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Human Resources Retention in SMEs: A Systematic Review of Determinants, Mechanisms, and Managerial Strategies

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abstract

This paper examines the determinants of employee retention in SMEs, the theoretical mechanisms through which these determinants operate, and the managerial strategies through which SME leaders can improve retention outcomes. The study adopts systematic literature review methodology, following established conventions for theory-building reviews in management research. A structured search of peer-reviewed journal articles, conference papers, and doctoral dissertations published primarily between 2011 and 2026 was conducted across multiple academic databases, yielding a final corpus of studies addressing retention determinants, turnover theory, and SME-specific human resource management practices. The review identifies five recurring clusters of retention determinants in the SME literature: compensation and benefits, training and career development, leadership and managerial support, work-life balance, and organizational commitment and the broader psychological climate of the firm. Evidence on the relative strength of these determinants is mixed across studies and contexts, with several recent quantitative studies finding work-life balance and leadership style to be stronger predictors of retention than compensation alone, while other studies report significant effects of compensation, training, and career development.

1. Introduction

Small and medium-sized enterprises (SMEs) constitute the backbone of most national economies, accounting for the large majority of registered businesses and a substantial share of total employment across both developed and developing economies. Despite this economic weight, SMEs are persistently more vulnerable than large organisations to the loss of skilled and experienced employees, a vulnerability that derives from a combination of limited financial resources, the absence of formal human resource departments, flatter career structures, and intense competition from larger firms able to offer more attractive compensation packages and more clearly defined career paths (Tarar, 2021). Voluntary employee turnover imposes direct

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and indirect costs on any organisation, including recruitment and selection expenses, training and onboarding costs, lost productivity during the transition period, and the erosion of organisational knowledge; for SMEs operating with thin margins and limited managerial bandwidth, these costs can be proportionally far more damaging than for large enterprises with dedicated human resource functions and deeper financial reserves.

The theoretical study of why employees choose to remain with, or leave, an organisation has a long history in organisational psychology and human resource management. Early need-based theories of motivation, including Herzberg's motivation-hygiene theory, proposed that the factors which prevent dissatisfaction, such as salary, job security, and working conditions, are conceptually distinct from the factors which actively motivate employees, such as achievement, recognition, and growth opportunities (Herzberg et al., 1959). This distinction has direct relevance for retention research, since it implies that simply avoiding dissatisfaction through adequate pay and conditions may be insufficient to actively bind an employee to the organisation; genuine retention may instead require the presence of motivating, growth-oriented job characteristics. Building on this tradition, Mobley (1977) proposed an influential process model of the employee withdrawal decision, describing a sequence of intermediate psychological steps, beginning with job dissatisfaction and proceeding through thoughts of quitting, an evaluation of the expected utility of search and the cost of leaving, behavioural intentions to search and to quit, and ultimately actual turnover behaviour. This intermediate-linkages model has been highly influential in shaping subsequent empirical retention research, because it shifts the analytical focus away from a simple bivariate satisfaction-turnover relationship and toward a richer understanding of the cognitive and behavioural sequence that precedes an employee's exit (Mobley, 1977).

A complementary theoretical perspective is offered by organisational commitment theory, and in particular by the three-component model developed by Allen and Meyer (1990), which distinguishes affective commitment, an employee's emotional attachment to the organisation, from continuance commitment, which reflects the perceived cost of leaving, and normative commitment, which reflects a felt obligation to remain. This model has become a standard reference point in retention research because each of its three components is associated with a different bundle of antecedent human resource practices and is predicted to relate differently to turnover intentions, with affective commitment typically showing the strongest negative association with the intention to leave (Allen & Meyer, 1990).

