FACTORS AFFECTING TURNOVER RATES OF SME ECOMMERCE COMPANY

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ABSTRACT

This study explores the factors affecting turnover rates within small and medium-sized (SME) eCommerce companies through the lens of Maslow's Hierarchy of Needs framework. Employee turnover is a significant challenge for eCommerce businesses, particularly within the SME sector, where resources are often limited, and employee retention is crucial for sustainable growth. By applying Maslow's theory, which categorizes human needs from basic physiological needs to higher-order selfactualization, this paper examines how fulfilling different levels of employee needs correlates with retention rates.

The study highlights key factors affecting turnover, such as job satisfaction, work-life balance, career growth, and organizational culture. It also explores how SMEs can use Maslow's Hierarchy to address these factors, enhancing employee engagement and retention. The findings emphasize that fulfilling both basic needs and fostering a sense of belonging and self-fulfillment are crucial for reducing turnover in the eCommerce sector.

KEY WORDS: TURNOVER RATE/ MASLOW'S HIERARCHY/ E-COMMERCE/ EMPLOYEE MOTIVATION/ OB SATISFACTION

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CHAPTER I INTRODUCTION

1.1 Background

The e-commerce industry has experienced rapid growth in recent years, reshaping the way consumers shop, and businesses operate (Zhu & Lam, 2021). With this growth comes the challenge of managing human resources effectively, particularly in terms of employee turnover. High turnover rates can severely impact an organization's performance, leading to increased costs and decreased morale among remaining employees (Kumar & Joshi, 2020). Maslow's hierarchy of needs, a psychological theory that categorizes human motivations into a five-tier model (physiological, safety, love/belonging, esteem, and self-actualization), provides a valuable framework for understanding employee motivation and retention (Maslow, 1943). By analyzing how well an e-commerce company meets the various levels of these needs, we can identify the factors that contribute to turnover rates in this sector (Hollander & Glenn, 2019).

1.2 Problem Statement

Despite the increasing investment in employee development and retention strategies, many e-commerce companies continue to face high turnover rates. This phenomenon can disrupt operations, increase recruitment costs, and hinder organizational growth (Smith & Jones, 2021). There is a gap in understanding how Maslow's hierarchy of needs can be utilized to identify and address the factors influencing employee turnover in e-commerce companies. This research aims to fill that gap by examining the interplay between employee satisfaction at different levels of Maslow's hierarchy and the associated turnover rates (Bauer & Erdogan, 2019).

1.3 Research Objective

The primary objective of this research is to investigate the factors affecting turnover rates in e-commerce companies through the lens of Maslow's hierarchy of needs. The list of benefits as below;

1. Identify the key needs that employees in e-commerce companies prioritize.

2. Analyze the extent to which these needs are being met by employers.

3. Determine the correlation between unmet needs and employee turnover rates.

4. Provide recommendations for e-commerce companies to enhance employee retention by addressing the identified needs.

1.4 Expected Benefit

This study aims to motivate employees to increase their job satisfaction which leads to overall organizational productivity in efficient management. The list of benefits as below;

1. Enhanced Understanding: It will deepen the understanding of employee motivations and their impact on turnover rates in the e-commerce sector (Gagné & Deci, 2005).

2. Strategic Insights: By linking employee needs to turnover, companies can develop targeted retention strategies that align with employee motivations.

3. Practical Recommendations: The findings will offer actionable recommendations for e-commerce businesses to improve their HR practices, potentially leading to lower turnover rates, enhanced employee satisfaction, and improved organizational performance (Smith & Jones, 2021).

4. Contribution to Literature: This study will contribute to the academic literature on employee retention and organizational behavior, specifically within the context of e-commerce (Martin, 2023).

CHAPTER II LITERATURE REVIEWS

The purpose of the research study is to identify the factors to fulfill employee engagement in an e-commerce company. In this chapter, a definition of an ecommerce organization and employee engagement. Review literature and research that theories related to employee engagement to identify the variables that affect the job motivation in e-commerce companies.

2.1 Concept of E-commerce company

E-commerce refers to the buying and selling of goods and services over the internet. It has transformed traditional business models, allowing companies to reach a global audience while reducing operational costs. E-commerce companies vary widely, ranging from large marketplaces like Amazon to smaller niche retailers. The growth of e-commerce has led to increased competition, making employee retention a critical factor for success. Research indicates that high turnover rates in e-commerce companies can lead to significant operational disruptions, increased training costs, and loss of organizational knowledge (Kumar & Sharma, 2020).

