

Arab American University
Faculty of Graduate Studies
Department of Administrative &
Financial Sciences
Master Program in Human Resources Management



**“The Impact of Work Environment on Employee Retention in the
Microfinance Sector: The Mediating Role of Job Satisfaction”**

Rola Mahmoud Mohammed Hamdan

202216414

Supervision Committee:

Dr. Raed Iriqat

Prof. Fathallah Ghanem

Prof. Atieh Musleh

**This Thesis Was Submitted in Partial Fulfillment of the Requirements
for the Master Degree in Human Resources Management**

Palestine, 09/ 2025

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Thesis Approval




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Rola Mahmoud Moahmmed Hamdan

202216414

This thesis was defended successfully on 6/9/2025 and approved by:

Thesis Committee Members:

Name	Title	Signature
1. Dr. Raed Iriqat	Main Supervisor	
2. Prof. Fathallah Ghanem	Members of Supervision Committee	
3. Prof. Atieh Musleh	Members of Supervision Committee	

Palestine, 09/2025

Declaration

I declare that, except where explicit reference is made to the contribution of others, this thesis is substantially my own work and has not been submitted for any other degree at the Arab American University or any other institution.

Student Name: Rola Mahmoud Mohammed Hamdan

Student ID: 202216414

Signature: 

Date of Submitting the Final Version of the Thesis: 29.9.2025

Dedication

In the name of Allah.

To my homeland, Palestine- the land of strength and resilience.

To our people in Gaza and across Palestine- your courage in the face of injustice, your pain, and your hope stand as a symbol of resilience and pride.

To my beloved father and mother- your love, prayers, and sacrifices made this journey possible.

To my dear sisters and brothers- your support has always lifted me.

To the entire family, whose love and generosity continue to inspire me.

To my friends and colleagues- thank you for your encouragement and kindness along the way.

I dedicate this work with love, respect, and deep gratitude to all of you.

Rola Mahmoud Mohammed Hamdan

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I want to thank from my heart the Microfinance sector in the West Bank of Palestine for giving me permission to gather data for this study. Without their assistance, this study could never have reached completion.

Furthermore, I want to give emphasis to my sincere gratitude to all my friends and colleagues, who stood by me and encouraged me all the way.

Finally, I dedicate this work to my family, who were my rock throughout this journey with unfailing love and encouragement. It is by their belief in me that I was able to realize this success.

Many thanks, Rola Mahmoud Mohammed Hamdan

“The impact of work environment on employee retention in the Microfinance sector: The mediating role of job satisfaction”

Rola Mahmoud Mohammed Hamdan

Dr. Raed Iriqat

Prof. Fathallah Ghanem

Prof. Atieh Musleh

Abstract

Purpose: The primary aim of this research is to examine the mediating role of job satisfaction in the impact of the work environment on employee retention in Palestinian microfinance institutions.

Methodology: The study follows a quantitative, cross-sectional design using structured questionnaires distributed to employees across nine microfinance institutions in the West Bank. Validated scales were employed to measure the constructs of work environment, job satisfaction, and employee retention. Data was analyzed through descriptive statistics, reliability assessments, correlation analysis, and Structural Equation Modeling (SEM) to test both direct and mediating effects.

Results: The findings confirm that both humanistic and entrepreneurial aspects of the work environment significantly affect job satisfaction, which in turn has a positive effect on employee retention. The results show that job satisfaction fully mediates the relationship between the work environment and employee retention, emphasizing the importance of fostering supportive and empowering work conditions.

Value/ Originality: This research contributes original insights to the underexplored field of human resource management in the Palestinian microfinance sector, especially within conflict-affected regions. It introduces a dual-dimensional model of job satisfaction and provides empirical validation through a robust quantitative framework, offering theoretical contributions and practical recommendations for HR policy and practice.

Keywords: Work Environment, Job Satisfaction, Employee Retention, Microfinance Sector.

Table of Contents

Declaration	I
Dedication	II
Acknowledgments.....	III
Abstract	IV
List of Tables	IX
List of Figures	X
List of Appendices	XI
List of Definitions of Abbreviations	XII
Chapter One: Introduction	1
1.1 Background.....	1
1.2 Research Significance	3
1.2.1 Theoretical Significance:	3
1.2.2 Practical Significance:.....	4
1.3 Problem Statement	4
1.4 Research Aim.....	6
1.5 Research Objectives.....	7
1.6 Research Questions	7
1.7 Research Hypothesis	8
1.8 Research Scope (Delimitation)	8
1.9 Terminology.....	9
1.10 Operational Definitions.....	9
1.11 Conceptual Framework	10
Figure (2.1): Conceptual Framework.....	10
Table 1.1: Conceptual and Operational Definitions.....	11
Chapter Two: Literature Review and Hypotheses Development.....	12
2.0 Introduction.....	12
2.1 Conceptual Foundation and Building Theory	12
2.1.1 Palestinian Microfinance Sector	12
2.1.2 Work Environment.....	15
2.1.3 Job Satisfaction	17
2.1.4 Employee Retention.....	20
2.2 Hypotheses Development	23
2.2.1 Work Environment and Job Satisfaction	23
2.2.2 Job Satisfaction and Employee Retention.....	25
2.2.3 Work Environment and Employee Retention	27

2.2.4	Work Environment and Employee Retention Through Job Satisfaction	28
	Table (2.1) Conceptualizations of Previous Study: Work Environment and Employee Retention, and Job Satisfaction	30
	Table (2.2) Key Studies Supporting Hypotheses	31
	Chapter Three: Methodology	32
3.1	Introduction.....	32
3.2	Research Design.....	32
3.3	Study Population and Settings	33
3.4	Study Sample	34
	Table (3.1) IMF Institution population and sample size (out of 240).....	35
3.5	Study Tool.....	36
	Table (3.2) Items for Measuring Constructs	37
3.6	Data Collection	37
3.7	Data Analysis, Reliability, and Validity	38
3.7.1	Descriptive Statistics.....	39
3.7.2	Measurement Model Evaluation	39
3.7.3	Structural Model Evaluation	40
3.7.4	Hypothesis Testing.....	41
3.8	Ethical Consideration.....	41
	Chapter Four: Result	43
4.1	Introduction.....	43
4.2	Characteristics of Respondents	43
	Table (4.1) Demographic Characteristics Analysis	44
4.3	Descriptive Statistics.....	44
4.3.1	Work Environment (WE).....	45
	Table (4.2): Work Environment Dimensions and Indicators: Mean, Standard Deviation, and Percentage	46
4.3.2	Job Satisfaction (JS).....	46
	Table (4.3): Job Satisfaction Dimensions and Indicators: Mean, Standard Deviation, and Percentage	47
4.3.3	Employee Retention (ER)	48
	Table (4.4): Employee Retention Dimensions and Indicators: Mean, Standard Deviation, and Percentage	50
4.4	Evaluation of the Study Model	51
4.4.1	Assessment of Data Normality	52
4.4.2	Internal Consistency Reliability.....	53
	Table (4.5) Construct Reliability Analysis.....	54

4.5	Convergent Validity.....	54
4.5.1	Outer Loading.....	54
	Table (4.6) Outer Loading of Indicators.....	56
4.5.2	Average Variance Extracted (AVE).....	58
	Table (4.7) Average Variance Extracted (AVE) Analysis.....	59
4.5.3	Discriminant Validity.....	59
	Table (4.8) Fornell-Larcker criterion (1st Order).....	62
	Table (4.9) Heterotrait-Monotrait ratio (1st Order).....	62
	Table (4.10) Fornell-Larcker criterion (2nd Order).....	62
	Table (4.11) Heterotrait-Monotrait ratio (2nd Order).....	63
4.6	Structural Model Assessment.....	63
4.6.1	Indicator Multicollinearity.....	63
	Table (4.12) Result of Collinearity Statistics (VIF) for Indicators.....	64
4.6.2	Coefficient of Determination (R^2).....	66
	Table (4.13) Results of R^2	67
4.6.3	Predictive Relevance (Q^2).....	67
	Table (4.14) Results of Q^2	68
4.6.4	Effect Size (f^2) tests.....	68
	Table (4.15) Results of f^2	69
4.7	Research Hypotheses Testing.....	70
	Figure (4.1) Results of Path Analysis.....	70
4.7.1	Results of the Hypothesis.....	71
4.7.2	Work Environment and Job Satisfaction.....	71
	Table (4.16) Results of the First Hypothesis.....	71
4.7.3	Job Satisfaction and Employee Retention.....	71
	Table (4.17) Results of the Second Hypothesis.....	72
4.7.4	Work Environment and Employee Retention.....	72
	Table (4.18) Results of the Third Hypothesis.....	73
4.7.5	Mediation Effect of Job Satisfaction on the Relationship Between Work Environment and Employee Retention.....	73
	Table (4.19) Results of the Fourth Hypothesis.....	74
4.8	Chapter Summary.....	74
	Chapter Five: Discussion of Findings.....	76
5.1	Introduction.....	76
5.2	Descriptive Analysis.....	76
5.3	Work Environment and Job Satisfaction.....	78
5.4	Job Satisfaction and Employee Retention.....	81

5.5	Work Environment and Employee Retention	83
5.6	Work Environment and Employee Retention Through Job Satisfaction	85
5.7	Chapter Summary	87
	Study Recommendations.....	88
	Study Limitations.....	89
	Future Studies	90
	References.....	92
	Appendices.....	104
	Appendix (A) Result of Normality	104
	Appendix (B) Cross Loading Result.....	107
	Appendix (C) Research Questionnaire English Version.....	109
	Appendix (D) Research Questionnaire Arabic Version.....	115
	ملخص	121

List of Tables

Table 1.1: Conceptual and Operational Definitions.....	11
Table (2.1) Conceptualizations of Previous Study: Work Environment and Employee Retention, and Job Satisfaction	30
Table (2.2) Key Studies Supporting Hypotheses	31
Table (3.1) IMF Institution population and sample size (out of 240)	37
Table (3.2) Items for Measuring Constructs	37
Table (4.1) Demographic Characteristics Analysis	44
Table (4.2): Work Environment Dimensions and Indicators: Mean, Standard Deviation, and Percentage	46
Table (4.3): Job Satisfaction Dimensions and Indicators: Mean, Standard Deviation, and Percentage	47
Table (4.4): Employee Retention Dimensions and Indicators: Mean, Standard Deviation, and Percentage	50
Table (4.5) Construct Reliability Analysis.....	54
Table (4.6) Outer Loading of Indicators	56
Table (4.7) Average Variance Extracted (AVE) Analysis	59
Table (4.8) Fornell-Larcker criterion (1st Order).....	62
Table (4.9) Heterotrait-Monotrait ratio (1st Order)	62
Table (4.10) Fornell-Larcker criterion (2nd Order)	62
Table (4.11) Heterotrait-Monotrait ratio (2nd Order)	63
Table (4.12) Result of Collinearity Statistics (VIF) for Indicators	64
Table (4.13) Results of R ²	67
Table (4.14) Results of Q ²	68
Table (4.15) Results of f^2	69
Table (4.16) Results of the First Hypothesis.....	71
Table (4.17) Results of the Third Hypothesis	73
Table (4.18) Results of the Second Hypothesis	72
Table (4.19) Results of the Fourth Hypothesis	74

List of Figures

Figure (2.1): Conceptual Framework.....	10
Figure (4.1) Results of Path Analysis	70

List of Appendices

Appendix (A) Result of Normality	104
Appendix (B) Cross Loading Result.....	107
Appendix (C) Research Questionnaire English Version.....	109
Appendix (D) Research Questionnaire Arabic Version.....	115

List of Definitions of Abbreviations

No.	Abbreviations	Title
1.	MENA	Middle East and North African
2.	PMA	Palestine Monetary Authority's
3.	MFIs	Microfinance Institutions
4.	JCM	Job Characteristics Model
5.	GDP	Gross Domestic Product
6.	ESCWA	Expected Socioeconomic Impacts on the State of Palestine
7.	HR	Human Resource
8.	JD-R	Job Demands-Resources
9.	IT	Information Technology
10.	ACAD	Credit and Development
11.	CR	Composite Reliability
12.	AVE	Average Variance Extracted
13.	HTMT	Heterotrait- Monotrait
14.	AVE	Average Variance Extracted
15.	VIF	Variance Inflation Factor
16.	R^2	R-squared
17.	Q^2	Predictive Relevance
18.	F^2	F-squared
19.	SEM	Structural Equation Modeling
20.	WE	Work Environment
21.	HE	Humanistic Environment
22.	EE	Entrepreneurial Environment
23.	JS	Job Satisfaction
24.	PP	Positive Perceptions
25.	NP	Negative Perceptions
26.	ER	Employee Retention
27.	OC	Organizational Commitment
28.	RR	Reward and Recognition
29.	WP	Work Performance
30.	IN	Income
31.	K-S	Kolmogorov-Smirnov
32.	S-W	Shapiro-Wilk
33.	Std.	Standard Deviation
34.	M	Mean
35.	β	Path Coefficient

36.	Q	Question
37.	H	Hypothesis
38.	α	Cronbach's Alpha
39.	%	Percentage
40.	\$	United States Dollar
41.	#	Number

Chapter One: Introduction

1.1 Background

The working environment directly impacts employee experiences, as well as their retention decision (Donley, 2021). Factors such as job security, leadership style, salary, opportunities for advancement, and retention of employees (Choy & Kamoche, 2021; Hancock et al., 2013; Maphanga et al., 2024). A supportive work environment enhances employee satisfaction and reduces turnover (Pathan, 2023; Poghosyan et al., 2022; Yusliza et al., 2021). In contrast, organizations that refuse to build a supportive work environment normally experience high turnover rates, which causes recruitment costs to increase, productivity to decrease, and a cessation of service delivery (Bae, 2023). Employees who have a more supportive working environment generally tend to be more loyal to their organizations, leading to lower turnover levels, thus promoting sustainability as well (Fadhila & Sulistiyani, 2021).

Employee retention has become a critical concern in human resource management, as organizations worldwide strive to maintain a stable and committed workforce (Sepahvand & Bagherzadeh Khodashahri, 2021). Employee retention is an indicator of whether an organization can keep its workers and thus reduce instability within a given time. Retaining qualified, experienced employees is an important part of human resource management because it impacts organizational efficiency, continuity, and morale directly (Bilan et al., 2020). High retention rates create a stable workforce, mitigate recruitment and training costs, and preserve institutional memory (Timsina, 2024). According to Manroop et al. (2025), retention becomes particularly important in those sectors where staff expertise and uninterrupted services are core to fulfilling the goals of the organization.

The importance of employee retention has grown in response to evolving labor markets, competition for talent, and employee demand (Sorn et al., 2023). Contemporary employees seek a lot more than just a paycheck. They are interested in meaningful work, career development, supportive leaders, work-life balance, and a positive organizational climate (Houssein et al., 2020). Retention becomes not only a reactive measure to prevent attrition in the organizations, but rather a proactive opportunity to build a solid, inspired, and high-performing workforce (Rismayadi, 2024).

Retention is not only an internal operational concern but also a strategic imperative that impacts an organization's financial viability and long-term sustainability (Urme, 2023). High turnover correlates with financial losses, institutional memory is disrupted, and customer satisfaction suffers (Holtom & Burch, 2016). The Studies show organizations that focus on employee wellness and engagement have higher retention rates and greater commitment to their work (Mehta et al., 2014; Sypniewska et al., 2023). A systematic approach to retention programs was established in the banking, healthcare, and technology industries to ensure workforce stability through training, flexibility in the workplace, and performance-based incentives (Griffeth et al., 2000).

The microfinance sector relies heavily on a skilled and motivated workforce to deliver financial services to underserved populations. Globally, Microfinance institutions (MFIs) play a major role in bringing the world closer to economic development, offering small credits, loans, and other financial education services to people and enterprises that do not enjoy the usual traditional banking systems (Taiwo & Benson, 2016). However, the industry has been known to have long working hours, few professional growth opportunities, and job security, which in turn leads to heavy turnover rates among the employees within the sector (Djajasinga et al., 2021). A study stated that such aspects of workplaces as the endorsement of leadership, chances for career growth, and fair remuneration profoundly impact employee job satisfaction in staying further within the microfinance sector (Kariuki et al., 2022). The microfinance sector is selected for this study because it is vital for financial inclusion yet faces high employee turnover, and understanding how the work environment affects retention helps improve stability, sustainability, and service delivery.

Furthermore, the Middle East and North African (MENA) region presents complexities for employee retention. The economic crisis, political issues, and labor market fluctuations are what hold MENA back in its employee retention. The region now boasts a thriving microfinance industry with services directed at low-income individuals and small businesses. Microfinance institutions often fail to retain their staff owing to low salaries and heavy workloads combined with limited career opportunities. Most studies examining job satisfaction in MENA show that firms with a positive work culture, leadership support, and skill development have a better retention rate (Al-Hamadi et al., 2007; Alrazehi et al., 2021). Such organizations will typically show high employee engagement and low attrition.

The microfinance sector within the Palestinian sphere is very vital in economic promotion much working especially with vulnerable groups. According to the PMA (2023b) (Palestine Monetary Authority's) Microfinance Strategic Framework (2019–2023), as of 2018, nine MFIs operated across the West Bank and Gaza, serving approximately 83,000 active borrowers with an outstanding portfolio totaling nearly \$270 million. This marked a significant growth from 2011, when there were 37,000 active clients and an outstanding portfolio of around \$60 million. Despite this progress, a 2017 study estimated that between 245,000 and 345,000 potential borrowers remained unserved, indicating a market gap of \$630–900 million (PMA, 2023b). Addressing this gap is crucial, as increased access to microfinance services can enhance financial inclusion, stimulate entrepreneurship, and contribute to poverty alleviation.

Palestinian MFIs experience challenges such as political instability, economic volatility, and a continuously changing regulatory environment. One serious issue that arises is employee retention, as high turnover affects service delivery, escalates operating costs, and impacts customer relationships (Ayyash & Khalil, 2024b).

Since this sector provides a major backbone of economic resilience, it is imperative to formulate policies and management practices that would ensure improved worker satisfaction and retention. Employee retention is central to the ability of the Palestinian microfinance sector to operate within an environment that matters when it comes to job satisfaction and attrition rates. The perception of the effects of this on the larger population should be regarded as critical for politicians, leaders in industries, and human resource experts. Improving working conditions and job satisfaction in Palestinian MFIs will support employee retention for better customer performance, increase reach in financial inclusion, and sustain the growth of institutions.

1.2 Research Significance

This study holds both theoretical and practical value, offering insights for researchers and actionable guidance for institutions.

1.2.1 Theoretical Significance:

Global research has conducted studies on how working environments influence an employee's retention (Choy & Kamoche, 2021; Hancock et al., 2013; Maphanga et al.,

2024), yet there is a scant amount of work addressing how these dynamics operate in the unique socio-economic and political settings of Palestine. By focusing on job satisfaction as a mediating variable, this study contributes both theoretically and practically to the discourse on human resource management in challenging environments.

1.2.2 Practical Significance:

Beyond its academic contributions, the study is likely to find recognition for its real-world implications for microfinance organizations, legislators, and human resource experts, contrasting with its more theoretical academic focus. High employee turnover in the Palestinian microfinance sector, averaging 20.9% globally but amplified to potentially over 50% in conflict zones like Palestine due to war-induced disruptions, obstructs service delivery, incurs high recruitment and training costs, and negatively influences client relationships (Hossain et al., 2023; Shalaldah, 2024). This turnover is exacerbated by Palestine's soaring unemployment rate, which averaged 51.1% in 2024 (79.7% in Gaza and 34.9% in the West Bank) amid the Israel-Hamas war's economic fallout, including an 86% GDP contraction in Gaza, over 500,000 job losses, and widespread business closures that strain microfinance institution (MFI) operations and prompt staff exits for survival needs (ILO, 2024; PCBS, 2024; World Bank, 2024). Forecasts suggest a marginal decline to around 28.6% by Q2 2025, with partial recovery, but persistent instability could sustain these pressures (ILO, 2024). Gaining an understanding of the key factors impacting job satisfaction and retention could enable MFI managers to develop targeted interventions, such as enhanced engagement programs and improved working conditions, to bolster staff retention amid this humanitarian and economic crisis.

Findings from the study may inform HR policies regarding employee engagement, workplace support systems, and development opportunities, thereby reducing turnover and increasing institutional effectiveness. Furthermore, the government may find this research beneficial when formulating labor policies that support a more stable and productive workforce in the microfinance sector.

1.3 Problem Statement

Microfinance institutions (MFIs) provide economic empowerment through financial services to underprivileged communities in Palestine. However, these

institutions face a significant challenge: high employee turnover. This turnover leads to discontinuity in service provision, increased recruitment costs, and reduced overall organizational productivity (Bergman et al., 2023). Despite extensive research on employee retention in other industries, the unique interplay among work environment, job satisfaction, and employee retention in the Palestinian microfinance sector is still poorly explored and insufficiently substantiated with empirical evidence. While national reports such as the Palestine Monetary Authority Strategic Framework (2019–2023) discuss institutional growth, they fall short of offering systematic insights into employee retention trends within Palestinian MFIs (PMA, 2023b).

The current study draws on several established theories in organizational behavior and human resource management. Herzberg’s Two-Factor Theory distinguishes between hygiene factors (e.g., pay, job security) and motivators (e.g., recognition, responsibility), suggesting that job satisfaction is achieved not merely through the absence of dissatisfaction but through the presence of motivating factors (Herzberg et al., 1959). In the microfinance context, where both intrinsic and extrinsic pressures are present, this theory helps unpack the dual challenges of improving basic work conditions and creating meaningful roles.

The Job Characteristics Model (JCM) by Hackman and Oldham (1976) is particularly relevant to this study. It posits that job satisfaction and, consequently, retention are a function of five core job dimensions: skill variety, task identity, task significance, autonomy, and feedback. These dimensions are highly applicable to MFI work environments, where employees often face rigid role structures, unclear responsibilities, and limited growth pathways. Therefore, the JCM provides a comprehensive framework for understanding how modifications in work design may lead to improved satisfaction and reduced turnover.

Additionally, other complementary theories contribute to the framework of this study. Maslow’s Hierarchy of Needs emphasizes the importance of satisfying employees’ psychological and self-fulfillment needs, which are often unmet in high-stress sectors (Maslow, 1943). Social Exchange Theory by Blau (1964) and the Affective Events Theory by Weiss and Cropanzano (1996) further elucidate how perceived fairness, emotional experiences, and interpersonal treatment influence employee commitment and retention. These psychological and relational factors offer insights into the micro-level mechanisms by which a supportive work environment can lead to improved retention outcomes.

Empirical literature supports the proposition that job satisfaction mediates the relationship between the work environment and employee retention (Aiken et al., 2023; Pathan, 2023). In the context of microfinance, this mediation effect is particularly important, as high-pressure working conditions can lead to disengagement and burnout if not countered by factors like recognition, support, and career development (Ismaila, 2021; Kariuki et al., 2022). Despite growing scholarly interest in workplace psychology, few studies have analyzed how these dynamics unfold in Palestinian MFIs, where political instability, economic constraints, and regulatory shifts exacerbate human resource challenges (Ayyash & Khalil, 2024b; Khmour, 2023).

Thus, this study contributes significantly to academic literature and practical understanding of the subject. It aims to provide empirical evidence on the relationship between work environment attributes in job satisfaction and, eventually, employee retention at Palestinian microfinance institutions. Understanding such relationships is critical in developing targeted human resource strategies-leadership development, equitable remuneration frameworks, and employee wellness initiatives concerned with turnover reduction and stability in the organization (Whyte-Phillips, 2024).

There is evidence that in the MENA region, economic volatility and political instability have led to significant employee unhappiness, causing increased turnover across many industries (Verheijen et al., 2022). However, most of the studies on retention in the finance sector have focused on commercial banks, leaving MFIs underexplored. This gap is particularly accentuated by the case of Palestine, where microfinance is important for economic resilience but restricted due to staff instability and service disruption (Khmour, 2023)

In the absence of this research, MFI in Palestine is again faced with the risk of continued turnover among staff, resulting in inefficiencies, high operational costs, and diminished access to financial services for excluded populations. This is part of the understanding of these interactions under a politically intricate and economically pressured environment, with relevance for similar countries.

1.4 Research Aim

This study aims to examine the mediating role of job satisfaction in the impact of the work environment on employee retention in Palestinian microfinance institutions (MFIs).

1.5 Research Objectives

- 1.5.1 To identify the level of work environment (Humanistic and Entrepreneurial Environment) in the Palestinian MFIs.
- 1.5.2 To identify the level of job satisfaction in the Palestinian MFIs.
- 1.5.3 To identify the level of employee retention in the Palestinian MFIs.
- 1.5.4 To examine the work environment factors that directly impact employee retention in the Palestinian MFIs.
- 1.5.5 To examine the work environment factors that directly impact employee satisfaction in the Palestinian MFIs.
- 1.5.6 To examine employee satisfaction that directly impacts employee retention in the Palestinian MFIs.
- 1.5.7 To analyze the mediating role of job satisfaction in the impact of the work environment on employee retention in the Palestinian MFIs.

1.6 Research Questions

The main research question in this study is: What is the mediating role of job satisfaction in the impact of the work environment on employee retention in MFIs?

The following sub-research questions were formulated:

- 1.6.1 What is the level of the work environment (Humanistic and Entrepreneurial Environment) in the Palestinian MFIs?
- 1.6.2 What is the level of job satisfaction among employees in MFIs?
- 1.6.3 What is the level of employee retention in the Palestinian MFIs?
- 1.6.4 Which work environment factors have a direct impact on employee retention in the Palestinian MFIs?
- 1.6.5 Which work environment factors have a direct impact on employee job satisfaction in the Palestinian MFIs?
- 1.6.6 To what extent does job satisfaction directly influence employee retention in the Palestinian MFIs?
- 1.6.7 Does job satisfaction mediate the relationship between the work environment and employee retention in the Palestinian MFIs?

1.7 Research Hypothesis

- H1:** The work environment positively affects job satisfaction in Palestinian MFIs.
- H2:** Job satisfaction positively influences employee retention in Palestinian MFIs.
- H3:** The work environment significantly impacts employee retention in Palestinian MFIs.
- H4:** Job satisfaction significantly mediates the relationship between the work environment and employee retention in Palestinian MFIs.

