Workplace Discrimination Laws and Talent Retention in MNCs: Unpacking the Legal Risk Management Nexus

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ABSTRACT

This study examines how compliance with workplace anti-discrimination laws affects talent retention practices in multinational corporations operating in Jordan. Adopting a legal risk management perspective, we propose that adhering to discrimination legislation not only mitigates legal liabilities but also fosters an inclusive work environment that enhances employee retention. A quantitative survey design was used to get 194 answers from MNC subsidiaries in Jordan. We used structural equation modeling (SEM) to see if the relationships we thought were there were real. The results show that following workplace discrimination laws more closely is strongly linked to better talent retention outcomes. In addition, it was found that legal risk management practices made this relationship less strong: MNCs with better legal risk management saw a bigger positive effect of legal compliance on retention. This finding implies that compliance is even more advantageous when risk management is done proactively. According to these results, initiatives that support employees in abiding by the law may make them feel more committed and equitable, which may lessen their desire to quit the organization. This is particularly true when active risk management frameworks support these programs. By combining research on risk management, regulatory compliance, and human resource management (HRM), the study advances theory. Additionally, it advances practice by demonstrating that emerging market multinational corporations can retain their workforces by strategically aligning HRM with legal requirements.

Keywords: Workplace Discrimination, Talent Retention, Legal Risk Management, Multinational Corporations, Jordan
JEL Classifications: J71, K31, M12

1. INTRODUCTION

For multinational corporations (MNCs) operating in emerging markets, the balancing of global HR practices with local legal imperatives can be an uphill struggle. Regulatory regimes in emerging markets are changing rapidly due to globalization and legal reforms, such as in the field of workplace discrimination (Le and Pham, 2025). As part of a general trend for more active enforcement of equal opportunity law, Jordan has recently revised its labor law to expressly prohibit gender discrimination. All these advances reveal how significant it is now for MNCs to make sure that their personnel management practice is aligned with the host country's anti-discrimination legislation. Multinational corporations must localize their HR policies to meet local legal requirements while fostering worldwide consistency, as per prior research (Brewster et al., 2019). Yet it is challenging to negotiate these legal minefields, and in addition to the legal risk, non-compliance can also damage employee morale and retention.

For MNCs, worldwide, retaining talent is a major concern. This task is especially important in emerging markets where there may be a shortage of skilled talent and historically high turnover rates. Organizational performance and competitive advantage have long been linked to effective talent management and retention (Mazlan and Jambulingam, 2023). According to Sinisterra et al. (2024), talent retention has continued to be a significant research topic for academics and professionals, who have historically concentrated on different HR strategies (such as work-life balance

and incentives) to lower turnover (Alzghoul & Khaddam, 2024; Khtatbeh et al., 2025). However, an often overlooked aspect in the talent retention discourse is the role of legal compliance and the broader regulatory environment. In emerging economies like Jordan, MNCs not only contend with the usual challenges of retention (such as competition for skilled employees and cultural adjustments) but also with ensuring that their HR practices meet newly implemented legal standards for equality and non-discrimination. Research on African and Middle Eastern contexts has highlighted that legal mandates (e.g., employment equity laws) can shape organizational HR practices and outcomes (Baloyi, 2021). Yet, the impact of such compliance on concrete outcomes like employee retention remains underexplored in these regions. This gap is notable given that compliance with labor laws is increasingly seen as part of an organization's social responsibility and can influence its reputation as an employer of choice.

Another key element examined in this study is the role of legal risk management. Legal risk management refers to the systematic identification and mitigation of legal risks within an organization's operations, including risks arising from non-compliance with laws and regulations (Agboola, 2025). From a corporate governance perspective, implementing robust legal risk management processes is crucial as regulatory environments become more complex (Adamić Ciglar, 2024). In the context of anti-discrimination compliance, legal risk management may involve proactive measures such as regular training on discrimination laws, audits of HR policies for legal alignment, and strong internal enforcement mechanisms (Stradella, 2025). We posit that such practices can strengthen the effect of legal compliance on retention by ensuring that compliance is not merely symbolic but effectively translated into everyday organizational behavior. This argument finds support in recent scholarship: studies suggest that when managers perceive high risks of legal sanctions, they are more likely to rigorously enforce compliance measures (Frawley et al., 2020). Conversely, if the perceived risk of punishment for discrimination violations is low, managers might become complacent or selectively implement diversity practices (Edelman, 1992). Thus, the existence of an active legal risk management framework may serve as a moderating force that enhances the credibility and consistency of anti-discrimination efforts, thereby positively influencing employee perceptions. Indeed, integrating legal risk management into HR strategy has been argued to contribute to organizational stability and to build stakeholder trust (Adamić Ciglar, 2024). Employees, as key stakeholders, are likely to respond favorably, in terms of commitment and retention, when they see their employer genuinely invested in preventing discrimination and managing compliance risks.