Employee turnover is particularly pronounced in e-commerce due to the fast-paced nature of the industry, which often demands high adaptability from employees. Factors contributing to turnover in this sector include job stress, lack of career progression, and inadequate work-life balance (Bamboo, 2021). Understanding the specific factors influencing turnover in e-commerce requires examining the unique characteristics of this industry, including technological advancements, changing consumer behaviors, and fluctuating market conditions.

2.2 Maslow's Hierarchy of Needs

Maslow's hierarchy of needs is a psychological framework that categorizes human needs into five levels: physiological, safety, love/belonging, esteem, and selfactualization (Maslow, 1943). According to this theory, individuals are motivated to fulfill lower-level needs before progressing to higher-level needs. In the workplace context, this model helps explain how meeting employees' needs can lead to increased job satisfaction, motivation, and retention.

Physiological Needs: These are the basic needs for survival, including salary and comfortable working conditions. In e-commerce, competitive compensation and a conducive work environment are essential for attracting and retaining talent (Higgins, 2021).

Safety Needs: This includes job security and a safe work environment. Ecommerce companies that provide job stability and effective workplace policies can enhance employee loyalty and reduce turnover (Greenberg, 2018).

Love/Belonging Needs: This level focuses on social connections and belonging within the workplace. Fostering a supportive company culture and teamwork can help employees feel valued, thus reducing feelings of isolation and the likelihood of turnover (Smith & Smith, 2020).

Esteem Needs: Employees seek recognition and respect in their roles. Providing opportunities for professional development, performance recognition, and career advancement can satisfy these needs, promoting employee retention in e-commerce environments (Jones, 2019).

Self-Actualization Needs: At the top of the hierarchy, self-actualization involves the realization of personal potential and fulfillment. Companies that encourage creativity, innovation, and personal growth can help employees achieve this level, ultimately enhancing job satisfaction and reducing turnover rates (Taylor, 2022).

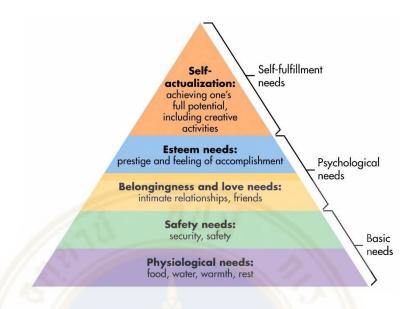


Figure 2.2 Maslow's Hierarchy of Needs Framework

The interplay between Maslow's hierarchy of needs and employee turnover in e-commerce is a critical area of study. Previous research suggests that unmet needs at any level can lead to dissatisfaction and increased turnover rates (Martin, 2023). By addressing these needs through effective human resource practices, e-commerce companies can foster a more committed workforce and reduce the financial and operational impacts of turnover.

2.3. Turnover Rate

Turnover rate is a key indicator of organizational stability, representing the frequency at which employees leave a company. High turnover rates can disrupt operations, increase costs associated with hiring and training, and lower morale among remaining employees. For e-commerce companies, turnover is a particularly costly issue due to the industry's demands for speed, accuracy, and adaptability (Bauer & Erdogan, 2019). According to recent studies, a strong correlation exists between employee

satisfaction and turnover rates; employees whose needs are unmet are significantly more likely to leave, especially in fast-paced sectors (Martin, 2023).

Research on employee turnover in e-commerce suggests that unmet needs particularly in areas like job security, recognition, and career advancement—are key drivers of turnover (Hershatter & Epstein, 2018). Addressing these areas by aligning organizational practices with employee needs can help companies reduce turnover rates.

2.4. Employee Motivation

Employee motivation is the driving force behind employees' engagement and commitment to their work. In the context of Maslow's hierarchy, motivation is influenced by the extent to which an organization meets employees' needs across all levels. When physiological and safety needs are addressed, employees feel secure and can focus on higher-order needs like belonging, esteem, and self-actualization (Gagné & Deci, 2005). The link between motivation and turnover is particularly relevant in ecommerce, where employees face high demands and changing industry dynamics. Motivated employees who feel that their needs are met are more likely to remain committed to the organization, while unmet needs can lead to frustration and increased turnover (Hollander & Glenn, 2019).

