

Influence of Emotional and Social Intelligence on Employee Retention in Malaysia's ICT Sector: The Mediating Role of Employee Engagement

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Abstract

Organizations need to reconsider their work after the pandemic considering new working practices and other disruptions. Talent retention and employee engagement have been elevated to the top of leaders' and HR managers' priorities. There is a dearth of studies that examined the effect of emotional (EI) and social intelligence on employee engagement and retention. This study looked at the impact of social and emotional intelligence on employee engagement and retention in the ICT industry. This study also examined the mediating role of employee engagement. This quantitative study gathered data from 170 employees in Malaysia's ICT industry via a self-administered questionnaire and the convenience sampling method. SmartPls and SPSS were utilized to analyze the data and display the findings. The findings demonstrated that employee engagement was significantly impacted by social and emotional intelligence (EI). EI strongly influenced employee engagement. The best indicator of employee retention was employee engagement. Employee engagement was a full mediator between EI and retention. Employee engagement was also a full mediator between social intelligence and retention. The findings imply that organizational leaders and HR managers should concentrate on increasing retention through employee engagement. EI and social intelligence can increase employee engagement. Employee engagement is the key to retaining and keeping employees on board. The study's findings shed new light on the critical role that emotional intelligence (EI) and Social Intelligence play in raising engagement levels and the enormous impact that employee engagement has on retention.

Keywords: Emotional Intelligence, Social Intelligence, Employee Engagement, Employee Retention

1.0 Introduction

This study was conducted in Malaysia's services sector, namely in the ICT sector. The selection of the ICT industry was based on its development and contribution. Since the pandemic, this industry has grown enormously. The ICT sector contributed RM359.3 billion, or 23.2%, to

Malaysia's GDP. ICT service exports grew at a CAGR4 of 10.4% from RM3.3 billion in 2006 to RM13.4 billion in 2020 throughout the IMP3 period (Economic Planning Unit Malaysia, 2022). Malaysia's public and commercial sectors are currently embracing a digital revolution across the nation (International Trade Administration, 2024). According to Mordor Intelligence (2024), the ICT sector will have a market size of USD 27.2 billion by 2024. 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 growing digitization of processes worldwide is the main driver of the expansion. In Malaysia, both the public and business sectors are embracing digital change. As of 2021, more than 4,700 ICT and digital companies had been granted Multimedia Super Corridor (MSC) Malaysia designation. A total of RM430.0 billion in investments were made in these projects, which created 199,000 job opportunities.

Global labor markets have been impacted by the pandemic, according to McKinsey (Lund et al., 2021). An increase in remote working and working from home is one of the major disruptions arising from the pandemic. According to the McKinsey analysis, 22% of employment by Americans may be performed remotely for 3-5 days per week without suffering a reduction in productivity. The traditional workplace was reportedly killed by COVID-19, according to Harvard Business School (Gerdeman, 2021). Due to the pandemic, businesses were forced to change their practices, and the number of employees who work remotely has significantly increased (Lund et al., 2021). Therefore, organizations must rethink their work in light of the adoption of new working practices after the pandemic to engage, retain, and provide people with jobs. Therefore, it is important to examine the determinants of employee engagement and retention under the new normal.

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). Businesses will need to engage workers and change their compensation and benefits packages to attract and retain talent (De Smet et al., 2022). Following the pandemic, companies need to adjust to changing work schedules. Previous research on employee retention in Malaysia has examined several factors that affect employee retention. Job satisfaction and supervisory support were the two variables (Alias et al., 2023). Employee retention is impacted by emotional burnout and 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 shows that the results from past studies are inconsistent. In addition, there is a paucity of studies that examined the effect of employee engagement on the retention of employees in Malaysia.

