained that employees with high SI attain higher self-satisfaction if they can explore their spiritual inclinations. The spiritual intelligence levels lead to inclinations to stay loyal to the current organization. However, a study by Lee and Kusumah (2020), revealed that spiritual intelligence was not significantly related to employee performance. Past studies show that generally there is a relationship between spiritual intelligence and job engagement. Based on the above review, it is hypothesized that:

*H2: There is a significant relationship between spiritual intelligence and employee retention.*

## **2.7 Relationship Employee Engagement and Employee Retention**

Research indicates that employee engagement positively correlates with retention, with higher levels of engagement lowering the likelihood that workers will leave (Kossyva et al. 2024; Dhandayuthapani, and Shalini, 2024). According to studies, employee engagement increases productivity, job satisfaction, and dedication, which in turn influences organizational effectiveness and related outcomes while lowering turnover rates. This has a favorable impact on staff retention in the healthcare industry (Dhandayuthapani, and Shalini, 2024). Further confirmation that employee involvement has a favorable impact on staff retention was provided by Pradita et al. (2024). Employee engagement and retention have a good and significant association, according to Ashraf and Siddiqui's (2020) study involving 200 employees.

According to Kossyva et al. (2024), companies can engage with HRM practices to retain talent, which leads to higher employee engagement. Studies have also shown that work engagement is positively influenced by factors like training satisfaction, salary satisfaction, and performance appraisal satisfaction, leading to lower turnover intentions (Savira et al., 2024). Past studies show that generally there is a relationship between social intelligence and job engagement. Based on the above review, it is hypothesized that:

*H3: There is a significant relationship between employee engagement and employee retention.*

## **2.8 Employee Engagement as a Mediator**

Employee engagement can act as a mediator in the relationship with employee retention. Past studies have revealed that employee engagement can significantly impact employee retention by mediating various factors (Pradita et al., 2024; Chopra et al., 2023). A study by Pradita et al. (2024) revealed that employee engagement mediates the influence between Employer Branding and Employee Value Proposition on Employee Retention. Another study by Chopra et al. (2023) revealed that employee engagement mediated the relationship between employer branding and talent retention. Another study by Winarno et al., (2022) revealed that employee engagement simultaneously acts as a mediating variable in the relationship between HR practices and turnover intention. There is no past study that examined the mediation role of employee engagement between spiritual intelligence and retention. Based on related past studies, it is believed that employee engagement will mediate the relationship between spiritual intelligence and retention. The following hypothesis was developed:

H5: Employee engagement mediates the relationship between spiritual intelligence and employee retention.

## **2.9 Gender as a Moderator**

Past studies have tested the moderating effect of gender on human resource-related outcomes in organizations (e.g., Dastane, 2020). For instance, the study by Dastane (2020) revealed that leadership styles on employee performance were fully or partially moderated by gender. Similarly, another study by Tripathi and Sankaran, (2021) revealed that gender moderated significantly the relationship between learning agility and employee retention. On the contrary, a study by Iqbal, and Ahmad, (2020) revealed that there was an insignificant moderation effect of gender in the relationship between mindfulness and nepotism-favouritism. Similarly, another study by Dami et al. 2020) revealed that gender did not moderate the relationship between religiosity on organizational citizenship behavior. Therefore, related past studies' results are inconsistent. The following hypothesis was developed:

H6: Gender moderates the relationship between spiritual intelligence and employee retention.

## **3.0 Methodology and Research Design**

### **3.1 Target Population, Sampling, and Sample Size**

This study was based on positivism philosophy as knowledge can be measured. Related to positivism is the deductive approach where hypotheses were developed based on theories. In this quantitative study, the target population was employees engaged in the ICT sector in Malaysia. Convenience sampling was selected as a sampling frame was not available. A questionnaire was developed to collect a snapshot of the data over one month (Saunders, et al., 2016). The target sample size was calculated based on Green's (1991) formula. The formula suggested by Green (1991) is  $N > 50 + 8p$  where  $p$  is the number of predictors. Using the formula by Green (1991), a sample of 82 respondents is adequate. For better accuracy, the target sample for this study was 150 respondents. As stated by Mooi et al. (2018, p. 47), the

“strength of samples comes from selecting samples accurately, rather than their sizes”. Memon et al., (2020) concluded that a carefully selected sample of 150 and above may give more accurate results than a blindly selected sample of 300 and above respondents.