1.8 Research Scope (Delimitation)

This study focuses on examining the impact of the work environment on employee retention in the Palestinian microfinance sector, with job satisfaction serving as a mediating variable. The scope of this research is defined by the following delimitations:

- 1.8.1 **Geographical Scope:** The study is limited to MFIs operating in Palestine, specifically within the West Bank and Gaza Strip. This geographical focus allows for a detailed examination of the unique economic, political, and social challenges influencing employee retention in Palestinian MFIs.
- 1.8.2 **Temporal Scope:** This research is confined to the microfinance sector, excluding commercial banks, other financial institutions, and non-financial industries. The microfinance sector is selected due to its critical role in economic development and financial inclusion, as well as its high employee turnover rates.
- 1.8.3 **Thematic Scope:** The study focuses on three key variables: Independent Variable: Work Environment (assessed through Humanistic Environment and Entrepreneurial Environment). Mediating Variable: Job Satisfaction (measured through positive and negative perceptions). Dependent Variable: Employee Retention (evaluated through Organizational Commitment, Reward and Recognition, Work Performance, and Income).
- 1.8.4 **Methodological Scope:** This study adopts a quantitative research approach, utilizing validated indicators from previous studies to measure the variables. Data will be collected through structured surveys administered to employees in Palestinian MFIs. The study does not include qualitative methods such as interviews or case studies.

1.9 Terminology

- 1.9.1 **Work Environment** refers to an organization's conditions, policies, and social climate that influence employees' experiences and productivity. It encompasses both tangible and intangible factors, including compensation, leadership support, work-life balance, career advancement opportunities, and organizational culture (Lopa, 2023).
- 1.9.2 **Job Satisfaction** means the extent to which employees feel at ease and fulfilled in their jobs, based on what they consider to be the conditions of the job, the rewards, and the relationships within it, such as with coworkers or managers (Locke, 1976). It is affected more from within, through inner factors, and in some respects, it is external: job role clarity, workplace relationships, recognition, and work autonomy (Hertzberg et al., 1959).
- 1.9.3 **Employee Retention** is the degree to which an organization can keep its people over time, which can be measured by how well the organization creates circumstances to encourage employees to stay (Hausknecht et al., 2009). Factors include, but are not limited to, job satisfaction, advancement, pay, and culture (Mitchell et al., 2001).

1.10 Operational Definitions

- 1.10.1 **Dependent Variable: Employee Retention:** The measurements for employee retention will be made with 37 classified indicators divided into four main dimensions: (a) Organizational Commitment, (b) Reward and Recognition, (c) Work Performance, and (d) Income. Dimension measurements supported by Halim et al. (2020) identified those important factors affecting employee retention. This method of measuring ensures the comprehensive evaluation of factors affecting employee decisions on retention in the organization.
- 1.10.2 **Mediator Variable: Job Satisfaction:** Job satisfaction is considered the mediating variable and will be evaluated through the 15 indicators that involve positive and negative assessments of the whole employment experience. Those indicators were studied by Issa Gazi et al. (2022), measuring employees' general satisfaction with their jobs based on role fulfillment, workplace relationships, and opportunities for professional advancement. The study, therefore, aims to verify

the effect of job satisfaction on the relationship between the work environment and employee retention via the analysis of these components.

1.10.3 Independent Variable: Work Environment: Work environment will be evaluated through 15 indicators along two main dimensions: (a) Humanistic Environment and (b) Entrepreneurial Environment. These two categories, corroborated by Abun (2021), comprise crucial workplace factors influencing employee experiences, such as leadership support, company culture, job autonomy, and employee relations. This study investigates how various indicators of the work environment impact job satisfaction and employee retention.

1.11 Conceptual Framework

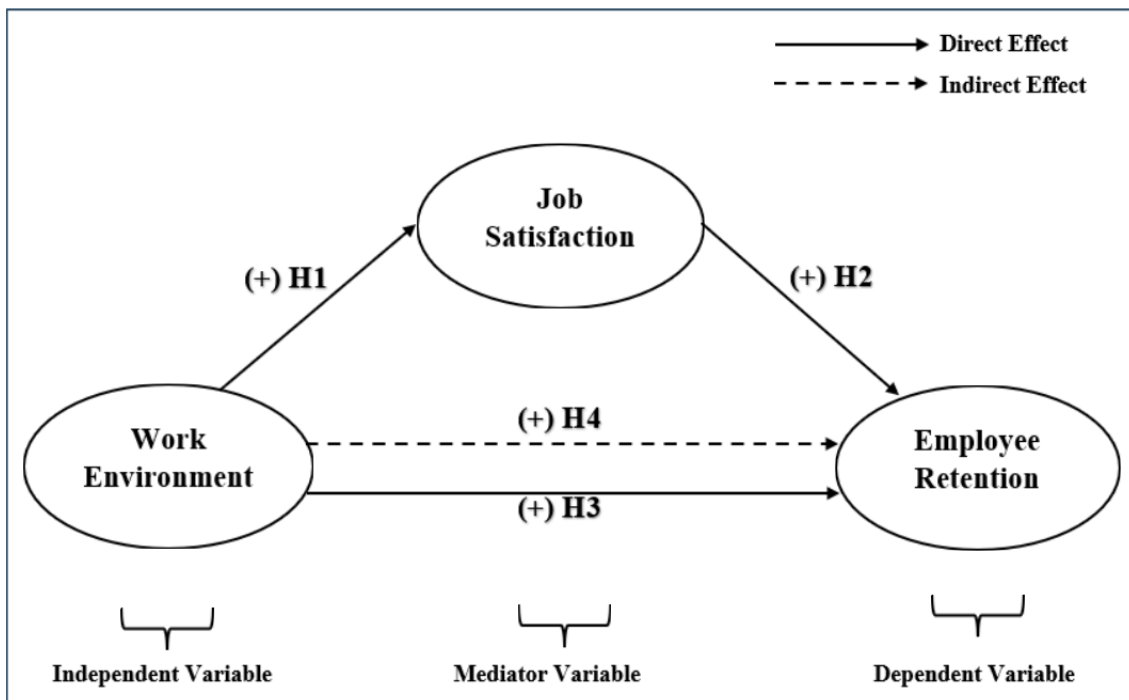


Figure (2.1): Conceptual Framework

Table 1.1: Conceptual and Operational Definitions

Construct	Type of Construct	Conceptualization	Operationalization	Source/ Author(s)	Scale
Work Environment	Independent Variable	The conditions, policies, and social climate within an organization that influence employees' experiences and productivity	15 indicators are categorized into two dimensions: (a)Humanistic Environment and (b)Entrepreneurial Environment.	Abun (2021)	Five-point Likert scale
Job Satisfaction	Mediator Variable	The level of contentment and fulfillment employees derive from their work is based on their perceptions of job conditions, rewards, and work relationships	18 indicators across two dimensions: (a)Positive Perceptions, and (b)Negative Perceptions.	Issa Gazi et al., (2022)	Five-point Likert scale
Employee Retention	Dependent Variable	An organization's ability to retain its workforce over time by creating conditions that encourage employees to stay	37 indicators across four dimensions: (a)Organizational Commitment, (b)Reward and Recognition, (c)Work Performance, and (d)Income.	Halim et al. (2020)	Five-point Likert scale

Chapter Two: Literature Review and Hypotheses Development

2.0 Introduction

This chapter presents the theoretical foundation and hypothesis development for the study titled "The Impact of Work Environment on Employee Retention in the Palestinian Microfinance Sector: The Mediating Role of Job Satisfaction" It examines the relationship between the work environment (humanistic and entrepreneurial), job satisfaction (positive and negative perceptions), and employee retention, considering factors (organizational commitment, reward and recognition, work performance, and income). Emphasis is placed on the mediating role of job satisfaction. By critically evaluating these constructs, the chapter establishes a framework to understand how workplace conditions influence employee retention in the unique context of Palestinian microfinance institutions.

2.1 Conceptual Foundation and Building Theory

2.1.1 Palestinian Microfinance Sector

The Palestinian economy is facing an unprecedented crisis marked by war, economic collapse, and deepening humanitarian hardship. While this study focuses on the West Bank microfinance sector, incorporating Gaza data is essential for several reasons. First, the Palestinian economy operates as a unified system under the Palestinian Monetary Authority, with shared fiscal policies, monetary frameworks, and financial institutions. Second, the war in Gaza has amplified West Bank challenges through economic interdependence. Third, using Gaza data provides a comparative lens to identify sector-wide resilience factors. This holistic approach ensures the study's findings on job satisfaction and retention in West Bank MFIs are robust, accounting for the conflict's pan-Palestinian ripple effects and promoting scalable strategies for the entire sector.

The Gaza Strip has endured massive destruction, with physical damage estimated at \$29.8 billion and economic losses at \$19.1 billion, resulting in an 83% GDP drop from 2023 to 2024. Recovery needs are projected at \$53.2 billion. Meanwhile, the West Bank faces intensified military operations, trade restrictions, and a forecasted 16% economic contraction (MAS, 2025). The Palestinian Authority ended 2024 with a fiscal deficit of

ILS 4.8 billion and continues to struggle with salary payments. Over 60% of Gazans face multidimensional poverty, highlighting the urgent need for global aid and reform (ESCWA, 2024).

The Palestinian microfinance sector is a crucial instrument for promoting financial inclusion, easing poverty, and developing the overall socioeconomic environment. Microfinance institutions (MFIs) are becoming increasingly important in facilitating access to financial services for the disadvantaged: women, youth, low-income families, and other groups (Taonga & Kueredza, 2022). This is especially true regarding the region's state of continuous political instability or economic volatility, along with fragmented labor markets, such that microfinance interventions are required to serve these groups (World-Bank, 2020). These institutions provide microloans, savings accounts, insurance products, and non-financial services such as financial literacy training and business development support that help clients start or develop small businesses and build financial resiliency (Ahairwe et al., 2022).

The Palestine Monetary Authority (PMA) regulates and supervises the sector through a regulatory framework that adheres to the highest standards of global practices, promoting increased transparency, client protection, and financial sustainability. Among PMA (2023a), Primary activities include issuing licenses to MFIs, conducting compliance monitoring, and providing capacity building. The Microfinance Network of Palestine (Sharaka) indicates that the industry comprises both for-profit and non-profit organizations serving more than 80,000 clients in 2023 with over \$300 million in loan portfolio holdings (Sharaka, 2023).

Despite its growth, there remain challenges confronting the Palestinian microfinance sector. Among others, external challenges are attached to a protracted environment of political instability, mobility restrictions, limited access to foreign funding, and high credit risks. The most prominent internal challenges for MFIs include high operational costs, limited economies of scale, and human resource challenges such as high turnover rates and employee burnout (Al Saifi, 2021; Morrar, 2024).

Retention of employees is a core issue and a major internal organizational challenge. Human capital constitutes a pivotal resource in the microfinance sector, where staff must build trust with clients because relationship-based lending requires a knowledge of local settings and the ability to offer "made-to-measure" services (Sahu et al., 2022). MFI employees work long hours, experience high-stress levels, have limited chances of promotion, and earn generally lower salaries than those of employees at larger

financial institutions (Hossain et al., 2023). Under such conditions, the turnover rate is too high; costs like recruitment and training expenses increase, and organizational stability is compromised with the clients' trust (MAGAFU, 2023).

The quality of the work environment is highly important for employee job satisfaction and commitment to the organization. A supportive work environment with competent leadership, participatory decision-making, recognition, equitable workload distribution, and chances for growth would not only improve employees' psychological well-being but also exercise a pull on them for long-term retention (Hackman & Oldham, 1965; Herzberg, 1966). A toxic or ambivalent workplace would facilitate burnout and turnover.

MFI's experiences stem from the harsh external environment in Palestine, given the stiff organizational necessity for resiliency. In addition to this, the production of a healthy working environment is now considered a requirement for strategy rather than a basis for HR practice. Studies conducted in conflict-afflicted and low-income settings indicated that organizational support, independence, and an atmosphere of respect have substantial effects on the interplay of stressors with employee happiness and intentions to turnover (Hadush & Katheriyar, 2023; Yousef, 2017).

Microfinance is described by certain unique characteristics about its operations, for instance, field visiting, client counseling, and risk assessment, and hence calls for flexible and empowered staff. An entrepreneurial work atmosphere, enhancing creativity and autonomy, and encouraging problem-solving, is of great importance in microfinance operations (Kulmie et al., 2023). Psychological safety and emotional support will enable an employee to cope with some of the complexities of the social-political realities in which he operate (Deci & Ryan, 2000).

Thus, examining the mediating role of job satisfaction provides a more nuanced understanding of how environmental factors translate into employee retention outcomes. This theoretical framework thus aligns with the Job Demands-Resources (JD-R) model as well as Herzberg's two-factor theory which suggests that motivation and hygiene factors together influence job satisfaction and performance (Bakker & Demerouti, 2007; Herzberg, 1966).

2.1.2 Work Environment

The working environment is a salient aspect of the organization that influences employees' performance, engagement, satisfaction, and retention. It refers to the overall environment within which employees operate and includes both physical infrastructure and a psychosocial atmosphere (Wijaya & Selamat, 2024). An ideal working environment would enable individuals to perform their duties while upholding their good emotional well-being, motivation, and commitment towards the company. Research on human resources now considers the work environment as something that has turned from fringe to the core of strategic consideration affecting employee retention and organizational sustainability (SALAU et al., 2022).

In labor-intensive sectors like microfinance, where employee-client interaction is important, the quality of the work environment becomes a variable of service delivery and institutional efficiency (Otit, 2022). Particularly in the Palestinian microfinance sector, this holds as the operations are characterized by conditions of political instability, economic volatility, and high social demand (Tabbaa, 2020). The Palestinian MFIs, hence, suffer from human resource-related problems such as limited opportunities for growth, poor packages, and chronic emotional exhaustion due to their community services. These elements account for a high turnover of employees and the challenge of retaining skilled personnel (Abukhalifa et al., 2023).

The humanistic workspace, as it were, was according to prioritizing the social and emotional needs of actors therein, that is, based on trust, respect, equity, and so on, psychological safety, leadership sponsorship, and acknowledgment (Sherman, 2022). It therefore created an environment of mutual respect, which enhanced the quality of interpersonal relations while building ownership and security in the workers regarding their work (Salina, 2023). This is so true for microfinance institutions, whereby the frontline staff usually work in emotionally intense environments and need constant morale and psychological support.

Within such humanistic environments in Palestinian microfinance institutions, there can be fortification against some extrinsic factors, for instance, a climate marked by instability and thus political struggles or financial stresses, accompanying desperate customers. Employees who perceive some level of support and esteem are more likely to develop stronger emotional ties with the organization, enhancing their overall happiness and retention intentions (Madden et al., 2015). Between IT employees, it has developed

a culture of innovation, risk-taking, initiative, and autonomy, in which, rather than creating cultures of rigidity, it has emphasized continuous improvement and response while emphasizing flexibility (Lipinski & Shomali, 2024).

The Palestinian MFIs operating in an environment of volatility and uncertainty, developing entrepreneurial behavior among the employees is imperative (Morrar, 2024). It would therefore mean employees often would need to be flexible on the changing needs of customers, varying states, and regulatory hurdles. Indeed, an entrepreneurial environment can significantly enhance employee engagement and productivity while providing a sense of ownership and self-efficacy on the employees' part, thereby boosting their retention rate (Kassa & Tsigu, 2022).

Theoretical Underpinning

- Herzberg's Two-Factor Theory (1959): Distinguishes between hygiene factors (which prevent dissatisfaction) and motivators (which drive satisfaction). The humanistic environment aligns with hygiene factors such as interpersonal relations and job security, while the entrepreneurial environment reflects motivators like achievement and responsibility (Herzberg, 1966).
- Job Demands-Resources (JD-R) Model: Proposes that job resources such as supportive culture and autonomy buffer the effect of job demands, foster motivation, and reduce burnout. Both dimensions of the work environment serve as job resources that increase engagement and reduce the likelihood of turnover (Bakker & Demerouti, 2007).

Based on the Social Exchange Theory as propounded by Blau (2017), employees tend to get integrated into organizations when they feel they are well-appreciated and receive equity from their organizations. An inspiring and empowering environment promotes reciprocity, revealing loyal and committed behavior by employees. The performance of employees is wedged primarily to the working environment in different industries and countries, according to the most recent studies (Bushiri, 2014; Lidman et al., 2022; Shammout, 2021).

Fridriksson et al. (2017) concluded that both the physical and psychological environments have much to do with the retention of employees, particularly in the service industry. Vo (2021), in a related study, also affirmed that trust and autonomy were the

most basic factors influencing job satisfaction and reducing employee retention in the entrepreneurial environment.

Indeed, a healthy work environment becomes more important in developing nations and conflict-affected areas. As indicated by research from Jha (2019), psychological safety moderated the relationship between leadership behavior and staff retention, which signifies that emotional security turns out to be an important predictor of organizational commitment during tough times. Shalaldah (2024) studied employee retention techniques in Palestinian microfinance companies and found that workplace stress, vague expectations, and inadequate empowerment were some important causes of attrition. The study advocated creating more participatory, respectful, and adaptable work cultures to enhance employee happiness and retention.

Results correlate well with the lived experiences of many Palestinian microfinance institutions, where staff are always under double pressure, attempting to contribute to community development while facing personal and organizational limitations. An organized work environment that integrates emotional support with professional autonomy could relieve such constraints and nurture a committed workforce (Aithal & Aithal, 2023).

2.1.3 Job Satisfaction

Job satisfaction is a central term in organizational psychology and human resource management; it refers to the extent to which employees express feelings of contentment, valued, and fulfilled by their work (Dirwan et al., 2024). These aspects comprise emotional, cognitive, and behavioral responses to one's job and work environment. According to Mardanov (2021), High levels of job satisfaction are usually associated with higher motivation, performance, organizational commitment, and professional permanence. On the other hand, dissatisfaction may result in low morale, absenteeism, and even higher turnover rates in any organization (Mabindisa & Legoabe, 2021).

In most Palestinian microfinance institutions, where most employees face heavy workloads, emotional exhaustion, and disturbed socio-political surroundings, understanding the causes and effects of job satisfaction is indeed very necessary (Jarbou & Al-Ross, 2013). They must do multiple jobs that meet the expectations of the community and work in resource-poor environments. This shows that job satisfaction is

both a buffer against work stress and an indicator of long-term commitment to the organization (Pasha & Rezaei, 2021).

This research utilizes the two-dimensional job satisfaction model presented by Issa Gazi et al. (2022) and captures positive and negative evocations. These characteristics demonstrate the complicated and often ambivalent nature of employees' experiences in the workplace. Some of the factors that inspire positive job satisfaction include meaningful work experience, alignment with company values, and intrinsic as well as extrinsic awards. Recognition and achievement are defined by Kumari et al. (2021). Employees receiving recognition and rewards for their contributions are more inclined to experience intrinsic motivation and satisfaction in their jobs.

Professional development is an opportunity for skill development, career advancement, and learning to have a substantial impact on how employees judge their work experience (Yaroshenko et al., 2020). The balance between work and personal life is a fair blend of work and life enhances an employee's happiness since he can take care of himself while keeping the professional end of his obligations (Adnan Bataineh, 2019). These positive attitudes support the well-being of Palestinian microfinance organizations in difficult socio-economic conditions. Increased perceived contribution to community empowerment usually translates into heightened purpose and job satisfaction among employees of such organizations (Nimran et al., 2024).

Unpleasant jobs imply unhappiness and dissatisfaction through perceived inequities, lack of support, or adverse working conditions. Such judgments may be about inadequate leadership or supervision: ineffective or unsupportive leadership can undermine trust and create frustration and withdrawal (Da Fonseca et al., 2022). Job stress and emotional burnout: Heavy workloads, unattainable goals, and pressure from clients are common sources of stress in microfinance jobs (Ogheneyole et al.). Dissatisfaction increases when employees believe their compensation does not match their work or value in the labor market (Mabindisa & Legoabe, 2021).

In the Palestinian context, political violence and economic limitations may contribute to more problems. Under-budgeting, bureaucratic bottlenecks, and high expectations from clients can culminate in suboptimal job design and vague duties; such conditions develop negative attitudes and low satisfaction in Duke and Duke (2018).

Theoretical Underpinning

- Herzberg's Two-Factor Theory (1959) Posits that satisfaction and dissatisfaction are influenced by different sets of factors. Motivators (e.g., recognition, achievement) lead to satisfaction, while hygiene factors (e.g., salary, job security) prevent dissatisfaction. This framework supports the dual-dimensional approach adopted in this study (Herzberg, 1966).
- Affective Events Theory: Suggests that workplace events—positive or negative—trigger emotional reactions that influence job satisfaction. This theory explains the fluctuation of satisfaction based on daily experiences, particularly relevant in dynamic sectors like microfinance (Weiss & Cropanzano, 1996).
- Equity Theory: Argues that employees compare their input-output ratios with those of others. Perceptions of unfair treatment can lead to dissatisfaction and ultimately, turnover (Adams, 1965).

Job satisfaction is an important predictor of various organizational outcomes, such as employee retention. Several studies have shown that satisfied employees are much more likely to stay with a company, outperform their less satisfied counterparts, and support a better culture in the organization (Celestin et al., 2024; Khahro et al., 2023; Latif et al., 2013).

According to Alshamari et al. (2024), which also proved that there is a significant effect of job satisfaction on the relationship between leadership style and intention to quit in mission-driven organizations. Similarly, higher job satisfaction is associated with higher organizational commitment and lower intention to quit, as shown by Redondo et al. (2021).

Recent empirical evidence points out the crucial role played by satisfaction in retention in the Palestinian microfinance sector. Shalaldah (2024) found wage dissatisfaction and vague job goals as two leading predictors of turnover among employees in Palestinian financial institutions. Initiatives aimed at increasing recognition, engagement, and role clarity for employees would, therefore, raise satisfaction while lowering turnover. Issa Gazi et al. (2022) found that job satisfaction, organizational commitment, and turnover intention are interconnected in the financial services industry and noticed that good views on workplace conditions strongly encouraged satisfaction, while poor views, especially on workload and supervision, diminished it.

Job satisfaction forms an integral part of understanding employee behavior and organizational results. The dual character, both positive and negative, can give a better

understanding of what employees think about their work experience. Improving job happiness has been, therefore, crucial in highly stressful and sensitive industries and considering the context of microfinance in Palestine (Khdour, 2023). The theoretical and empirical insights offered here could provide a foundation for studying the mediating role of job satisfaction in the relationship between the work setting and retention.

2.1.4 Employee Retention

Employee retention refers to the ability of an organization to keep its employees for a longer time, so that employees voluntarily do not leave the organization and, therefore, create a base of employees who are slowly fed into it (Kamalaveni et al., 2019). Such retention is an important outcome of human resource activities, indicating effectiveness in the organization and satisfaction among employees. It is generally associated with improved performance, reduced recruitment and training costs, continuity of service maintenance, and a stronger corporate culture (Hassan, 2022). On the other hand, high turnover can impact operations, cost escalation, deteriorating morale, and erosion of a stock of institutional knowledge.

Employee retention is a serious problem within Palestinian microfinance. Microfinance institutions are the most fragile, based on the socio-political environment of recurring economic disruptions, laws changing now and then, and resource shortages (Bayyoud & Sayyad, 2016). Employees in this industry generally deal with large customer volumes and work mostly in undeveloped and rural areas while trying to balance social impact against financial performance. These pressures lead to high burnout and turnover rates (Sarwar, 2024). This makes understanding which aspects maintain employee motivation and commitment in these contexts more relevant to the organization's sustainability.

Commitment to the organization refers to the psychological attachment and concern of a person within an organization (Halim et al., 2020). This translates to readiness to engage in labor alongside an organization and remain attached to it. These may be manifested in three ways: effective (feeling of emotional attachment), continuance (costs related to leaving), and normative (sense of obligation). High commitment to the organization has often been associated with reduced turnover intentions and high-performance levels.

Affective commitment thus takes a critical dimension in Palestinian microfinance institutions as it brings about purpose alignment and social effect as very important incentives. Thus, an employee who shares the vision of the organization in empowering those most vulnerable by making them financially included is more likely to stay despite adversities outside the organization (Morrar, 2024).

Rewards and recognition mean appreciating and compensating employees for their contributions. This covers both cash rewards- pay, bonuses, and incentives- and non-cash recognition- awards, promotions, and public acknowledgment (Hansamali et al., 2024). When employees believe their jobs count, their morale rises, and their commitment to the organization increases (Dennerlein & Kirkman, 2022). In the case of the microfinance sector in Palestine, where offering financial incentives may be limited due to budgetary constraints, non-financial recognition comes to play a pivotal role. Frequent feedback, recognition from superior employees, and milestones for personal development can be great motivators.

Work performance is both an outcome and a retention indicator. Good performers typically exhibit highly motivated engagement and derive satisfaction from their success (Syarifuddin, 2023). Moreover, organizations have increased their willingness to invest in and hold high achievers, offering them chances for promotion and rewards (Al-Hroub, 2023), as in the Palestinian microfinance sector, where the front-liners play a critical role in distributing loans, client training, and repayment monitoring, rendering continuous performance very important for institutional success. Employees who perceive their performance as recognized and tied to significant outcomes are more willing to stay in their jobs (Kwarteng et al., 2024).

Income remains one of the important strengths in employee retention. Being internally equitable and externally competitive regarding job requirements and standard market criteria are the cornerstones for reducing turnover (Timsina, 2024). Employees who see equitable compensation are likely to maintain their commitment; inequitable pay perceptions, however, may lead to discontent and resignation (Buttner & Lowe, 2017). In Palestinian microfinance institutions, where pay scales may be lower than in the commercial banking sector, compensation remains a sensitive issue. Organizations can offer other perks such as flexible working hours, training opportunities, and mission-driven work that provides an intrinsic reward as an alternative to low salaries (Parker, 2018).

Theoretical Underpinning

- Social Exchange Theory (Blau, 1964) suggests that employees stay when they feel the organization reciprocates their contributions with support, development, and fair treatment. Retention is thus the result of a balanced exchange relationship (Blau, 2017).
- Organizational Commitment Theory (Meyer & Allen, 1991): Emphasizes the three types of commitment—*affective*, *continuance*, and *normative*—as primary factors influencing an employee’s decision to stay (Meyer & Allen, 1991).
- Equity Theory (Adams, 1965): Highlights the importance of fairness in compensation and treatment. Employees compare their inputs and outcomes to others and decide on their commitment based on perceived equity.

Most researchers found a relationship between employee turnover and factors such as organizational commitment, reward systems, performance benefits, and salary packages. Recognition, fair compensation, and commitment are important employee retention variables in several sectors, according to Halim et al. (2020). Silva and Duarte (2024), meanwhile, found psychological safety, employee voice, and trust as the keys to determining retention in people-oriented organizations, especially in the microfinance context. According to Morison (2023), retention practices based on non-financial incentives and developmental opportunities worked well in resource-poor environments.