Several studies have recognized the positive role of EI in ensuring effective employee engagement and turnover intention of employees (e.g., Selvi, and Aiswarya, 2023; George et al., 2022). However, there is a dearth of research that examined the effect of EI on the work engagement and retention of employees in the ICT sector after the pandemic. Studies have found that social intelligence is also connected with employee behaviors (Park and Lee, 2016; Eketu, and Ogbu Edeh, 2015). There is also a paucity of studies that examined the effect of social intelligence on employee engagement and retention after the pandemic. Therefore, this

study will examine the combined influence of social intelligence, and emotional intelligence on employee engagement and retention among employees in the ICT sector in Malaysia. There is also a lack of studies that examined the mediating role of employee engagement between social and emotional intelligence towards employee retention. This study will include employee engagement as a mediator. This indicates a clear gap in the present literature. This present study that attempts to investigate the impact of employees' emotional intelligence, and social intelligence can be of value in furthering employee engagement and retention after the COVID-19 pandemic. Results will also add to the current body of knowledge.

2.0 Literature Review

2.1 Theoretical Underpinning

The dominating theory that can underpin this study is the Social Exchange Theory (SET). The SET is considered one of the most influential paradigms in organizational behavior (Cropanzano and Mitchell, 2005). According to the SET theory, employee retention can be associated with the quality of the relationship between employees and their organization. Positive exchanges can influence employees to reciprocate positively, and this can lead to higher retention. The Job Demands-Resources (JD-R) Model can be used to support employee engagement and retention. According to this model, employee engagement is influenced by the balance between job demands and job resources. Higher levels of job resources can buffer the impact of job demands and enhance employee engagement and retention. (Bakker and Demerouti, 2007). EI, Daniel Goleman's EI Framework can be useful. This model includes self-awareness, self-regulation, motivation, empathy, and social skills. Higher levels of EI can enhance interpersonal relationships and lead to higher employee engagement (Goleman, 1998). For social Intelligence (SI), Karl Albrecht's SI Model is appropriate (Albrecht, 2009). This includes situational awareness, presence, authenticity, clarity, and empathy. SI can enhance teamwork and communication, contributing to higher engagement and retention.

2.2 Employee Engagement

The research by Kahn, (1990) stated that involvement demonstrates the physiological and physical presence of performing an organizational job. Work engagement and employee engagement are sometimes used interchangeably. However, there are some differences. Employee engagement encompasses relationships with the company, whereas work engagement refers to a person's relationship with their work, according to Schaufeli & Bakker (2010). Work engagement was described by Kahn (1990) as "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". Similarly, employee engagement was referred to as an internal psychological state. It refers to a physiological, intellectual, and mental condition that brings together an employee's dedication, satisfaction, and job effort (Chanana, 2021). Employee engagement, which Deloitte defines as an employee's emotional commitment to his or her organization, vision, and goals (Deloitte, 2023). This is sometimes used interchangeably with work engagement. Coining the two together, employee work engagement levels include vigor, dedication, and absorption or immersion (Schaufeli et al. 2006).

2.3 Retention of Employees

Retention of employees, the opposite of turnover intention, 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). Bidisha and Mukulesh (2013) referred to employee retention as retaining and supporting employees to remain in an organization for a longer time. Mita et al. (2014) referred to employee retention as a strategy used by organizations to retain and maintain an effective workforce and meet operational needs. Generally, retention points to keeping employees for a much longer time.

2.4 Emotional Intelligence

In the years following the publication of Salovey and Mayer's Theory, the concept of emotional intelligence gained increasing attention. The original definition of emotional intelligence was "the subset of social intelligence involving the capacity to monitor one's own and others' moods and emotions, to distinguish between them, and to utilize this information to inform one's thinking and actions" (Salovey and Mayer, 1990). These emotion processing skills mentioned by Salovey and Mayer (1990) encompass perception, evaluation, and expression of emotions According to Salovey and Mayer's (1990) ability model, persons differ in their capacity to process information relating to their emotional side and to relate that processing to a larger range of cognition. Mayer et al., (2008 p. 511) defined EI as "the ability to carry out accurate reasoning about emotions and the ability to use emotions and emotional knowledge to enhance thoughts. The trait model suggests a person's self-perception of their emotional capabilities (Vyas, 2020). The Goleman Theory is a hybrid model created by Daniel Goleman that can be applied to this study. According to this paradigm, a leader's performance can be improved by having a wide range of abilities and competencies known as emotional intelligence (EI) (Goleman, 1998). Goleman (1988) defined EI as having traits like self-awareness, optimism, self-control, empathy, and character. Based on the various definitions, EI can be conceptualized as a multidimensional construct.

