

# Issues of Personnel Retention, Ensuring Longevity in the Context of the Economy Digitalization

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**Abstract**—In the context of the rapid development of information technologies, the spread of AI in various fields of activity, questions arise about how the labor market is changing and to what extent and in what direction it will transform in the future, what changes will occur in the nature and content of labor and various professions. In addition, questions arise about how effective digital tools and AI are, what threats and risks exist, as well as the possibilities for their further use. This study examined professional literature, the experience of various scientists from developed and developing countries, surveyed employees of various organizations in the retail trade sphere in the Russian Federation, in-depth interviews with representatives of the HR departments of large companies, which made it possible to find out how much the employer values its specialists, and what measures it takes to retain its employees in the context of the modern development of IT and AI. The results of the study revealed that especially in retail trade, employees seek for more comfortable conditions for work, i.e., less time for transportation, better work-life balance, career opportunities.

**Keywords**—Digitalization, artificial intelligence, employee retention, engagement, human resource management, risks.

## I. INTRODUCTION

Employee retention is an important issue in the modern world because it ensures greater efficiency, reduces costs, and increases job satisfaction. There are a number of factors that can affect employee retention, but the main ones are still engagement, employer branding, motivation, compensation strategies, organizational culture, leadership styles, and relationships between employer and employees, work-life balance, organizational relationships, etc.

M.A. El-Erian (Economists representing the world's largest mutual fund, Pacific Investment Management Company (PIMCO), USA, California), was among the first to substantiate the features of the state and dynamics of the modern world economy and introduced the definitions of the "new reality" and "new normal"[1]. Concerning the labor market, the reality of the situation means that some of the impulses of the economy and society have grown into trends in the supply and demand of labor. In accordance with this, there was a need to form a new, long-term scientific view on attracting and retaining labor. Long-term reality, in turn, means that it must be accepted as a mandatory procedure and recognized as the "new normal". The same can be defined

for the personnel, talent acquisition, retention, sustainable development, etc.

In the expectation of employers, "normality", among other things, is expressed in the formed portrait of the suitability of an employee who is able to implement the current and future tasks of the organization. The portrait should include eight main components. Firstly, the employee should possess the theoretical basic knowledge. For those educated at colleges, theory should be refracted towards the applied sphere. Secondly, professional innovations, mastered through practice-oriented training. Thirdly, employees should have developed analytical thinking and related skills in setting a problem, searching for information to solve it, using project management and interpreting information. Fourthly, it is important to have the ability to perceive constructive criticism, responsibility for one's own actions. Fifthly, employee should possess competences related to ethics, presentation of one's own actions from the standpoint of their consequences for society and the external organizational environment. Sixthly, readiness to build economic relations at an international enterprise, taking into account the ability to adapt to foreign cultures, is one of the key competencies. Seventhly, developed independence, initiative, and self-organization are also vital. Eighthly, precision in formulating ideas, their error-free presentation in native and foreign languages, is another precious competence for an employee in any sphere.

The labor market and higher education are interconnected; the mechanism of their interaction is complex and multifaceted. Higher education is responsible for the formation of innovative, entrepreneurial, digital skills, which in turn stimulate the development and competitiveness of the economy. Higher education not only plays a key role in the formation and development of the digital economy, but also stimulates digitalization [2]. Over the past decades, the development of information technology and the widespread use of artificial intelligence have transformed almost all areas of economic activity. The labor market has undergone significant changes, which cannot but affect the field of education, especially higher education. More and more studies show that when hiring, employers pay attention not only to basic knowledge, but also to soft skills such as the ability to effectively communicate, work in a team, negotiate, analytical skills, and the ability to adhere

to team ethics, organizational skills. Also, according to experts' forecasts, critical thinking, and an analytical mind, the ability to effectively use and develop technologies, and demonstrate leadership will be in constant demand in this field [3]. A quasi-social experiment conducted by a scientist at Shiraz University in Iran tried to find out which methods of teaching and training in the field of business ethics are more effective. The results were expected, since the use of the latest technologies, for example, virtual reality devices, showed higher efficiency compared to the traditional classroom teaching methods [4]. A study conducted by a number of scientists from the UK focused on the digitalization of education in the field of medicine. This study showed that there is a lack of information and research studying the impact of digital technologies on the training of nursing staff and other related professionals involved in the healthcare sector [5]. Although some digital skills are taught to nursing staff, their scope and depth do not correspond to modern requirements and the level of development of IT technologies in healthcare [6]. In addition, it is emphasized that there is a lack of data and research regarding information education, namely, the regulatory framework, human resources, quality control, etc. [5].