The intrinsic and extrinsic factors contributing to motivation are also important. E-commerce companies that invest in development opportunities, provide adequate resources, and foster a supportive culture often see higher motivation levels and reduced turnover rates (Deci et al., 2021).

2.5. Job Satisfaction

Job satisfaction is a key predictor of employee retention and refers to the extent to which employees feel content and fulfilled with their job roles, work environment, and organizational culture. High job satisfaction is often linked to the fulfillment of Maslow's hierarchy of needs, as employees who feel safe, valued, and challenged are generally more satisfied with their jobs (Herzberg, 2008). In e-commerce, where workloads are often high and expectations rigorous, addressing job

satisfaction is crucial to retaining employees. Research indicates that satisfied employees are less likely to leave their jobs and more likely to display loyalty to the organization (Smith & Jones, 2021).

Several factors influence job satisfaction in the e-commerce sector, including recognition, fair compensation, work-life balance, and growth opportunities (Bauer & Erdogan, 2019). By aligning job roles and organizational practices with employees' needs, e-commerce companies can enhance job satisfaction, which in turn reduces turnover rates.



CHAPTER III RESEARCH METHODOLOGY

The research is set to focus on the company which selects as a case study to identify the factors that affect employee engagement in an e-commerce company. In this chapter, the research methods include the research approach, data collection, and the interview questions which were used to conduct the study described.

3.1 Research Approach

Since the topic of the research would focus mainly on Maslow's five levels of needs, he would be able to understand the factor that affects turnover rates of employees of an e-commerce company and hopes to be improved to reduce the turnover rate. This is the most suitable mode of data collection since I would have to ask a series of interview questions to the employee themselves to understand actual underlying needs that need to be fulfilled.

3.2 Sample and Data Collection

I am planning to interview eight officers who have been actively working for an e-commerce company for at least 3 months. All interviewees will be interviewed via face to face and the interviews will be recorded.

Table 3.2.1 Sample and Data Collection order by Number of the year with organization from 8 interviewees

No.	Age	Number of the year with organization	Position	How many work experiences have you had?
1	24	3 Month	TT Key account management	2

Table 3.2.1 Sample and Data Collection order by Number of the year with
organization from 8 interviewees. (cont.)

No.	Age	Number of the year with organization	Position	How many work experiences have you had?
2	30	5 Month	Senior Key account management	3
3	32	3 Years	Key account management	2
4	30	4 Month	Senior TT Key account management	7
5	29	2 Years	Senior Key account management	2
6	28	2 Years	Key account management	5
7	29	1 Years half	Senior GD	3
8	25	8 Month	Key account management	3

3.3 Interview Questions

3.3.1 General question of employee

- 1. Please describe your demographic information
- a) How old are you?
- b) How many years have you worked in this current position?
- c) How many companies have you worked for? and How long are each of them?

3.3.2 List of research question by using criteria of Maslow Hierarchy of Needs

The level of Maslow: Physiological needs purpose:

To know whether the company provide enough basic needs for employees 1.My salary can support me for my basic needs like living, eating, and clothing? 2.Do the company provide your salary to make you satisfied with it?

The level of Maslow: Safety needs purpose:

To discover that the company can provide enough the level of salary, equipment and insurance for employees to feel secure by staying with the company 1.Company provide some type of insurance for individual of the company 2.My salary makes me feel secure

The level of Maslow: Love and Belonging needs purpose:

To discover about the feeling of relationship among people within the company

- 1. Colleague willing to help me when I got difficulty
- 2. You feel belonging to the company
- 3. The directors always willing to give me value advice

The level of Maslow: Self-esteem needs purpose:

To identify that company having recognize the important of each position

- 1. The position of the company where I work got respected from public
- 2. Everyone in the company highly respect the important role of my position
- 3. There is recognition in term of my performance from my supervisor/manager

The level of Maslow: Self-actualization needs purpose:

To identify about the potential career growth whether staffs think he/she can achieve within the company

- 1. I can see that my career growth is clear regarding to company's policy
- 2. Company allows me to use my creativity into the role that I have assigned

3. The company allows me to have a voice of opinion in order to accomplish the company's objective.

3.4 Data analyzing

This research uses a qualitative method to interview the sample group, the researcher uses a working analytical framework to analyze the data that get collected. A working analytical framework is an analysis technique called "coding" which helps identify recurring themes within the data (Nuttasorn, K, 2024). By capturing participants' responses and analyzing what employees express regarding the factors influencing their experience with the organization, the study explores how these factors relate to employee engagement and their impact on the organization.