In Palestine, Yasin (2024) proved that even though salary dissatisfaction was general among microfinance employees, a strong commitment towards the mission of the organization and very good recognition systems had a compensatory effect on retention among the employees. According to Hauer et al. (2021), internal mobility, quality of leadership, and job clarity were crucial retention factors of employee retention. Studies have demonstrated that employee retention is an all-encompassing subject that combines emotional, economic, and performance-related aspects.

Given external pressures and resource deprivation, the microfinance sector in Palestine must pay a lot of attention to understanding the relationship between organizational commitment, recognition, performance, and income as a strategy to maintain committed employees. The theoretical concepts and empirical evidence suggest that pay is important, but establishing a culture of trust, recognition, and writing a common goal is as important as it pertains to retention (Ushakov & Shatila, 2021). These

ideas then set the stage for explaining how the work environment and job satisfaction will jointly be used to retain employees in this sector.

One can say that almost all studies validate the relationship between employee retention and a few criteria, such as commitment to the firm, rewards, performance, and compensation. Halim et al. (2020) establish employee retention, recognition, equitable compensation, and dedication as significant determinants across different sectors. Chahal et al. (2024) found key points in psychological safety, employee voice, and trust in enhancing retention in people-centered enterprises, specifically resonating within the microfinance context. Luhalima et al. (2014) described that the methods of retention based on non-financial incentives and development opportunities could be effective in resource-challenged environments.

In Palestine, Irshaid (2022) reported that despite the high levels of salary dissatisfaction among microfinance employees, a strong attachment to the organization's goal, coupled with a very effective recognition system, could significantly offset such negative effects and increase retention. Rashed (2024) highlighted internal mobility, leadership quality, and job clarity as among the most important retention factors of employee retention.

Employee retention is complicated and could be said to be the result of factors such as emotion, economy, and performance (Yaseen, 2020). In the Palestinian microfinance sector, where external pressures and resource constraints are extremely high, the development of an understanding of the relationship among organizational commitment, recognition, performance, and income is essential in making it possible to retain devoted staff. Theoretical concepts and empirical evidence suggest that although pay is significant, creating a culture of trust, recognition, and shared goals is equally important in retention. This insight sets the foundation for how both the work environment and job satisfaction together determine employee retention in this field.

2.2 Hypotheses Development

2.2.1 Work Environment and Job Satisfaction

There has been much research in organizational behavior literature into the connection between the workplace environment and job satisfaction. A positive work environment defined by supportive leadership, open communication, fair treatment, and

growth opportunities has consistently been associated with higher levels of job satisfaction (Prentice, 2022). The present study tries to define the work environment in two forms, namely: the humanistic environment, which gives prominence to emotional support, respect, and equality; and the entrepreneurial environment, which promotes self-reliance, creativity, and initiative (Damianus et al., 2021).

An ideal humanistic environment, according to Denis et al. (2025), highlights the importance of providing emotional support, empathy, equality, and interpersonal respect. Transparent communication would carry forward the values of recognizing individual successes as well as advocating inclusiveness and ethical practices in the workplace.

According to Herzberg's Two Factor Theory, established in 1959, there are some variables whose manifestation includes receiving quality supervision, maintaining healthy interpersonal relationships, and achieving recognition, concerning which employees may be found to be strong hygiene or motivator factors affecting satisfaction derived from job performance (Herzberg, 1966). Employees who perceive appreciation and emotional support from their superiors and colleagues are more inclined to report job satisfaction (Alahiane et al., 2023).

All these aspects are extremely important in microfinance institutions in Palestine, as the socio-political environment, resource constraints, and difficulties in dealing with clients may create additional stress for staff members. In such cases, a humanistic environment may alleviate stress, strengthen resilience, and engender a sense of belonging and loyalty toward the organization (Diederik Coetzee & Hoch, 2024).

The entrepreneurial landscape emphasizes individualism, creativity, innovation, and proactive problem-solving. It empowers an employee, involving them in decision-making, creating new ideas, and giving them flexibility to handle the job innovatively. Sakthimala and Deepalakshmi (2023) suggest that in such an environmental setup, employees' engagement and joy will increase, especially since these jobs demand adaptability and constant learning.

The autonomy and flexibility to meet all needs related to the clients within the Palestinian microfinance sector, where field officers and such branch employees are required to work in turbulent or underdeveloped areas, will galvanize worker satisfaction. The ability to operate autonomously while having an impact on the organizational bottom line enhances an employee's perception of worth and job satisfaction (Demircioglu, 2021).

The humanistic-entrepreneurial interplay provides a deeper understanding of structuring the work environment for employee satisfaction. The humanistic dimension addresses emotional and relational needs, while the entrepreneurial dimension gives way to self-actualization with participation through empowerment (Damianus et al., 2021). Together, they set the grounds for a working culture that promotes both employees' professional and personal well-being. Based on the literature and theoretical framework, the following hypotheses are proposed:

H1: *The Work Environment Positively Affects Job Satisfaction in Palestinian Microfinance Institutions.*

H1a: *The Humanistic Environment Positively Affects Job Satisfaction in Palestinian Microfinance Institutions.*

H1b: *The Entrepreneurial Environment Positively Affects Job Satisfaction in Palestinian Microfinance Institutions.*

2.2.2 Job Satisfaction and Employee Retention

Surveys indicate that job satisfaction significantly predicts, though it is an indirect measure in some cases, the retention of employees by reflecting an individual's emotions and general attitude toward his or her job, duties, and working environment (Ogunola, 2022; Xue et al., 2024). High job satisfaction will foster stronger identification with the organization, greater engagement at work, and lower intentions to leave the organization (Kundi et al., 2023). On the contrary, dissatisfaction may entail such consequences as absenteeism, labor fatigue, and even loss of esteemed employees.

This study assumes a dichotomous view of various positive and negative perceptions associated with job satisfaction (Issa Gazi et al., 2022). Positive perceptions refer to feelings of praise, achievement, meaningfulness, and growth; whereas negative perceptions pertain to dissatisfaction associated with stress, ineffective communication, role ambiguity, or perceived inequity (Abdullah & Al-Abrow, 2023). These two dimensions present a more sophisticated understanding of how job happiness affects employee behavior, particularly in fields exhibiting higher emotional and professional demands.

For staff in Palestinian microfinance institutions, socio-political instability and financial constraints limit the fulfillment of community responsibilities, put enormous pressure on their jobs. These circumstances aggravate emotional distress and render the

entire job satisfaction context vital to employee well-being and retention (Gelencsér et al., 2023). The atmosphere of respect and encouragement, coupled with a sense of purpose, facilitates an extra tie of commitment from the employees even under severe conditions.

The motivation of employees is influenced in such a manner by intrinsic elements like achievement and recognition, and hygienic factors like working conditions and job security, according to Herzberg's Two-Factor Theory (1959). It thus leads to employee satisfaction and retention. They create favorable impressions most often in terms of motivational factors that assure extended engagement with organizations, while negative impressions correspond more with a deficiency or inadequacy of hygienic factors, leading to dissatisfaction and withdrawal (Herzberg, 2015).

Social Exchange Theory (Blau, 1964) speaks about employees reciprocating loyalty and continued service when they perceive fairness, support, and dignity from their employers. This, however, becomes untrue when said employees remain discontented and start feeling left out. This attitude translates to dissatisfaction, thereby reducing organizational commitment (Blau, 2017).

This theory has support in empirical evidence. Kim and Kim (2020) determined that employees with very high job satisfaction from psychological safety and recognition considered keeping their jobs to a greater extent than those with little satisfaction. They hold that job satisfaction is a mediator of the relationship between working conditions and turnover intentions, according to Arnoux-Nicolas et al. (2016).

According to Ayyash and Khalil (2024a), in Palestine, inefficiencies regarding responsibilities at work, salary, and recognition were among the strong predictors of employee turnover in the financial industry. Employees who enjoyed autonomy, trust, and coherence of company objectives would demonstrate a higher retention rate than average. Such research comes with a two-fold effect since it necessitates examining the attitudes of both ends while determining study satisfaction. Thus, based on theories and analyzed literature, the following hypotheses are put forth:

H2: *Job satisfaction positively influences employee retention in Palestinian microfinance institutions.*

H2a: *Negative perceptions negatively influence employee retention in Palestinian microfinance institutions.*

H2b: *Positive perceptions positively influence employee retention in Palestinian microfinance institutions.*

2.2.3 Work Environment and Employee Retention

Employee retention has emerged as a critical concern for organizations, particularly in dynamic and high-pressure environments such as the Palestinian microfinance sector. An important factor that influences whether an employee stays at a company or not is the work environment (Yusliza et al., 2021). These factors include everything from physical conditions to interpersonal relationship-building, managerial practices, communication practices, and the overall culture of an organization in terms of employees' experiences (Madden, 2018).

Conceptualizes the work environment as having two broad features, i.e., its humanistic aspect, which consists of emotional support, justice, and mutual respect; and its entrepreneurial aspect, which means autonomy, innovation, and proactivity (Damianus et al., 2021). These features directly influence the valuation of individuals regarding what they contribute to the organization and the value of what they may gain out of it in terms of career paths and retention.

According to Bakker and Demerouti (2007), the Job Demands-Resources (JD-R) Model states that an organized work environment plays the role of a resource to employees in doing things to manage the demands of the job. A resource-rich environment increases engagement and reduces the possibility of employee burnout, the most critical feature for employee retention. Similarly, the Social Exchange Theory by Blau (1964) states that supportive and enabling cultures of organizations do elicit employee loyalty, thus reducing their intentions to exit from that organization (Blau, 2017).

Occupational stress is common in Palestinian microfinance institutions due to field conditions, target requirements, and emotional labor. It can be alleviated within a humanistic environment by promoting emotional safety, esteem, and support from management. Employees who perceive psychological safety and emotional appreciation are more willing to be loyal to their organizations (Basit, 2021). Such an environment also has the potential to enhance corporate commitment, which is one of the fundamental determinants of employee retention (Halim et al., 2020).

An entrepreneurial environment, on the other hand, promotes employee creativity and their involvement in decision-making. It entails independence and fosters ownership feelings, both of which increase job satisfaction and retention. People working in

entrepreneurial work environments manifest higher devotion and lower intention to quit, especially in dynamic industries like finance and development (Ahmetoglu et al., 2021).

Lack of recognition, autonomy, and non-supportive leadership are key aspects to which Tabbaa (2020) attributes high staff turnover in microfinance in Palestinian institutions. On the contrary, schools that provided a flexible and empowered environment experienced a greater employee retention rate. According to Suherman et al. (2024), employee retention improves when employees perceive a culture that supports them and is given the chance to be innovative.

A pleasant work atmosphere, both humanistic and entrepreneurial, thus acts as a motivational tool and retention strategy in the most difficult organizational circumstances. Employees who perceive emotional support and professional empowerment are more likely to show long-term commitment. Therefore, the hypotheses based on literature and theoretical frameworks are as follows:

H3: *The Work Environment Positively Influences Employee Retention in Palestinian Microfinance Institutions.*

H3a: *The Humanistic Environment Positively Influences Employee Retention in Palestinian Microfinance Institutions.*

H3b: *The Entrepreneurial Environment Positively Influences Employee Retention in Palestinian Microfinance Institutions.*

2.2.4 Work Environment and Employee Retention Through Job Satisfaction

Job satisfaction plays a crucial mediating role in the relationship between organizational characteristics and employee behavioral outcomes. It refers to an individual's emotional and psychological appraisal of a job influenced by experience, expectation, and perceived equity (Berkowitz et al., 1987). Satisfied employees tend to be more committed and motivated and are less likely to think about leaving the organization, while dissatisfied ones withdraw, become absent, and leave (Celestin et al., 2024; Khahro et al., 2023; Latif et al., 2013).

In this research, job satisfaction is viewed as a multidimensional construct comprising positive views like recognition, achievement, and professional growth, and negative views like stress, dissatisfaction, and lack of support. The interplay between these attitudes and the work environment then impacts the willingness of employees to stay or leave.

What explains the mediating role of job satisfaction is Herzberg's Two-Factor Theory (1959), which distinguishes between motivators (intrinsic factors like achievement and recognition) and hygiene factors (extrinsic factors like supervision or working environment). Thus, a favorable environment providing support and a degree of autonomy will influence the employees' evaluation of their work, thereby impacting their intention to stay.

The Job Demands-Resources (JD-R) Model emphasizes work resources such as a supportive, innovative, and empowering environment that brings satisfaction and engagement, hence lowering turnover rates (Bakker & Demerouti, 2007). Social Exchange Theory supports this proposition. According to it, if employees feel valuable to the organization and receive support, they will repay such quality with increased loyalty and extended service (Blau, 2017).

This was particularly relevant in the microfinance institutions of Palestine, where often staff endured stress and resource starvation; the degree of job satisfaction became magnified. An integral and empowering environment is likely to create some positive mentalities like purpose, trust, and success, thus contributing to satisfaction and retention. On the contrary, negative communication and little recognition, or job insecurity, create maximum discontent and low retention (Bushiri, 2014; Lidman et al., 2022; Morrar, 2024; Shammout, 2021).

The studies revealed that satisfied employees have a better tendency to remain associated with the organization. It was found by Gautam et al. (2025) that job satisfaction had a significant effect on the relationship between organizational practices and turnover intentions. Positive or negative views toward jobs were significantly correlated with employee achievements, as reported by Abun et al. (2021). Thus, based on the review literature and theoretical and empirical bases, this study states the following hypotheses:

H4: *Job satisfaction significantly mediates the relationship between the work environment and employee retention in Palestinian microfinance institutions.*

H4a: *Job satisfaction significantly mediates the relationship between the Humanistic Environment and employee retention in Palestinian microfinance institutions.*

H4b: *Positive perceptions significantly mediate the relationship between the Entrepreneurial Environment and employee retention in Palestinian microfinance institutions.*

Table (2.1) Conceptualizations of Previous Study: Work Environment and Employee Retention, and Job Satisfaction

Construct	Author(s) and Year	Conceptualization
Work Environment	Donley (2021)	The work environment directly impacts employee experiences and retention decisions.
	Lopa (2023)	The conditions, policies, and social climate influence employees' experiences and productivity.
	Abun (2021)	Comprises humanistic and entrepreneurial aspects, such as leadership support, job autonomy, and culture.
	Yusliza et al. (2021)	A supportive work environment enhances retention through better person–organization fit.
Employee Retention	Hausknecht et al. (2009)	Retention is an organization's capacity to keep employees over time by creating supportive conditions.
	Mitchell et al. (2001)	Defined through the job embeddedness theory, why people stay in their jobs.
	Halim et al. (2020)	Assessed via dimensions such as organizational commitment, reward/recognition, work performance, and income.
	Bilan et al. (2020)	Critical to maintain efficiency and morale, especially in HR practices.
Job Satisfaction	Locke (1976)	Defined as the degree of pleasure or positive emotional state from job experiences.
	Issa Gazi et al. (2022)	Refers to positive and negative evaluations of the employment experience, including fulfillment and relationships.
	Herzberg et al. (1959)	Job satisfaction stems from intrinsic motivators such as recognition and responsibility.
	Pathan (2023)	It mediates the relationship between organizational culture and employee commitment.

Table (2.2) Key Studies Supporting Hypotheses

Author(s) and Year	Construct(s) Covered	Key Contributions	Aligned Hypothesis
Abun et al. (2021)	Work Environment, Job Satisfaction, Employee Retention	Defines humanistic and entrepreneurial work environments; links them to job satisfaction and retention via work performance.	H1, H2, H3, H4
Issa Gazi et al. (2022)	Job Satisfaction (Positive & Negative), Employee Retention	Presents a dual-dimensional model of job satisfaction; connects positive/negative perceptions to retention outcomes.	H2, H2a, H2b, H4a, H4b
Halim et al. (2020)	Employee Retention	Assesses retention through organizational commitment, recognition, performance, and income; supports environmental impact on retention.	H3, H3a, H3b
Yusliza et al. (2021)	Work Environment, Employee Retention	Demonstrates that a supportive work environment enhances retention through improved personal organization fit.	H1, H3, H4
Fridriksson et al. (2017)	Work Environment, Employee Retention	Shows that physical and psychological work environments affect retention, especially in service sectors.	H1, H3
Kim & Kim (2020)	Job Satisfaction, Employee Retention	Finds job satisfaction as a mediator between work conditions and turnover intentions, emphasizing psychological safety.	H2, H4
Gautam et al. (2025)	Job Satisfaction, Work Environment, Retention	Identifies job satisfaction as a key factor in mediating the effect of work-life balance on turnover intention.	H2, H4
Madden et al. (2015)	Work Environment, Job Satisfaction	Highlights organizational support and workplace relationships as critical for lowering turnover intent via satisfaction.	H1, H2
Abun et al. (2021)	Work Environment, Job Satisfaction, Employee Retention	Defines humanistic and entrepreneurial work environments; links them to job satisfaction and retention via work performance.	H1, H2, H3, H4

Chapter Three: Methodology

3.1 Introduction

This study employed a quantitative research approach to examine the mediating role of job satisfaction in the relationship between the work environment and employee retention within Palestinian microfinance institutions (MFIs). A descriptive and analytical method was used to collect and analyze the data among employees working in the microfinance institutions in the backdrop of the West Bank and Gaza Strip. The study adopted a structured survey instrument, derived from validated scales in prior literature, measuring such variables as work environment (humanistic and entrepreneurial), job satisfaction (positive and negative perceptions), and employee retention (organizational commitment, reward, performance, and income). A purposive sampling technique was applied to ensure some relevant respondents were included in the study. The data were analyzed by statistical techniques comprising descriptive, correlation analyses, and structural equation modeling (SEM) analysis to verify both direct and mediating effects. Attention was given to ensuring that the said instrument weighs in on both validity and reliability. Ethical considerations were also kept in mind, whereby confidentiality was maintained, and voluntary participation was observed throughout the research.

3.2 Research Design

Quantitative and cross-sectional methods of research were applied in this study to investigate the mediating effects of job satisfaction in the relation between work environment and employee retention in Palestinian microfinance organizations. This quantitative method is suitable for such studies because it allows numerical data to be collected and systematically analyzed to test hypotheses and to arrive at findings that can be generalized on statistical grounds (Myers et al., 2013). An important feature of the quantitative level is the impartial view of how the various factors of the work environment, inclusive of humanistic and entrepreneurial dimensions, affect job satisfaction and, consequently, retention of the staff.

Data collection under a cross-sectional strategy is carried out at a particular given time; hence, it has stood as a feasible and fast method of obtaining employees' perceptions within MFIs since it does not require a long duration for data collection (Setia, 2016).

This approach is especially pertinent in the Palestinian context, where political and economic upheaval may hinder respondents' access in the long run. It helps obtain a snapshot of the current organizational climate from which ideas can be drawn regarding retention.

3.3 Study Population and Settings

In Palestine's West Bank, the population participated in the study, constituting staff from microfinance institutions (MFIs) considered to support financial inclusion and economic resilience for disadvantaged sections of society. This study draws on data from microfinance institutions registered and regulated by the Palestine Monetary Authority (PMA) as of 2025. The sample frame includes nine MFIs: Reef Finance, Al-Ibdaa' Microfinance Company, Palestine for Credit and Development (FATEN), ACAD Finance, Asala for Credit and Development Company, Vitas Palestine, Rowwad (Palestinian Banking Corporation), UNRWA, and Zaytonah Islamic Financing. These institutions were chosen based on their active operational status and official recognition by the PMA. Due to the ongoing war in Gaza, MFIs operating exclusively in that region were excluded from the study to ensure data accuracy and consistency during the research period (PMA, 2025).

The research was conducted across a variety of branches and administrative offices within different governorates to ensure diversity in organizational structure, size, and geographical representation. As illustrated in Figure 3.1, governorates such as Ramallah & Al-Bireh, Hebron, and Jenin host the highest number of branches, reinforcing their importance as central hubs for microfinance activity (PMA, 2025). This geographic distribution reveals disparities in financial service access, with urban areas benefiting more than rural regions.

The population includes both managerial and non-managerial employees, offering a comprehensive perspective on how workplace factors influence job satisfaction and employee retention across different organizational levels. The selection of this population aligns with the study's objective to explore the internal dynamics of employee experience within the microfinance sector, which operates under unique political, economic, and organizational challenges.

The Palestinian microfinance sector has disbursed approximately \$1.355 billion in loans to around 575,000 families since its inception (Sharaka, 2018). As of the latest statistics, it maintains an active loan portfolio of \$269 million, serving over 83,000 clients, of whom 70% are in the West Bank and 30% in Gaza. Notably, 36% of clients are women and 53% are youth, reflecting the sector’s strong social impact (Sharaka, 2018). These indicators reinforce the significance of studying this sector and justify the selection of a representative, diverse sample to support the reliability and relevance of the research findings.

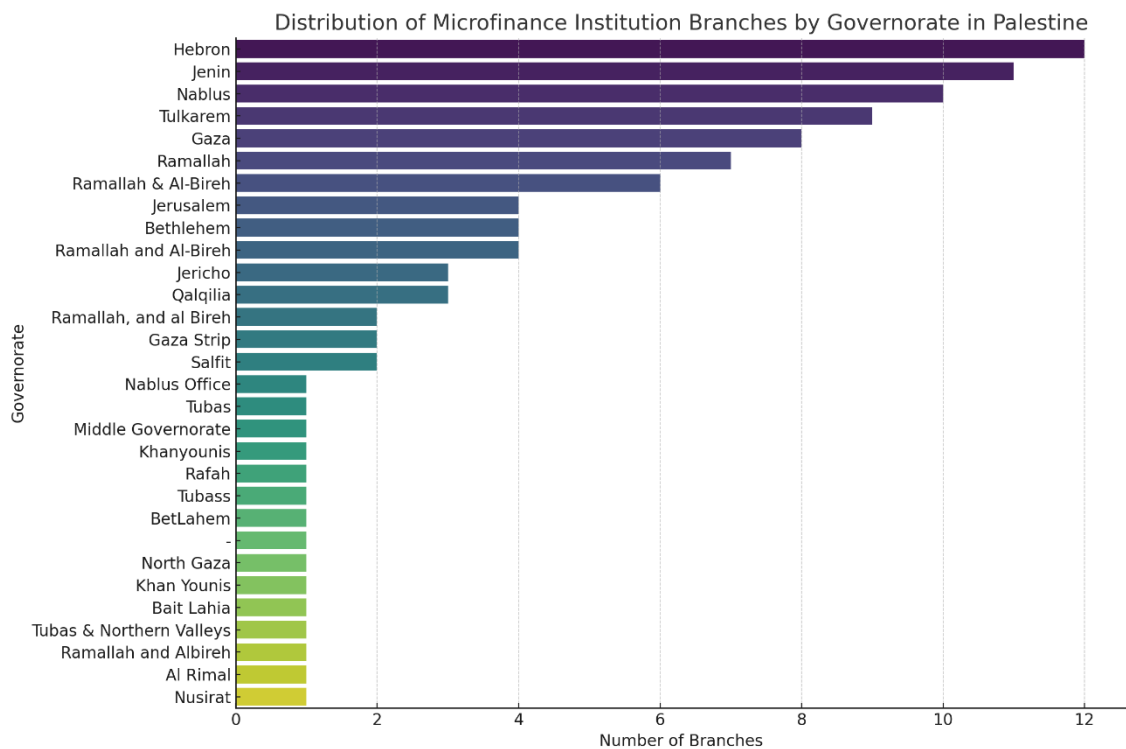


Figure (3.1) Distribution of MFIs Branches by Governorate of Palestine

3.4 Study Sample

The nine microfinance institutions (MFIs) included in this study collectively employed over 950 staff members across 107 branches and field offices before the recent crisis, with women comprising 44% of the total workforce. Between 2011 and 2018, the sector experienced consistent annual growth of 36%, highlighting its expanding contribution to financial inclusion and economic stability in Palestine. However, according to the most recent data from Sharaka (2018), the total number of employees

has decreased to 737, most of whom are in the West Bank, due to the exclusion of Gaza-based operations because of the ongoing war (Sharaka, 2025).

Although official disaggregated data for MFI employees in the West Bank were not available, the researcher directly contacted all nine licensed MFIs to estimate staffing distribution. Based on these communications, it was determined that approximately 101 of the workforce were based in the Gaza Strip. The approximate number of personnel presently employed in the West Bank is 636 out of a total of 737, a figure utilized in ascertaining the sampling frame for the study.

The study used a nonprobability sampling method to provide statistical significance and generalizability of findings, determining the minimum sample size necessary using the Raosoft® sample size calculator. The parameters used in the calculation were a 5% margin of error, a 95% confidence level, and an estimated response distribution of 50%, the default when the actual distribution is unknown. The Raosoft calculation uses the following formula:

$$x = Z^2 \cdot r(100 - r), \quad n = \frac{N \cdot x}{(N - 1)E^2 + x}, \quad E = \sqrt{\frac{(N - n) \cdot x}{n(N - 1)}}$$

Where:

- Z is the z-score corresponding to the desired confidence level
- r is the estimated response rate
- N is the population size
- E is the margin of error

A minimum of 240 participants was estimated as the minimum needed based on this estimate. This ensures that the sample fully represents the larger population of Palestinian MFI employees and provides valid and statistically significant results. According to the sample size, Table 3.1 presents the population and the sample size out of the targeted sample of 240.

Table (3.1) IMF Institution population and sample size (out of 240)

Institution	Population	Sample %	Sample Number
Bank-affiliated	376	50%	120
Cooperative or credit union	191	30%	72
Non-governmental organization	69	20%	48

3.5 Study Tool

The research used a standardized questionnaire as the primary instrument for data gathering to test the interaction among components. The questionnaire was modified from proven instruments employed in earlier research to ensure validity and reliability. The design aimed to comprehensively address the constructs of the research, and every section dealt with specific factors underpinning the research objectives listed in Table 3.2.

3.5.1 Section One: give precise direction regarding the research and the researcher, along with the participants' progress via the questionnaire.

3.5.2 Section Two: The second section of the systematic questionnaire presents respondents' and companies' profiles to give socio-demographic information. Respondents' profiles include:

- Age of respondents,
- Gender: Male or Female,
- Educational level: nothing, high school, diploma degree, bachelor's degree, master's or higher degree.
- Work Experience: Less than 5 years old, from 6 to 10 years old, and more than 10 years old.
- Job Role Level: Manager Level, Head of Section Level, and Employee Level.

