Workforce Retention: The Roles of ESG Integration

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Abstract. Workforce retention in the healthcare industry, particularly among nurse, remains a global challenge with significant implications for patient safety, service quality, and organizational sustainability. The World Health Organization projects a shortage of 5.9 million nurses worldwide by 2030, while in Malaysia faces a deficit of more than 100,000 nurses. In private healthcare, conventional human resource strategies and profit-driven priorities limit investment in staff development, contributing to high turnover, burnout and disengagement. The objective of this conceptual paper is to examine how the integration of Environmental, Social, and Governance (ESG) principles with financial sustainability strategies can strengthen workforce retention in private healthcare organizations. A systematic narrative review was conducted using Scopus, PubMed, Web of Science, and Google Scholar, focusing on literature published between 2010 and 2025. Keywords included nursing retention, ESG in healthcare, private hospitals, sustainable finance, and workforce sustainability. Inclusion criteria comprised peer-reviewed studies and policy reports on healthcare workforce and ESG, while non-healthcare ESG studies and opinion papers without empirical grounding were excluded. The review suggests that ESG-driven approaches can address workforce instability in private healthcare. Environmental initiatives, such as green hospital design and safe workplace infrastructure, contribute to staff wellbeing. Social strategies, including equitable pay, mental health support, and flexible work arrangements, are linked to higher engagement and reduced burnout. Governance practices, including ethical leadership, transparent reporting, and inclusive decision-making, are expected to foster organizational trust and loyalty. This study concludes that embedding ESG into workforce policies offers a holistic framework that aligns financial sustainability with ethical responsibility. The proposed conceptual framework provides a foundation for future empirical research and offers practical insights for healthcare leaders and policymakers seeking to improve workforce resilience and retention.

Keywords: workforce retention, healthcare, ESG, private hospitals, nurse turnover

INTRODUCTION

The global healthcare industry experiencing a persistent workforce retention crisis, particularly among nurses. Despite the increasing demands for healthcare services, healthcare organization, particularly in the private sectors are facing higher turnover rates, staffing shortage, burnout and employee disengagement. The World Health Organization (2020) projects a global shortage of 5.9 million nurses, identifying workforce retention as a significant contributing factor.

Workforce retention in healthcare has significant implications for healthcare delivery, patient safety, and operational sustainability. High not only disrupts the continuity of care but also increase recruitment and training costs for new employees (Ulrich et al., 2021). During the COVID-19 pandemic, these challenges intensified, exposing the systemic weaknesses in healthcare workforce management across public and private sectors. Nurses and other frontline workers have experienced prolonged stress, burnout, and psychological trauma, which further contributed to workforce attrition (Zhang et al., 2022). Despite their essential roles in providing care, most healthcare professionals continue to work in environments with inadequate support for wellbeing or offer opportunities for professional development (Maben & Bridges, 2020; Shah et al., 2021). The increasing gap between organizational goals and employees' expectations requires a transition to more comprehensive and sustainable workforce initiatives.

In response, there has been increasing interest in applying sustainability frameworks that incorporate Environmental, Social, and Governance (ESG) principles within healthcare organizations. Integrated of ESG factors with financial sustainability strategies, may provide a holistic Integrating ESG with financial sustainability

strategies provides a holistic framework that balances economic performance with environmental stewardship, social responsibility, and ethical governance (Kuhlmann et al., 2021; Bernardi et al., 2023).

The objective of this paper is to examine how ESG principles can be strategically applied to strengthen workforce retention in Malaysia's private healthcare sector. It also aims to propose a conceptual framework that links ESG dimensions to workforce outcomes, providing both theoretical grounding and practical insights for healthcare leaders and policymakers.

Conceptual Framework

This study proposes a conceptual framework (Figure 1) illustrating how Environmental, Social, and Governance (ESG) principles enhances workforce retention in private healthcare organizations. The framework consists of three primary independent variables; Environmental, Social, and Governance factors which affect the dependent variable, workforce retention, with significant mediating factors.

The Environmental (E) dimension emphasizes sustainable hospital designs, energy-efficient systems, and ergonomic workspaces, which improve staff wellbeing by reducing stress and absenteeism (Ulrich et al., 2020). The Social (S) dimension focuses on mental health support, equitable compensation, and flexible work arrangements, which contribute to fairness, engagement, and job satisfaction (WHO, 2023). The Governance (G) dimension highlights ethical leadership, transparency, and inclusive decision-making, which build organizational trust and align staff expectations with institutional goals (Lee et al., 2022).

Mediating variables such as job satisfaction, mental wellbeing, organizational trust, and employee engagement are integrated to clarify how ESG factors influence retention. A supportive and ethically governed environment promotes emotional and professional commitment, which in turn reduces turnover rates.