Another study conducted by scientists from Jordan and Spain was devoted to the role of digital technologies in the training of business specialists. An extensive analysis of the existing literature in this area showed that most researchers focus on the issues of efficiency, frequency, and perception of digital technologies and researchers from different countries analyze the impact of national, cultural, and generational characteristics on the perception and use of technologies [7]. In the process of analyzing the issues of digitalization of education, it is very important to identify all stakeholders, as well as the relationships that arise between them [8].

Research conducted in different fields regarding personnel retention proved the importance of training, career growth perspective, and job satisfaction as a prerequisite for retention in the workplace [9]. Another important factor is the working environment, which can lead to engagement and high job satisfaction or to high turnover [10]. If the employer succeeds in providing work conditions and work environment that support high engagement and job satisfaction, they can decrease turnover and have better results in engagement [11]. Work-life balance is another prerequisite for employee retention and engagement, since employee well-being depends on the emotional and physical well-being, company management can perceive organizational support, which leads to improved work-family, policies, and, in general, it also brings higher job satisfaction [12].

Moreover, according to research conducted in the automotive industry, employee engagement can positively influence employee retention and thus reduce turnover [13].

Another study suggests flexible work arrangements as a means of increasing employee engagement and ensuring their retention [14].

At one time, thanks to J.F. Kennedy, the expression "a rising tide lifts all boats" appeared [15]. Regarding the current state of the labor market, it can be assumed that the "tide" is a cohort of workers, thanks to whose competencies and involvement, it is possible to implement strategic and

tactical business tasks, in other words, to provide the "boats" with the necessary "buoyancy".

Expansion of the capacity of the reserve of workers in the labor market ("tide") is possible due to immigrants from other countries, retention of older personnel, and young specialists. Migrants are certainly a way out of the situation, however, up to a certain status of positions. "Workers" and "employees" - further ("specialists" and "managers"), the likelihood of replacement is blocked by a deficit of professional knowledge and skills, competencies in the use of computer technologies, poor proficiency in spoken language and writing in the language of the host country, problems in understanding and accepting a foreign culture.

Older workers have their advantages. Their "influx", firstly, means the possibility of solving professional problems due to the so-called tacit knowledge, which is transmitted through observation of the work of these experienced and competent specialists. Secondly, older personnel are more committed to one employer, most often not focused on mobility and changing jobs. Thirdly, the memory of this category of workers contains algorithms for solving a significant number of problems; many of the approaches used can be borrowed from the retrospective for implementation at present. Accordingly, this category of employees is more stress-resistant than others when implementing ambitious projects.

In this context, it is necessary to consider first of all the changes in the field of education in the context of digitalization, and then issues related to employee retention, and then the methods of ensuring their involvement and loyalty to the organization.

## II. METODOLOGY

The study used primary and secondary sources of information, professional literature, and the results of research by international organizations. To identify the main trends in the issues under study, comparative analysis methods, survey methods, and in-depth interviews with management personnel were used. To collect primary information, random surveys were conducted among employees of the retail trade sector of the Russian Federation. As a consequence, 2354 completed and valid questionnaires were received and analyzed using statistical tools.

The survey results made it possible to identify the main trends and causes of employee turnover in the sphere of retail trade.

For a comprehensive consideration of the problems of digitalization, labor market transformation, and in such conditions, the problems of retention and involvement of employees in various fields of activity, and studies conducted in different countries were analyzed.