3.5 Data validation

The question designed contains some probing questions to ensure the answer will be validated by checking the accuracy and quality of the sources of data, Since the different types of information, the researcher uses the working analytical framework to analyze the data that would help to conclude consistency between conceptual framework and information from interviewees. The interviewees will be recorded only by audio to guarantee the information is well defined. Moreover, the researcher uses open-ended questions to collect more information details and understand interviewee respondent's thoughts.

		Cutatur unada	Casial anada	Cold Fataous anada	Cold Actualization and
	Physiological needs	sarety needs	social needs	Selt-Esteem needs	Self-Actualization needs
	Example Question:	Example Question:	Example Question:	Example Question:	Example Question:
Outochion	Do the company provide your	Company provide some type	You feel belonging to the	There is recognition in term of I can see that my career	I can see that my career
Aucouoli	salary to make you satisfied	of insurance for individual of	company	my performance from my	growth is clear regarding to
	with it?	the company		supervisor/manager	company's policy
	Example Answers:	Example Answers:	Example Answers:	Example Answers:	Example Answers:
	This company offers quite		I prioritize the attitudes of my	I believe that hard work should I think working helps me	I think working helps me
	good general benefits, such as	the company's benefits, but I	colleagues and the	be rewarded appropriately	develop myself significantly,
	social security, health	would appreciate additional	organization above all else. If	based on the effort and	enhancing my skills and
	insurance and other benefits,	support, particularly regarding	the team's or organization's	outcomes achieved. Fair	confidence. However, I don't
	and a salary that covers my	loan assistance for purchasing	environment is toxic, it can	compensation not only	think it will lead to achieving
Answers	Answers personal expenses, I am very	a home. This would	become unbearable. Therefore, recognizes the dedication of	recognizes the dedication of	my life goals or overall
	satisfied for working here	significantly enhance employee	I place the utmost importance	employees but also motivates	success. I feel that personal
	1	satisfaction and financial	on fostering a positive	them to continue performing	fulfillment comes from
		stability.	atmosphere, as it significantly	at their best.	pursuing my passions and
			impacts my overall work		interests outside of work,
			experience and well-being.		which is equally important to
					me.
	88% (7 Person)	63% (5 Person)	88% (7 Person)	25% (2 Person)	13% (1 Person)

3.6 Working Analytical Framework Examples

CHAPTER IV FINDINGS DISCUSSION

This chapter reported the results of the study that was conducted for seeking what factors influence employee engagement in the company. The findings are from 8 participants who are employees in an e-commerce company. The result of the interview will be shown and identified in the form of descriptive data summaries, and the factors that impact or relate to organizational engagement.

In terms of finding, it will illustrate all the results that came from all respondents, it will illustrate each separated question respectively by starting from demographic questions and developing into five different needs within Maslow Hierarchy of Needs.

4.1 Result from interviewees

4.1.1 Physiological needs

From the analytical framework, all participants do enjoy the existing facilities and the physiological needs of the company. And companies seem to provide general benefits such as health benefits, life insurance, based salary, and facilities service. There is no significant result that supports this level of need. Most of the participants claimed that the company already provided and fulfilled their basic needs, which makes them satisfied and have no concern. Moreover, the common responses support that collecting experience and earning a satisfactory salary is the imperative factor that fulfills these physiological needs. As long as the participants could learn new abilities and the salary is not too lower than regular expectations, most of the participants acceptably committed to continuing to work in their organization.

"This company offers quite good general benefits, such as social security, health insurance and other benefits, and a salary that covers my personal expenses, I am very satisfied for working here"

Senior Key account management-002

"I have worked here for four years. Benefits and salaries have increased every year. In my first year, the company didn't offer health insurance, but recently they introduced health insurance and health check-up benefits. as well as the annual salary adjustments. I am quite satisfied with this, as well as the annual salary adjustments.

Key account management-003

"Receiving a fair salary makes me feel valued. The benefits provided enhance my overall job satisfaction, contributing to a positive work environment and motivating me to perform my best."

Senior TT Key account management-004

4.1.2 Safety need

The analysis revealed that employee motivation regarding safety needs is lower than expected. For physical safety, the company has provided facilities that ensure employees always feel safe at work. The company offers benefits and compensation according to standards and legal requirements, such as health benefits and coverage for medical expenses that employees do not have to pay out of pocket.