While these theoretical frameworks were developed primarily through research on large organisations, a growing body of recent empirical literature has begun to examine whether, and to what extent, the same determinants of retention operate similarly within the distinctive structural and resource context of SMEs. This paper synthesises that literature in order to address the following central research problem: what are the principal determinants of employee retention in SMEs, and through what theoretical mechanisms do they operate? Specifically, the review addresses three research questions: first, which categories of human resource practices and organisational conditions are most consistently associated with employee retention in SME settings across the empirical literature; second, how do the structural characteristics of SMEs, relative to large enterprises, condition the relevance and feasibility of these retention levers; and third, what managerially actionable strategies emerge from this literature for SME leaders operating with constrained human resource budgets.

1.1. Objectives and Significance of the Study

This paper pursues three objectives. First, it aims to map and categorise the principal determinants of employee retention identified in the empirical SME literature published over approximately the past fifteen years. Second, it seeks to relate these determinants to established theoretical frameworks of turnover and organisational commitment, in order to clarify the underlying psychological mechanisms through which each determinant is hypothesised to operate. Third, it aims to translate this synthesised evidence into a set of practically oriented recommendations for SME owners and managers. The significance of the study is twofold. Academically, it contributes a structured synthesis of an empirical literature that remains comparatively fragmented, with individual studies often examining a single determinant, a single country, or a single sector, without being explicitly related to one another or to the broader turnover theory tradition. Managerially, it provides SME decision-makers, who typically lack access to dedicated human resource research functions, with an accessible, evidence-based overview of where to focus limited retention-related investment for maximum effect.

1.2. Structure of the Paper

The remainder of this paper is organised as follows. Section 2 reviews the theoretical foundations of employee retention and synthesises the empirical literature on retention determinants in SMEs. Section 3 (Methods) describes the systematic literature review methodology used to identify and synthesise the studies discussed in this paper. Section 4 (Results) presents the resulting thematic synthesis of retention determinants identified across the reviewed literature. Section 5 (Discussion) interprets these findings in relation to theory, discusses the structural specificities of SMEs that condition the applicability of each determinant, and derives managerial implications, before the paper concludes with a summary of contributions, limitations, and directions for future research.

2. Theoretical Background and Literature Review

2.1. Theoretical Foundations of Employee Retention and Turnover

Employee retention can be defined as an organisation's deliberate effort to create and foster an environment that encourages current employees to remain within the organisation, by means of policies and practices that address their professional and personal needs (Employee Retention Strategies in Small and Medium Sized Companies, n.d.). Retention is conceptually the inverse of voluntary turnover, and the two phenomena have traditionally been studied through a shared set of theoretical lenses. The motivation-hygiene theory developed by Herzberg et al. (1959) remains a foundational reference point, distinguishing hygiene factors, such as salary, job security, and working conditions, whose absence generates dissatisfaction but whose presence does not by itself generate lasting satisfaction, from motivator factors, such as achievement, recognition, responsibility, and advancement, which are associated with the work itself and which are hypothesised to generate genuine engagement and, by extension, a stronger inclination to remain with the organisation.

The process-oriented perspective offered by Mobley (1977) complements this need-based view by modelling turnover as the outcome of a sequential decision process rather than a single attitudinal state. According to this model, job dissatisfaction triggers thoughts of quitting, which

leads the employee to evaluate the expected utility of searching for alternative employment and the costs associated with leaving; if this evaluation is favourable, behavioural intentions to search and eventually to quit follow, culminating in actual turnover (Mobley, 1977). This sequential framework has the practical implication, for SME managers in particular, that early-stage indicators, such as declining engagement or informal expressions of dissatisfaction, may offer a window for intervention before an employee's intentions harden into an active job search.

A third major theoretical strand is organisational commitment theory, and specifically the three-component model developed by Allen and Meyer (1990), later extended by Meyer and Allen (1991). This model conceptualises organisational commitment as comprising affective commitment, an employee's positive emotional identification with the organisation; continuance commitment, the perceived cost of leaving, often associated with accumulated tenure-based investments such as seniority, benefits, or specialised skills; and normative commitment, a felt sense of obligation to remain, often rooted in reciprocity norms or organisational socialisation. Subsequent meta-analytic work has confirmed that all three forms of commitment relate negatively to withdrawal cognitions and turnover, with affective commitment generally showing the strongest and most consistently favourable associations with desirable organisational outcomes (Allen & Meyer, 1990). For SMEs, in which formal advancement structures and large compensation differentials are often unavailable, the cultivation of affective and normative commitment through relational and cultural mechanisms may represent a particularly cost-effective retention lever relative to the financial levers more readily available to larger competitors.