2.5 Social Intelligence

Different definitions of social intelligence have been provided by numerous academics and researchers (Goleman, 2006; Petrides, 2011; Albrecht, 2006). Goleman (2006) defined social intelligence as the psychology of two individuals resulting from their social interactions and interpersonal connections. "Social intelligence, they say, is a set of interpersonal competencies, built on specific neural circuits, that inspire people to be effective," as Goleman and Boyatzis (2008) stated in the Harvard Business Review. Put differently, social intelligence is the term used to describe a person's interpersonal skills, which are based on particular brain circuits. Petrides (2011) went on to say that there is a relationship between social intelligence and a person's level of self-consciousness about their social skills. One way to conceptualize social intelligence is as a constellation of social self-perceptions situated at the bottom of personality hierarchies. From a different angle, Albrecht (2006) defined social intelligence as the ability to collaborate and communicate effectively with others. Social intelligence is related to multiple dimensions or components. The fourteen component elements of trait social intelligence were first presented by Petrides (2011). Among Albrecht's (2006) qualities are situational radar, presence/bearing, honesty, clarity, and empathy. This suggests that social intelligence is a multifaceted concept as well.

2.6 Relationship between Emotional Intelligence and Employee Engagement

Several researchers in the past have associated Emotional Intelligence (EI) with a positive correlation on factors such as creativity, employee engagement, and well-being (Selvi, and

Aiswarya, 2023; George et al., 2022; Nanda & Randhawa, 2020). The study by Selvi and Aiswarya, (2023) with a sample of 184 employees in India revealed that EI was associated with employee engagement. The study by George et al. (2022) that collected data at three points from a sample of 528 public sector employees revealed that EI was positively and significantly associated with work engagement. Another study by Levitats and Vigoda-Gadot, (2020) revealed that EI was positively associated with employees' work engagement among civil servants. The study by Levitats, Ivcevic, and Brackett, (2022) went further to suggest that HRM practices that are EI-supportive have a top-down effect on employee engagement and exhaustion via supervisor emotionally intelligent behavior. This shows that EI has been positively associated with employee engagement consistently. Based on the above review, it is hypothesized that:

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

2.7 Relationship between Social Intelligence and Employee Engagement

Studies have revealed that employees with higher social and emotional intelligence are more highly engaged and have higher levels of performance. These employees, who are socially as well as emotionally proficient, have strong working relationships with their leaders and generate higher-quality performance. They show higher productivity and commitment (Boyatzis et al. 2017). Past studies have shown a positive and significant effect of social intelligence on the work engagement of employees (Sanwal and Sareen, 2023; Inan, 2022). In a study with 200 respondents from the FMCG sector, it was found that higher levels of social intelligence in employees were significantly associated with higher (Sanwal and Sareen, 2023). In this study, the most important predictor of employee engagement was social skills. Inan (2022) found a significant impact of social intelligence on the job engagement of Generation X women entrepreneurs. Another study by Jung and Yoon (2015) a study of 419 employees in Korea showed that social intelligence is a positive and significant predictor of job engagement. Past studies show that generally there is a relationship between social intelligence and job engagement. Based on the above review, it is hypothesized that:

H2: There is a significant relationship between social intelligence and employee engagement.

2.8 Emotional Intelligence and Employee Retention

Past studies have shown that emotional intelligence is associated with several outcomes that include employee performance, retention, and organizational commitment (Saxena, 2023; Phillips et al., 2021; Giao et al., 2020; Zeidan, 2020). The study by Giao et al. (2020) involving 722 employees in the banking sector revealed an inverse relationship between EI and the turnover intention of employees. Another study by Zeidan (2020) with a sample of 321 also revealed the significant effect of all dimensions of EI on turnover intentions. Similarly, Alzyoud et al. (2019) stated that a higher level of emotional intelligence can result in a higher sense of belonging by employees which subsequently leads to higher job satisfaction and retention. The findings of another study by Saxena et al. (2023) revealed a positive and significant effect of AI and EI on employee retention. However, the results of a study by Phillips et al. (2021) revealed that out of eight studies, only six studies had a positive and significant relationship between EI and retention of nurses. 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 emotional intelligence and employee retention.