3.5.3 Section Three: Eight dimensions examined via seventy indicators to assess the research variables, as depicted in Table 3.2. The researcher constructed three different components on a more general questionnaire; each grounded on previous studies to ensure content validity and reliability. Adopting this procedure enables us to make a full analysis of the relationships between the Work Environment, Job Satisfaction, and Employee Retention for the Palestinian MFIs.

- **Work Environment:** The first section utilizes fifteen indicators in measuring the work environment, which is guided by Abun (2021). The first dimension is the humanistic environment, and the second level is the entrepreneurial environment.

- **Job Satisfaction:** fifteen scales consisting of both positive and negative evaluations of the whole employment experience. These measures were analyzed by Issa Gazi et al. (2022).
- **Employee Retention:** Thirty-seven indications under four dimensions: Organizational Commitment, Reward and Recognition, Work Performance, and Income. Dimension measurements supported by Halim et al. (2020).

Table (3.2) Items for Measuring Constructs

Construct	Type of Construct	Dimensions	Reference	Indicators
Work Environment	Independent Variable	Humanistic Environment	Abun (2021)	1 - 8
		Entrepreneurial Environment		9 - 15
Job Satisfaction	Mediator Variable	Positive Perceptions	Issa Gazi et al. (2022)	16 - 24
		Negative Perceptions		25 - 33
Employee Retention	Dependent Variable	Organization Commitment	Halim et al. (2020)	34 - 42
		Reward and Recognition		43 - 49
		Work Performance		50 - 61
		Income		62 - 70

To ensure that the questionnaire was suitable for the Palestinian context, a rigorous translation and back-translation process was implemented. First, the questionnaire was translated from English to Arabic by a certified Palestinian translator fluent in both languages. To maintain the integrity of the content, a different translator independently back-translated the Arabic version into English. The back-translated version was then compared with the original to identify and resolve any discrepancies in meaning or clarity (Brislin, 1970).

3.6 Data Collection

Data collection was undertaken from employees in all Palestinian MFIs in the West Bank, totaling 636 employees. Data collection occurs for eight weeks, from May

2025 to June 2025, to allow for sufficient response and robust representation of the target group.

An online survey, completed by the participants themselves, was the primary data collection instrument. An online survey questionnaire was sent via email and WhatsApp to provide access and ease for all those who participated. An online survey was deemed suitable because of its potential to reach a geographically scattered population and obtain information from many respondents within a short period of time.

The survey was thoughtfully designed into several sections to provide clarity and allow for easy navigation. The initial part gave respondents clear directions on how to answer the survey and contained a statement declaring that their continued participation was informed consent. This component allowed participants to grasp the aim and method of the study before continuation.

The second half of the questionnaire was used to collect demographic data, like age, gender, education level, experience in years, and rank in the job scale. The following sections of the questionnaire were used for the study variables. All the questions were written in a way that was consistent with the research objectives and were assessed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.7 Data Analysis, Reliability, and Validity

The research used several quantitative methods to describe relationships between work environment, job satisfaction, and employee retention. These are descriptive statistics, reliability measurement, correlation analysis, and structural equation modeling (SEM), which allow for detailed testing of hypothesized correlations.

Validity, as defined by Kerlinger (1973), is the extent to which an instrument can accurately measure the concept for which it was designed. It pertains to the precision and suitability of the instrument in measuring the actual constructions that the researcher wants to study. Content validity was ensured for this study by using a panel of experts.

Four experts were consulted by the researcher to evaluate the content validity of the questionnaire. They consisted of two strategic management specialists and two research technique academic experts, one being a statistician. The experts offered comments regarding the questionnaire items' format, content, and clarity. Their ideas were thoroughly incorporated to enhance the instrument to accurately measure the desired variables across different fields, including work environment, job satisfaction, and

employee retention. Reliability is the consistency and stability of measurement across time, so that the instrument accurately represents the variables it seeks to measure (Golafshani, 2003).

Reliability in this study was measured by using Cronbach's alpha, which is a statistical coefficient used extensively to examine the internal consistency of a series of questions or scales on a questionnaire. Cronbach's alpha gives an estimate of the degree of positive correlation among items in a particular construct. Cronbach's Alpha Coefficient: The range of measurement scales for dependability is typically 0 to 1. A satisfactory value of 0.70 or higher is deemed sufficient for demonstrating sufficient internal consistency (Nunnally & Bernstein, 1994).

3.7.1 Descriptive Statistics

The first part of the analysis is to calculate descriptive statistics, means, standard deviations, frequencies, and percentages for all demographic data and primary study variables. It depicts the demographics of the sample, for example, participants' age, gender, level of education, years of experience, and job title. Besides, it identifies trends or patterns in the work environment, job satisfaction, and employee retention data, providing a useful overview of the overall response distribution (Altukhi & Aljohani, 2024).

3.7.2 Measurement Model Evaluation

The measurement model was assessed for the validity of the representation of the underlying constructs using observed variables. This was an exercise that comprised three essential steps:

- **Internal Consistency Reliability:** Internal consistency was measured by Cronbach's alpha and Composite Reliability (CR). Cronbach's alpha of 0.70 and higher was accepted as adequate, and a composite reliability (CR) of 0.70 and higher reflected strong reliability. This phase guaranteed that the items of each construct (i.e., work environment, job satisfaction, and employee retention) consistently measured the same underlying notion (Hair Jr et al., 2010).
- **Convergent Validity:** Convergent validity was tested through the Average Variance Extracted (AVE). The AVE value of 0.50 or more was taken to indicate

adequate convergence, meaning that the items of every construct shared a considerable amount of variance. This ensured that indicators represented their respective latent variables consistently (Hair Jr et al., 2014).

- **Discriminant Validity:** To test discriminant validity, the Fornell-Larcker criterion and the Heterotrait- Monotrait (HTMT) ratio were used. The Fornell-Larcker criterion confirmed that the square root of the Average Variance Extracted (AVE) for each construct was higher than its correlations with other constructs. HTMT values below 0.85 also confirmed discriminant validity, showing constructs were distinct from one another (Fornell & Larcker, 1981). The final step in assessing Discriminant Validity is to check the cross-loading, which is the extent to which each question or indicator is related to more than one dimension (Chin, 1998)

3.7.3 Structural Model Evaluation

The structural model was assessed to examine the proposed relationships and establish the overall predictive accuracy of the model. This encompassed four crucial stages:

- **Indicator Collinearity:** Collinearity between indicators was tested using the Variance Inflation Factor (VIF). If a VIF is below 5, then multicollinearity does not exist, and hence guarantees the dependability and stability of structural path estimates (Fornell & Bookstein, 1982).
- **Coefficient of Determination (R^2):** R-squared (R^2) value was computed to establish the explanatory power of the model. According to Cohen (2013), R^2 values were 0.25, 0.50, and 0.75 for weak, moderate, and significant, respectively, illustrating to what extent independent variables explained dependent variables such as work environment, job satisfaction, and employee retention.
- **Predictive Relevance (Q^2):** The Stone-Geisser Q^2 test was used to measure predictive relevance, and it tests the ability of the model to predict endogenous variables. If Q^2 is greater than 0, it shows that the model has predictive relevance, thereby attesting to its ability to predict employee retention outcomes (Hair Jr et al., 2017).

- **Effect Size (f^2):** The **f-squared (f^2)** test was conducted to measure the effect size of each independent variable on the dependent variables. Values of 0.02, 0.15, and 0.35 were interpreted as small, medium, and large effect sizes, respectively, providing insights into the relative importance of each predictor (Cohen, 1992).

3.7.4 Hypothesis Testing

The importance of direct, indirect, and overall effects in the structural model is determined by standardized regression weights, which include both the beta coefficients and p-values. A p-value less than 0.05 means statistically significant correlations among the variables. Mediating effects of job satisfaction were examined using the bootstrapping procedure to establish their relationship between the questionnaire-based work environment and retention of employees (Hair Jr et al., 2017).

3.8 Ethical Consideration

Maintaining the ethical integrity of this research was of prime importance. The research conformed to the Arab American University issued ethical guidelines to ensure adherence to well-established research standards. Ethical clearance from the university ethics committee prior to data collection was sought to ensure adherence to ethical standards.

The survey began with a detailed information sheet explaining the purpose, objectives, and importance of the research. This was given to all participants to enable them to make an informed decision regarding participation. The information sheet explained that participation was voluntary and that participants were free to withdraw from the study at any point without any adverse repercussions to themselves.

To ensure the privacy and confidentiality of the participants, no personally identifiable data, including names or other personal data, was gathered. Participants are assured that their answers will be held in confidence and that no unauthorized persons will access the data. All the data collected is safely stored in a password-protected computer, and only the researcher and his/her supervisor will have access to the raw data.

The study also followed the principle of non-maleficence to ensure that the respondents did not incur any harm, physical, emotional, or professional. The

questionnaire was well prepared to preclude any sensitive or intrusive questions that may lead to embarrassment. The questions were just confined to concentrating on the specific variables, only as work environment, job satisfaction, and employee retention.

Chapter Four: Result

4.1 Introduction

This chapter presents the findings of the study based on the data collected from employees working in Microfinance Institutions (MFIs) in Palestine. The objective is to analyze the role of the work environment on employee retention, with job satisfaction serving as a mediating factor. Descriptive statistics, correlation analysis, and structural equation modeling (SEM) were applied to examine the research hypotheses. The study begins by summarizing the demographic profile of the respondents, followed by descriptive statistics of the main study variables: work environment, job satisfaction, and employee retention. Subsequently, the reliability and validity of the measurement model are presented. The final section covers structural model analysis, including hypothesis testing results and the assessment of the mediating role of job satisfaction.

4.2 Characteristics of Respondents

The study surveyed 240 respondents, whose demographic characteristics are summarized in Table 4.2. Regarding gender, the sample was skewed toward females, with 60.8% (146 participants) compared to 39.2% males (94 participants).

In terms of age distribution, most respondents fell within the age group from 25 to less than 35 years old (42.9%), followed by those aged from 35 to 55 years old (41.3%). Only a small percentage (1.7%) of the participants were older than 55 years, and 14.2% were under 25 years.

The educational background of the respondents was diverse: most held bachelor's degrees (77.9%), followed by master's or higher degrees (12.5%), with a smaller proportion having diploma degrees (6.7%) or high school education (2.9%).

Regarding years of experience, a significant portion of respondents (48.3%) had more than 10 years of work experience, followed by those with 5 to 10 years of experience (30.4%), and 21.3% had less than 5 years of experience.

The respondents were also categorized by the job level, with the majority at the employee level (60.4%), followed by those at the manager level (26.7%), and the head of section level (12.9%).

Table (4.1) Demographic Characteristics Analysis

Variables	Options	Frequency	Valid Percentage%
Gender	Male	94	39.2%
	Female	146	60.8%
Age	Less than 25 years old	34	14.2%
	From 25 to less than 35 years old	103	42.9%
	From 35 to 55 years old	99	41.3%
	More than 55 years old	4	1.7%
Education Degree	High School	7	2.9%
	Diploma Degree	16	6.7%
	Bachelor's Degree	187	77.9%
	Master's or Higher Degree	30	12.5%
Years of Experience	Less than 5 years	51	21.3%
	From 5 to 10 years	73	30.4%
	More than 10 years	116	48.3%
Job Level	Employee Level	145	60.4%
	Head of Section Level	31	12.9%
	Manager Level	64	26.7%
Total		240	100.0%

4.3 Descriptive Statistics

This section presents descriptive statistics for key variables, including work environment, job satisfaction, and employee retention. These variables were assessed using a 5-point Likert scale, where scores of 1 to 2.9 indicate "low" agreement, 3 to 3.9 reflect "moderate" agreement, and 4 to 5 represent "medium to high" agreement. The following subsections summarize the results for the work environment and job satisfaction constructs, as detailed in Tables 4.2 to 4.4.

4.3.1 Work Environment (WE)

The overall mean for work environment is 3.972 (Standard deviation = 1.103), which falls in the medium range. The percentage of positive responses was 73.6%, indicating moderate satisfaction. While the humanistic aspects of the environment received high levels of satisfaction, the entrepreneurial aspects showed more variation.

- **Humanistic Environment (HE)**

The overall mean score for the Humanistic Environment is 4.044 (Standard deviation = 1.063), indicating a high level of agreement. The positive response rate is 77.1%, suggesting that employees perceive the humanistic aspects of their work environment positively. Items such as HE3 (mean = 4.196, positive response rate = 85.4%) and HE4 (mean = 4.304, positive response rate = 87.1%) received particularly high positive feedback, indicating strong satisfaction with factors like leadership support, job recognition, and overall work atmosphere.

HE1, HE5, and HE6 also received high positive responses, confirming that the humanistic work environment is viewed positively by the majority of respondents. Items HE2 (mean = 3.983), HE7 (mean = 3.933) and HE8 (mean = 3.779) received more neutral responses (13.3%, 13.8% and 16.7% negative responses, respectively), reflecting some areas where employee satisfaction is medium agreement.

- **Entrepreneurial Environment (WE)**

The overall mean score for the Entrepreneurial Environment is 3.899 (Standard deviation = 1.142), indicating a moderate level of agreement. Although 70.2% of responses were positive, certain items in this dimension showed room for improvement. For example, EE2 (mean = 4.117, positive response rate = 82.5%) and EE3 (mean = 4.038, positive response rate = 76.7%) reflected higher satisfaction, while EE5 (mean = 3.892) and EE6 (mean = 3.779) demonstrated moderate to lower satisfaction levels.

EE1 (mean = 3.700) and EE7 (mean = 3.729) were rated lower, with negative response rates of 18.8% and 25.8%, respectively, indicating dissatisfaction with certain entrepreneurial aspects, such as autonomy and the organization's support for risk-taking.

Table (4.2): Work Environment Dimensions and Indicators: Mean, Standard Deviation, and Percentage

Construct	Q.#	Mean	Std.	% of Negative response	% of Neutral	% of Positive response	Level of Agreement
HE	HE1	4.004	1.069	12.9%	10.4%	76.7%	High
	HE2	3.983	1.098	13.3%	13.3%	73.3%	Medium
	HE3	4.196	0.959	7.9%	6.7%	85.4%	High
	HE4	4.304	0.912	5.8%	7.1%	87.1%	High
	HE5	4.075	1.020	10.0%	10.8%	79.2%	High
	HE6	4.079	1.070	11.3%	9.6%	79.2%	High
	HE7	3.933	1.115	13.8%	14.2%	72.1%	Medium
	HE8	3.779	1.263	19.6%	16.7%	63.8%	Medium
	Overall	4.044	1.063	11.8%	11.1%	77.1%	High
EE	EE1	3.700	1.211	18.8%	25.0%	56.3%	Medium
	EE2	4.117	0.987	9.2%	8.3%	82.5%	High
	EE3	4.038	1.036	10.4%	12.9%	76.7%	High
	EE4	4.038	1.056	10.8%	12.5%	76.7%	High
	EE5	3.892	1.119	14.2%	15.8%	70.0%	Medium
	EE6	3.779	1.243	21.3%	14.2%	64.6%	Medium
	EE7	3.729	1.344	25.8%	9.6%	64.6%	Medium
	Overall	3.899	1.142	15.8%	14.0%	70.2%	Medium
WE		3.972	1.103	13.8%	12.6%	73.6%	Medium

4.3.2 Job Satisfaction (JS)

The overall level of Job Satisfaction (JS) in Palestinian MFIs was measured with an overall mean score of 3.634 (Standard deviation = 1.343), which indicates a medium level of agreement. The percentage of positive responses for job satisfaction was 59.5%, reflecting a moderate level of satisfaction with various job aspects. The responses to Positive Perceptions (PP) and Negative Perceptions (NP) were analyzed in further detail to understand the nuances of employee satisfaction.

- **Positive Perceptions (PP)**

The mean score for Positive Perceptions was 3.805 (Standard deviation = 1.268), indicating moderate satisfaction with positive job factors. The percentage of positive responses was 66.5%, showing that employees generally view aspects such as career development, recognition, and leadership support favorably.

PP9 (mean = 4.025, positive response rate = 76.3%) received the highest positive feedback, suggesting strong satisfaction with specific positive job factors, such as recognition or advancement opportunities. Other items, such as PP1 (mean = 3.767, 64.6% positive response) and PP4 (mean = 3.675, 62.9% positive response), reflect more moderate satisfaction with aspects like job roles and working relationships. Despite the moderate satisfaction levels, items like PP3 (mean = 3.779) and PP8 (mean = 3.825) received relatively high ratings, indicating that employees feel positively about job-related factors, although there is room for improvement.

- **Negative Perceptions (NP)**

The mean score for Negative Perceptions was 3.463 (Standard deviation = 1.418), reflecting a moderate level of dissatisfaction with various aspects of the job. Negative responses were observed in 33.9% of the responses, indicating significant dissatisfaction in specific areas.

NP5 (mean = 3.196, 42.9% negative responses) and NP6 (mean = 3.192, 44.6% negative responses) showed a high percentage of dissatisfaction, highlighting areas such as work pressure or lack of autonomy as sources of employee discontent. Items like NP1 (mean = 3.875, 68.8% positive response) and NP2 (mean = 3.758, 62.5% positive response) showed more balanced perceptions, with some negative responses but not to the same extent as other items.

Table (4.3): Job Satisfaction Dimensions and Indicators: Mean, Standard Deviation, and Percentage

Construct	Q.#	Mean	Std.	% of Negative response	% of Neutral	% of Positive response	Level of Agreement
	PP1	3.767	1.324	23.8%	11.7%	64.6%	Medium
PP	PP2	3.713	1.321	24.6%	11.7%	63.8%	Medium
	PP3	3.779	1.280	23.3%	12.5%	64.2%	Medium

	PP4	3.675	1.391	26.7%	10.4%	62.9%	Medium
	PP5	3.792	1.283	19.6%	14.6%	65.8%	Medium
	PP6	3.813	1.235	19.6%	13.3%	67.1%	Medium
	PP7	3.858	1.219	17.5%	15.8%	66.7%	Medium
	PP8	3.825	1.242	19.2%	13.3%	67.5%	Medium
	PP9	4.025	1.113	13.3%	10.4%	76.3%	High
	Overall	3.805	1.268	20.8%	12.6%	66.5%	Medium
	NP1	3.875	1.150	17.1%	14.2%	68.8%	Medium
	NP2	3.758	1.287	25.0%	12.5%	62.5%	Medium
	NP3	3.508	1.405	33.8%	13.8%	52.5%	Medium
	NP4	3.404	1.387	36.3%	17.1%	46.7%	Medium
NP	NP5	3.196	1.587	42.9%	11.7%	45.4%	Medium
	NP6	3.192	1.581	44.6%	10.0%	45.4%	Medium
	NP7	3.375	1.467	35.0%	16.7%	48.3%	Medium
	NP8	3.442	1.448	35.0%	12.9%	52.1%	Medium
	NP9	3.421	1.450	35.4%	14.2%	50.4%	Medium
	Overall	3.463	1.418	33.9%	13.7%	52.5%	Medium
JS		3.634	1.343	27.4%	13.1%	59.5%	Medium

4.3.3 Employee Retention (ER)

The overall Employee Retention (ER) mean score is 3.902 (Standard deviation = 1.175), reflecting a medium level of agreement. The percentage of positive responses is 71.0%, indicating that employees generally perceive a moderate level of retention-related factors positively. However, some specific aspects of retention show areas that could be enhanced.

- **Organizational Commitment (OC)**

The mean score for Organizational Commitment is 3.973 (Standard deviation = 1.122), indicating moderate to high satisfaction with the commitment levels within the organization. The overall positive response rate is 73.3%, with notable responses for specific items like OC1 (mean = 4.088, positive response rate = 79.6%) and OC5 (mean

= 4.142, positive response rate = 82.9%), where employees showed strong commitment to the organization. However, items such as OC7 (mean = 3.796, positive response rate = 64.2%) and OC9 (mean = 3.825, positive response rate = 62.9%) reflect lower satisfaction, indicating areas where organizational commitment can be further strengthened.

- **Reward and Recognition (RR)**

The mean score for Reward and Recognition is 4.034 (Standard deviation = 1.108), indicating moderate to high satisfaction. The positive response rate is 77.5%, with strong satisfaction observed for RR3 (mean = 4.150, positive response rate = 82.5%) and RR2 (mean = 4.079, positive response rate = 79.6%). These results suggest that recognition and reward policies are generally effective. However, items like RR5 (mean = 3.958, positive response rate = 73.8%) show moderate satisfaction, indicating room for improvement in certain reward aspects.

- **Work Performance (WP)**

The Work Performance mean score is 3.932 (Standard deviation = 1.159), indicating moderate satisfaction with work performance factors. The overall positive response rate is 72.1%. Items such as WP1 (mean = 4.275, positive response rate = 89.2%) received high ratings, indicating that employees feel satisfied with certain aspects of their work performance. However, several other items like WP9 (mean = 3.750, positive response rate = 60.4%) and WP10 (mean = 3.738, positive response rate = 64.6%) showed lower satisfaction, pointing to areas where performance-related policies can be optimized.

- **Income (IN)**

The Income dimension showed moderate satisfaction, with an overall mean score of 3.669 (Standard deviation = 1.310). Positive responses accounted for 60.9%, and employees rated items like IN9 (mean = 3.900, positive response rate = 71.3%) and IN1 (mean = 3.800, positive response rate = 65.8%) higher, indicating general satisfaction with income-related factors. However, other items like IN6 (mean = 3.488, positive response rate = 53.3%) received relatively low satisfaction scores, suggesting that income might be a source of dissatisfaction for certain employees.

Table (4.4): Employee Retention Dimensions and Indicators: Mean, Standard Deviation, and Percentage

Construct	Q.#	Mean	Std.	% of Negative response	% of Neutral	% of Positive response	Level of Agreement
OC	OC1	4.088	1.073	10.8%	9.6%	79.6%	High
	OC2	3.796	1.249	20.4%	13.8%	65.8%	Medium
	OC3	4.021	1.076	11.3%	10.4%	78.3%	High
	OC4	4.058	1.041	10.0%	12.5%	77.5%	High
	OC5	4.142	0.988	8.3%	8.8%	82.9%	High
	OC6	4.133	1.014	8.3%	10.4%	81.3%	High
	OC7	3.796	1.259	19.6%	16.3%	64.2%	Medium
	OC8	3.896	1.207	17.9%	14.6%	67.5%	Medium
	OC9	3.825	1.190	16.3%	20.8%	62.9%	Medium
	Overall	3.973	1.122	13.7%	13.0%	73.3%	Medium
RR	RR1	3.958	1.123	13.8%	12.5%	73.8%	Medium
	RR2	4.079	1.030	10.0%	10.4%	79.6%	High
	RR3	4.150	1.056	10.8%	6.7%	82.5%	High
	RR4	4.075	1.040	10.8%	9.2%	80.0%	High
	RR5	3.958	1.185	14.2%	12.1%	73.8%	Medium
	RR6	4.092	1.131	12.1%	8.3%	79.6%	High
	RR7	3.925	1.187	16.3%	10.4%	73.3%	Medium
		Overall	4.034	1.108	12.6%	9.9%	77.5%
WP	WP1	4.275	0.910	7.1%	3.8%	89.2%	High
	WP2	3.967	1.078	12.5%	13.3%	74.2%	Medium
	WP3	4.029	1.111	12.5%	10.0%	77.5%	High
	WP4	3.946	1.165	13.3%	14.2%	72.5%	Medium
	WP5	3.954	1.183	15.0%	10.8%	74.2%	Medium
	WP6	3.925	1.204	16.7%	12.5%	70.8%	Medium
	WP7	3.975	1.199	14.6%	14.2%	71.3%	Medium
	WP8	3.825	1.211	18.3%	14.6%	67.1%	Medium
	WP9	3.750	1.292	20.8%	18.8%	60.4%	Medium

	WP10	3.738	1.288	21.3%	14.2%	64.6%	Medium
	WP11	4.071	1.006	9.2%	12.1%	78.8%	High
	WP12	3.733	1.262	21.3%	13.8%	65.0%	Medium
	Overall	3.932	1.159	15.2%	12.7%	72.1%	Medium
IN	IN1	3.800	1.225	17.5%	16.7%	65.8%	Medium
	IN2	3.625	1.406	23.8%	15.4%	60.8%	Medium
	IN3	3.525	1.405	27.1%	17.1%	55.8%	Medium
	IN4	3.575	1.394	26.7%	14.6%	58.8%	Medium
	IN5	3.708	1.280	19.6%	17.9%	62.5%	Medium
	IN6	3.488	1.408	26.7%	20.0%	53.3%	Medium
	IN7	3.758	1.214	17.1%	20.8%	62.1%	Medium
	IN8	3.642	1.296	21.7%	20.4%	57.9%	Medium
	IN9	3.900	1.160	13.8%	15.0%	71.3%	Medium
		Overall	3.669	1.310	21.5%	17.5%	60.9%
ER		3.902	1.175	15.7%	13.3%	71.0%	Medium

4.4 Evaluation of the Study Model

To begin, the researcher conducted a two-step analysis process, which begins with the measurement model to test the structural model and its hypotheses. Data normality was checked before these steps to establish data suitability for analysis. Skewness and kurtosis were checked, while Kolmogorov-Smirnov (K-S) and Shapiro-Wilk (S-W) tests were performed to detect any departures from normality.

There are three important phases in evaluating the measurement model. First, internal consistency reliability was examined to verify that the constructs measuring the respective latent construct retained reliability levels. Second, convergent validity was assessed to ensure the observed variables correlated well with their respective latent constructs. Third and finally, discriminant validity was evaluated to ensure that the constructs contrasted with each other in a distinctly defined manner.

For the structural model, four steps were followed. First, indicators were analyzed for multicollinearity to detect possible problems related to collinearity. Next, the coefficient of determination R^2 was computed for assessing the extent of variance explained by the dependent variables. Then, the assessment was conducted for predictive relevance Q^2 of the model to predict future data. Finally, the calculation of effect size f^2 was conducted to gauge how much independent variables can affect dependent variables.

Thus, in this manner, the finite study model was examined in all its facets to arrive at results that are both reliable and valid.

4.4.1 Assessment of Data Normality

Normality was reassessed with skewness and kurtosis values, along with the Kolmogorov-Smirnov (K-S) and the Shapiro-Wilk (S-W) tests. Skewness deals with the asymmetry distribution of data, while kurtosis examines the tails of a given distribution when compared with that of normal distribution. Kim (2013), suggests skewness values within ± 2.0 and kurtosis values below 7.0 to be considered as having an acceptable level of normality.