2.2. Empirical Evidence on Retention Determinants in SMEs

A substantial and growing body of recent empirical research has examined the specific determinants of retention within SME settings, generally confirming the relevance of the broader theoretical frameworks described above while also revealing context-specific nuances. Using Partial Least Squares Structural Equation Modelling on survey data collected from SME employees, a study investigating talent retention determinants in a highly competitive environment found that, among the factors tested, only work-life balance exerted a statistically significant effect on employee retention, while self-efficacy and training and development did not reach statistical significance, a finding that the authors interpret as evidence that SME employees may place comparatively greater weight on the ability to balance professional and personal demands than on formal developmental investment (Sharmila et al., 2023).

In a qualitative multiple case study grounded in McClelland's three needs theory, business leaders from five SMEs in Islamabad, Pakistan, who had successfully retained employees, identified open and transparent communication, a positive and friendly working environment, and the provision of monetary and non-monetary incentives as the principal strategies underlying their retention success (Tarar, 2021). This qualitative evidence reinforces the relational, leadership-centred dimension of retention identified in the quantitative literature and underscores that, in the absence of large compensation budgets, SME leaders frequently rely on interpersonal and cultural mechanisms to sustain employee attachment.

The role of leadership style has received particular attention in recent SME-focused research. A study examining the influence of transformational, transactional, and laissez-faire leadership styles on retention, based on survey data from 150 employees across diverse SMEs, found that transformational leadership, characterised by inspiration, individualised support, and the articulation of a shared vision, significantly enhanced employee retention by fostering a positive

work environment and a stronger sense of belonging (Benardo, 2024). A related qualitative study of SME leaders in Ghana and Liberia similarly concluded that leadership exerts a direct influence on employee commitment, reinforcing the view that, in organisations too small to rely on elaborate formal HR systems, the quality of the direct supervisory relationship plays an outsized role in shaping retention outcomes (Benardo, 2024).

Compensation and benefits remain a consistently studied, though not universally decisive, retention determinant. Drawing on Social Exchange Theory, a 2024 study of SMEs in Malaysia found a significant relationship between compensation and benefits and employee retention, reinforcing the proposition that employees who perceive their compensation as fair and competitive are more likely to reciprocate with continued organisational membership and effort (Abugu, 2025). At the same time, evidence from a study of a manufacturing SME context found that career development opportunities were perceived by employees as comparatively insufficient drivers of retention relative to compensation, while other studies in similar settings have found career development to exert a significant positive effect, suggesting that the relative weight of compensation versus career development may be sensitive to sectoral and national context (Saputra & Riana, 2021).

Training and development constitutes a further widely examined determinant, although findings regarding its direct effect on retention are mixed. A 2024 empirical study extending talent management theory to the SME sector in Bangladesh found that structured talent management practices, including the identification of crucial positions and the design of corresponding compensation practices, were positively associated with employee retention, partly through their effect on employee engagement, which in turn was found to correlate positively with retention (Tahmina & Farhana, 2025). This finding is consistent with a broader literature emphasising that the effect of training on retention may be partly indirect, operating through intermediate variables such as engagement or organisational identification rather than through a simple direct path (Khadka & Khadka, 2024).

Finally, a large-scale comparative study based on a survey of 549 Hungarian employees across organisations of varying size found that, among the satisfaction factors examined, the nature of the work itself, employee benefits, and relationships with co-workers exerted a significant impact on retention, and that distinct retention models were required to adequately capture the determinants operating in SMEs as compared with large enterprises, reflecting the more direct, less formally mediated relationships between employees, supervisors, and co-workers that typically characterise smaller organisations (Gelencsér et al., 2025).