## III. ANALYSIS

The analysis revealed that exogenous risks of talent loss include the natural reasons for personnel leak, especially young specialists, which can be caused by large-scale natural disasters, wars, and pandemics. Also, the culture of spatial movement of youth is increasingly conditioned by economic and political circumstances that cause an artificial outflow of young working-age contingents to countries with a higher

quality of safe life or higher security. The main endogenous risks of personnel attraction and retention are shown below in Table 1.

Table 1.  
Endogenous risks of attracting and retaining young specialists in the workplace

Migration for knowledge and better education	Young people decide to emigrate to acquire knowledge and skills in foreign universities and further employment in the host country
New models of marriage partnerships	The evolution of family relationships has led to new models of marital partnerships; family is no longer an obstacle to territorial and even international separation for the sake of work, career or other motivational preferences.
Migration for independence in life and the need to “see the world”	For many young people interest in other cultures, freedoms of choice of behavior and life orientation have recently become very important.
Priority of horizontal recommendations	Recognition by new generations of not vertical (parents, managers) advice and communications, but horizontal ones, that is, a network of peers, friends and acquaintances, often virtual.
"From production to services"	Young people's commitment to service-oriented organizations and professions. This increases the devaluation of blue-collar and engineering jobs, leading to a shortage of them in the labor market.
Finding Work-Life Balance	The transition from material to post-material values. This means that with the need for high earnings, young people focus on the correct parity combination of work and private life.
Finding Countries to Improve Your Foreign Language	Talented young people decide to leave to supplement their own portfolios with information about the perfection of their knowledge of foreign languages and their practical application.

According to the macroeconomic survey of the Bank of Russia, the unemployment rate in the country is at a record low. Starting in 2021, by 2027 the unemployment rate is forecasted to be no higher than 3% [16]. According to hh.ru, the labor shortage is currently estimated at 1.6 million people and may grow to 4 million people.

A large-scale study conducted on a sample of students from higher educational institutions in Germany and Austria allowed us to conclude the results of the first stage of respondents' acquaintance with digital technologies, their targeting, and range of use in educational and extracurricular spheres. The sample size is about 4 thousand people, representatives of both sexes were interviewed, and the age

range is from 18 to 55 years. The upper age limit shows real democracy in higher education and its availability for all segments of the population. This indicates a trend in the transformation of the status of "student"; increasingly, the categories of "youth" and "studenthood" do not coincide. It was revealed that almost all respondents have smartphones in class, 95 percent of respondents have laptops, and half bring them to lectures and practical classes [17]. At the same time, despite all the advantages, older workers are inferior to younger workers due to a number of features. These features are, firstly, directly caused by the aging factor. The oxygen content in the blood decreases, the muscular corset and psychomotor skills weaken, fluid intelligence fades, and balance is lost. The activity of the body's vital processes is suppressed, the range of physical capabilities, the psychological status of a person, and the ability to maintain his or her functional capabilities change. Secondly, the behavioral model is transformed. Family sandwich problems arise. These are understood as two-sided obligations of the employee: to parents who require care and to children who need help raising grandchildren. Accordingly, discrepancies arise between the individual's ability to work and the objective requirements for its performance. This, in turn, weakens the employer's confidence that the contingent of older ages can raise new models of "boats". The third component of the "tide" for expanding the capacity of the labor market is young specialists. The advantage of this source is the expected (relative to older workers) long-term employment, the absence of evolutionary changes, and therefore the health of the body, ready for overloads and overcoming obstacles to learning new things, and a motivational attitude towards a career.

Thus, the labor market is in crisis today. The shortage of labor resources and changing needs and approaches to job seekers' choice turn it into a job seeker's market. In such a situation, staff retention issues become acutely relevant, and high turnover and understaffing become some of the dominant risks in the implementation of companies' plans.

In this regard, it is necessary to immediately answer the key question: is it worth retaining employees? Yes, it is worth it, but at the same time, a balance is needed, an understanding of the cost of retention and turnover. At the same time, the staff turnover itself as a phenomenon, a fact, is not of an obviously negative nature.