However, since the company lacks additional policies in other areas, such as a provident fund for all employees, loan policies for staff, or retirement plans for long-term employees, most participants feel that the company is unable to meet these safety needs.

"I feel that the additional benefits are quite limited. Previously, I worked in a large, reputable organization that offered a comprehensive range of benefits, including retirement plans, support for office syndrome treatment, and even assistance for ergonomic chairs. This makes me feel that the benefits here are somewhat lacking."

Senior Key account management-002

"I feel reasonably satisfied with the company's benefits, but I would appreciate additional support, particularly regarding loan assistance for purchasing a home. This would significantly enhance employee satisfaction and financial stability." Senior Key account management-005

"I feel dissatisfied with the company's benefits due to the poor condition of the computers and chairs. They do not support a healthy work environment, which affects my productivity and well-being. Proper ergonomic equipment is essential for employee health."

Senior GD-007

4.1.3 Love and Belonging needs

The results from this interview revealed that some participants place significant importance on what is referred to as social needs, considering it the most influential factor on commitment, satisfaction, and motivation at work. This is because employees at the subordinate level have more interactions with one another; a good work environment and positive relationships can directly impact their intention to work. For management, direct support from the owner also helps enhance motivation related to social needs. However, some participants expressed indifference, stating that they are unaffected by or do not seek these so-called social needs and simply want to fulfill their job responsibilities.

"I believe that communication and closeness help us understand each other better and foster openness. I always want to be a part of the team and connect with my colleagues. I think this is essential for work and makes the experience more enjoyable and vibrant."

TT Key account management-001

"I prioritize the attitudes of my colleagues and the organization above all else. If the team's or organization's environment is toxic, it can become unbearable. Therefore, I place the utmost importance on fostering a positive atmosphere, as it significantly impacts my overall work experience and well-being."

Senior TT Key account management-004

"Having been here for a long time, I've seen people come and go quite frequently, so I've become accustomed to it. I think it would be nice to build closer relationships, if possible, but if not, that's okay. I focus on doing my job well because I have other responsibilities that take priority over my colleagues."

Key account management-003

"I'm an introvert and don't socialize much, so I'm quite comfortable with everyone working independently. I find that focusing on our individual tasks allows me to thrive. It suits my personality and helps me maintain my productivity without the pressure of social interactions."

Senior GD-007

4.1.4 Self-esteem needs

From the analytical framework, the results indicate that at this level of needs, most participants identified rewards and recognition from supervisors as the most significant factor in fostering high morale at work. They expressed that these feelings are invaluable, making them feel appreciated by the company and motivating them to work harder because they believe they deserve praise. Additionally, some participants mentioned that this recognition serves as a tool to encourage employees to put in more effort by assigning tasks that lead to potential rewards, along with tracking individual KPIs. Participants often mentioned how growth not only enhances their capabilities but also boosts their confidence. They feel more empowered to take on new challenges when they know they are continuously improving. Additionally, they pointed out that a supportive work environment that encourages learning can significantly impact their motivation and job satisfaction.

"I have a role model that Senior Key account management-005 has received the Employee of the Year award two years in a row, along with a gold medal. I believe it may not seem like a huge deal, but it brings a sense of pride and increases motivation to work harder."

Key account management-006

"I believe that hard work should be rewarded appropriately based on the effort and outcomes achieved. Fair compensation not only recognizes the dedication of employees but also motivates them to continue performing at their best. This creates a positive work environment and encourages a culture of excellence."

Senior Key account management-008

4.1.5 Self-actualization Needs

From the employee's point of view, most supervisors allow their subordinates to participate in decision making and the development of an action plan. Although the company cannot give them the chance to accomplish their own goals, they mentioned that experiences and salaries from the company could be the path to achieve their goals in the future.

"I think working helps me develop myself significantly, enhancing my skills and confidence. However, I don't think it will lead to achieving my life goals or overall success. I feel that personal fulfillment comes from pursuing my passions and interests outside of work, which is equally important to me."

Key account management-006

"My life goals are quite ambitious, so I need to work while pursuing them. I realize that funding my aspirations requires exploring multiple sources, and this job provides me with additional income. Balancing work and personal goals allow me to progress toward achieving my dreams more effectively."