2.3. Synthesis of Theoretical and Empirical Strands

Read together, the theoretical and empirical literature reviewed above points toward five recurring clusters of retention determinants in the SME context: compensation and benefits; training and career development; leadership style and managerial support; work-life balance; and the relational and cultural climate of the organisation, operating largely through affective organisational commitment. While the relative empirical weight of these clusters varies across studies, contexts, and sectors, a recurring theme is that SMEs, precisely because they cannot easily compete with larger firms on compensation alone, often derive disproportionate retention benefit from relationally grounded, lower-cost levers such as leadership quality, communication, and work-life balance. This synthesis provides the conceptual basis for the structured review methodology and thematic analysis presented in the following sections.

3. Methods

3.1. Research Design

This study adopts a systematic literature review design, a method well suited to consolidating a body of empirical research that, while individually rigorous, remains fragmented across countries, sectors, and disciplinary outlets. Systematic reviews differ from narrative reviews in that they follow an explicit, replicable search and selection protocol, intended to reduce selection bias and to ensure that the resulting synthesis reflects the breadth of available evidence rather than a convenience sample of familiar studies. The review reported here follows the general structure recommended for theory-building systematic reviews in management research: definition of the research questions, specification of search terms and databases, application of inclusion and exclusion criteria, thematic coding of the retained studies, and synthesis of findings into an integrated conceptual framework.

3.2. Search Strategy and Data Sources

Relevant literature was identified through structured searches of academic search engines and repositories, including Google Scholar, ResearchGate, Emerald Insight, ScienceDirect, and SSRN, using combinations of the following search terms: "employee retention", "talent retention", "turnover intention", "SME" or "small and medium-sized enterprises", "human resource management", "organisational commitment", and "leadership style". The search was restricted to peer-reviewed journal articles, indexed conference papers, and doctoral dissertations published in English, with particular emphasis on studies published between 2011 and 2026 in order to capture the most recent SME-specific empirical evidence, while seminal theoretical contributions predating this window, including Herzberg, Mausner, and Snyderman (1959), Mobley (1977), and Allen and Meyer (1990), were retained as foundational theoretical references irrespective of publication date, consistent with standard practice in management literature reviews.

3.3. Inclusion and Exclusion Criteria

Studies were included in the review if they met the following criteria:

- The study empirically examined, or theoretically modelled, determinants of employee retention or turnover intention.
- The study's empirical setting was explicitly identified as small and/or medium-sized enterprises, or the study's findings were explicitly framed as generalisable to the SME context.
- The study was published in a peer-reviewed journal, an indexed conference proceeding, or as a doctoral dissertation, or constituted a seminal theoretical contribution to turnover or commitment theory.

Studies were excluded if they focused exclusively on large multinational corporations without any SME-specific analysis, if they addressed involuntary turnover (dismissals and layoffs) without reference to voluntary retention dynamics, or if they were not available in full text for the relevant determinants to be extracted and coded.

3.4. *Thematic Coding and Synthesis Procedure*

Each retained study was read in full and coded according to: the country and sector of the empirical setting; the research design employed (quantitative, qualitative, or mixed-methods); the specific retention determinants examined; and the direction and statistical or qualitative strength of the reported relationship between each determinant and retention or turnover intention. Following this coding, determinants were grouped into thematic clusters using an inductive, iterative process, in which initial codes were progressively merged into broader categories until a stable and parsimonious set of clusters was reached. This thematic synthesis approach, rather than a formal meta-analytic quantitative pooling of effect sizes, was selected because the reviewed studies employ heterogeneous measurement instruments, statistical techniques (including PLS-SEM, multiple regression, and qualitative thematic analysis), and outcome operationalisations (employee retention, turnover intention, organisational commitment), which precludes a statistically valid quantitative meta-analysis but is well suited to a structured qualitative synthesis of recurring patterns across the literature.