### 3.2 Instrumentation

The questionnaire was divided into 2 sections. Nominal, ordinal, and interval scales namely the Likert-type scales were used. Section A of this questionnaire encapsulated demographic details such as age group, gender, marital status, and industry of employees. Section B of the questionnaire included items to measure the constructs used in this study. Spiritual intelligence was measured based on the questions adapted from a study by Samul (2020) that used the SISRI-24 scale. Employee engagement was measured based on the questions UWES scale developed by Schaufeli and Bakker (2010). Employee retention was measured based on the questions adapted from Kundu & Lata (2017).

### 3.3 Data Collection and Data Analysis

Using non-probability, the self-administered questionnaires were distributed to the target population. Primary data was collected over three months by using a survey approach. The use of a survey strategy enables the collection of data from a large number of respondents. Allows for simultaneous access to a large number of respondents (Saunders et al., 2016). After three months, 179 fully completed survey questionnaires were received from respondents due to the delayed and slow response rate. After editing and coding, nine survey questionnaires were removed. The SPSS and SmartPls systems were used for the data analysis.

The demographic information was generated using SPSS. The measurement Model includes an assessment of the data reliability, validity, and multicollinearity by using Smart Pls version 4. Items with low factor loadings were removed. The structural Model focuses on assessing the inter-relationship between the variables (Hair et al., 2021).

## 4.0 Results

### 4.1 Respondents Demographics

There were 170 respondents in this study. Table 1 shows the characteristics of the respondents. Most of the respondents are under 30 years old. There are more females than male respondents. Based on marital status, most of the respondents were singles (74%). See Table 1 for details.

**Table-1.** Respondents’ Characteristics

Age Group	Frequency	Percentage
Below 30	118	69.4
30-39	21	12.4
40-49	23	13.5
50-59	6	3.5
60 and above	2	1.2
<b>Gender</b>		
Male	80	47.1
Female	90	52.9
<b>Marital Status</b>		
Single	126	74.1

Married	44	25.9
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#### 4.2 Reliability

The results of reliability testing are presented in Table 2 below. The internal consistency reliability was examined. This is the “extent to which indicators measuring the same construct are associated with each other” (Hair et al., 2021, p 77). As stated by Hair et al. (2021), the measures of reliability included Cronbach alpha and composite reliability. Hair et al. (2021) also stated that the values of reliability 0.70 are deemed acceptable and values in the range between 0.70 and 0.90 range from “satisfactory to good.” The internal consistency reliability is measured using Cronbach's alpha value. In PLS-SEM, it does, however, offer a conservative measurement. The alternative is the Composite Reliability. The composite reliability of reflective latent variables PLS-SEM model evaluates the internal consistency reliability of these variables. It measures the degree to which the variables consistently capture their underlying construct. High reliability is indicated by values greater than 0.7 (Hair et al., 2021). In this study, the Composite reliability values are greater than 0.7, as Table 2 illustrates. This demonstrates that data reliability was not compromised.

**Table-2.** Construct Validity and Reliability

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Engagement	0.900	0.908	0.917	0.526
Retention	0.908	0.919	0.942	0.845
Spiritual	0.769	0.776	0.843	0.519

#### 4.3 Convergent Validity

The indicators or items with low factor loadings were deleted. Hair et al. (2021) recommended that indicator loadings should be above 0.7 and items with low loading should be deleted. Convergent validity as stated by Hair et al. (2021, p 78) “is the extent to which the construct converges to explain the variance of its indicators’. The test of convergent validity determines if there is a consistent relationship between the observable variables, or indicators, and the latent construct. The three standard criteria for assessing convergent validity are as follows:

- Construct Reliability (CR): a value of 0.7 or above is recommended. See Table 2
- Every item with factor loading ought to be at least 0.5. See Table 2
- Average Variance Extracted (AVE) displays this: AVE values ought to be at least 0.51.

This is displayed in Table 2 of the study. Thus, there is no breach of convergent validity. As shown in Table 2, the construct reliability is above 0.7. In addition, the AVE has values above 0.5. Therefore, the convergent validity was established.

#### 4.4 Discriminant Validity

Discriminant validity evaluation aims to confirm that there are greater correlations between a latent variable and its indicators than there are with any other construct in the PLS path model. Three important results for evaluating discriminant validity are included in the results report after executing the PLS and PLS algorithms in SmartPLS:

- **Fornell Larcker Criteria:** Assesses if a construct's extracted variance is greater than its shared variance with other constructs.
- **Cross-Loadings:** Show whether an indicator exhibits substantial loadings on other constructs and how well it correlates with its intended construct.