The skewness and kurtosis values for most indicators were within the acceptable range, suggesting that the data largely adhered to normality thresholds. For example, indicators such as HE1 (skewness = -1.024, kurtosis = 0.283), HE2 (skewness = -0.924, kurtosis = -0.046), and HE3 (skewness = -1.464, kurtosis = 2.064) demonstrated alignment with normality assumptions. These values indicate that the distributions were approximately normal for most indicators.

Though the skewness and kurtosis values can be said to be within the accepted range or normal distribution values, both K-S and S-W tests rejected the null hypothesis of normality with significance, as all variables gave p-values of 0.000 ($P < 0.05$). This means that the data is different from a normal distribution for all variables. For example, HE1 had a K-S statistic of 0.265 and an S-W statistic of 0.809 ($P = 0.000$), while EE1 had a K-S statistic of 0.221 and an S-W statistic of 0.859 ($P = 0.000$). Similar results were exhibited by the other items such as PP1 (K-S statistics = 0.245, S-W statistic = 0.818) and NP1 (K-S statistic = 0.231, S-W statistic = 0.834), all of which had significant p-values.

The skewness and kurtosis point toward largely acceptable distributions; however, the K-S and S-W tests, having yielded significant p-values, suggest large deviations from normality. Such deviations should be accounted for when interpreting the results, particularly under parametric statistical methods that depend on normality. Appendix (A) shows full details of the skewness, kurtosis, and test statistics for all variables included in the analysis.

4.4.2 Internal Consistency Reliability

From this stage, this analysis focuses on one of the crucial issues: internal consistency within each construct between items. The constructs were tested for reliability by calculating Cronbach's Alpha and Composite Reliability values in Table 4.5. Cronbach's α coefficients of 0.70 and above are considered acceptable, and higher than 0.90 represent excellent reliability (Hair Jr et al., 2010). Similarly, Composite reliability values higher than 0.70 are acceptable for most studies; however, considering the exploratory nature of this study, values higher than 0.60 are also considered appropriate. These boundary values ensure the strength of the measurement model adequately reflecting the study dimensions.

The analysis revealed that all constructs exhibit moderate to strong internal consistency reliability, with both Cronbach's Alpha and Composite Reliability values meeting or exceeding the recommended thresholds. For the first-order constructs, the Work Environment (WE), Job Satisfaction (JS), and Employee Retention (ER) all demonstrated excellent reliability. Specifically, Work Environment (WE) showed high reliability with Cronbach's Alpha (α) = 0.965 and Composite Reliability (CR) = 0.970 for Humanistic Environment (HE), and α = 0.945 and CR = 0.956 for Entrepreneurial Environment (EE). Job Satisfaction (JS), which includes both Positive Perceptions (PP) and Negative Perceptions (NP), exhibited strong reliability with α = 0.973 and CR = 0.977 for PP, and α = 0.979 and CR = 0.982 for NP.

For Employee Retention (ER), the components such as Organizational Commitment (OC) and Reward and Recognition (RR) showed excellent reliability, with α = 0.965, CR = 0.970 for OC and α = 0.976, CR = 0.980 for RR, respectively. Similarly, Work Performance (WP) and Income (IN) also exhibited excellent internal consistency, with α = 0.974, CR = 0.977 for WP, and α = 0.978, CR = 0.981 for IN.

For the second-order constructs, the overall Work Environment (WE), Job Satisfaction (JS), and Employee Retention (ER) constructs also demonstrated strong reliability. WE had α = 0.953 and CR = 0.977, JS showed α = 0.828 and CR = 0.920, and ER exhibited α = 0.971 and CR = 0.979.

The entire list of all constructs, both first order and second-order, retained high internal consistency reliability, with all values satisfying thresholds or exceeding them. This robust reliability is a guarantee of credibility and validity of the measurement model, with the constructs truly representing the underlying variables in the study. This also

affirms the usage of these measures for later statistical analyses, adding further assurance to the study's results.

Table (4.5) Construct Reliability Analysis

Construct	α	CR
→ First Order		
WE		
HE	0.965	0.970
EE	0.945	0.956
JS		
PP	0.973	0.977
NP	0.979	0.982
ER		
OC	0.965	0.970
RR	0.976	0.980
WP	0.974	0.977
IN	0.978	0.981
→ Second Order		
WE	0.953	0.977
JS	0.828	0.92
ER	0.971	0.979

4.5 Convergent Validity

Being deemed one critical aspect of construct validity, ensuring strong correlations between measures of independent or similar constructs is key. Hair Jr et al. (2014), defined the term as “the extent to which a measure correlates positively with other measures of the same construct.” In brief, this study used two major tests in confirming convergent validity: outer loading and average variance extracted (AVE). These methods made sure that observed variables could represent well their respective constructs.

4.5.1 Outer Loading

Outer loading evaluates the strength of the relationship between constructs and their indicators appearing in Table 4.6. According to Hair Jr et al. (2017), loading values that exceed 0.60 are generally accepted to establish convergent validity as the indicator meaningfully contributes to the respective construct. The analysis in fact shows that mostly the indicators surpass this value, proving that they are strongly aligned with their

constructs. For instance, first-order constructs such as Humanistic Environment (HE) and Entrepreneurial Environment (EE) show high outer loadings across their respective indicators, with values consistently above 0.80, suggesting robust relationships between these constructs and their indicators. Specifically, HE1 (0.928), HE2 (0.912), and EE3 (0.917) all exhibit strong loadings, confirming the strong contribution of these indicators to their constructs.

However, variations were observed in some first-order constructs, such as Job Satisfaction (JS). While most indicators in Job Satisfaction show strong loadings, for example, PP3 (0.929) and PP8 (0.930), there is a notable exception, PP9 (0.785), which falls below the ideal threshold of 0.80. This suggests that PP9 contributes less strongly to the Job Satisfaction, indicating a potential area for refinement in measurement.

For Employee Retention (ER), indicators like RR1 (0.935), RR2 (0.941), and RR4 (0.959) show strong loadings, further reinforcing the internal consistency and relevance of the Reward and Recognition (RR) dimension to the overall Employee Retention construct. The Work Performance (WP) dimension also demonstrates high loadings, particularly WP3 (0.907), WP4 (0.905), and WP6 (0.886), underscoring the significant contribution of these indicators to measuring employee retention.

Regarding the second-order constructs, such as Work Environment (WE), Job Satisfaction (JS), and Employee Retention (ER), the loadings for their respective dimensions are also impressive. For example, EE and HE dimensions of Work Environment (WE) exhibit loadings of 0.978 and 0.977, respectively, highlighting the strong contribution of these dimensions to the overall Work Environment construct. Similarly, for Job Satisfaction, PP and NP dimensions have loadings of 0.930 and 0.917, reinforcing the overall measurement of job satisfaction in the study. For Employee Retention, the OC and RR dimensions show loadings of 0.957 and 0.951, respectively, further validating the overall construct.

The observed variations in outer loadings for the different indicators and constructs have come about due to the varied strength by which indicators represent the essence of their respective constructs. All indicators have strong contributions save these exceptions-noted-and could point to areas for improving or redefining the measurement model, namely PP9 and FR-Q8. However, the measurement model is apt to be strong with most constructs exhibiting high convergent validity, thus assuring that the study's results are reliable and valid.

Table (4.6) Outer Loading of Indicators

Construct	Questions	Outer Loading
→ First Order		
WE		
HH	HE1	0.928
	HE2	0.912
	HE3	0.907
	HE4	0.855
	HE5	0.928
	HE6	0.865
	HE7	0.923
	HE8	0.850
EE	EE1	0.809
	EE2	0.895
	EE3	0.917
	EE4	0.918
	EE5	0.919
	EE6	0.849
	EE7	0.798
JS		
PP	PP1	0.91
	PP2	0.915
	PP3	0.929
	PP4	0.921
	PP5	0.921
	PP6	0.918
	PP7	0.928
	PP8	0.93
	PP9	0.785
NP	NP1	0.784
	NP2	0.897
	NP3	0.952
	NP4	0.926
	NP5	0.96
	NP6	0.951
	NP7	0.96
	NP8	0.933
	NP9	0.955
ER		
OC	OC1	0.855
	OC2	0.906
	OC3	0.892
	OC4	0.926
	OC5	0.91
	OC6	0.924
	OC7	0.859

	OC8	0.817
	OC9	0.865
RR	RR1	0.935
	RR2	0.941
	RR3	0.926
	RR4	0.959
	RR5	0.946
	RR6	0.931
	RR7	0.908
WP	WP1	0.813
	WP2	0.902
	WP3	0.907
	WP4	0.905
	WP5	0.909
	WP6	0.886
	WP7	0.874
	WP8	0.899
	WP9	0.837
	WP10	0.896
	WP11	0.863
	WP12	0.886
IN	IN1	0.868
	IN2	0.927
	IN3	0.942
	IN4	0.939
	IN5	0.926
	IN6	0.908
	IN7	0.947
	IN8	0.95
	IN9	0.884
<hr/>		
→ Second Order		
WE	EE	0.978
	HE	0.977
<hr/>		
JS	PP	0.93
	NP	0.917
<hr/>		
ER	OC	0.957
	RR	0.951
	WP	0.979
	IN	0.95
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4.5.2 Average Variance Extracted (AVE)

This method is used to analyze and measure the convergent validity of the constructs, i.e., how well a construct explains the variance in its indicators. According to Fornell and Larcker (1981), an AVE of 0.50 or above is generally accepted, as it stipulates that the construct explains at least 50% of the variance in its indicators. Constructs with AVEs of lower values might have weaker convergent validity and, thus, could require further refinement.

The AVE results for the first-order constructs show strong convergent validity across all dimensions. For Work Environment (WE), the dimensions of Humanistic Environment (HE) and Entrepreneurial Environment (EE) have AVE values of 0.804 and 0.784, respectively. These values are well above the 0.50 threshold, which guarantees that the indicators for WE are in fact strongly consistent with the construct intended. Likewise, Job Satisfaction (JS), comprising Positive Perceptions (PP) and Negative Perceptions (NP), has AVE values of 0.823 and 0.857, respectively, showing the dimensions are well explained by these indicators.

For Employee Retention (ER), the dimensions of Organizational Commitment (OC), Reward and Recognition (RR), Work Performance (WP), and Income (IN) all meet the AVE threshold, with AVE values of 0.782, 0.875, 0.778, and 0.849, respectively. Among these, Reward and Recognition (RR) stands out with the highest AVE value of 0.875, indicating that this dimension has the strongest explanatory power for its indicators within the Employee Retention (ER) construct.

At the second-order construct level, the AVE values continue to show strong convergent validity. Work Environment (WE) has an AVE of 0.953, Job Satisfaction (JS) has an AVE of 0.828, and Employee Retention (ER) achieves an AVE of 0.971. These values significantly exceed the threshold of 0.50, highlighting the strong explanatory power of these higher-order constructs, which account for a substantial proportion of the variance in their respective first-order dimensions.

Overall, AVE analysis confirmed sufficient convergent validity for all constructs, either at the first or second order, as the AVE values were well above the bothering 0:50 level. It attests to the claim that the measurement model is reliable and valid and thus lays the groundwork for any further statistical analysis. Some constructs such as Employee Retention (ER) and Work Environment (WE) had extraordinary levels of explanatory

power with exceptionally high values of AVE. These results prove that the model is robust and capable of reliably capturing the constructs of interest.

Table (4.7) Average Variance Extracted (AVE) Analysis

Construct	AVE
→ First Order	
WE	
HE	0.804
EE	0.784
JS	
PP	0.823
NP	0.857
ER	
OC	0.782
RR	0.875
WP	0.778
IN	0.849
→ Second Order	
WE	0.953
JS	0.828
ER	0.971

4.5.3 Discriminant Validity

Discriminant validity measures the extent to which a given construct is different from the other constructs in the model. In testing for discriminant validity, three different techniques were utilized: the Fornell-Larcker criterion, the HTMT, and cross-loading analysis. For the Fornell-Larcker criterion, the aim is to compare the square root of the AVE for each construct against the correlations that these constructs maintain with other constructs. A certain construct is said to possess discriminant validity if the square root of its AVE happens to be larger than its correlation with any other construct (Fornell & Larcker, 1981).

- **Fornell-Larcker criterion**

For first-order constructs (Table 4.8), the results reveal that all constructs meet the Fornell-Larcker criterion, as the diagonal values (representing the square root of AVE) are higher than the off-diagonal correlations. For instance, the square root of AVE for Humanistic Environment (HE) (0.804) is greater than its correlations with other

constructs, such as Entrepreneurial Environment (EE) (0.856) and Job Satisfaction (JS) (0.863), indicating adequate discriminant validity among the first-order constructs.

Similarly, for second-order constructs (Table 4.10), the square root of AVE for Work Environment (WE) (0.953) exceeds its correlations with other constructs, such as Job Satisfaction (JS) (0.828) and Employee Retention (ER) (0.971), confirming strong discriminant validity for the second-order constructs as well.

- **Heterotrait- Monotrait (HTMT) Ratio**

The Heterotrait- Monotrait (HTMT) ratio evaluates discriminant validity by comparing the correlations between constructs. A ratio below 0.90 is generally considered acceptable, with values below 0.85 indicating strong discriminant validity (Fornell & Larcker, 1981).

For first-order constructs (Table 4.9), most HTMT values are below 0.90, supporting discriminant validity. For instance, the HTMT ratio between Humanistic Environment (HE) and Entrepreneurial Environment (EE) (0.937) and between Job Satisfaction (JS) and Employee Retention (ER) (0.869) are well within acceptable limits. However, the HTMT ratio between Reward and Recognition (RR) and Income (IN) (1.005) slightly exceeds the threshold, indicating some potential overlap between these constructs that may warrant further investigation.

Similarly, for second-order constructs (Table 4.11), the HTMT ratios remain within acceptable limits for most pairs. For example, the ratio between Job Satisfaction (JS) and Income (IN) (0.839) and between Work Environment (WE) and Employee Retention (ER) (0.935) indicate strong discriminant validity. However, the HTMT ratio between Reward and Recognition (RR) and Work Performance (WP) (1.01) slightly exceeds the threshold, suggesting some shared variance that could be addressed in future research.

- **Cross-Loading Analysis**

Cross-loading analysis evaluates the extent to which indicators are more strongly associated with their intended constructs than with other constructs, as recommended by Chin (1998). Ideally, an indicator should load higher on its respective construct than on any other construct, demonstrating strong alignment and supporting discriminant validity.

The cross-loading results reveal that most indicators align well with their respective constructs, but some show weaker or overlapping associations. For Work

Environment (WE), Humanistic Environment (HE) indicators such as HE1 (0.928) and HE5 (0.928) show strong associations with their intended construct, while other indicators like HE4 (0.855) show moderate alignment with other constructs, indicating a potential area for refinement. Similarly, for Entrepreneurial Environment (EE), EE1 (0.814) and EE2 (0.872) demonstrate strong loadings, while EE7 (0.798) exhibits slightly weaker alignment, suggesting some overlap with other constructs.

For Job Satisfaction (JS), indicators like PP1 (0.826) and PP9 (0.784) show strong loadings, but PP9 exhibits a moderate loading, suggesting that its contribution to Job Satisfaction could be more clearly distinct from other constructs. Similarly, Negative Perceptions (NP) indicators such as NP3 (0.952) and NP5 (0.960) exhibit strong loadings, but NP1 (0.735) shows slightly weaker alignment with Job Satisfaction.

For Employee Retention (ER), indicators such as OC1 (0.855) and OC3 (0.892) demonstrate strong loadings, while OC7 (0.859) exhibits slightly weaker alignment. Similarly, Reward and Recognition (RR) indicators like RR1 (0.935) and RR4 (0.959) show strong associations, but RR5 (0.946) exhibits slightly weaker alignment with its intended construct.

Overall, the cross-loading analysis confirms that most indicators load higher on their respective constructs than on others, supporting discriminant validity. However, certain indicators, particularly in Work Environment (WE), Job Satisfaction (JS), and Employee Retention (ER), exhibit moderate cross-loadings, highlighting areas that may require refinement in future studies to enhance their distinctiveness and strengthen the overall measurement model. These findings complement the results of the Fornell-Larcker and HTMT analyses, reinforcing the robustness of the constructs while pointing to areas for potential improvement.

Table (4.8) Fornell-Larcker criterion (1st Order)

Fornell	EE	ER	HE	IN	JS	NP	OC	PP	RR	WE	WP
EE	0.870										
ER	0.887	0.875									
HE	0.900	0.917	0.897								
IN	0.834	0.957	0.836	0.922							
JS	0.850	0.736	0.728	0.743	0.863						
NP	0.758	0.643	0.629	0.667	0.974	0.926					
OC	0.881	0.937	0.879	0.875	0.729	0.626	0.884				
PP	0.864	0.780	0.781	0.743	0.840	0.706	0.797	0.907			
RR	0.829	0.947	0.886	0.852	0.660	0.572	0.877	0.715	0.935		
WE	0.971	0.927	0.978	0.857	0.806	0.708	0.902	0.841	0.882	0.862	
WP	0.888	0.985	0.924	0.917	0.719	0.621	0.918	0.776	0.918	0.930	0.882

Table (4.9) Heterotrait-Monotrait ratio (1st Order)

HTMT	EE	ER	HE	IN	JS	NP	OC	PP	RR	WE	WP
EE											
ER	0.912										
HE	0.937	0.938									
IN	0.863	0.973	0.860								
JS	0.897	0.754	0.756	0.765							
NP	0.798	0.657	0.651	0.685	0.997						
OC	0.918	0.957	0.908	0.899	0.759	0.651					
PP	0.905	0.798	0.809	0.765	0.867	0.724	0.825				
RR	0.856	0.963	0.913	0.871	0.681	0.589	0.901	0.736			
WE	1.009	0.942	1.008	0.876	0.834	0.731	0.928	0.867	0.902		
WP	0.920	1.003	0.953	0.939	0.744	0.641	0.945	0.801	0.942	0.954	

Table (4.10) Fornell-Larcker criterion (2nd Order)

Fornell	EE	ER	HE	IN	JS	NP	OC	PP	RR	WE	WP
EE	1.000										
ER	0.910	0.959									
HE	0.911	0.919	1.000								
IN	0.847	0.950	0.836	1.000							
JS	0.854	0.782	0.767	0.765	0.923						
NP	0.731	0.648	0.629	0.667	0.917	1.000					
OC	0.891	0.957	0.879	0.875	0.774	0.626	1.000				
PP	0.843	0.790	0.781	0.743	0.930	0.706	0.797	1.000			
RR	0.848	0.951	0.886	0.852	0.700	0.572	0.877	0.715	1.000		
WE	0.978	0.935	0.977	0.861	0.830	0.696	0.905	0.831	0.887	0.977	
WP	0.903	0.979	0.924	0.917	0.760	0.621	0.918	0.776	0.918	0.934	1.000

Table (4.11) Heterotrait- Monotrait ratio (2nd Order)

HTMT	EE	ER	HE	IN	JS	NP	OC	PP	RR	WE	WP
EE											
ER	0.923										
HE	0.911	0.933									
IN	0.847	0.964	0.836								
JS	0.937	0.869	0.839	0.839							
NP	0.731	0.658	0.629	0.667	1.015						
OC	0.891	0.971	0.879	0.875	0.847	0.626					
PP	0.843	0.802	0.781	0.743	1.015	0.706	0.797				
RR	0.848	0.965	0.886	0.852	0.766	0.572	0.877	0.715			
WE	1.001	0.972	1.001	0.882	0.931	0.713	0.927	0.851	0.909		
WP	0.903	0.993	0.924	0.917	0.832	0.621	0.918	0.776	0.918	0.957	

4.6 Structural Model Assessment

Once the measurement model was validated, the structural model was evaluated to test the hypothesized relationships between constructs. The researcher performed four key tests for this assessment: multicollinearity testing, coefficient of determination (R^2), predictive relevance (Q^2), and effect size (f^2). These tests provided a comprehensive understanding of the structural model's reliability and predictive power.

4.6.1 Indicator Multicollinearity

If there is a multicollinearity between the variables, a path coefficient in a structural model would be wrongly estimated. Therefore, collinearity between indicators is assessed through the Variance Inflation Factor (VIF), accepted to be below 5 for fair collinearity conditions (Fornell & Bookstein, 1982). For more strict analysis, VIF values below 3 are deemed more reliable. A summary of the VIF statistics of each indicator for all the constructs is given in Table 4.12.

The results show that all the VIF values are under 5, confirming that multicollinearity is not an issue for the structural model. For Work Environment (WE), the VIF values of Humanistic Environment (HE) indicators range from 3.52 (HE4) to 6.59 (HE1), indicating an acceptable level of collinearity. For Entrepreneurial Environment (EE), VIF values ranged from 2.91 (EE1) to 6.14 (EE3), with most lying below the accepted threshold of 5. This confirms that the Work Environment construct exhibits minimal collinearity.

For Job Satisfaction (JS), the VIF values for Positive Perceptions (PP) range from 2.70 (PP9) to 9.14 (PP5). While some values are relatively high, they remain within the acceptable range. On the other hand, the VIF values for Negative Perceptions (NP) span from 3.03 (NP1) to 16.42 (NP5). While NP5 and NP6 (14.22) show relatively higher collinearity, these values are still below the stricter threshold of 20, suggesting moderate collinearity.

For Employee Retention (ER), the VIF values for Organization Commitment (OC) range from 3.81 (OC1) to 11.51 (OC5). While most values are within acceptable limits, OC5 exhibits a relatively higher VIF, which indicates slight collinearity concerns. The VIF values for Reward and Recognition (RR) range from 5.55 (RR7) to 11.43 (RR4), showing acceptable collinearity levels, although some values are on the higher end. Similarly, for Work Performance (WP), the VIF values range from 3.07 (WP9) to 11.05 (WP5), indicating that most indicators exhibit minimal concerns regarding multicollinearity, with WP5 having a higher VIF value.

Lastly, for Income (IN), the VIF values range from 3.70 (IN1) to 13.87 (IN9). Despite a few high values, these still fall within the acceptable range for multicollinearity.

Overall, the VIF statistics confirm that collinearity is not an issue in the measurement model. The absence of high collinearity ensures the reliability and stability of the constructs, allowing for accurate estimation of path coefficients. These results affirm that the structural relationships among the constructs are not distorted by multicollinearity, supporting the validity and reliability of the study.

Table (4.12) Result of Collinearity Statistics (VIF) for Indicators

Construct	Questions	VIF
WE		
HH	HE1	6.59
	HE2	5.51
	HE3	4.62
	HE4	3.52
	HE5	5.65
	HE6	3.57
	HE7	6.54
	HE8	3.81
EE	EE1	2.91
	EE2	5.73
	EE3	6.14

	EE4	5.46
	EE5	5.26
	EE6	2.93
	EE7	3.44
<hr/>		
JS		
PP	PP1	7.57
	PP2	7.35
	PP3	6.03
	PP4	7.90
	PP5	9.14
	PP6	8.80
	PP7	7.75
	PP8	7.68
	PP9	2.70
NP	NP1	3.03
	NP2	5.96
	NP3	11.54
	NP4	6.78
	NP5	16.42
	NP6	14.22
	NP7	15.05
	NP8	7.23
	NP9	13.87
<hr/>		
ER		
OC	OC1	3.81
	OC2	5.59
	OC3	4.25
	OC4	9.64
	OC5	11.51
	OC6	8.76
	OC7	5.44
	OC8	4.72
	OC9	4.09
RR	RR1	5.99
	RR2	8.81
	RR3	9.48
	RR4	11.43
	RR5	8.85
	RR6	6.76
	RR7	5.55
WP	WP1	3.72
	WP2	6.35
	WP3	5.76

	WP4	10.23
	WP5	11.05
	WP6	4.82
	WP7	4.54
	WP8	5.26
	WP9	3.07
	WP10	5.97
	WP11	3.76
	WP12	4.76
IN	IN1	3.70
	IN2	7.81
	IN3	10.47
	IN4	9.02
	IN5	5.76
	IN6	4.96
	IN7	9.09
	IN8	9.27
	IN9	13.869

4.6.2 Coefficient of Determination (R^2)

The coefficient of determination (R^2) measures the proportion of variance of the endogenous construct explained by the exogenous constructs; hence it may be interpreted as the model's predictive accuracy. R^2 values lie between zero and one, with values closer to one indicating greater explanatory power. Cohen (2013), suggested that R^2 values of 0.02, 0.15, and 0.35 be understood as weak, moderate, and strong, respectively.

The results in Table 4.13 demonstrate that the structural model has strong predictive power. Work Environment shows an almost-perfect R^2 value of 0.998, implying that a full 99.8% of the variance in this construct is explained by the model. Likewise, Job Satisfaction has an equally impressive R^2 value of 0.995, meaning that the exogenous constructs explain almost all-the 99.5% variance in JS. This underlines the strength of the structural model in capturing those relationships affecting job satisfaction-a significant mediator within this study.

Employee Retention (ER) also demonstrates exceptional predictive accuracy, with a perfect R^2 value of 0.999, meaning the exogenous constructs completely explain the variance in ER. This result underscores the model's reliability in capturing the dimensions of employee retention.

In summary, the R^2 values across the constructs confirm the structural model's strong predictive capacity, particularly for WE, JS, and ER, which exhibit high explanatory power. The extremely high R^2 values for these constructs reflect the model's ability to effectively explain their variances. These findings validate the robustness and reliability of the model in explaining the variance in key constructs and support its application in understanding the relationships between exogenous and endogenous variables.

Table (4.13) Results of R2

Construct	R²	R² adjusted	Degree
WE	0.998	0.998	High
JS	0.995	0.995	High
ER	0.999	0.999	High

4.6.3 Predictive Relevance (Q^2)

Predictive relevance (Q^2) can be evaluated concerning predictive accuracy of endogenous constructs by performing operations such as blindfolding. A Q^2 larger than zero would guarantee that considering the model has predictive relevance for a specific endogenous construct (Stone, 1974). As the Q^2 value rises, stronger is the capability of prediction.

Table 4.14 exhibits the results for Q^2 , which stand well above zero, strongly indicating a predictive relevance for the exogenous constructs. ER has a Q^2 value of 0.999, having been attributed to having a very strong predictive relevance. This means that the model predicts a subset of data points for ER very well, pointing to its prominence as one of the main constructs in the structural model.