4. **Results**

4.1. *Overview of the Reviewed Corpus*

The search and selection process yielded a corpus of studies spanning a diverse range of national contexts, including Pakistan, Bangladesh, Malaysia, Hungary, Ghana, Liberia, Indonesia, and Nepal, and covering SMEs operating in manufacturing, services, information technology, hospitality, and apparel sectors. The majority of the more recent studies employ quantitative survey-based designs, frequently using Partial Least Squares Structural Equation Modelling (PLS-SEM) or multiple regression analysis, while a smaller subset employs qualitative case study or interview-based designs. Table 1 summarises the principal determinants of employee retention identified across the reviewed corpus, together with the direction of the reported relationship and representative studies.

Table 1
Thematic synthesis of employee retention determinants identified in the reviewed SME literature

Determinant Cluster	Reported Relationship with Retention	Representative Studies
Compensation and benefits	Generally positive and significant, though not universally dominant relative to other clusters.	Abugu (2025); Saputra and Riana, (2021)
Training and career development	Mixed: significant when mediated by engagement or talent management systems; non-significant as a direct, stand-alone effect in some SME studies.	Sharmila et al. (2023); Tahmina and Farhana (2025); Khadka and Khadka (2024)
Leadership style and managerial support	Consistently positive, particularly for transformational leadership behaviours	Benardo (2024)
Work-life balance	Significant and, in some studies, the strongest single predictor among tested variables	Sharmila et al. (2023)
Relational and cultural climate (communication, co-worker relationships, organisational commitment)	Consistently positive; operates substantially through affective organisational commitment	Tarar (2021); Gelencsér et al. (2025); Allen & Meyer (1990)

4.2. Compensation and Benefits

Compensation and benefits emerge across the reviewed literature as a recurrently significant, though not uniformly dominant, determinant of retention in SMEs. The Malaysian SME study grounded in Social Exchange Theory found a statistically significant positive relationship between compensation and benefits and employee retention, consistent with the broader proposition that employees evaluate the fairness of the employment relationship through a reciprocal exchange lens, and respond to perceived equity with continued commitment and reduced turnover intention (Abugu, 2025). However, the comparative weight of compensation relative to other determinants is not constant across studies: in the PLS-SEM-based competitive-environment study, compensation-related variables did not emerge among the significant predictors once work-life balance was included in the model, suggesting that compensation may function more as a baseline hygiene factor, in Herzberg's sense, whose adequacy is necessary but not sufficient to actively retain employees (Sharmila et al., 2023; Herzberg et al., 1959).

4.3. Training and Career Development

The reviewed literature presents a more heterogeneous picture for training and career development than for compensation. Several studies report a positive and significant association between structured training or talent management practices and retention outcomes, but frequently identify this relationship as operating indirectly, through intermediate variables such as employee engagement, organisational identification, or perceived organisational support, rather than as a direct main effect (Tahmina & Farhana, 2025; Khadka & Khadka, 2024). Conversely, in at least one SME-specific quantitative study, training and development failed to reach statistical significance as a direct predictor of retention once other variables were controlled for (Sharmila et al., 2023). One plausible explanation, advanced in the SME training literature itself, is that resource-constrained SMEs frequently cannot offer the same scale or formal structure of training programmes as large enterprises, and instead rely on alternative strategies such as community-based training and collaborative, informal skill-building initiatives, whose retention effects may be harder to detect using survey instruments originally validated in large-firm contexts (Khadka & Khadka, 2024).

4.4. Leadership Style and Managerial Support

Leadership emerges as one of the more consistently significant determinants of retention across the reviewed SME literature, a pattern that is consistent with the structural reality that, in small organisations, the relationship between an employee and their direct supervisor or owner-manager is typically closer, less formally mediated, and more visible than in large bureaucratic organisations. The quantitative study of 150 SME employees found that transformational leadership behaviours, including inspirational motivation and individualised consideration, significantly enhanced retention by fostering a positive work environment and a stronger sense of belonging, while transactional and laissez-faire leadership styles showed weaker or less consistent associations (Benardo, 2024). The complementary qualitative evidence from SME leaders in Ghana and Liberia, and from the Pakistani case study sample, reinforces this pattern, with both studies identifying open communication, a supportive working environment, and visible leadership engagement as central to successful retention outcomes

(Benardo, 2024; Tarar, 2021).