2.9 Social Intelligence and Employee Retention

Social intelligence is another construct that is associated with employee retention (e.g., Park and Lee, 2016; Eketu, and Ogbu Edeh, 2015). A study by Sanwall and Sareen (2022) found a positive relationship between social intelligence and employee engagement. The study by Eketu and Ogbu Edeh (2015) with a sample of 159 employees of hotels revealed that employees with higher levels of social intelligence are more inclined to stay with the current organization. There can also be a relationship between social intelligence and employee-related outcomes that leads to employee retention. Studies have linked social intelligence and job satisfaction, and job satisfaction has been related to employee retention in other studies (e.g., Biason, 2020). Studies have also found that social intelligence is not a significant predictor of employee retention. In the study by Park and Lee (2016) involving 188 nurses, it was revealed that social intelligence did not have a significant effect on turnover intention. Past studies show that generally there is a relationship between social intelligence and job engagement. Based on the above review, it is hypothesized that:

H4: There is a significant relationship between social intelligence and employee retention.

2.10 Employee Engagement and Employee Retention

Studies have shown that employee engagement is a positive predictor of retention where higher levels of employee engagement reduce employees' intention to quit (Kossyva et al. 2024; Balakrishnan, et al., 2013; Ashraf, and Siddiqui, 2020; Alias, Noor, and Hassan, 2014). Ashraf, and Siddiqui, (2020) study of 200 employees revealed a positive and significant relationship between employee engagement and employee retention. Kossyva et al. (2024) added that organizations can retain talent through interaction with HRM practices that subsequently result in higher levels of employee engagement. The study by Balakrishnan, Masthan, and Chandra, (2013) that collected data from 185 employees proved that an increase in employee engagement can lead to higher levels of employee retention. Similarly, another study by Alias, Noor, and Hassan (2014) with a sample of 581 employees in the technology sector found a positive a significant relationship between employee engagement and retention. A study by Bhattacharya et al. (2015) further confirmed that employee engagement was positively and significantly associated with employee retention at both the senior and junior levels of officers. Past studies show that generally there is a relationship between social intelligence and job engagement. Based on the above review, it is hypothesized that:

H5: There is a significant relationship between employee engagement and employee retention.

2.11 The Mediating Role of Employee Engagement

Employee engagement plays a crucial role as a mediator between emotional intelligence and retention in various industries. Studies in the hospitality industry have shown that employee engagement significantly enhances the relationship between emotional intelligence and job performance (Sarfraz et al., 2023). Another study by Extremera et al. (2018) revealed that EI was significantly and positively related to employee engagement and job satisfaction. This study also confirmed that EI was indirectly associated with job satisfaction via employee engagement. Another study by Karatepe et al., (2021) revealed that employee engagement positively mediated the impact of some antecedents such as psychological contract and employee intention to remain with the organization. A study by Park et al., (2022) revealed that employee engagement partially mediated the relationship between transformational leadership on organizational commitment. In this study, employee engagement fully mediated in the relationship between. There is a dearth of studies on the mediating role of employee

engagement in the relationship between emotional intelligence and employee retention, Similarly, the mediating role of employee engagement between social intelligence and employee retention. Based on the mediating role of employee engagement, it is believed that employee engagement will be a mediator in the two hypotheses below:

H6: Employee engagement mediates the relationship between emotional intelligence and retention

H7: Employee engagement mediates the relationship between social intelligence and retention

3.0 Methodology and Research Design

3.1 Target Population, Sampling, and Sample Size

This was a quantitative study. According to Saunders et al. (2016), sampling is necessary since collecting data from the complete population is impossible. The sampling frame was not readily available, and the convenience sampling strategy was more suitable for this study (Saunders, et al., 2016). As explained by Memon et al. (2020), probability sampling techniques and formulas to calculate the sample sizes are categorically inappropriate in the absence of a sampling frame. The target population was Generation Y employees in Kuala Lumpur, Malaysia. A method of sample size calculation for multiple regression analysis is the formula suggested by Green (1991) as: N > 50 + 8p where p is the number of predictors. Using the formula by Green (1991), a sample of 98 respondents is adequate. For better accuracy, the target sample for this study was 150 respondents. 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