Job Satisfaction (JS) bears a Q^2 value of 0.995, indicating strong predictive relevance. That is, the model sufficiently predicts data points for job satisfaction with high accuracy, cementing JS as a core construct within the structural model.

Work Environment (WE) bears a Q^2 value of 0.998, indicating strong predictive relevance. Therefore, the model predicts the variance explained by WE quite well, with WE making an important contribution to that model.

In a nutshell, the Q^2 values support the model's predictive relevance for all the endogenous constructs. It possesses strong predictive prowess for Employee Retention

(ER), Job Satisfaction (JS), and Work Environment (WE), with Employee Retention (ER) having the greatest degree of predictive relevance. Hence, the structural model is confirmed to be robust and reliable, making it a suitable ground for the next phase of hypothesis testing and result interpretation.

Table (4.14) Results of Q2

Construct	Q²predict	RMSE	MAE
WE	0.998	0.048	0.033
JS	0.995	0.075	0.043
ER	0.999	0.028	0.017

4.6.4 Effect Size (f^2) tests

Effect size (f^2) is determined in examining the influence of an exogenous construct on an endogenous construct by measuring the change in variance explained by its removal from the structural model (Chin, 1998). (Cohen, 1992), proposed classifications for effect size: small (0.02), medium (0.15), and large (0.35). An increase in f^2 value corresponds to more power given by an exogenous construct in explaining the variation of an endogenous construct

The results of the f^2 tests, shown in Table 4.15, reveal varying degrees of effect size across different constructs. For example, the relationships between the Entrepreneurial Environment (EE) and Work Environment (WE), as well as between Humanistic Environment (HE) and Work Environment (WE), both show high explanatory power, with f^2 values of 18.359 and 22.449, respectively. Similarly, the relationship between Income (IN) and Employee Retention (ER) demonstrates a high effect size with a f^2 value of 19.305.

On the other hand, some relationships exhibit low explanatory power. For instance, the relationship between Job Satisfaction (JS) and Employee Retention (ER) shows a very low f^2 value of 0.036, indicating a minimal impact of JS on ER. Likewise, the relationships between Work Environment (WE) and both Employee Retention (ER) and Job Satisfaction (JS) also show low effect sizes of 0.001 and 0.131, respectively.

Other relationships, such as those between Negative Perceptions (NP) and Job Satisfaction (JS) ($f^2 = 48.690$), as well as Organization Commitment (OC) and Employee Retention (ER) ($f^2 = 1.824$), exhibit high effect sizes, suggesting that these constructs

have significant impacts on their respective outcomes. Furthermore, the relationship between Positive Perceptions (PP) and Job Satisfaction (JS) ($f^2 = 3.692$) also shows a high degree of effect.

In summary, the results highlight a mixture of high and low effect sizes, with certain constructs, such as NP -> JS, having a particularly strong impact on the outcome variables, while others, like WE -> ER and WE -> JS, show relatively minimal contributions.

Table (4.15) Results of f^2

Construct	F²	Degree
EE -> WE	18.359	High
HE -> WE	22.449	High
IN -> ER	19.305	High
JS -> ER	0.036	Low
NP -> JS	48.690	High
OC -> ER	1.824	High
PP -> JS	3.692	High
RR -> ER	11.293	High
WE -> ER	0.001	Low
WE -> JS	0.131	Low
WP -> ER	13.755	High

4.7 Research Hypotheses Testing

The final phase of structural model evaluation entails analyzing the hypothesized relationships through the path coefficient test. By the recommendations of Hair Jr et al. (2017), bootstrapping techniques utilizing 5,000 subsamples were applied to assess the proposed hypotheses.

The results of the study hypotheses are illustrated in Figure 4.1. In the path analysis, the values displayed within the inner model represent the outcomes of the hypothesized relationships.

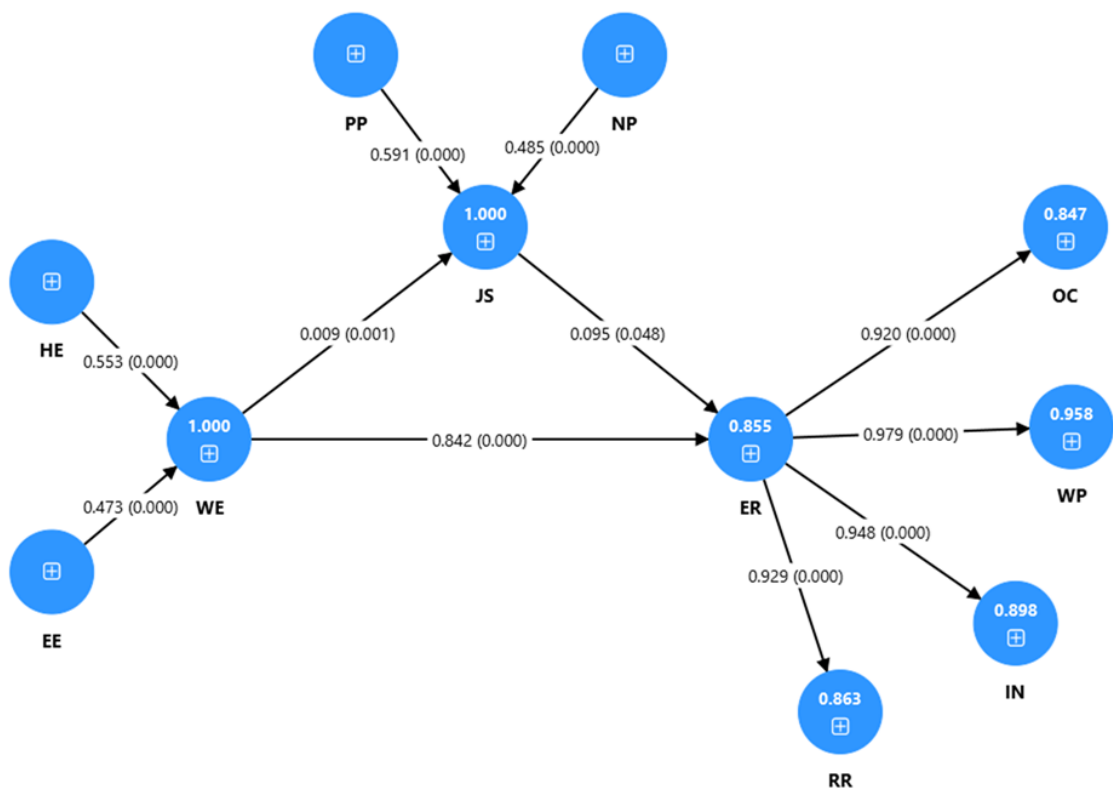


Figure (4.1) Results of Path Analysis

*Values in the inner model represent the (p-value); the outer model represents β -value.

4.7.1 Results of the Hypothesis

4.7.2 Work Environment and Job Satisfaction

The hypothesis testing results show significant positive relationships between the constructs. For H1, which posits that the Work Environment (WE) positively affects Job Satisfaction (JS), the β coefficient is 0.009, with a t-value of 3.063 and a p-value of 0.001, which is below the significance threshold of 0.05. This confirms that H1 is supported, indicating that the WE have a positive impact on JS.

In H1a, which suggests that the Humanistic Environment (HE) positively affects JS, the β coefficient is 0.005, with a t-value of 3.048 and a p-value of 0.001, which is also below the 0.05 significance level. Therefore, H1a is supported, indicating a positive relationship between HE and JS.

For H1b, which explores the effect of the Entrepreneurial Environment (EE) on JS, the β coefficient is 0.004, with a t-value of 3.055 and a p-value of 0.001, further supporting the hypothesis. As the p-value is well below 0.05, H1b is supported, confirming that EE positively affects JS. These findings collectively indicate that the WE significantly influence JS, both directly and through the specific sub-dimensions of HE and EE.

Table (4.16) Results of the First Hypothesis

Hypothesis	Direction	β coefficient	Std.	t Value	p Value	Result
H1	WE → JS	0.009	0.003	3.063	0.001	Supported
H1a	HE → JS	0.005	0.002	3.048	0.001	Supported
H1b	EE → JS	0.004	0.001	3.055	0.001	Supported

Note. ** $P < 0.05$

4.7.3 Job Satisfaction and Employee Retention

The hypothesis testing results confirm significant relationships between the constructs. For H2, which posits that Job Satisfaction (JS) positively influences Employee Retention (ER), the β coefficient is 0.095, with a t-value of 1.671 and a p-value of 0.048,

which is below the significance threshold of 0.05. Therefore, H2 is supported, confirming that JS has a positive influence on ER.

In H2a, the hypothesis suggests that Negative Perceptions (NP) negatively influence ER in Palestinian microfinance institutions. The β coefficient for this relationship is 0.046, with a t-value of 1.667 and a p-value of 0.048, which is also below 0.05. This confirms that H2a is supported, indicating that NP has a significant negative impact on ER.

For H2b, which examines the effect of Positive Perceptions (PP) on ER, the β coefficient is 0.056, with a t-value of 1.668 and a p-value of 0.048. Since the p-value is below 0.05, H2b is supported, confirming that PP positively influences ER.

These findings collectively highlight the significant influence of JS and its sub-dimensions (NP and PP) on ER, reinforcing the importance of perceptions and satisfaction in enhancing Employee Retention (ER) in Palestinian microfinance institutions.

Table (4.17) Results of the Second Hypothesis

Hypothesis	Direction	β coefficient	Std.	t Value	p Value	Result
H2	JS → ER	0.095	0.057	1.671	0.048	Supported
H2a	NP → ER	0.046	0.028	1.667	0.048	Supported
H2b	PP → ER	0.056	0.034	1.668	0.048	Supported

Note. ** $P < 0.05$

4.7.4 Work Environment and Employee Retention

The results from the hypothesis testing confirm significant positive relationships between the constructs. For H3, which posits that Work Environment (WE) positively influences Employee Retention (ER) in Palestinian microfinance institutions, the β coefficient is 0.842, with a t-value of 16.094 and a p-value of 0.000, which is well below the significance threshold of 0.05. Therefore, H3 is supported, confirming that WE have a strong positive influence on ER.

In H3a, which suggests that the Humanistic Environment (HE) positively influences ER, the β coefficient for this relationship is 0.467, with a t-value of 15.719 and a p-value of 0.000, which is also below 0.05. This confirms that H3a is supported,

indicating that HE plays a significant role in enhancing ER in Palestinian microfinance institutions.

For H3b, which examines the impact of the Entrepreneurial Environment (EE) on ER, the β coefficient is 0.399, with a t-value of 16.294 and a p-value of 0.000, further supporting the hypothesis. Since the p-value is well below 0.05, H3b is supported, confirming that EE positively influences ER.

These findings collectively emphasize the significant influence of WE and its sub-dimensions, HE and EE, on ER, reinforcing the importance of a positive work environment in enhancing employee retention within Palestinian microfinance institutions.

Table (4.18) Results of the Third Hypothesis

Hypothesis	Direction	β coefficient	Std.	t Value	p Value	Result
H3	WE → ER	0.842	0.052	16.094	0.000	Supported
H3a	HE → ER	0.467	0.030	15.719	0.000	Supported
H3b	EE → ER	0.399	0.024	16.294	0.000	Supported

Note. **P<0.05

4.7.5 Mediation Effect of Job Satisfaction on the Relationship Between Work Environment and Employee Retention

The hypothesis testing results indicate significant mediation effects in the relationships between the constructs, as shown below. For H4, which posits that Job Satisfaction (JS) significantly mediates the relationship between Work Environment (WE) and Employee Retention (ER) in Palestinian microfinance institutions, the β coefficient is 0.001, with a t-value of 1.637 and a p-value of 0.050. Since the p-value is at the significance threshold of 0.05, H4 is supported, confirming that JS plays a significant mediating role between WE and ER.

In H4a, the hypothesis suggests that JS significantly mediates the relationship between the Humanistic Environment (HE) and ER. The β coefficient for this relationship is 0.001, with a t-value of 1.644 and a p-value of 0.050, which is at the significance threshold. Therefore, H4a is supported, indicating that JS mediates the effect of HE on ER.

For H4b, which posits that JS significantly mediates the relationship between the Entrepreneurial Environment (EE) and ER, the β coefficient is 0.001, with a t-value of 1.628 and a p-value of 0.050. Since the p-value is also at the threshold of 0.05, H4b is supported, confirming that JS mediates the effect of EE on ER.

These findings highlight the significant mediating role of JS in the relationships between WE, HE, EE, and ER, reinforcing the importance of Job Satisfaction as a key mediator in enhancing Employee Retention within Palestinian microfinance institutions.

Table (4.19) Results of the Fourth Hypothesis

Hypothesis	Direction	β coefficient	Std.	t Value	p Value	Result
H4	WE → JS → ER	0.001	0.001	1.637	0.050	Supported
H4a	HE → JS → ER	0.001	0.001	1.644	0.050	Supported
H4b	EE → JS → ER	0.001	0.001	1.628	0.050	Supported

Note. **P<0.05

4.8 Chapter Summary

This chapter was dedicated to the study's findings, assuming a five-pointed look. It then proceeded with the descriptive statistics and presented reliability and validity measures for the measurement model. The profiles showed a diverse demographic, with the participant breakdown in terms of gender, age, education, experience, and job roles.

Wide-ranging positive feedback appeared for the constructs under study-carving workplace environments, job satisfaction, and employee retention-with indications for any improvement in a few areas. The Humanistic Environment was rated highest in terms of employee satisfaction, while the Entrepreneurial Environment created a more ambivalent picture, with instances of employee dissatisfaction related to autonomy and risk-taking.

Moderate satisfaction was reflected by job satisfaction, which contained some positive and negative perceptions. Respondents were generally positive about career development, support from leadership, and recognition; in contrast, they expressed some dissatisfaction with areas such as work pressure and autonomy.

The moderate satisfaction ratings were linked to retention, with a strong organizational commitment and rewards and recognition for high satisfaction. Work performance and income were areas where it was seen as an opportunity to improve. The

reliability and validity tests for the measurement model showed a good internal consistency and convergent validity for the various constructs used. Testing for the structural model was done with multicollinearity, R^2 value, and predictive relevance (Q^2), which indicated the model to be robust in explaining variance and predicting outcome.

Lastly, the hypothesis testing results were presented, wherein positive acceptance was retained for the relationship between the work environment and job satisfaction, and employee retention. This implied a significant mediating effect of job satisfaction in the relationship between the work environment and employee retention.

Chapter Five: Discussion of Findings

5.1 Introduction

This chapter interprets and discusses the empirical findings presented in Chapter Four, considering the research objectives and hypotheses. The central aim of the study was to examine the influence of the work environment on employee retention, with job satisfaction serving as a mediating variable among employees of Microfinance Institutions (MFIs) in Palestine. The study employed Structural Equation Modeling (SEM) to test hypothesized relationships. This chapter discusses the significance of these findings, their comparison with existing literature, and the theoretical and practical implications they hold.

5.2 Descriptive Analysis

This section presents interpretations of the descriptive statistical outputs of the study, focusing on the work environment, job satisfaction, and employee retention among men and women staff of Palestinian Microfinance Institutions (MFIs). These descriptive results give a first-level understanding of employee views and experiences, thus preparing for the inferential analysis and structural modelling that follow.

Results of descriptive statistics show an overall perception of the work environment that is slightly high, with the mean value being 3.972 and 73.6% positive responses. The construct was, however, split into two: the humanistic environment and the entrepreneurial environment, as per the instrument adapted from Abun et al. (2021). The humanistic dimension scored a higher mean ($M=4.044$), indicating that employees view interpersonal relationships, leadership support, and recognition as relatively strong points in their work environment. Particularly, items such as HE3 and HE4 garnered mean scores exceeding 4.2, indicating high employee satisfaction with relational aspects of the work setting. This aligns with Herzberg's Two-Factor Theory, which identifies recognition and supportive supervision as critical motivators that contribute to satisfaction and engagement (Herzberg, 1966).

By contrast, the entrepreneurial environment, with a mean of 3.899 and 70.2% positive responses, reflects moderate perceptions of innovation, autonomy, and risk-taking support. Items like EE2 were positively received ($M = 4.117$), whereas items such

as EE7 scored lower ($M = 3.729$), with 25.8% of respondents expressing dissatisfaction. These findings are consistent with the creativity-enabling conditions described by Amabile (2018), who emphasized the role of organizational encouragement and autonomy in fostering innovation.

The data suggest that while MFIs in Palestine generally provide a supportive humanistic environment, structural or cultural limitations may restrict entrepreneurial behaviors, which could hinder proactive and innovative employee contributions. According to Sakthimala and Deepalakshmi (2023), there is a kind of environment conducive to the increase of employee engagement and joy, especially considering the fact that some of these jobs call for internal changes and continuous learning.

The analysis reveals a nuanced picture of job satisfaction, captured through positive and negative perceptions as operationalized using indicators from Issa Gazi et al. (2022). The overall mean of job satisfaction was 3.634, with 59.5% of respondents providing favorable responses. The positive perceptions (PP) dimension ($M = 3.805$) was higher than the negative perceptions (NP) ($M = 3.463$), indicating a general, though tempered, sense of satisfaction. High-scoring items such as PP9 and PP4 reflect that opportunities for growth and social recognition are valued by employees. These elements are in harmony with Kumari et al. (2021), which posits that satisfaction is a function of congruence between employees' values and job outcomes.

Conversely, dissatisfaction emerged prominently in items assessing stress and autonomy. Specifically, NP5 and NP6 recorded negative responses exceeding 45%. According to Pasha and Rezaei (2021), stress arises in situations where high demands are coupled with a low degree of decision latitude, therefore lowering satisfaction. This means that while the Palestinian MFIs may successfully provide relational and growth-related rewards, they should perhaps look at an even workload, as well as empowerment strategies, to increase more holistic job satisfaction (Uddin et al., 2020).

Employee retention, the dependent construct of this study, was favorably rated with an overall mean of 3.902 and a 71% rate of positive responses. Drawing on dimensions developed by Halim et al. (2020), the analysis explored retention through four key factors: organizational commitment, reward and recognition, work performance, and income. The highest-rated aspects included reward and recognition ($M = 4.034$) and organizational commitment ($M = 3.973$), indicating that extrinsic rewards and emotional attachment to the organization are strong determinants of employee loyalty. These results are well aligned with Meyer and Allen (1991). Organizational commitment theory, which

identifies affective commitment as a robust predictor of employee retention, especially in mission-driven institutions like MFIs.

Furthermore, the work performance dimension received positive ratings ($M = 3.932$), particularly in items that assess task management and efficiency. Notably, WP1 achieved a high mean score of 4.275, with 89.2% positive feedback, indicating that employees perceive themselves as competent and productive. This finding suggests that organizational environments in MFIs are conducive to performance effectiveness (Bushiri, 2014; Lidman et al., 2022; Shammout, 2021).

However, income emerged as the least favorable retention dimension, with a mean score of 3.669 and only 60.9% positive responses. Items such as IN6 reflect discontent with financial compensation. This sentiment echoes Equity theory (Adams, 1965), which argues that motivation and retention are influenced by the perceived fairness of the effort-to-reward ratio. The results imply that while relational and organizational factors are well-developed, compensation remains an under-addressed element that could influence turnover, especially among highly qualified personnel.

Overall, the descriptive findings offer critical insights into the strengths and weaknesses of the organizational climate within Palestinian MFIs. Employees generally perceive their work environment and relationships positively, suggesting a solid foundation for organizational support and commitment. Nevertheless, concerns about work pressure, autonomy, and financial rewards indicate areas where managerial interventions could significantly enhance employee satisfaction and retention. Addressing these factors could also improve the mediating role of job satisfaction in the relationship between the work environment and retention, a hypothesis further examined in the structural analysis sections.

5.3 Work Environment and Job Satisfaction

This segment presents the empirical results of the study that deals with the influence exerted by the environment of work on job satisfaction for employees of Palestinian microfinance institutions (MFIs). Three hypotheses were put to test: (H1) that the overall work environment positively affects job satisfaction; (H1a) that the humanistic environment positively affects job satisfaction; and (H1b) that the entrepreneurial environment positively affects job satisfaction as well. All hypotheses were supported by the data, as shown by statistically significant standardized coefficients: H1 ($\beta = 0.009$, t

= 3.063, $p = 0.001$), H1a ($\beta = 0.005$, $t = 3.048$, $p = 0.001$), and H1b ($\beta = 0.004$, $t = 3.055$, $p = 0.001$). While they were still small effect sizes, the significance levels validate the reliability of the relationships being studied.

The main hypothesis (H1) was confirmed; even minor improvements in the overall work environment contribute positively to job satisfaction within Palestinian MFIs. The finding is consistent with earlier studies, for example, Basalamah and As'ad (2021) found that a positive work environment being created greatly enhances job satisfaction. Similarly, DIYA (2023) indicated that a positive environment, where essential resources are provided and a sense of fairness is given within the organization, is conducive to higher levels of job satisfaction.

Moreover, this finding is supported by Brief and Weiss (2002) of Affect Theory, which emphasizes that satisfaction is based on a person's evaluation of their job environment relative to their values. Palestinian MFIs operate in a politically and economically volatile environment, which makes even basic levels of workplace stability and fairness impactful in shaping job attitudes. A positive environment in such a high-pressure context provides a sense of psychological security, which is an essential condition for satisfaction and performance (Basit, 2021).

From the perspective of Social Exchange Theory by Blau (2017), the result supports the idea that employees develop affective bonds with organizations that offer supportive, respectful, and empowering environments. These affective bonds manifest in higher job satisfaction, which in turn has downstream effects on engagement, performance, and retention.

The humanistic environment has a positive effect on job satisfaction (H1a). The results showed a significant positive effect on job satisfaction ($\beta = 0.005$, $t = 3.048$, $p = 0.001$), which strongly supports Hypothesis H1a. These findings are consistent with literature emphasizing the role of leadership behavior and emotional intelligence in job satisfaction. For example, Prentice (2022) argued that supportive supervision and equitable treatment directly influence how employees assess their work lives. These results are in line with Maslow (1943) Hierarchy of Needs, which posits that beyond physiological and safety needs, employees seek belongingness and esteem, both of which are offered through a humanistic organizational climate.

Furthermore, in collectivist societies like Palestine, the quality of interpersonal relationships at work holds even greater importance. Adnan Bataineh (2019) noted that in such cultures, trust, harmony, and personal connections within the workplace often

outweigh formal rules and structures in influencing attitudes and behaviors. This explains why employees may be more sensitive to the quality of social interactions and derive a significant portion of their job satisfaction from them.

The third hypothesis (H1b) examined the relationship between the entrepreneurial environments. The results confirmed a positive and statistically significant effect ($\beta = 0.004, t = 3.055, p = 0.001$). Although the effect size is smaller than that of the humanistic environment, the significance suggests that employees value organizational structures that allow for self-direction, creativity, and decision-making. This finding aligns with Amabile (2018) Componential Theory of Creativity, which emphasizes that individuals are more satisfied and intrinsically motivated in environments that support idea generation and personal initiative. Research by Hidayati et al. (2023) suggests that an entrepreneurial culture encourages creativity and provides employees with opportunities to contribute new ideas, which enhances their sense of purpose and satisfaction at work.

Furthermore, the findings also align with those of Kassa and Tsigu (2022), who argued that organizations with a high degree of entrepreneurial activity, characterized by a focus on innovation and flexibility tend to create work environments that are more engaging and satisfying for employees. This is particularly relevant in microfinance institutions, where employees often need to be innovative in problem-solving and adapt to constantly changing external conditions.

Palestinian MFIs face external constraints, such as limited funding, regulatory burdens, and political risks that may hinder their capacity to support entrepreneurial behaviors at a systemic level (Morrar, 2024). Employees may perceive innovation and autonomy as desirable but limited in practice due to hierarchical decision-making or risk-averse leadership.

Together, the support for H1, H1a, and H1b provides robust empirical validation for the proposition that the work environment plays a significant role in shaping employee job satisfaction within Palestinian MFIs. While the effect sizes are statistically modest, they reflect meaningful relationships in a resource-limited and politically volatile context. The results suggest that relational support (humanistic factors) is more influential than structural flexibility (entrepreneurial factors), although both are important.

These findings have critical implications for organizational practice. To enhance job satisfaction, MFI managers should prioritize training programs in empathetic leadership, strengthen recognition systems, encourage employee participation in decisions, and create safe spaces for innovation, even on a small scale. Future policies

should also consider broader cultural dimensions and contextual constraints that may affect the feasibility and effectiveness of such interventions.

5.4 Job Satisfaction and Employee Retention

Hypothesis H2 tested the direct effect of overall job satisfaction on employee retention. The results showed a standardized path coefficient of $\beta = 0.095$, with a t-value of 1.671 and $p = 0.048$, indicating statistical significance at the 5% level. Although the effect size is small, the significance confirms that increased job satisfaction is positively associated with greater employee retention.

This finding is well supported by Kim and Kim (2020) discovered that employees tended to keep jobs when psychological safety and recognition provided them with very high job satisfaction, rather than those who had little satisfaction from keeping a job. Vo et al. (2022) presented studies suggesting that factors such as work conditions, interpersonal relations, and overall fulfillment positively influence employees' decisions to stay in their jobs. On a similar note, immediately preceding, Bhagwandeem (2021) concluded that job satisfaction, in fact, leads to intentions of lower turnover. If a worker feels at ease in his or her job, he or she would see little reason to search for other employment opportunities, and that would, therefore, increase retention rates. Employees who are satisfied with their job experience are more likely to withstand external stressors and remain with their institutions (Celestin et al., 2024; Khahro et al., 2023; Latif et al., 2013).

Hypothesis H2a examined whether negative perceptions (NP) positively affect employee retention. The results support this hypothesis with a path coefficient of $\beta = 0.046$, $t = 1.667$, and $p = 0.048$. These findings suggest that even perceptions of negative aspects when properly addressed can be predictive of retention outcomes.

Negativity may arise from such aspects as poor communication, absence of transparency in the organization, or poor leadership qualities. Perception causes frustration and disengagement and contributes to higher turnover rates. öztürk Çiftci (2021), for instance, states that employees seeing their organization in a negative light feel alienated from, and in consequence are dissatisfied with it, which reduces their organization commitment and increases their intention to leave it.

Porter and Rigby (2021) supported the idea of people holding negative views of an organization being more prone to turnover. Thus, strongly connected with job

dissatisfaction, these poor views of management and working conditions often influence the decision to remain with the organization. This also aligns with Mardanov (2021), where individuals rationalize staying in challenging roles by focusing on long-term goals, security, or alignment with organizational values.