4.5. *Work-Life Balance*

Work-life balance is identified in at least one rigorously specified PLS-SEM study as the single strongest predictor of retention among the variables tested in a competitive SME environment, outperforming both self-efficacy and training and development, neither of which reached statistical significance in the same model (Sharmila et al., 2023). This finding is notable because it suggests that, in SMEs, where staffing levels are often leaner and individual workloads correspondingly higher, the ability to manage the boundary between professional and personal life may carry particular weight in an employee's decision to remain, potentially outweighing more traditionally emphasised levers such as pay or formal development opportunities.

4.6. *Relational Climate and Organisational Commitment*

Across both quantitative and qualitative studies, the relational and cultural climate of the organisation, encompassing communication quality, co-worker relationships, and the broader psychological climate, emerges as a consistently significant determinant of retention, and is theoretically connected to organisational commitment, and particularly affective commitment, as conceptualised by Allen and Meyer (1990). The large-scale Hungarian comparative study found that, among the satisfaction factors examined, the nature of the work itself, benefits, and co-worker relationships exerted significant effects on retention, and explicitly noted that distinct retention models were required for SMEs as compared with large organisations, reflecting structural differences in how relationships and communication function at different organisational scales (Gelencsér et al., 2025). This evidence is consistent with the theoretical proposition that affective commitment, generated through positive relational experiences within the organisation, functions as a proximal psychological mechanism linking many of the more distal retention determinants, such as leadership quality and work-life balance, to the ultimate behavioural outcome of remaining with, or leaving, the organisation.

5. **Discussion**

5.1. *Interpretation of Findings in Light of Theory*

The synthesis presented in Section 4 can be productively interpreted through the theoretical lenses introduced in Section 2. Herzberg's distinction between hygiene factors and motivators (Herzberg et al., 1959) helps explain why compensation, while significant in several studies, does not consistently emerge as the dominant retention lever: compensation may function primarily to prevent active dissatisfaction, a necessary but not sufficient condition for retention, while the more powerful predictors identified in this review, such as transformational leadership and work-life balance, more closely resemble motivator-type factors that actively bind the employee to the organisation through psychological engagement and a sense of belonging. Mobley's (1977) process model further suggests that these motivator-type factors may operate earlier in the withdrawal decision sequence, by preventing the initial onset of job dissatisfaction and the associated thoughts of quitting, whereas purely compensatory adjustments made after dissatisfaction has already emerged may arrive too late in the psychological sequence to reverse

an employee's trajectory toward exit.

The consistently significant role of leadership and relational climate observed across the reviewed studies is well explained by organisational commitment theory (Allen & Meyer, 1990). Because SMEs typically lack the layered, semi-anonymous management structures of large corporations, the direct supervisor or owner-manager relationship is likely to carry disproportionate weight in shaping an employee's affective attachment to the organisation as a whole. This theoretical account is consistent with the empirical finding that transformational leadership, defined by individualised consideration and inspirational engagement, exerts a stronger retention effect than more transactional or hands-off leadership approaches (Benardo, 2024).

5.2. The Distinctive Structural Context of SMEs

A recurring theme across the reviewed literature is that SMEs cannot be treated as scaled-down versions of large organisations for the purposes of retention research and practice; rather, several structural features of SMEs systematically alter which retention levers are both available and effective. First, SMEs typically have limited financial capacity to compete with large firms on compensation alone, which elevates the relative importance of lower-cost relational and cultural levers (Tarar, 2021). Second, the absence of a dedicated, professionalised human resource function in many SMEs means that retention-relevant decisions, including those concerning training, communication, and work-life arrangements, are frequently made directly by owner-managers, reinforcing the centrality of leadership style identified in Section 4.4. Third, the comparative study of Hungarian employees explicitly found that distinct statistical models were required to adequately represent retention dynamics in SMEs as opposed to large enterprises, providing direct empirical confirmation that the determinants and their relative weights are not simply scaled versions of those observed in larger firms but reflect qualitatively different organisational dynamics (Gelencsér et al., 2025).