A self-administered questionnaire was used to capture responses across the target population. The form is organized into Section A and Section B. Using nominal and ordinal scales, Section A of this questionnaire encapsulated demographic details. Section B of the questionnaire was designed to measure the constructs in this study. Emotional intelligence was measured based on the questions adapted from the scale by Wong and Law (2002). Social intelligence was measured based on questions by Frankovsky and Birknerová (2014). Employee engagement was measured based on the questions UWES scale developed by Schaufeli, Bakker, and Salanove (2006). Employee retention was measured based on the questions adapted from Kundu & Lata (2017).

3.3 Data Collection and Data Analysis

Self-administered questionnaires were circulated, and data was gathered utilizing a survey approach. The use of survey questionnaires allows for simultaneous access to a large number of respondents (Saunders et al., 2016). After three months, 174 fully completed survey questionnaires were received from respondents due to the delayed and slow response rate. After editing and coding, four survey questionnaires were removed. The SPSS and SmartPls systems were used for the data analysis.

The measurement Model includes an assessment of the Quality of the Constructs including Reliability and Validity. In the measurement model, the focus is on how to report the reliability and validity of the constructs in this study. An assessment of the Factor Loading was done and constructs with low 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. The table shows the characteristics of the respondents.

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		
Gender				
Male	80	47.1		
Female	90	52.9		
Marital Status				
Single	126	74.1		
Married	44	25.9		

In terms of age, most of the respondents were below the age of 30 (69.4%). There were slightly more females than males. Based on marital status, most of the respondents were singles (74%).

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 also stated that the values of reliability that are between 0.60 and 0.70 are deemed acceptable and values in the range between 0.70 and 0.90 range from "satisfactory to good." In this study, all the values of Cronbach alpha and composite reliability were above 0.700 and below 0.900. This means that the were no issues related to reliabilities (Hair et al., 2021).

Table 2 below displays the reliability testing results. The dependability of the internal consistency was looked at. According to Hair et al. (2021), this is the "degree to which indicators measuring the same construct are associated with each other" (Hair et al., 2021, p 77)). According to Hair et al. (2021), Cronbach alpha and composite reliability were within the acceptable range. According to Hair, reliability values in the range of 0.6 to 0.7 are considered acceptable, while those in the range of 0.7 to 90 are classified as "satisfactory to good." All Cronbach alpha and composite reliability values in this study were above 0.7 and below 0.9. This indicates that there were no reliability-related problems (Hair et al. 2021).

The degree to which variables quantifying the comparable framework are correlated with one another is described as internal consistency reliability (Hair et al., 2021). Internal consistency reliability scores of at minimum 0.6 are expected for this investigation to meet internal consistency requirements or reliability of data. The value of rho for all constructs in this analysis was greater than 0.7. The Cronbach Alpha and composite reliability values were both above 0.7. Therefore, internal consistency was established.

Table-2. Construct Validity and Reliability

	Cronbach's alpha	Composite reliability	Composite reliability	Average variance extracted (AVE)
		(rho_a)	(rho_c)	
Emotional	0.845	0.853	0.883	0.520
Employee Engagement	0.905	0.913	0.920	0.512
Employee Retention	0.908	0.921	0.942	0.844
Social	0.940	0.947	0.946	0.508

4.3 Convergent Validity

Firstly, the factor loadings and indicators with low factor loading were deleted. Hair et al. (2021) recommended that indicator loadings should be above 0.708 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 convergent validity is evaluated based on the average variance extracted (AVE) and the acceptable value of AVE is 0.50 and above. As shown in Table 2, the value of AVE for all constructs was above 0.5.

4.4 Discriminant Validity

The discriminant validity "measures the extent to which a construct is empirically distinct from other constructs in the structural model" (Hair et al., 2021). The two main criteria to measure discriminant validity are the Fornell Larcker criterion and the heterotrait—monotrait ratio (HTMT). Based on the Fornell Larcker criterion, "the shared variance between all model constructs should not be larger than their AVEs' (Hair et al. 2021, p78). As shown in Table 3, this criterion was fulfilled. Next is the HTMT criterion and the proposed threshold value is 0.90 (Henseler et al., 2015). As shown in Table 4, all the values are lower than 0.9, and as such discriminant validity is not violated.