Key account management-008

"My goal is to build a family, including getting married and planning to have children. If my current job doesn't meet my needs in terms of work and income, I may need to consider seeking greater opportunities for growth. It's important for me to secure a stable future for my family."

Senior TT Key account management-004



CHAPTER V RECOMMENDATION AND CONCLUSION

5.1 Discussion

This study explores the critical factors affecting employee engagement within an e-commerce company in Thailand, employing Maslow's Hierarchy of Needs as a theoretical lens. The qualitative research approach, comprising face-to-face interviews with eight diverse employees, revealed that Love and Belonging needs, along with Self-esteem needs, are paramount in driving engagement. Employees reported that positive interpersonal relationships and a supportive workplace culture are essential for their satisfaction and commitment to the organization. These findings align with Maslow's theory, which posits that individuals are motivated by their unmet needs (Maslow, 1954).

The interviews highlighted the significance of teamwork, with most respondents preferring collaborative efforts over solitary tasks. They indicated that positive interactions with colleagues and supervisors, who offer support and encouragement, create an atmosphere conducive to motivation and engagement (Tjosvold, 1991). Additionally, recognition from management plays a crucial role in fulfilling employees' Self-esteem needs (Harter, Schmidt, & Hayes, 2002). When employees feel valued through acknowledgment and rewards, their motivation levels increase, leading to enhanced performance and loyalty to the organization.

Furthermore, the study indicates that the nature of work itself contributes to employee engagement. Challenging and stimulating tasks are vital for keeping employees interested and invested in their roles, reducing the likelihood of turnover (Mobley, 1977). By recognizing the interplay between these factors, organizations can devise strategies that not only improve employee satisfaction but also directly impact turnover rates in the competitive e-commerce landscape.

5.2 Practical implication

The practical implications of this research are vital for e-commerce companies aiming to mitigate turnover rates. First, organizations should cultivate a supportive and inclusive work environment that prioritizes employee recognition (Deci & Ryan, 2000). Implementing formal and informal recognition programs can foster a culture of appreciation, thereby enhancing employee morale and motivation. Moreover, management should focus on building strong team dynamics by promoting teamwork and collaboration. This can be achieved through team-building activities, open communication channels, and an emphasis on shared goals, making employees feel more connected to their colleagues and the organization (Baker & Faulkner, 1993).

Providing competitive compensation and benefits is another crucial factor (Milkovich & Newman, 2008). Companies should evaluate their salary structures and offer comprehensive benefits, such as health insurance, retirement plans, and opportunities for professional development, to attract and retain top talent (Gerhart & Rynes, 2003). Additionally, organizations could consider implementing mentorship programs or training workshops, which not only fulfill employees' needs for growth and self-actualization (Noe, 1988) but also enhance their commitment to the company.

Finally, assigning challenging tasks that align with employees' skills and interests can further enhance engagement (Hakanen, Bakker, & Demerouti, 2005). When employees are excited about their work, they are more likely to remain with the company, thereby reducing turnover rates.

5.3 Conclusion

In conclusion, this research highlights the multifaceted factors influencing employee engagement and turnover rates in e-commerce companies. By focusing on Love and Belonging and Self-esteem needs, organizations can create an environment that not only satisfies employees but also encourages their long-term commitment. Positive relationships, recognition, and opportunities for professional growth are essential components that contribute to employee satisfaction (Saks, 2006).

The findings emphasize that companies that prioritize these factors are better positioned to enhance employee engagement, reduce turnover rates, and ultimately achieve organizational success. By investing in their workforce, e-commerce companies can cultivate a loyal and motivated team, positioning themselves competitively in an evolving market.

5.4 Future Research Directions

Future research should consider exploring the long-term impacts of the recommended strategies on employee retention and overall organizational performance. Longitudinal studies could provide valuable insights into how sustained engagement initiatives influence turnover rates over time (Wright & Boswell, 2002). Additionally, researchers might investigate the effects of diverse management styles on employee engagement and turnover in e-commerce contexts. Examining how different leadership approaches interact with employee needs could yield strategies tailored to various organizational cultures.

Furthermore, expanding the scope of research to include a wider array of ecommerce companies, including startups and established firms, could provide a more comprehensive understanding of engagement dynamics across the industry. This expanded focus could help identify industry-specific challenges and opportunities, enabling organizations to better address the unique needs of their workforce.



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