Hypothesis H2b assessed whether positive perceptions (PP) influence retention. The results confirmed a statistically significant effect ($\beta = 0.056$, $t = 1.668$, $p = 0.048$). Although this coefficient is also modest, it reinforces the idea that meaningful recognition and development opportunities contribute positively to employee loyalty.

This result is congruent with Locke (1976) Value Theory of Satisfaction, which posits that job satisfaction arises when employees' values align with organizational rewards. Additionally, Leadership behavior can have a fundamental influence on employees' perceptions and their multiple dimensions as Allen et al. (2003) state; this further affects their commitment and retention. Thus, employees will hold positive perceptions of the organization if they perceive their leadership as supportive, communicative, and empathetic. According to (Nguyen et al., 2023), fairness by the organization in employees' view brings job satisfaction with less likelihood of leaving. As per Sadaf et al. (2022), perceived organizational support correlates very strongly with job satisfaction that in turn has a positive effect on retention. Research by Yousuf et al. (2022) puts it that the presence of a supportive and cooperative work environment retains employees more effectively due to higher satisfaction.

Moreover, these results emphasize the importance of addressing both the positive and negative sides of job satisfaction. Organizations that focus solely on recognition or growth opportunities while neglecting work pressure or autonomy may not fully address the retention challenge (Hansamali et al., 2024). Therefore, holistic interventions that reduce stress while enhancing recognition and development are most likely to yield improvements in retention.

From a strategic standpoint, MFI managers should prioritize creating well-rounded job experiences that minimize dissatisfaction while maximizing engagement, growth, and recognition. Practices such as performance feedback, flexible workload distribution, participatory decision-making, and transparent promotion policies can be instrumental in boosting both satisfaction and retention.

5.5 Work Environment and Employee Retention

The very strong path coefficient for H3 ($\beta = 0.842$) indicates that the overall work environment is a major determinant of whether employees choose to remain in their organization. This reinforces theoretical models such as the Organizational Commitment Theory (Meyer & Allen, 1991), which posits that the degree of alignment between individual values and organizational conditions significantly affects employee behavior, including retention decisions.

In the specific context of Palestinian MFIs, a stable and supportive work environment offers psychological safety, continuity, and purpose. As described in Chapter Two, these elements can serve as anchors that reduce turnover intention despite external volatility. These findings are in line with the studies of Tziner et al. (2012), who maintained that, when favorable, the environment shows proper retention-or-low-turn-over-for-employees. In their findings, it is stated that employees tend to stay longer in organizations with work environments exhibiting a culture of clear communication, fair treatment, and opportunities for development, both personal and professional.

In the research of Saks et al. (2022), it was further advocated that the engagement of the workers tends to rise when those workers perceive their work environment as very satisfying and supportive of their work and that under such conditions, their motivation to contribute positively is also enhanced; thereby making the workers less willing to leave the organization.

Moreover, the strength of this relationship may reflect the embeddedness of employees in microfinance organizations. According to Morrar (2024), individuals are more likely to stay when they feel connected to their workplace, perceive their job as a good fit, and fear the loss of benefits or relationships if they leave. The present results confirmed by Allen et al. (2016) that improving the physical, social, and psychological dimensions of the work environment can dramatically strengthen this embeddedness.

The humanistic work environment showed a significant and strong influence on employee retention ($\beta = 0.467, p = 0.000$). This supports Hypothesis H3a and aligns with findings from previous studies emphasizing the central role of relational and affective conditions in employee loyalty (Basit, 2021; Sherman, 2022).

In collectivist cultures like Palestine, social connectedness in the workplace is crucial. Employees often evaluate their workplace based not only on tasks and rewards, but also on their sense of belonging, fairness in treatment, and support from supervisors

(Liu et al., 2022). From Maslach (2003), it was found that if employees perceive the organization as supporting them, or management does, they will be more committed and satisfied with their work and less willing to leave the firm. Naz et al. (2020) make a further underpinning for retention as a humanistic work environment, where it was found that employees who perceive their work environment as being supportive and caring tend to stay longer in the organization.

Entrepreneurial environment positively influences employee retention (H3b), which posits that the entrepreneurial environment positively influences employee retention, and was also supported by a strong path coefficient ($\beta = 0.399$, $t = 16.294$, $p = 0.000$). This dimension refers to the degree of autonomy, innovation encouragement, flexibility, and risk tolerance present in the work setting. Its strong influence highlights the importance of empowering employees and recognizing their ideas and contributions (Kim & Beehr, 2023).

This finding is particularly insightful given the traditional assumption that entrepreneurial cultures primarily drive performance or creativity, not retention. However, the result supports recent literature suggesting that workplaces that promote autonomy and innovation also increase psychological ownership and loyalty (Ahmetoglu et al., 2021; Damianus et al., 2021).

Research by Islam and Asad (2024) suggest that an entrepreneurial culture facilitates participation in opportunities for employee creativity and growth. When workers feel as though their input is considered and has some influence over how an organization conducts its activities, they develop their work, hence retaining them. In a similar fashion, findings obtained in the present study agree with Qin (2024) in confirming that an entrepreneurial climate binds organizations more closely, as employees view their involvement as important and gratifying events.

Collectively, the results of H3, H3a, and H3b confirm that both the relational and structural characteristics of the work environment have powerful effects on retention outcomes. While the humanistic environment slightly edges out the entrepreneurial environment in terms of individual contribution, the extraordinarily high path coefficient for the overall work environment ($\beta = 0.842$) shows the compounding effect of combining both dimensions.

These findings suggest that employee retention strategies must be comprehensive, addressing both effective and cognitive/motivational needs. MFI managers should invest in leadership training to foster empathetic supervision, build trust-based relationships, and

establish transparent communication systems. Simultaneously, they should create mechanisms for staff innovation, such as idea-sharing platforms, pilot projects, and decentralized decision-making structures.

5.6 Work Environment and Employee Retention Through Job Satisfaction

The significance of Hypothesis H4 indicates that job satisfaction plays an intermediary role in the relationship between the overall work environment and employee retention. In other words, part of the reason why a positive work environment enhances retention is because it increases job satisfaction, which in turn reinforces employee commitment and reduces turnover intention.

This mediating effect is supported by numerous models in organizational behavior literature. Baron and Kenny (1986) mediation framework posits that mediation exists when the independent variable (work environment) affects the dependent variable (retention) through an intervening variable (job satisfaction). The data here confirms partial mediation, as both direct and indirect paths are statistically significant.

This finding also aligns with The Job Demands-Resources (JD-R) Model puts emphasis on work resources such as a supportive, innovative, and empowering environment that assures satisfaction and engagement and hence lower turnover rates (Bakker & Demerouti, 2007). A positive work environment helps prevent this by enhancing employees' emotional attachment and satisfaction, which reduces the likelihood of departure (Bushiri, 2014; Lidman et al., 2022; Morrar, 2024; Shammout, 2021). In the microfinance sector where relational, ethical, and service-oriented motivations are prevalent, this chain of influence is especially relevant.

Hypothesis H4a explores the mediation pathway between the humanistic work environment and employee retention, with job satisfaction as the mediator. The result ($\beta = 0.001$, $t = 1.644$, $p = 0.050$) indicates a significant, albeit small, mediation effect. This finding confirms that employees' perception of supportive interpersonal relationships does not influence retention directly alone, but also indirectly through increased job satisfaction (Sherman, 2022). The implication is that relational practices foster satisfaction, which in turn contributes to retention.

This result is consistent with Asmara et al. (2024) work on burnout and job satisfaction, wherein states that a supportive work environment, especially one that is humanistic, will contribute toward limiting employee dissatisfaction and turnover. Lee

and Kim (2023) attests that organizations that care for the emotional and psychological well-being of their employees engender greater satisfaction by the employee, which, in turn, engenders commitment to the organization and translates into lower attrition rates. (Salina, 2023) highlights a humanistic environment in a workplace as having a far-reaching effect on job satisfaction, especially in stressful industries or stressful environments.

Hypothesis H4b assesses whether positive perceptions derived from an entrepreneurial environment affect employee retention via job satisfaction. The result ($\beta = 0.001$, $t = 1.628$, $p = 0.050$) confirms a statistically significant mediating effect. Although the coefficient is small, the significance suggests that autonomy and opportunity for innovation contribute to employee satisfaction, which then positively influences their intention to stay.

This is consistent with the Self-Determination Theory (Deci & Ryan, 2000), which posits that employees are more satisfied and committed when their need for autonomy and competence is met. Employees who feel empowered to contribute ideas or make decisions are likely to develop a sense of ownership, increasing both their satisfaction and their organizational commitment. This indirect pathway also reflects the Job Characteristics Model (Hackman & Oldham, 1965; Herzberg, 1966), which notes that job enrichment fosters both satisfaction and retention. In the case of Palestinian MFIs, providing space for creative input and decision-making can significantly impact the internal motivational structure that sustains retention.

While the β coefficients in all three mediation models are modest, the statistical significance at $p = 0.050$ underscores that job satisfaction plays meaningful, if partial, mediating role between work environment variables and retention. These findings suggest that retention is not only a function of objective workplace conditions, but also of subjective experiences, such as how employees feel about their relationships, autonomy, and professional development (Jena & Nayak, 2023).

Therefore, to enhance retention, managers should look beyond environmental input and actively measure and manage employee satisfaction as a strategic output. Regular employee satisfaction surveys, feedback mechanisms, and targeted interventions in recognition, autonomy, and leadership development can serve as levers for reinforcing both satisfaction and retention.

5.7 Chapter Summary

This chapter provided an in-depth discussion of the empirical findings derived from the structural equation modeling conducted in Chapter Four, framed against the theoretical background presented in Chapter Two. The aim was to interpret the relationships among the core constructs work environment, job satisfaction, and employee retention within the context of Palestinian microfinance institutions (MFIs).

The chapter began with a general introduction highlighting the research objectives and approach, followed by a discussion of the descriptive statistics, which revealed generally favorable perceptions of the work environment and moderate levels of job satisfaction and retention intent. These findings provided a foundational understanding of employees' current experiences and attitudes within MFIs.

The chapter analyzed hypothesis H1, which stated that the global work environment significantly and positively impacts job satisfaction. This relationship was then further decomposed into two dimensions: the humanistic environment (H1a) and the entrepreneurial environment (H1b). Both subdimensions presented positive, yet small, statistically significant effects. The humanistic dimension proved to have a slightly greater influence. These out-turns map the premises concerning the relational factors and opportunity for autonomy and innovation as important variables in job satisfaction.

The next section dealt with H2 and verified the premise that job satisfaction positively affects retention. Both positive and negative perceptions of job satisfaction (H2a and H2b) were also found to be significant predictors of retention, underscoring the multifaceted nature of satisfaction as an antecedent of employee loyalty. The findings accord with both classical and contemporary organizational behavior theories and indicate that both intrinsic and extrinsic dimensions of the job contribute to turnover intentions.

In the analysis for H3, results showed a very strong, direct, and positive effect of the working environment on employees' retention, with again the humanistic (H3a) and entrepreneurial (H3b) environments showing significant predictive power. This would imply that retention strategies should not only emphasize satisfaction but also directly enhance such environmental factors as support, recognition, flexibility, and empowerment.

Finally, the chapter dealt with the mediating role of job satisfaction (H4, H4a, and H4b). All three hypotheses were supported, indicating that job satisfaction plays the role

of a partial mediator in the relationship between work environment and employee retention. While the indirect effects were slight, their statistical significance points to the fact that enhancing satisfaction will make the environmental conditions' positive effects on retention outcomes even stronger.

Study Recommendations

The study's findings, some recommendations are put forward to maximize employee satisfaction and retention in the Palestinian MFIs. These recommendations hinge on the empirical relationships noted among the key variables: work environment, job satisfaction, and employee retention.

First, it is recommended that MFIs reinforce in development a supportive and inclusive work environment. Attention should be given to fostering a humanistic climate where staff feel respected, treated fairly, and supported by their supervisors and peers. Likewise, organizations should consider leadership styles whose elements have a major bearing on employees' emotional attachment and commitment to their organization, including transparency, fairness, and communication.

Second, institutions should promote an entrepreneurial work environment by creating opportunities for employee autonomy, innovation, and professional growth. In cases where employees are free to make decisions and initiate improvements to the working processes, they begin to feel more ownership of their work and identify with their job role themselves.

Third, job satisfaction must be treated as a strategic priority in workforce management. Organizations should regulate employee satisfaction through mechanisms of feedback, such as surveys and interviews, and follow up proactively on areas of concern. Recognition, career development opportunities, and meaningful contribution to others' lives are some of the factors that contribute greatly to employees' job experiences.

Fourth, the MFI needs to promote a total welfare approach that supports both the relational and structural components of a fair workplace. While monetary means and job security are still essential, non-monetary issues, such as respect, recognition, and involvement in decision-making processes, are equally meaningful in advancing employee commitment and retention.

Finally, organizational policies must be established, keeping in mind the cultural and practical realities of the Palestinian context. Given the social and political challenges

faced by employees, there is a real need for institutions to have flexible, adaptive human resource strategies and work on enhancing psychological well-being, building resilience, and crafting long-term organizational ties.

Study Limitations

While the study presented ample opportunities for understanding the interplay among the work environment, job satisfaction, and employee retention in Palestinian MFIs, it should be noted that some limitations exist in the study. These restrictions could very well have determined the breadth, depth, and generalizability of the findings.

Data accessibility and response rate: It was difficult to gather data from the employees of the MFIs since some of the organizations were restricted in allowing access, and other employees were not on the same level of willingness to cooperate. However, in some situations, the participants feared that their responses would not remain confidential and hence hinder their job security; at other times, they just did not have time to participate. This implies that the sample could only partly reflect the spectrum of experiences and views cutting across the sector, thereby affecting the generalizability of the findings.

The geopolitical and economic context in Palestine presented unique challenges throughout the research process. Political instability, restrictions on movement, and economic threats gave rise to difficulties in data collection from one or more geographic areas or entities. These external conditions could also have had an impact on organizational functioning and employee morale in such a way that would affect their perception and responses to issues concerning satisfaction, engagement, and retention.

Time constraints: Due to its conduct within a limited timeframe dictated by academic considerations, the research could not undergo larger-screen study or employ a wider spectrum of data-gathering techniques. A greater timeframe might have made inclusion of further institutions feasible, permitted longitudinal monitoring, or even allowed for the incorporation of qualitative approaches such as interviews or focus groups to deepen the insight.

Language barriers also posed a limitation during the administration of surveys and interpretation of responses. Although great care was taken to translate the research instruments into Arabic and back into English to ensure accuracy, subtle nuances in

meaning or participant interpretation may have led to minor inconsistencies in understanding, particularly when conveying emotionally or culturally sensitive topics.

Cultural sensitivities in discussing workplace topics such as job satisfaction, managerial support, and reward systems may have impacted the depth and honesty of participant responses. In a collectivist and hierarchical context like Palestine, some employees may have been reluctant to express dissatisfaction or critique managerial practices due to fear of repercussions or social discomfort, which may have led to response bias.

Future Studies

Expand the Geographical and Sectoral Scope: Since the present study is limited to Palestinian MFIs, comparative research across other regions would offer a broader understanding of how cultural, economic, and institutional differences may influence these organizational dynamics. Moreover, exploring the same relationships in other sectors, such as healthcare, education, or the nonprofit sector, may yield insights into whether these findings are sector-specific or more universally applicable across mission-driven organizations.

Explore Longitudinal Effects: the use of a cross-sectional design in this study limits the ability to assess changes over time or establish causality. Longitudinal studies would allow future researchers to examine how job satisfaction and retention evolve in response to organizational changes or external shocks, such as political instability or economic downturns. This would provide a deeper understanding of the stability and long-term effects of the work environment on employee outcomes.

Investigate Moderating Variables: future research could benefit from examining potential moderation variables that may influence the strength or direction of the relationships among the work environment, job satisfaction, and retention. For example, variables such as gender, age, tenure, and education level could affect how employees perceive their work environment or respond to job dissatisfaction. Similarly, organizational culture, leadership style, and perceived organizational support could moderate the impact of environmental conditions on job satisfaction and retention.

Utilize Mixed Methods Approaches: While this study employed a quantitative methodology, qualitative research could provide deeper insights into how employees interpret and emotionally respond to different aspects of their work environment. A mixed

methods design would help capture the subjective experiences of employees and complement the statistical findings with rich, contextual narratives.

Examine the Role of Psychological Capital: psychological capital (PsyCap) variables such as hope, optimism, resilience, and self-efficacy. These personal attributes are known to influence how individuals cope with workplace challenges and derive satisfaction from their roles. Exploring the interplay between these psychological resources and organizational factors would enhance our understanding of employee behavior and offer more personalized approaches to retention strategies.

Explore Digital Transformation and Remote Work Factors: given the increasing prevalence of digital transformation, remote work, and technological integration, future studies should consider how digital tools and flexible work arrangements affect employee satisfaction and retention. Investigating how technology either supports or hinders the work environment could be particularly relevant in regions where access to digital infrastructure is uneven and job roles are rapidly evolving.

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Appendices

Appendix (A) Result of Normality

Construct	Questions	N	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis	Kolmogorov-Smirnov ^a		Shapiro-Wilk	
							Statistic	Sig.	Statistic	Sig.
WE										
HH	HE1	240	-1.024	0.157	0.283	0.313	0.265	0.000	0.809	0.000
	HE2	240	-0.924	0.157	-0.046	0.313	0.239	0.000	0.818	0.000
	HE3	240	-1.464	0.157	2.064	0.313	0.273	0.000	0.752	0.000
	HE4	240	-1.608	0.157	2.719	0.313	0.290	0.000	0.727	0.000
	HE5	240	-1.153	0.157	0.833	0.313	0.262	0.000	0.798	0.000
	HE6	240	-1.214	0.157	0.829	0.313	0.262	0.000	0.784	0.000
	HE7	240	-0.910	0.157	-0.018	0.313	0.245	0.000	0.828	0.000
	HE8	240	-0.695	0.157	-0.692	0.313	0.229	0.000	0.837	0.000
EE	EE1	240	-0.433	0.157	-0.958	0.313	0.221	0.000	0.859	0.000
	EE2	240	-1.290	0.157	1.387	0.313	0.278	0.000	0.779	0.000
	EE3	240	-1.054	0.157	0.520	0.313	0.252	0.000	0.812	0.000
	EE4	240	-1.085	0.157	0.554	0.313	0.253	0.000	0.807	0.000
	EE5	240	-0.833	0.157	-0.166	0.313	0.239	0.000	0.839	0.000
	EE6	240	-0.641	0.157	-0.834	0.313	0.224	0.000	0.836	0.000
	EE7	240	-0.643	0.157	-0.982	0.313	0.236	0.000	0.818	0.000
JS										
PP	PP1	240	-0.676	0.157	-0.899	0.313	0.245	0.000	0.818	0.000
	PP2	240	-0.632	0.157	-0.927	0.313	0.224	0.000	0.831	0.000
	PP3	240	-0.619	0.157	-0.975	0.313	0.242	0.000	0.822	0.000
	PP4	240	-0.625	0.157	-1.021	0.313	0.234	0.000	0.821	0.000
	PP5	240	-0.778	0.157	-0.570	0.313	0.227	0.000	0.828	0.000
	PP6	240	-0.753	0.157	-0.590	0.313	0.231	0.000	0.832	0.000
	PP7	240	-0.774	0.157	-0.527	0.313	0.238	0.000	0.828	0.000
	PP8	240	-0.787	0.157	-0.531	0.313	0.231	0.000	0.828	0.000
	PP9	240	-1.079	0.157	0.305	0.313	0.254	0.000	0.797	0.000
NP	NP1	240	-0.734	0.157	-0.564	0.313	0.231	0.000	0.834	0.000
	NP2	240	-0.537	0.157	-1.150	0.313	0.249	0.000	0.817	0.000

	NP3	24 0	-0.254	0.157	-1.460	0.313	0.243	0.000	0.827	0.000
	NP4	24 0	-0.070	0.157	-1.515	0.313	0.233	0.000	0.832	0.000
	NP5	24 0	-0.066	0.157	-1.605	0.313	0.235	0.000	0.823	0.000
	NP6	24 0	-0.037	0.157	-1.622	0.313	0.236	0.000	0.819	0.000
	NP7	24 0	-0.205	0.157	-1.434	0.313	0.229	0.000	0.844	0.000
	NP8	24 0	-0.262	0.157	-1.436	0.313	0.230	0.000	0.837	0.000
	NP9	24 0	-0.223	0.157	-1.455	0.313	0.233	0.000	0.837	0.000
<hr/>										
ER										
OC	OC1	24 0	-1.262	0.157	0.994	0.313	0.263	0.000	0.779	0.000
	OC2	24 0	-0.711	0.157	-0.697	0.313	0.224	0.000	0.833	0.000
	OC3	24 0	-1.199	0.157	0.893	0.313	0.276	0.000	0.795	0.000
	OC4	24 0	-1.126	0.157	0.731	0.313	0.253	0.000	0.803	0.000
	OC5	24 0	-1.365	0.157	1.679	0.313	0.272	0.000	0.771	0.000
	OC6	24 0	-1.339	0.157	1.508	0.313	0.260	0.000	0.775	0.000
	OC7	24 0	-0.699	0.157	-0.705	0.313	0.235	0.000	0.833	0.000
	OC8	24 0	-0.762	0.157	-0.632	0.313	0.253	0.000	0.817	0.000
	OC9	24 0	-0.648	0.157	-0.665	0.313	0.234	0.000	0.843	0.000
RR	RR1	24 0	-0.989	0.157	0.140	0.313	0.252	0.000	0.816	0.000
	RR2	24 0	-1.203	0.157	0.974	0.313	0.265	0.000	0.792	0.000
	RR3	24 0	-1.378	0.157	1.302	0.313	0.269	0.000	0.754	0.000
	RR4	24 0	-1.208	0.157	0.918	0.313	0.271	0.000	0.788	0.000
	RR5	24 0	-1.075	0.157	0.248	0.313	0.252	0.000	0.800	0.000
	RR6	24 0	-1.317	0.157	0.958	0.313	0.264	0.000	0.761	0.000
	RR7	24 0	-0.990	0.157	-0.017	0.313	0.259	0.000	0.808	0.000
WP	WP1	24 0	-1.648	0.157	2.925	0.313	0.273	0.000	0.719	0.000
	WP2	24 0	-0.964	0.157	0.196	0.313	0.254	0.000	0.823	0.000
	WP3	24 0	-1.167	0.157	0.622	0.313	0.265	0.000	0.791	0.000
	WP4	24 0	-1.031	0.157	0.224	0.313	0.244	0.000	0.811	0.000
	WP5	24 0	-1.057	0.157	0.175	0.313	0.257	0.000	0.801	0.000
	WP6	24 0	-0.913	0.157	-0.258	0.313	0.243	0.000	0.810	0.000
	WP7	24 0	-0.993	0.157	-0.049	0.313	0.262	0.000	0.798	0.000
	WP8	24 0	-0.756	0.157	-0.530	0.313	0.228	0.000	0.836	0.000
	WP9	24 0	-0.604	0.157	-0.891	0.313	0.246	0.000	0.834	0.000
	WP10	24 0	-0.708	0.157	-0.694	0.313	0.227	0.000	0.838	0.000

	WP11	24 0	-1.138	0.157	0.892	0.313	0.259	0.000	0.803	0.000
	WP12	24 0	-0.693	0.157	-0.685	0.313	0.234	0.000	0.843	0.000
IN	IN1	24 0	-0.770	0.157	-0.448	0.313	0.223	0.000	0.841	0.000
	IN2	24 0	-0.650	0.157	-0.901	0.313	0.215	0.000	0.832	0.000
	IN3	24 0	-0.471	0.157	-1.116	0.313	0.207	0.000	0.851	0.000
	IN4	24 0	-0.534	0.157	-1.061	0.313	0.209	0.000	0.844	0.000
	IN5	24 0	-0.695	0.157	-0.622	0.313	0.215	0.000	0.848	0.000
	IN6	24 0	-0.432	0.157	-1.123	0.313	0.204	0.000	0.856	0.000
	IN7	24 0	-0.660	0.157	-0.578	0.313	0.209	0.000	0.854	0.000
	IN8	24 0	-0.543	0.157	-0.873	0.313	0.207	0.000	0.858	0.000
	IN9	24 0	-0.971	0.157	0.130	0.313	0.247	0.000	0.824	0.000