Table-3. Discriminant validity – Fornell Larcker

	Emotional	Employee	Employee	Social
	Intelligence	Engagement	Retention	Intelligence
Emotional	0.721			
Employee Engagement	0.570	0.715		
Employee Retention	0.252	0.547	0.919	
Social	0.656	0.494	0.187	0.712

Table-4. Heterotrait-Monotrait Ratio (HTMT)

	Emotional	Employee	Employee	Social
	Intelligence	Engagement	Retention	Intelligence
Emotional				
Employee Engagement	0.628			
Employee Retention	0.280	0.575		
Social	0.714	0.504	0.190	

4.5 Multicollinearity - Outer Model and Inner 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. The standard metric for assessing indicator collinearity is the variance inflation factor (VIF).

Values greater than 5 points towards collinearity problems. As indicated in Table 5 below, all the VIF values are below 5 for the outer model. Table 6 shows that all the VIF values are also below 3.5. Therefore, there is no collinearity problem in this study.

Table-5. Variance Inflation Factor (VIF) Outer Model

Item	VIF	Item	VIF
EE1	1.984	ER1	3.026
EE10	2.393	ER2	2.995
EE11	2.416	ER3	2.982
EE2	1.794	SQ10	2.358
EE3	2.752	SQ11	2.563
EE4	2.492	SQ12	2.509
EE5	1.689	SQ13	1.929
EE6	2.313	SQ14	2.181
EE7	2.494	SQ15	2.168
EE8	2.796	SQ16	2.091
EE9	2.215	SQ17	2.537
EQ1	2.035	SQ18	2.228
EQ10	2.141	SQ19	2.509
EQ11	2.097	SQ22	2.434
EQ12	1.595	SQ23	2.280
EQ2	2.303	SQ24	3.358
EQ3	1.707	SQ4	2.109
EQ9	2.109	SQ7	2.201
		SQ8	2.560
		SQ9	2.075

Table-6. Variance Inflation Factor (VIF) Inner Model

Relationship	VIF
Emotional -> Employee Engagement	1.756
Emotional -> Employee Retention	2.042
Employee Engagement -> Employee Retention	1.539
Social -> Employee Engagement	1.756
Social -> Employee Retention	1.825

4.6 Coefficient of Determination (R-square)

The R2 value related to the first endogenous construct i.e., employee engagement was 0.350 and this indicates that 35% of the variance is explained by the exogenous variables. The r-square value of 0.310 for employee retention indicates that 31% of the variance is explained in the endogenous variables. As suggested by Hair et al. (2021), R2 values of 0.75 are considered substantial, 0.50 is moderate and 0.25 for endogenous latent variables can, as a rough rule of thumb, be respectively described as substantial, moderate, or weak. Therefore, in this study the R2 value is moderate. See Table 7 for the R-values.

Table 7: R Square

	R-square	R-square adjusted
Employee Engagement	0.350	0.342

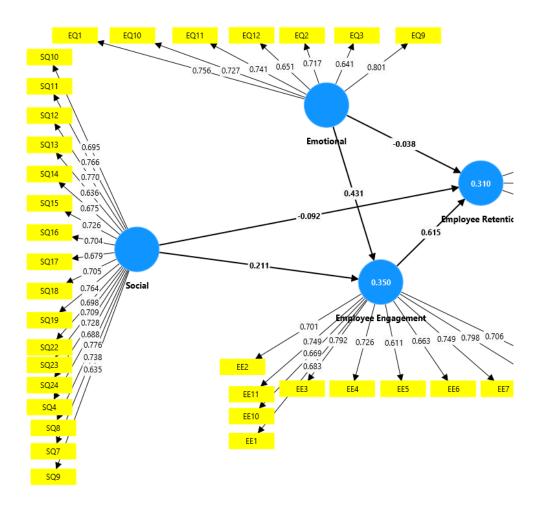
4.7 Path Coefficients (Test of Hypothesis)