- **Heterotrait-Monotrait Ratio of Correlations (HTMT):** An improved method for evaluating discriminant validity by contrasting construct correlations

#### 4.4.1 Discriminant Validity- Fornell Larcker criteria

One way of evaluating discriminant validity in structural equation modeling (SEM) is the Fornell-Larcker criterion. When determining if the variance retrieved by a latent construct is greater than the variance shared by other constructs, the Fornell-Larcker criterion can be useful. It supports discriminant validity by guaranteeing that each construct is unique from the others (Fornell and Larcker, 1981). Table 3 demonstrates that the discriminant validity is established.

**Table-3.** Discriminant validity – Fornell Larcker

	Engagement	Gender	Retention	Spiritual
Engagement	0.725			
Gender	-0.182	1.000		
Retention	0.560	-0.165	0.919	
Spiritual	0.476	-0.013	0.341	0.721

#### 4.4.2 Discriminant Validity: HTMT

The HTMT criterion is an alternative approach for assessing discriminant validity in structural equation modeling. HTMT criterion focuses on comparing correlations between different constructs to evaluate whether they are distinct from each other (Henseler et al., 2015). As shown in Table 4, the HTMT value is below 0.9. Therefore, discriminant validity is established between two reflectively measured constructs.

**Table-4.** Heterotrait-Monotrait Ratio (HTMT)

	Engagement	Gender	Retention	Spiritual
Engagement				
Gender	0.188			
Retention	0.592	0.175		
Spiritual	0.551	0.039	0.395	
Gender x Spiritual	0.098	0.002	0.175	0.107

#### 4.5 Multicollinearity: Inner and Outer Model

Hair et al., (2021, p 93) explained that “collinearity occurs when two or more indicators in a formative measurement model are highly correlated”. For assessing collinearity, the variance inflation factor (VIF) value is referred to. The VIF values should be equal to or lower than 5. Values greater than 5 points towards collinearity problems. As indicated in Table 5 and Table 6 below, all the VIF values are below 5. Therefore, there is no collinearity problem in this study.

**Table-5.** Variance Inflation Factor – Outer model (VIF)

	VIF
EE1	1.977
EE10	2.315
EE11	2.416
EE2	1.793
EE3	2.665
EE4	2.391
EE6	2.274

EE7	2.461
EE8	2.794
EE9	2.210
ER1	3.026
ER2	2.995
ER3	2.982
Gender	1.000
SI2	1.337
SI3	1.605
SI5	1.312
SI8	1.815
SI9	1.474
Gender x Spiritual	1.000

**Table-6.** Variance Inflation Factor – Inner model (VIF)

Relationship	VIF
Engagement -> Retention	1.347
Gender -> Retention	1.042
Spiritual -> Engagement	1.000
Spiritual -> Retention	1.307
Gender x Spiritual -> Retention	1.009

#### 4.6 Coefficient of Determination (R-square)

R-Square or coefficient of determination explains the variance in the endogenous variable) that is explained by the exogenous variables sometimes called independent variables. The R-square value for retention is 0.342. In this case, the independent variables explain 34.2% of the variance in employee retention. As shown in Table 7, the R-square value for employee engagement is 0.226. In this case, the independent variables explain 22.6% of the variance in employee engagement.