Appendix (B) Cross Loading Result

Construct	Q.	EE	ER	HE	IN	JS	NP	OC	PP	RR	WE	WP
WE												
	HE1	0.824	0.856	0.928	0.786	0.68	0.596	0.811	0.711	0.813	0.903	0.866
	HE2	0.804	0.854	0.912	0.798	0.663	0.588	0.807	0.674	0.815	0.885	0.853
	HE3	0.805	0.829	0.907	0.748	0.647	0.555	0.81	0.696	0.804	0.882	0.837
HE	HE4	0.763	0.774	0.855	0.655	0.572	0.472	0.748	0.689	0.801	0.833	0.789
	HE5	0.863	0.86	0.928	0.776	0.654	0.557	0.824	0.718	0.843	0.92	0.865
	HE6	0.803	0.773	0.865	0.702	0.644	0.553	0.747	0.705	0.753	0.858	0.777
	HE7	0.819	0.839	0.923	0.77	0.664	0.572	0.803	0.717	0.797	0.898	0.847
	HE8	0.77	0.788	0.85	0.753	0.697	0.616	0.75	0.694	0.73	0.836	0.789
	EE1	0.814	0.722	0.721	0.694	0.786	0.757	0.701	0.689	0.663	0.785	0.72
	EE2	0.872	0.865	0.879	0.797	0.655	0.555	0.832	0.738	0.83	0.897	0.867
	EE3	0.9	0.852	0.863	0.784	0.661	0.566	0.836	0.741	0.805	0.902	0.862
EE	EE4	0.912	0.824	0.811	0.773	0.713	0.612	0.815	0.742	0.778	0.879	0.818
	EE5	0.92	0.791	0.813	0.743	0.774	0.694	0.799	0.754	0.732	0.885	0.794
	EE6	0.87	0.738	0.739	0.707	0.811	0.726	0.742	0.819	0.688	0.822	0.726
	EE7	0.798	0.582	0.625	0.557	0.82	0.75	0.614	0.797	0.516	0.725	0.587
<hr/>												
JS												
	PP1	0.826	0.71	0.715	0.684	0.785	0.641	0.726	0.91	0.655	0.787	0.7
	PP2	0.792	0.672	0.707	0.645	0.818	0.696	0.701	0.915	0.62	0.767	0.664
	PP3	0.803	0.688	0.699	0.653	0.785	0.647	0.71	0.929	0.619	0.767	0.692
	PP4	0.772	0.65	0.671	0.622	0.763	0.639	0.679	0.921	0.586	0.737	0.65
PP	PP5	0.736	0.71	0.694	0.676	0.739	0.633	0.716	0.921	0.669	0.732	0.7
	PP6	0.753	0.72	0.689	0.686	0.751	0.647	0.739	0.918	0.663	0.738	0.715
	PP7	0.783	0.709	0.699	0.678	0.751	0.635	0.722	0.928	0.65	0.757	0.702
	PP8	0.804	0.721	0.735	0.675	0.772	0.663	0.726	0.93	0.671	0.787	0.72
	PP9	0.784	0.804	0.78	0.765	0.679	0.552	0.803	0.785	0.719	0.801	0.811
	NP1	0.735	0.71	0.706	0.67	0.783	0.784	0.687	0.593	0.661	0.739	0.716
	NP2	0.697	0.568	0.556	0.564	0.873	0.897	0.561	0.634	0.519	0.638	0.557
	NP3	0.706	0.572	0.558	0.595	0.927	0.952	0.56	0.678	0.51	0.644	0.551
NP	NP4	0.761	0.685	0.67	0.697	0.922	0.926	0.666	0.713	0.621	0.732	0.659
	NP5	0.687	0.578	0.559	0.628	0.929	0.96	0.553	0.658	0.499	0.636	0.549
	NP6	0.686	0.587	0.57	0.635	0.927	0.951	0.562	0.677	0.502	0.642	0.562
	NP7	0.674	0.556	0.541	0.594	0.921	0.96	0.543	0.644	0.485	0.62	0.534
	NP8	0.693	0.567	0.55	0.604	0.906	0.933	0.561	0.644	0.492	0.633	0.541
	NP9	0.686	0.558	0.551	0.585	0.915	0.955	0.541	0.637	0.502	0.631	0.534
<hr/>												
ER												
	OC1	0.781	0.841	0.815	0.758	0.592	0.485	0.855	0.692	0.786	0.82	0.838
	OC2	0.8	0.871	0.81	0.839	0.635	0.54	0.906	0.704	0.778	0.826	0.846
	OC3	0.779	0.879	0.809	0.81	0.596	0.491	0.892	0.69	0.825	0.815	0.87
OC	OC4	0.819	0.843	0.825	0.772	0.658	0.543	0.926	0.772	0.811	0.844	0.828
	OC5	0.801	0.832	0.83	0.747	0.649	0.545	0.91	0.746	0.824	0.837	0.821
	OC6	0.785	0.849	0.832	0.772	0.616	0.507	0.924	0.714	0.82	0.831	0.841
	OC7	0.758	0.758	0.686	0.743	0.7	0.636	0.859	0.69	0.685	0.738	0.73

	OC8	0.733	0.722	0.634	0.697	0.682	0.631	0.817	0.644	0.653	0.698	0.703
	OC9	0.751	0.842	0.728	0.811	0.691	0.631	0.865	0.686	0.778	0.758	0.812
	OC9	0.751	0.842	0.728	0.811	0.691	0.631	0.865	0.686	0.778	0.758	0.812
	RR1	0.798	0.924	0.828	0.865	0.644	0.561	0.852	0.693	0.935	0.835	0.891
	RR2	0.77	0.897	0.823	0.819	0.615	0.536	0.824	0.663	0.941	0.819	0.869
	RR3	0.717	0.846	0.786	0.75	0.582	0.508	0.761	0.634	0.926	0.773	0.817
RR	RR4	0.796	0.894	0.848	0.806	0.642	0.557	0.827	0.703	0.959	0.845	0.858
	RR5	0.775	0.89	0.846	0.795	0.618	0.536	0.829	0.657	0.946	0.834	0.858
	RR6	0.766	0.858	0.837	0.739	0.572	0.478	0.808	0.642	0.931	0.825	0.842
	RR7	0.798	0.886	0.833	0.797	0.646	0.567	0.838	0.684	0.908	0.838	0.873
	WP1	0.751	0.801	0.793	0.713	0.617	0.536	0.759	0.649	0.798	0.793	0.813
	WP2	0.808	0.89	0.839	0.806	0.675	0.586	0.842	0.715	0.863	0.846	0.902
	WP3	0.82	0.878	0.88	0.775	0.637	0.539	0.795	0.712	0.861	0.874	0.907
	WP4	0.775	0.88	0.813	0.804	0.579	0.475	0.858	0.669	0.796	0.816	0.905
	WP5	0.76	0.888	0.817	0.82	0.566	0.462	0.836	0.666	0.816	0.811	0.909
WP	WP6	0.749	0.85	0.8	0.788	0.599	0.513	0.781	0.67	0.768	0.796	0.886
	WP7	0.766	0.851	0.831	0.768	0.599	0.505	0.775	0.682	0.816	0.822	0.874
	WP8	0.811	0.897	0.857	0.856	0.661	0.585	0.826	0.687	0.835	0.857	0.899
	WP9	0.75	0.836	0.746	0.808	0.663	0.581	0.82	0.714	0.751	0.768	0.837
	WP10	0.792	0.895	0.803	0.859	0.65	0.578	0.811	0.658	0.826	0.818	0.896
	WP11	0.805	0.855	0.81	0.812	0.666	0.583	0.791	0.69	0.794	0.828	0.863
	WP12	0.801	0.891	0.786	0.884	0.701	0.63	0.818	0.699	0.792	0.813	0.886
	IN1	0.767	0.874	0.772	0.868	0.657	0.575	0.79	0.695	0.809	0.79	0.85
	IN2	0.734	0.865	0.741	0.927	0.675	0.62	0.795	0.64	0.754	0.757	0.821
	IN3	0.775	0.887	0.774	0.942	0.72	0.662	0.81	0.694	0.786	0.795	0.842
	IN4	0.781	0.888	0.782	0.939	0.709	0.642	0.812	0.698	0.775	0.802	0.851
IN	IN5	0.753	0.898	0.777	0.926	0.659	0.586	0.811	0.666	0.818	0.786	0.856
	IN6	0.75	0.859	0.725	0.908	0.709	0.649	0.789	0.697	0.749	0.756	0.821
	IN7	0.791	0.908	0.81	0.947	0.676	0.596	0.837	0.699	0.813	0.821	0.868
	IN8	0.805	0.9	0.781	0.95	0.699	0.625	0.839	0.705	0.783	0.812	0.863
	IN9	0.758	0.859	0.766	0.884	0.657	0.582	0.768	0.668	0.777	0.782	0.829

Appendix (C) Research Questionnaire English Version

Research Questionnaire



Arab American University
Faculty of Graduate Studies
Master's in Human Resource Management

Dear Employee,

Greetings,

You are kindly invited to participate in a survey distributed by Rola Mahmoud Mohammed Hamdan, a Master's student in the Human Resource Management program at the Faculty of Graduate Studies– Arab American University in Palestine. This questionnaire is part of her research titled:

"The Impact of Work Environment on Employee Retention in the Microfinance Sector: The Mediating Role of Job Satisfaction"

The primary objective of this study is to examine the effect of the work environment on employee retention in the microfinance sector, with a specific focus on the mediating roles of job satisfaction.

Completing this survey is expected to take approximately 10–15 minutes of your time. The information collected will contribute to academic research.

Your participation is anonymous; there is no need to mention your name or workplace. The collected data will be presented only in the form of summarized statistics.

Your input is highly valued, as it will significantly contribute to the outcomes of the study. If you have any questions regarding the research or the questionnaire, please do not hesitate to contact the researcher via mobile: +970-599-336121 or email: r.hamdan11@student.aaup.edu

Thanks for your cooperation and time,

Researcher: Rola Mahmoud Moahmmed Hamdan

Supervisor: Dr. Raed Iriqat

Section One (Demographics Data):

Please fill in the following:

1. Gender:

Male

Female

2. Age:

Less than 25 years old

From 25 to less than 35 years old

From 35 to 55 years old

More than 55 years old

3. Educational Degree?

High School

Diploma Degree

Bachelor's Degree

Master's or Higher Degree

4. Work Experience

Less than 5 years old

From 5 to 10 years old

More than 10 years old

5. Job Role Level:

Manager Level

Head of Section Level

Employee Level

Section Two: Work Environment

The work environment refers to the conditions, policies, and social climate within an organization that influence employees’ experiences and productivity. It includes both tangible and intangible factors.

Please read each of the following statements carefully, then mark (X) next to the response that best reflects your opinion: (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree):

Item #	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Work Environment (WE)						
Humanistic Environment (HE)						
1.	Management takes employees’ ideas into consideration when making decisions.					
2.	Management consistently strives to meet employees’ needs in the best possible manner.					
3.	Management listens to employees when they encounter problems at work.					
4.	Management respects employees and treats them with dignity and humanity.					
5.	Management acknowledges employees’ efforts in supporting the company.					
6.	There is open communication between employees and management.					
7.	When making decisions, management considers the impact of those decisions on employees.					
8.	Management prioritizes employees’ personal circumstances over work-related demands.					
Entrepreneurial Environment (EE)						
9.	Employees are encouraged to take risks.					
10.	Employees who develop innovative solutions are praised.					
11.	The company demonstrates a strong commitment to innovation.					
12.	Employees who create solutions to problems are recognized.					
13.	This company is a dynamic and pioneering workplace where employees are willing to take risks.					
14.	Employees have the freedom to carry out their work in their own way to achieve results.					
15.	The company focuses on outcomes rather than procedures.					

Section Three: Job Satisfaction

Job satisfaction refers to the extent to which an employee feels comfortable and content with their job, based on working conditions, rewards, and professional relationships within the work environment—such as relationships with colleagues or supervisors. It is influenced by both internal and external factors.

Please read each of the following statements carefully, then mark (X) next to the response that best reflects your opinion: (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree):

Item #	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Job Satisfaction (JS)						
Positive Perceptions (PP)						
16.	My work feels like a hobby to me.					
17.	My job is usually enjoyable enough to keep me from feeling bored.					
18.	I love my job more than the average worker.					
19.	I enjoy my work more than my leisure time.					
20.	I feel satisfied with my current job.					
21.	I am content with my work at the present time.					
22.	I find genuine enjoyment in my job.					
23.	I feel happier at work than most people.					
24.	On most days, I feel enthusiastic about my work.					
Negative Perceptions (NP)						
25.	I feel that my job is not more exciting than other jobs I could have.					
26.	Most of the time, I have to force myself to go to work.					
27.	I often feel bored with my job.					
28.	My friends seem more interested in their jobs than I am in mine.					
29.	I do not like my job.					
30.	I feel disappointed that I accepted this job.					
31.	My job is not enjoyable.					
32.	Every workday feels endless.					
33.	I consider my job somewhat unpleasant.					

Section Four: Employee Retention

Employee retention refers to an organization’s ability to retain its employees for extended periods. It is measured by how successfully the organization provides conditions that encourage employees to stay.

Please read each of the following statements carefully, then mark (X) next to the response that best reflects your opinion: (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree):

Item #	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Employee Retention (ER)						
Organization Commitment (OC)						
34.	I feel that I am part of the company—I share in its mission, values, efforts, and goals.					
35.	I would be happy to spend the rest of my career in my current job.					
36.	I enjoy talking about my work with others.					
37.	I feel that the company’s problems are also my own.					
38.	I believe I could easily become attached to another company to the same extent as I am to my current job.					
39.	My work holds significant personal value for me.					
40.	I believe that leaving my current job would negatively affect my life.					
41.	I think leaving my current job would require major personal sacrifices.					
42.	I believe that working for another company would not provide the overall benefits I currently enjoy.					
Reward and Recognition (RR)						
43.	I feel that the quality of my good work is appreciated.					
44.	I am treated fairly.					
45.	I believe it is important to be recognized for my work.					
46.	My job allows me to discover opportunities.					
47.	My company rewards success more than it punishes failure.					
48.	I consider formal recognition of contributions and achievements to be important.					
49.	I am satisfied with the current recognition program at my workplace.					
Work Performance (WP)						
50.	I feel challenged when assigned tasks that inspire me and test my abilities.					
51.	I receive constructive feedback that highlights my strengths rather than focusing solely on weaknesses.					
52.	Senior management treats me with courtesy, listens to me, and invites me to share my thoughts and feelings.					
53.	I would choose my job again if given the opportunity.					
54.	I would recommend a job like mine to a close friend.					
55.	I am considering leaving my job.					

56.	I am satisfied with the support provided by the Human Resources department.					
57.	I believe my company is committed to motivating employees.					
58.	Non-financial incentives motivate me more.					
59.	I believe the performance appraisal system in my company is effective.					
60.	Support from my colleagues helps me stay motivated at work.					
61.	I feel that my workload is fair.					
Income (IN)						
62.	I believe that the compensation provided in cases of layoffs or workplace incidents is satisfactory.					
63.	I am satisfied with my current salary.					
64.	I am satisfied with the way salary increases are determined.					
65.	I am satisfied with the way salary increases are determined.					
66.	I am satisfied with the number of benefits I receive.					
67.	I am satisfied with the salary differences among positions within the company.					
68.	The benefits I receive (for myself and my family) provide me with a sense of security.					
69.	I feel that my needs are being met through the benefits I receive.					
70.	I feel that the benefits I receive positively influence my attitude toward my job.					

Appendix (D) Research Questionnaire Arabic Version

استبانة بحثية



الجامعة العربية الأمريكية
كلية الدراسات العليا
ماجستير إدارة الموارد البشرية

حضرة الموظف/ة المحترم/ة

تحية طيبة وبعد،،،

بين أيديكم استبيان يتم توزيعه من قبل رولا محمود محمد حمدان طالبة ماجستير في برنامج إدارة الموارد البشرية في كلية الدراسات العليا- الجامعة العربية الأمريكية في فلسطين. هذا الاستبيان جزء من بحثها الذي يحمل عنوان:

"أثر بيئة العمل على الاحتفاظ بالموظفين في قطاع التمويل الصغير ومتناهي الصغر: الدور الوسيط للرضا الوظيفي".

الهدف الأساسي من هذه الدراسة هو دراسة تأثير بيئة العمل على الاحتفاظ بالموظفين في قطاع التمويل الصغير ومتناهي الصغر مع التركيز بشكل خاص على الأدوار الوسيطة للرضا الوظيفي. من المتوقع أن يستغرق إكمال الاستبيان حوالي 10-15 دقيقة من وقتكم، وستساهم المعلومات التي سيتم جمعها في البحث الأكاديمي. مشاركتكم ستكون مجهولة الهوية، ولا حاجة لذكر اسمكم أو مكان عملكم. وسيتم تقديم البيانات المجمعة في شكل إحصائيات ملخصة فقط.

تحظى مشاركتكم بتقدير كبير، حيث أن مدخلاتكم ستساهم بشكل كبير في نتائج الدراسة. إذا كانت لديكم أي استفسارات بخصوص البحث أو الاستبيان، فلا تترددوا في التواصل مع الباحثة على الرقم المحمول: 00970-599336121، أو البريد الإلكتروني: r.hamdan11@student.aaup.edu. شكراً لتعاونكم ووقتكم.

مع فائق التقدير والاحترام،،،

الباحثة: رولا محمود محمد حمدان

المشرف: د. رائد عريقات

القسم الأول: البيانات الديموغرافية:

يرجى الإجابة على كل سؤال من الأسئلة التالية فيما يخص المعلومات الديمغرافية:

1. الجنس:

[] ذكر.

[] أنثى.

2. العمر:

[] أقل من 25 عاماً.

[] من 25 إلى أقل من 35 عاماً.

[] من 35 إلى أقل من 55 عاماً.

[] أكثر من 55 عاماً.

3. المؤهل العلمي:

[] الثانوية العامة.

[] دبلوم.

[] بكالوريوس.

[] ماجستير أو أعلى.

4. سنوات الخبرة العملية:

[] أقل من 5 سنوات.

[] من 5 إلى 10 سنوات.

[] أكثر من 10 سنوات.

5. المستوى الوظيفي:

[] مدير/ة دائرة/ فرع.

[] رئيس/ة قسم.

[] موظف/ة.

القسم الثاني: بيئة العمل

بيئة العمل هي: الظروف والسياسات والمناخ الاجتماعي داخل المؤسسة التي تؤثر على تجارب الموظفين وإنتاجيتهم. وتشمل عوامل ملموسة وغير ملموسة.

الرجاء قراءة كل عبارة من العبارات التالية، ثم ضع (X) للإجابة المناسبة (أوافق بشدة، أوافق، محايد، أعارض، أعارض بشدة) من وجهة نظرك:

#	الفقرة	أوافق بشدة	أوافق	محايد	أعارض	أعارض بشدة
البيئة الإنسانية						
1.	تأخذ الإدارة بعين الاعتبار أفكار الموظفين عند اتخاذ القرارات					
2.	تسعى الإدارة دائماً إلى تلبية احتياجات الموظفين بأفضل صورة ممكنة					
3.	تستمع الإدارة إلى الموظفين عندما يواجهون مشكلات في العمل					
4.	تحتترم الإدارة الموظفين وتتعامل معهم بكرامة وإنسانية					
5.	تعترف الإدارة بجهود الموظفين في دعم الشركة					
6.	هناك تواصل مفتوح بين الموظفين والإدارة					
7.	عند اتخاذ القرارات، تأخذ الإدارة في الحسبان آثار القرار على الموظفين					
8.	تعطي الإدارة الأولوية لظروف الموظفين الشخصية قبل متطلبات العمل					
البيئة الريادية						
9.	يُشجّع الموظفون على المخاطرة					
10.	يتم الإشادة بالموظفين الذين يطورون حلولاً مبتكرة					
11.	تُظهر الشركة التزاماً قوياً تجاه الابتكار					
12.	يتم الاعتراف بالموظفين الذين يبتكرون حلولاً للمشكلات					
13.	تُعد هذه الشركة مكاناً ديناميكياً وريادياً، حيث يكون الموظفون مستعدون لتحمل المخاطر					
14.	يتمتع الموظفون بحرية تنفيذ أعمالهم بطريقة الخاصة لتحقيق النتائج					
15.	تركز الشركة على النتائج وليس على الإجراءات					

القسم الثالث: الرضا الوظيفي

الرضا الوظيفي هو: مدى شعور الموظف بالراحة والرضا تجاه وظيفته، بناءً على ظروف العمل والمكافآت والعلاقات المهنية داخل بيئة العمل، مثل العلاقة مع الزملاء أو المدراء، ويتأثر بعوامل داخلية وخارجية. الرجاء قراءة كل عبارة من العبارات التالية، ثم ضع (X) للإجابة المناسبة (أوافق بشدة، أوافق، محايد، أعارض، أعارض بشدة) من وجهة نظرك:

#	الفقرة	أوافق بشدة	أوافق	محايد	أعارض	أعارض بشدة
التصورات الإيجابية						
16.	عملي بمثابة هواية بالنسبة لي					
17.	وظيفتي عادةً ما تكون ممتعة بما يكفي لتبعد عني الشعور بالملل					
18.	أحب عملي أكثر من العامل العادي					
19.	أستمتع بعملي أكثر من وقت الفراغ					
20.	أشعر بالرضا عن وظيفتي الحالي					
21.	أشعر بالرضا عن عملي في الوقت الراهن					
22.	أجد متعة حقيقية في عملي					
23.	أشعر أنني أكثر سعادة في عملي من معظم الناس					
24.	في معظم الأيام، أشعر بالحماس تجاه عملي					
التصورات السلبية						
25.	أشعر أن عملي ليس أكثر إثارة من وظائف أخرى يمكنني الحصول عليها					
26.	في أغلب الأحيان، يجب أن أجبر نفسي على الذهاب إلى العمل					
27.	أشعر بالملل من عملي كثيراً					
28.	يبدو أن أصدقائي مهتمون بوظائفهم أكثر مني					
29.	لا أحب عملي					
30.	أشعر بخيبة أمل لأنني قبلت هذه الوظيفة					
31.	عملي غير ممتع					
32.	يبدو كل يوم عمل وكأنه لا نهاية له					
33.	أعتبر عملي غير سار إلى حد ما					

القسم الرابع: الاحتفاظ بالموظفين

الاحتفاظ بالموظفين هو قدرة المؤسسة على الحفاظ على موظفيها لفترات طويلة، ويُقاس بمدى نجاح المؤسسة في توفير الظروف التي تشجع الموظفين على البقاء.

الرجاء قراءة كل عبارة من العبارات التالية، ثم ضع (X) للإجابة المناسبة (أوافق بشدة، أوافق، محايد، أعارض، أعارض بشدة) من وجهة نظرك:

#	الفقرة	أوافق بشدة	أوافق	محايد	أعارض	أعارض بشدة
الالتزام التنظيمي						
34.	أشعر أنني جزء من الشركة (أشترك في الرسالة والقيم والجهود والأهداف)					
35.	أشعر بالسعادة لقضاء بقية حياتي المهنية في عملي					
36.	استمتع بالحديث عن عملي مع الآخرين					
37.	أشعر أن مشكلات الشركة هي أيضاً مشكلاتي					
38.	أعتقد أنه يمكنني التعلق بشركة أخرى بسهولة بنفس درجة ارتباطي بعملي الحالي					
39.	يمثل عملي قيمة شخصية كبيرة بالنسبة لي					
40.	أعتقد أن مغادرتي لعملي الحالي ستؤثر سلباً على حياتي					
41.	اعتقد أن تركي لعملي الحالي سيتطلب تضحيات شخصية كبيرة					
42.	أعتقد أن عملي في شركة أخرى لن يوفر لي المزايا الكلية التي أتمتع بها حالياً					
المكافآت والتقدير						
43.	أشعر بأن جودة عملي الجيد تحظى بالتقدير					
44.	أتلقي معاملة عادلة					
45.	أعتقد من المهم أن يتم تقديري على عملي					
46.	تتيح لي وظيفتي التعرف على الفرص					
47.	تكافئ شركتي النجاح بشكل أكبر مما تعاقب على الفشل					
48.	أعتبر التقدير الرسمي للمساهمات والإنجازات أمراً مهماً					
49.	أشعر بالرضا عن برنامج التقدير الحالي في عملي					
أداء العمل						
50.	أشعر بالتحدي عندما أكلف بمهام تلهمني وتختبر قدراتي					
51.	أتلقي تغذية راجعة بناءة تُبرز نقاط قوتي بدلاً من التركيز على جوانب الضعف					

					تُظهر الإدارة العليا لباقة في معاملتي، وتستمع إليّ وتدعوني للتعبير عن أفكاري ومشاعري	52.
					سأختار عملي مجدداً لو أُتيح لي الخيار مرة أخرى	53.
					أوصي بوظيفة مثل وظيفتي لصديق مقرب	54.
					أفكر في ترك وظيفتي	55.
					أشعر بالرضا عن دعم دائرة الموارد البشرية	56.
					أعتقد أن شركتي تهتم بتحفيز الموظفين	57.
					تحفزني الحوافز غير المالية أكثر	58.
					أعتقد أن نظام تقييم الأداء في شركتي فعال	59.
					يساعدني دعم زملائي على البقاء متحمساً في عملي	60.
					أشعر أن عبء العمل الذي أتحملة عادلاً	61.
الدخل						
					أعتقد أن التعويضات المدفوعة في حال التسريح أو الحوادث داخل الشركة مرضية	62.
					أشعر بالرضا عن راتبي الحالي	63.
					أشعر بالرضا عن طريقة تحديد الزيادات في راتبي	64.
					أشعر بالرضا عن طريقة تحديد الزيادات في راتبي	65.
					أشعر بالرضا عن عدد المزايا التي أحصل عليها	66.
					أشعر بالرضا عن الفروق في الرواتب بين الوظائف في الشركة	67.
					توفر لي المزايا التي ألتقاها (ولعائلتي) شعوراً بالأمان	68.
					أشعر أن احتياجاتي يتم تلبيتها من خلال المزايا التي ألتقاها	69.
					أشعر أن المزايا التي أحصل عليها تؤثر إيجاباً على موقعي تجاه عملي	70.

"أثر بيئة العمل على الاحتفاظ بالموظفين في قطاع التمويل الصغير ومتناهي الصغر: الدور الوسيط للرضا الوظيفي"

رولا محمود محمد حمدان

د. رائد عريقات

أ. د فتح الله غانم

أ. د عطية مصلح

ملخص

الهدف: الهدف الرئيسي من هذه الدراسة هو فحص الدور الوسيط لرضا الموظفين في تأثير بيئة العمل على الاحتفاظ بالموظفين في مؤسسات التمويل الصغير ومتناهي الصغر الفلسطينية. المنهجية: تتبع الدراسة تصميمًا كميًا مقطعيًا باستخدام استبيانات منسقة تم توزيعها على الموظفين في تسع مؤسسات تمويل صغير ومتناهي الصغر في الضفة الغربية. تم استخدام مقاييس موثوقة لقياس المفاهيم المتعلقة ببيئة العمل، ورضا الموظفين، واحتفاظهم بالوظائف. تم تحليل البيانات من خلال الإحصاءات الوصفية، وتقييمات الموثوقية، وتحليل الارتباط، ونمذجة المعادلات الهيكلية (SEM) لاختبار التأثيرات المباشرة والوسيطية على حد سواء.

النتائج: تؤكد النتائج أن جوانب بيئة العمل الإنسانية وزيادة الأعمال تؤثر بشكل كبير على رضا الموظفين، الذي بدوره له تأثير إيجابي على الاحتفاظ بالموظفين. تُظهر النتائج أن رضا الموظفين يتوسط تمامًا العلاقة بين بيئة العمل واحتفاظ الموظفين، مما يبرز أهمية تعزيز ظروف العمل الداعمة والمحفزة.

القيمة/الأصالة: تسهم هذه الدراسة برؤى أصلية في مجال إدارة الموارد البشرية في قطاع التمويل الصغير ومتناهي الصغر الفلسطيني، خاصة في المناطق المتأثرة بالنزاع. تقدم الدراسة نموذجًا ثنائي الأبعاد لرضا الموظفين وتوفر التحقق التجريبي من خلال إطار كمي قوي، مما يقدم إسهامات نظرية وتوصيات عملية لسياسات وممارسات الموارد البشرية.

الكلمات المفتاحية: بيئة العمل، رضا الموظفين، الاحتفاظ بالموظفين، قطاع التمويل الصغير ومتناهي الصغر.