The framework proposes that effective ESG implementation creates conditions that strengthen motivation, trust, and loyalty among healthcare professionals. This leads to higher workforce retention and ultimately contributes to better patient care outcomes and organization performance.

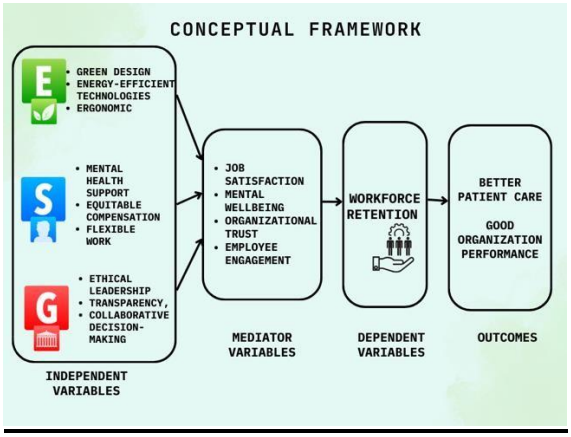


FIGURE 1-Conceptual Framework: Roles of ESG in Workforce Retention

RESEARCH METHOD

This study adopts a conceptual research design to explore how Environmental, Social, and Governance (ESG) strategies, can enhance workforce retention in private healthcare settings. As no primary data will be collected at this stage, the focus is on synthesizing existing literature to propose a theoretical framework.

Literature is reviewed from Scopus, PubMed, Web of Science, and Google Scholar, focusing on publications between 2010 and 2025, as well as reports from WHO, ILO, and Malaysian private hospital ESG disclosures.

Search terms include nursing retention, workforce sustainability, private healthcare Malaysia, ESG in healthcare, and sustainable finance.

Inclusion criteria are:

- Peer-reviewed journal articles, policy reports, and institutional publications between 2010–2025.
- Studies discussing healthcare workforce retention, ESG principles, sustainable finance, or human resource management in healthcare.
- Literature from Malaysia and Southeast Asia alongside selected international studies for benchmarking.

Exclusion criteria are:

- Opinion papers, editorials, or commentaries without empirical or conceptual grounding.
- ESG-related studies outside healthcare sectors (e.g., banking, energy, manufacturing).
- Publications prior to 2010, to ensure relevance to current ESG practices.
- Non-English language articles, due to accessibility and translation limitations.

A qualitative thematic analysis is applied, categorizing findings under the three ESG pillars:

- Environmental: workplace sustainability, hospital infrastructure, ecological safety.
- Social: wellbeing, equity, inclusion, and workforce development. • Governance: ethical leadership, transparency, and accountability.

From this synthesis, a conceptual framework is developed, linking ESG factors with workforce retention through mediating variables such as job satisfaction, wellbeing, organizational trust, and employee engagement. This framework provides theoretical grounding for future empirical research and practical insights for private healthcare leaders and policymakers.

RESULTS AND DISCUSSION

Environmental Dimension

The environmental component of ESG emphasizes creating healthier and more sustainable workplace environments for healthcare staff. Green hospital initiatives and ergonomic design features have been shown to reduce stress levels and enhance staff wellbeing. For instance, Columbia Asia Hospitals (CAH) achieved 20–30% energy savings through sustainability measures and subsequently reallocated the cost savings toward staff training and wellness programs (Columbia Asia, 2023). On a global scale, the adoption of smart energy systems and solar microgrids has further contributed to improved working conditions by maintaining optimal indoor comfort and reducing air pollution during power outages (Health Affairs, 2023). These environmentally conscious practices not only reduce operational costs but also directly enhance employee morale and job satisfaction.

Social Dimension

The social pillar of ESG highlights fair compensation, continuous professional development (CPD), and flexible working arrangements as key strategies for mitigating burnout and increasing workforce engagement. Studies have shown that flexible scheduling options, such as compressed workweeks and job-sharing arrangements, can significantly improve staff wellbeing while maintaining patient safety and care quality. In Malaysian hospitals, the implementation of compressed workweeks has led to a 19% reduction in medication errors while preserving service standards (JAMA Network Open, 2023). Similarly, job-sharing models among specialists have promoted work-life balance without compromising patient outcomes (BMJ Quality & Safety, 2023). These findings demonstrate that socially responsive HR strategies can foster a more engaged and motivated nursing workforce.