**Table 7: Coefficient of Determination**

	R-square	R-square adjusted
Engagement	0.226	0.222
Retention	0.342	0.326

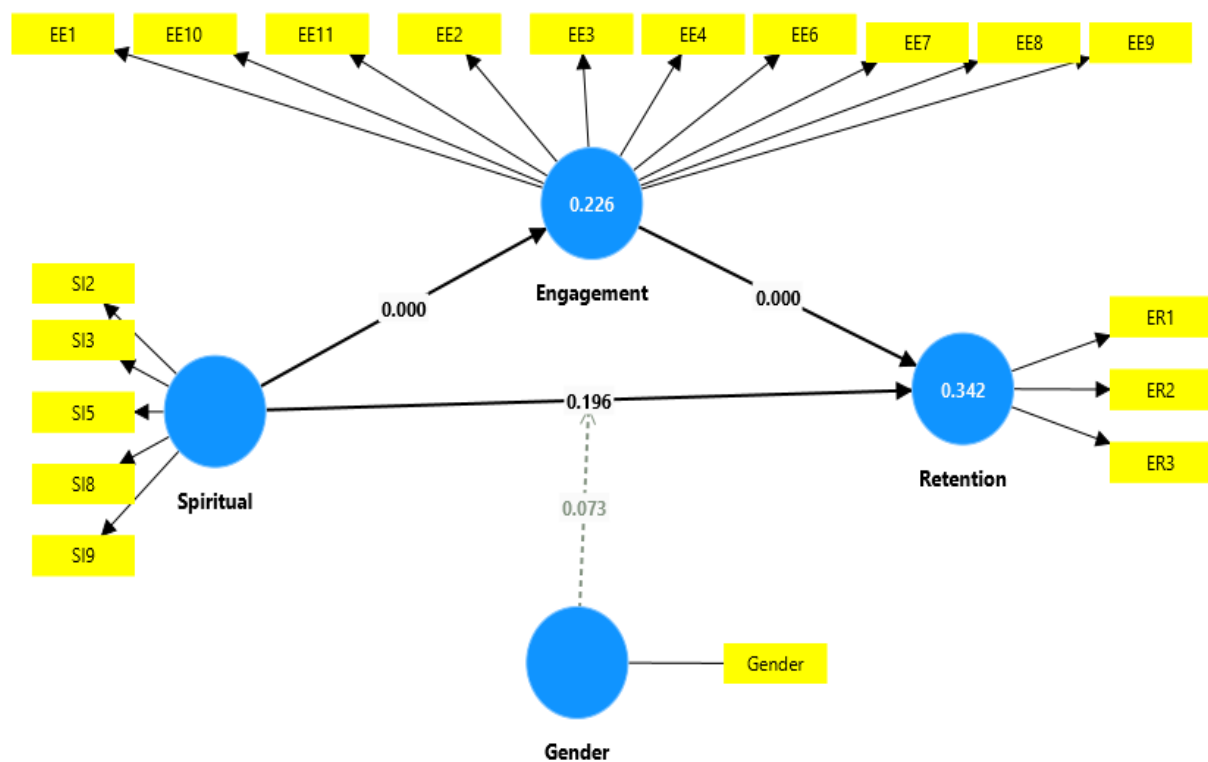
#### 4.7 Path Coefficients (Test of Hypothesis)

The next step is to evaluate the significance of the path coefficients. The path coefficient diagram is shown in Figure 1 and Table 7. Bootstrapping was done using 5000 sub-samples. As explained by Hair et al. (2021), the path coefficient shows the changes in the dependent variable value that are linked with standard deviation unit changes in the predictor variable. The significance must be below the 0.05 level and a t-value greater than 1.96. Based on the results, spiritual intelligence had a positive and significant influence on employee engagement. Employee engagement has a positive and significant influence on employee retention. However, spiritual intelligence had an insignificant impact on employee retention. The results also showed that gender was not a significant moderator.

**Table-8. Hypothesis Testing after Bootstrapping**

	Original sample	Sample mean	Standard deviation	T statistics	P values
Engagement -> Retention	0.493	0.500	0.070	7.013	0.000
Gender -> Retention	-0.074	-0.075	0.063	1.182	0.237
Spiritual -> Engagement	0.476	0.485	0.061	7.782	0.000
Spiritual -> Retention	0.094	0.099	0.072	1.292	0.196
Gender x Spiritual -> Retention	-0.126	-0.126	0.070	1.795	0.073

**Figure-1. Path coefficients**



#### 4.8 Moderation Testing

In this study, gender was tested as a moderator between spiritual intelligence and retention of employees. The results show that Gender was not a significant moderator. It did not significantly affect the strength and direction of the relationship. Therefore hypothesis 6 was not supported.

#### 4.9 Mediation testing

The hypothesis was to test whether employee engagement mediates the relationship between spiritual intelligence and employee retention. Zhao et al. (2010) systematic approach for

mediation analysis in PLS-SEM was used to test the moderation effect. The procedure based on Zhao et al. (2010) involves:

- Assessing whether the indirect effect via a mediator is significant.
- Evaluating the direct effect between the antecedent and target constructs.
- Focusing on the size of the indirect effect ( $a \times b$ ) rather than merely its existence.

The indirect effect is tested for significance. In the next step, the direct path was checked. In this study, the indirect effect was significant. However, the direct path 'c' was not significant. This shows full mediation.

## **5.0 Discussion, Implications, Limitations, and Recommendations**

### **5.1 Discussion**

Spiritual intelligence was supposed to be significantly associated with employee engagement. The results of this study supported the hypothesis ( $\beta = 0.476$ ,  $p < 0.000$ ). The results showed that spiritual intelligence had a moderate positive and significant impact on employee engagement in Malaysia's ICT industry. The results are also similar to the results from some past studies (Oyewunmi, et al., 2021; Karimi & Karimi, 2016; Samul, 2024). The results by Samul (2024) also revealed that spiritual leadership affects employees' work engagement by indirectly influencing employees' spiritual well-being. This means that higher levels of spiritual intelligence led to higher levels of job satisfaction and employee engagement. Higher levels of spirituality are expected to be associated with positive work attitudes that lead to higher levels of employee engagement.