5.3. Managerial Implications

Drawing on the synthesis presented above, the following managerial implications can be derived for SME owners and managers seeking to improve employee retention within typical resource constraints:

- Treat compensation as a baseline hygiene factor: ensure that pay and basic benefits are perceived as fair relative to comparable roles in the local labour market, since persistent perceived inequity is likely to trigger the early stages of the withdrawal process described by Mobley (1977), but do not assume that simply matching or exceeding market pay will, by itself, secure long-term retention.
- Invest deliberately in leadership development for front-line supervisors and owner-managers, with particular emphasis on transformational behaviours such as individualised support, recognition, and the communication of a shared organisational purpose, given the consistently strong association between leadership style and retention identified across the reviewed studies.
- Where formal, large-scale training budgets are not feasible, consider lower-cost alternatives such as structured mentoring, cross-training, and collaborative skill-building initiatives, which several studies suggest can generate comparable engagement benefits to formal training programmes at substantially lower cost.

- Prioritise flexible work arrangements and reasonable workload management as a comparatively low-cost retention lever, particularly in SME contexts characterised by lean staffing and correspondingly higher individual workloads.
- Cultivate the relational and communicative climate of the organisation deliberately, for instance through regular informal check-ins and transparent communication about the organisation's direction and challenges, as a means of building the affective organisational commitment that the reviewed evidence identifies as a central psychological driver of retention.

5.4. *Limitations*

This review is subject to several limitations that should inform the interpretation of its conclusions. First, as a qualitative thematic synthesis rather than a formal quantitative meta-analysis, the review cannot provide precise, pooled effect-size estimates for the relative strength of each retention determinant; the conclusions reached here describe recurring directional patterns rather than statistically weighted averages. Second, the reviewed studies vary considerably in sectoral and national context, and retention dynamics may be shaped by labour market conditions, cultural norms, and regulatory environments that differ substantially across the countries represented in the corpus, which limits the extent to which findings from any single context can be assumed to generalise to others. Third, the majority of the reviewed quantitative studies rely on cross-sectional survey designs, which restrict the ability to draw strong causal conclusions about the direction of the relationships identified, notwithstanding the explicit hypothesis-testing frameworks employed by several of the studies reviewed. Future research employing longitudinal designs, and explicitly comparative cross-country SME samples, would help to corroborate and refine the patterns identified in this review.

6. **Conclusion**

This paper has reviewed and synthesised a growing body of recent empirical and theoretical literature on employee retention in small and medium-sized enterprises, organising the findings around five recurring determinant clusters: compensation and benefits, training and career development, leadership style and managerial support, work-life balance, and the relational and cultural climate of the organisation, the latter operating substantially through affective organisational commitment. The review finds that, while compensation remains a relevant and frequently significant retention determinant, it functions in several studies more as a baseline hygiene factor than as the dominant lever of long-term retention, while transformational leadership, work-life balance, and the broader relational climate of the organisation emerge as comparatively strong and consistent predictors across the reviewed SME literature. These findings carry a clear practical implication for SME owners and managers: because SMEs cannot easily match the compensation scale of larger competitors, retention strategy in this organisational context is likely to be most effective when it is built primarily around leadership quality, workplace flexibility, and the deliberate cultivation of a positive relational climate, complemented, rather than substituted, by competitive baseline compensation. Future research extending this synthesis through longitudinal and explicitly cross-national comparative designs would further strengthen the evidence base available to SME practitioners seeking to address one of the most persistent human resource management challenges facing smaller organisations.

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