The next step is to evaluate the significance of the path coefficients. The path coefficient diagram is shown in Figure 1 and Table 8. Bootstrapping was done using 5000 sub-samples. As a rule of thumb, the significance must be below the 0.05 level and a t-value greater than 1.96. The findings indicated that emotional intelligence had a positive and significant influence on employee engagement (p < 0.05). Social intelligence has a positive and significant influence on employee retention (p < 0.05). Employee engagement has a positive and significant influence on employee retention (p < 0.000). However, both EI and social intelligence had an insignificant impact on employee retention. Therefore, hypothesis H1, H2, H5 were supported. Hypothesis H3 and H4 were not supported.

Table-8. Hypothesis Testing after Bootstrapping

	Original	Sample	Standard	T statistics	P values
	sample (O)	mean (M)	deviation		
Emotional -> Employee	0.431	0.429	0.085	5.098	0.000
Engagement					
Emotional -> Employee	-0.038	-0.039	0.092	0.414	0.679
Retention					
Employee Engagement ->	0.615	0.622	0.070	8.814	0.000
Employee Retention					
Social -> Employee	0.211	0.222	0.091	2.326	0.020
Engagement					
Social -> Employee	-0.092	-0.088	0.096	0.958	0.338
Retention					

Figure-1. Path coefficients



4.8 Moderator Testing

The approach by Zhao et al., (2010) was utilized for testing mediation. First, the indirect effect assessment was done by regressing the mediator variable (M) on the independent variable (X)which is employee retention. Next, the direct effect assessment was done by regressing the dependent variable (Y) on both the independent variable (X) and the mediator (M). Based on Table 8, Employee Engagement has a positive and significant effect on employee retention. Emotional intelligence and social intelligence were significantly related to employee engagement. However, both EI and social intelligence had an insignificant direct impact on employee retention. Therefore, based on the formula by Zhao et al. (2010), if the indirect effect is significant, but the direct effect is not, there is evidence of full mediation. Hypothesis H6 was supported where employee engagement mediated the relationship between emotional intelligence and retention. Hypothesis H7 was also supported where employee engagement mediated the relationship between social intelligence and retention. In both hypotheses, there was full mediation. In this study, the effect of EI and Social intelligence was fully mediated by employee engagement.

5.0 Discussion, Implications, Limitations, and Recommendations

5.1 Discussion

Emotional intelligence (EI) was hypothesized to influence employee engagement. The hypothesis was supported. This indicated that EI had a positive and substantial influence on employee engagement in Malaysia's ICT industry. The results are similar to some past studies (Selvi, and Aiswarya, 2023; George et al., 2022; Nanda & Randhawa, 2020). This means that employees with higher levels of EI will have higher levels of engagement because they are aware and can manage their emotions. In addition, they practice empathy and build relationships with others. They can develop strategies to handle stress and also boost their morale and establish good relationships with their colleagues and supervisors. Employees with higher EI are good at building relationships and influencing others and this leads to higher job satisfaction and engagement. Emotional intelligence is critical in building and maintaining relationships and influencing others.

Employee engagement is said to be influenced by social intelligence. The hypothesis was supported. This means that social intelligence had a positive and significant impact on employee engagement in Malaysia's ICT industry. The findings of this study are similar to other earlier research studies (Sanwal and Sareen, 2023; Inan, 2022). Similar to other studies, this study also revealed that higher levels of employee engagement emphasize the importance of social intelligence among employees. Social intelligence can enable employees in firms to attain higher levels of enthusiasm and effectiveness leading to higher levels of engagement.

Emotional intelligence was hypothesized to influence employee retention. The hypothesis was not supported. This means that emotional intelligence is negatively and inversely related to employee retention in the ICT industry of Malaysia. The outcomes of this research deviated from prior studies (Saxena et al., 2023; Phillips et al., 2021). A possible explanation is that retention is not a major concern to employees due to changes in the environment after and does not affect their emotions. Another possible reason is that emotional intelligence is overshadowed by other factors such as psychological resilience.