Employee retention is hypothesized to be influenced by spiritual intelligence. Nevertheless, the outcomes of this study did not support the hypothesis. Spiritual intelligence was not significantly related to employee retention ( $p = 0.196$ ). As a result, the findings of this study contradicted several previous studies (Kremljak, 2022; Kaur, and Dhillon, 2021). Past studies have also uncovered the insignificant role of spiritual intelligence. A study by Lee and Kusumah (2020), revealed that spiritual intelligence was not significantly related to employee performance and performance is one of the determinants of employee performance. Spiritually intelligent people are expected to be happy and committed to their organizations. They will leave their particular organization if they are dissatisfied with their job. A possible explanation may be the low awareness of spiritual intelligence among employees, or the low importance of spiritual intelligence compared to the other predictors.

The results of this study revealed that employee engagement had a positive and significant impact on employee retention in Malaysia's ICT industry. Employee engagement also showed the strongest impact on the retention of employees. These research results are consistent with previous research, which suggests that employee engagement is a significant and positive predictor of organizational performance, loyalty, success, and employee retention (Kossyva et al. 2024; Dhandayuthapani, and Shalini, 2024). The findings mean that when employees perceive higher levels of engagement, they will reciprocate positively and feel a strong connection to their organization. This sense of connection and fulfillment improves their overall commitment and job satisfaction. This will enhance the likelihood of retention. The results of this study proved that the more engaged an employee is, the higher the retention of this employee.

Employee engagement was hypothesized to mediate the relationship between spiritual intelligence and employee retention. The results supported the hypothesis. The indirect path was significant, but the direct path was insignificant. This shows full mediation. Full mediation

indicates that spiritual intelligence's effect on employee retention is entirely channeled through employee engagement. An employee's spiritual intelligence by itself does not directly improve retention. This finding means that when employees have higher spiritual intelligence, their engagement levels improve. This will further improve their retention, which in turn enhances their retention. This also means that organization initiatives to improve the spiritual intelligence of employees should focus on improving employee engagement to get better retention rates of employees.

It was also hypothesized that gender moderates the relationship between spiritual intelligence and employee retention. The results of this study did not support the hypothesis. Past studies have also shown inconsistent results on the moderation effect of gender. For instance, the results of a study by Iqbal, and Ahmad, (2020) revealed that there was an insignificant moderation effect of gender in the relationship between mindfulness and nepotism-favoritism. One of the possible explanations is the respondents were young and they may be influenced by other factors such as overall workplace environment, organizational culture, and leadership styles rather than gender. Individual differences in how employees perceive and integrate spiritual intelligence into their work life could overshadow gender differences.

## **5.2 Implications**

This study focused on the interrelationships between employees', spiritual intelligence, n employee engagement, and retention after the pandemic in Malaysia. The results provided some new insights into the effect of employee engagement on employee retention after the pandemic. The study found that spiritual intelligence had a positive and significant impact on the engagement of employees. For retention of employees, spiritual intelligence had an insignificant impact on the retention of employees. Employee engagement had a positive association with both spiritual intelligence and retention of employees. Therefore, employees should focus on increasing employee engagement. Focus should be placed on creating a supportive and inclusive work environment that makes employees feel valued. This will lead to higher engagement and retention. Employers should include other programs like career growth, flexible working, and other employee well-being programs. This will lead to happier and more productive employees, which may be the key pillar of sustainable organization performance and digital transformation after the pandemic.

From a theoretical aspect, this research is critical in filling a gap in current knowledge. New insights were provided by this study such as the higher importance of spiritual intelligence to increase retention. In this study, it was shown that spiritual intelligence can improve employee engagement indirectly through employee engagement. Spiritual intelligence by itself did not influence the retention of employees. The result of this study lays the groundwork for future research on this phenomenon of interest.

## **5.3 Limitations and Future Research**

This was a holistic study on employee engagement and retention after the pandemic. However, there were some limitations associated with this study. Firstly, this study focused only on the relationship between spiritual intelligence, employee engagement, and retention. There is mindfulness and other intelligence such as adaptive intelligence and social intelligence. It is recommended that future studies include mindfulness and other intelligence as this can have a critical effect on employee engagement and retention. Due to reasons of parsimony, this study included only gender as a moderator. The inclusion of moderators such as the age and position in the organization of employees can provide better results. This is a quantitative study that

used only closed-ended questions. Future studies should use open-ended questions to collect rich data. Therefore, a mixed-method study is encouraged to collect rich data through probing.

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