Governance Dimension

Governance plays a critical role in establishing trust and loyalty among healthcare employees through transparent leadership and accountable management practices. Ethical leadership, the use of performance dashboards, and the enforcement of clear organizational policies all contribute to a culture of integrity and inclusivity. In Malaysia,

KPJ Healthcare Berhad exemplifies strong governance practices by publishing ESG dashboards that include nurse turnover and engagement indicators (KPJ Healthcare, 2023). Such transparency reflects leadership commitment to workforce sustainability and strengthens employee confidence in the organization's long-term direction.

Benchmarking and Comparative Insights

Comparative analysis reveals that Singapore, and the United Kingdom are significantly ahead in integrating ESG principles into human resource and workforce management practices. These countries have embedded ESGdriven HR frameworks that emphasize sustainability, equity, and ethical governance in healthcare operations. In contrast, Malaysia is still in the early stages of ESG adoption, with limited integration of these principles into workforce retention and wellbeing strategies (Kamarudin & Mokhtar, 2022). This gap presents an opportunity for Malaysian healthcare institutions to learn from global best practices and gradually align their HR strategies with international ESG standards.

Overall, the findings reveal that the integration of ESG principles plays a significant role in addressing nurse retention challenges in private healthcare settings. The environmental initiatives enhance workplace comfort and wellbeing; social strategies foster engagement through fair pay, CPD, and flexible work arrangements, while strong governance practices promote trust and loyalty. Collectively, these dimensions contribute to a healthier, more motivated, and sustainable workforce, directly supporting the first research objective on how ESG strategies improve nurse retention. Furthermore, financial sustainability measures—such as cost savings from green operations reinvested into staff welfare—demonstrate how strategic resource allocation can enhance long-term workforce wellbeing and engagement, aligning with the second research objective. However, benchmarking analysis indicates that Malaysia remains in the early phase of ESG implementation compared to advanced healthcare systems in Singapore and the UK, suggesting a need for structured policy integration and leadership commitment to ensure enduring workforce sustainability.

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CONCLUSION

This conceptual study explores the vital role of Environmental, Social, and Governance (ESG) principles in addressing the persistent challenge of workforce retention in the healthcare sector especially in Malaysia's private institutions. In considering the increasing turnover rates, burnout, and job dissatisfaction, the study integrates existing literature and real-world examples to propose a holistic framework that connects ESG characteristics to enhanced employee retention outcomes.

The study identifies how environmentally sustainable workplaces, socially equitable policies, and ethically governed organizations can foster job satisfaction, mental wellbeing, organizational trust, and employee engagement, which are the key mediators that contribute to workforce stability.

By integrating sustainability in human resource management, the study contributes a novel framework for healthcare leaders and policymakers seeking holistic and sustainable solutions to workforce challenges. It establishes a foundation for future empirical research and offers practical insights into ESG-aligned workforce planning in healthcare systems.

RECOMMENDATIONS

Integrate ESG Frameworks into Human Resource Strategy

Healthcare organizations, particularly within the private sector, should embed Environmental, Social, and Governance (ESG) indicators into their human resource frameworks. This integration involves the design of green and ergonomic workspaces that promote employee wellbeing and environmental sustainability. Social aspects should emphasize mental health support, fair promotion systems, and inclusive workplace policies that ensure equal opportunities and psychological safety. In terms of governance, organizations must ensure transparency in management processes and encourage active employee participation in decision-making. Implementing an

integrated ESG framework within HR strategies can enhance trust, job satisfaction, and employee engagement—all of which are crucial factors influencing workforce retention.

Allocate Financial Resources Toward Staff Wellbeing and Development

Financial sustainability within healthcare institutions should not solely focus on operational efficiency but also prioritize reinvestment in workforce wellbeing and development. Organizations are encouraged to allocate specific budgets for continuous professional development (CPD) to support lifelong learning and skills enhancement among healthcare professionals. Additionally, performance-based incentives and structured career progression pathways should be introduced to motivate and retain skilled staff. Investment in wellbeing programs, including mental health initiatives and family-friendly benefits, can further enhance employee morale and loyalty. These financial commitments represent long-term retention strategies that contribute to organizational stability while reducing the overall costs associated with staff turnover.

Implement ESG Dashboards for Transparent Workforce Monitoring

Healthcare administrators should consider implementing ESG-aligned dashboards as part of their workforce monitoring systems. These dashboards can track essential metrics such as staff turnover rates, absenteeism levels, burnout indicators, and the progress of ESG-related initiatives. They may also display data on budget allocations for staff development and wellbeing programs, promoting transparency and accountability in organizational management. The use of such dashboards enables data-driven decision-making, strengthens leadership credibility, and demonstrates a visible commitment to employee sustainability. Ultimately, transparent monitoring practices foster greater trust and loyalty among staff, reinforcing a culture of ethical governance and continuous improvement in the healthcare workforce.

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