Social intelligence was hypothesized to influence employee retention. The hypothesis was not supported. This means that social intelligence had a low impact on employee retention. The results are similar to the results from other studies (Park and Lee, 2016; Eketu, and Ogbu Edeh, 2015). Social intelligence can be a predictor of several other outcomes such as work fulfillment, self-efficacy, job satisfaction, and retention. Employee willingness to stay in the position, according to Eketu & Ogbu Edeh (2015), is strongly attributable to their attitude and intelligence in the company. Workers with strong social intelligence can get along with and cooperate with their superiors and acquaintances. As a result, they will be more effective and produce spectacular accomplishments. They are also more likely to stay interested and dedicated to the business.

Employee engagement was hypothesized to have an impact on employee retention. The results of this study supported the hypothesis. This means that employee engagement has 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; Balakrishnan, Masthan, and Chandra, 2013). 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 emotional intelligence and employee retention. The results showed that employee engagement was a full mediator between EI and employee retention. This means that employees' emotional intelligence increases their retention through employee engagement. Studies have shown a positive impact of EI with employee engagement (Selvi, and Aiswarya, 2023; George et al., 2022). Studies have also shown that employee engagement is a positive predictor of retention where higher levels of employee engagement reduce employees' intention to quit (Kossyva et al. 2024). With higher employee work engagement levels, employees will input greater vigor, dedication, and absorption or immersion (Schaufeli et al. 2006) into their work and this will lead to higher job performance and employee retention.

Employee engagement was hypothesized to mediate the relationship between social intelligence and employee retention. The results showed that employee engagement was a full mediator between EI and employee retention. This means that employees' social intelligence increases their retention through higher levels of engagement. Past studies have shown a positive and significant effect of social intelligence on the work engagement of employees (Sanwal and Sareen, 2023). Studies have also shown that employee engagement is a positive predictor of retention where higher levels of employee engagement reduce employees' intention to quit (Kossyva et al. 2024). Higher levels of social intelligence will lead to greater social interactions and interpersonal connections. Interpersonal competencies and interactions will inspire employees to be effective and improve their engagement levels.

5.2 Implications

This study focused on the impact of employees' emotional intelligence, and social intelligence on employee engagement and retention after the pandemic in Malaysia. In addition, the results provided some new insights into the effect of employee engagement on employee retention after the pandemic. The study found that emotional intelligence and social intelligence had a positive and significant impact on the engagement of employees. Emotional intelligence had a higher impact than social intelligence. As shown in this study, EI will continue to be a vital component for organizational leaders to engage employees continuously and successfully. As shown in this study, EQ can be one of the most important elements to engage employees in the new normal. EQ is expected to provide support for stronger engagement, which in turn leads to better productivity and a lower turnover of employees. Other than rewarding and honoring employees, organizations should provide training on EQ to their employees. For retention of employees, EQ, and social intelligence had an insignificant impact on the retention of employees.

This study further confirmed that employee engagement is a critical element in retaining employees. Employee engagement also had a high impact on employee retention. In addition, employee engagement had a full mediation effect on the relationship between EI and employee retention. Similarly, employee engagement had a full mediation effect on the relationship between social intelligence and employee retention. Business organizations should focus on employee engagement to retain talent. Employee engagement can make employees feel committed to an organization, identify with an organization, satisfied and energized (Stein et al., 2021). As recommended in the Harvard Business Review, organizations must take proactive steps to increase employee engagement or risk losing their workforce (Stein et al., 2021). Leaders in organizations need to connect what employees, provide autonomy, and make work less stressful. This will lead to higher retention rates of employees.

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 emotional intelligence

compared to social intelligence. In addition, this study further highlighted the importance of employee engagement in the retention of employees after the pandemic. Emotional intelligence and social intelligence were found to have an insignificant impact on the retention of employees after the pandemic. The results also highlighted the significant mediation role of employee engagement between EI and retention and also between Social intelligence and retention. 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 emotional intelligence and social intelligence as the determinants of employee engagement and retention. There are other kinds of intelligence such as adaptive intelligence. It is recommended that future studies include adaptive intelligence as this can have a critical effect on employee engagement and retention. Due to reasons of parsimony, this study did not include moderators. The inclusion of moderators such as the age and gender 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.

6.0 References

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