Let's look at the exit interview statistics for 2022-2024 in company "N" from the mass retail industry. Based on the data obtained, a number of significant conclusions can be made.

The reasons for turnover and their share in the total number of dismissals vary from period to period (see Fig. 1). Firstly, we see that throughout the entire period, the predominant reason for dismissals was personal reasons (on average 40% of dismissals), which are associated with the desire of employees to move to work in another industry, field of activity, dismissals due to the inability to combine study and work, transport problems, the desire to work close to home, etc. In general, such a picture is normal for the labor market of this industry. Many employees, especially line personnel, consider work in mass retail as a start, a part-time job. For many of them it is important to work close to home and when changing their place of residence, they change their place of work. The company can only indirectly

influence these dismissals, or this influence will be quite costly for it, for example, taxi services for employees in the presence of transport problems or a change of residence. The key is a turnover rate decrease in 2024 compared to 2022-2023 due to a wage increase. This indicates that the company meets most of the hygiene requirements. The employee is generally paid quite highly compared to the main competitors.

The most important decisions and influences are the indicators of the workload on the personnel.

The workload can be both physical and emotional; the second often carries more weight in the employee's decision to stay in the company in the long term.

To optimize the physical workload, an important component is digitalization, the development of the IT structure, and the use of artificial intelligence. All modern and high-volume companies are moving in these directions today. Such decisions require large budgets, but the principle of the "Blue Ocean" requires good nutrition for the big fish. Otherwise, it weakens, and its goes to feed small fish, mini-companies and organizations.

Digitalization allows us to form a BD (data warehouse source) where we can find patterns in decisions, issue forecasts, and make calculations based on a large amount of data.

The one who owns information owns the world! This statement today stands on the pedestal of the success of any player in the market, which allows building plans for the future of a popular product. Quickly analyze a large flow of information, which previously need a longer time and a large number of the workforce. Let's take the industry of public medical institutions, as an example, every year there is a reduction in the time of reception with a specialist in medical practice. A formed set of solutions for certain symptoms helps in this, as an example, in fluorography, processing by artificial intelligence gives a preliminary diagnosis, which in 97% of cases does not differ from professional human approach.

Digitalization and collaboration have already penetrated the life of every person. With the help of a phone, one can solve a large list of tasks that previously required a lot of time. In retaining personnel, the implementation of these solutions will play a key role now and in the future.

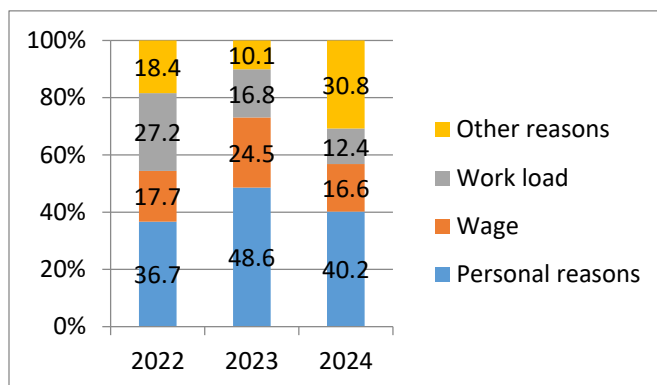


Figure1. Reasons for dismissals, in %  
Source: Own survey

## IV. CONCLUSION

It is clearly visible that the share of employees who were attracted to work near home and had a sufficiently wide range of work schedules is growing year after year. This can be one of the modern trends for the contemporary labor market, where job seekers want to spend as little time and money as possible on the road to and from work, and choose a convenient work schedule for themselves. The task of any company now is to find the optimal balance between business processes and the desire of employees to work within the framework of various schedules. Such a balance will significantly reduce turnover. At the same time, we note that such a reason for employees to be more engaged in the company, as "white salary" tends to decrease, which is understandable. All large companies have switched to "white salary", and such an issue during employment simply disappears by itself. The modern workforce looks for more safety, more work-life balance, more free time, and career opportunities.

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