Despite the intuitive connections between legal compliance, risk management, and talent outcomes, empirical research integrating these elements is scarce. Most prior studies on workplace discrimination have concentrated on its social and ethical dimensions or on legal outcomes (such as litigation and penalties), rather than on strategic HR outcomes like retention. Moreover, in the field of international HRM, calls have been made to give greater attention to contextual factors in emerging markets (Mellahi and Budhwar, 2006), including how local regulations influence HRM

effectiveness. There remains a notable research gap concerning how formal compliance with anti-discrimination legislation translates into improved talent retention, and under what conditions this translation is most effective. In particular, the moderating effect of legal risk management has not been empirically examined in this context. To address these gaps, our study investigates:

(1) The impact of MNCs' compliance with workplace discrimination laws on their talent retention practices in Jordan
(2) The moderating role of legal risk management in this relationship.

By focusing on Jordan as a representative emerging market undergoing legal reforms and increased globalization, the study provides timely insights into how legal and HR strategies intersect in a non-Western context.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Laws against workplace discrimination are intended to uphold equality and forbid unfair treatment on the basis of race, gender, disability, religion, or other protected traits. According to Frawley et al. (2020), these laws have both normative and regulatory purposes for organizations. Following these laws is more than just a legal requirement for MNCs; it influences how employees view fairness, psychological safety, and trust; all of which are critical for retaining talent. Traditionally, law and governance have addressed the relationship between organizational outcomes and legal compliance. Nevertheless, applying this perspective to HRM research shows that adherence to anti-discrimination laws can serve as a tool to improve internal equity and worker satisfaction. Institutional theory states that to obtain legitimacy, organizations modify their operations to conform to social norms and legal requirements (Scott, 2014). MNCs are expected to exhibit legal compliance as a sign of good corporate citizenship in emerging markets like Jordan, where labor laws are being reformed (Farah Freihat and Al-Hiyari, 2025). In tandem, social exchange theory (SET) provides a micro-foundational explanation. Employees interpret legal compliance as indicative of organizational support. When discrimination is perceived to be low and fairness is high, employees are more inclined to reciprocate with loyalty and commitment, reducing their intentions to leave (Ko et al., 2023; Werema, 2024). Hence, compliance with anti-discrimination laws may directly influence an employee's sense of being valued, which is central to retention strategies.

In recent years, empirical research has emphasized the connection between retention outcomes, regulatory compliance, and perceived fairness. For instance, in a longitudinal study involving over 3,000 employees from multinational corporations located in six Asian countries, Ko et al. (2023) discovered a significant correlation between clear anti-discrimination policies and lower turnover intention. The study's findings demonstrate that legal compliance raises employee morale and lowers attrition when it is seen as genuine rather than symbolic. In an African context, Werema (2024) looked at private sector companies in Tanzania and Kenya and discovered that employees' organizational commitment was significantly impacted by their knowledge of legal compliance

initiatives. Crucially, Werema stated that in order to have a significant impact on retention, compliance procedures needed to be regularly implemented and made known to the public. The Middle East has similar themes. Companies with formalized gender equality and harassment prevention policies had higher levels of job satisfaction and organizational commitment among women, according to Al-Jaradat and Bataineh's (2022) study of the banking industry in Jordan. These results imply that when legal compliance is reflected in transparent HR procedures, it has a beneficial effect on organizational cultures that lower attrition. Rathore and Sharma (2020) cite additional evidence from India that bolsters this association. They found that when there were clear promotion policies and anti-discrimination complaint procedures in place, mid-career professionals felt that the processes were fair and that turnover was decreased in MNC subsidiaries. All of these studies support the claim that, as a type of strategic alignment, legal compliance, rather than just meeting regulatory requirements, can improve employee retention by fostering equitable work environments.

Multinational companies that do business in developing countries have to deal with the conflict between global standardization and local adaptation. Many MNCs say they believe in universal values like fairness and not discriminating against people, but the legal systems in host countries do not always have strong ways to make sure these values are followed. In these kinds of situations, compliance is both a risk to operations and a way to set yourself apart from the competition. For instance, Baloyi (2021) found that MNCs in South Africa that went beyond the legal minimum by implementing affirmative action programs that went beyond what was required by law gained a favorable reputation, which led to employees that are more loyal. The 2019 change to the Labor Law (Law No. 14) in Jordan made it illegal to pay men and women the same amount and protected workers from harassment at work. The International Labour Organization (2023) says, however, that enforcement is still inconsistent because there is not enough regulatory oversight and there are not any specialized labor courts. MNCs that take the initiative to set up internal compliance structures, like grievance channels, awareness campaigns, and third-party audits, are more likely to be considered fair and legitimate employers, which helps them keep employees in places where there aren't many rules.

Workplace discrimination laws are designed to promote fairness and inclusion, and compliance with these laws can have important implications for human resource outcomes. Recent studies have shown that when companies earnestly implement anti-discrimination policies, they tend to cultivate more inclusive and positive work climates, which in turn benefits employees and the organization. Employees in diverse and inclusive workplaces report higher job satisfaction and a greater sense of being valued, fostering loyalty and reducing turnover intentions (Werema, 2024; Ko et al., 2023). In a broad literature review, Ko et al. (2023) identified workplace discrimination as a significant risk factor for employee turnover, concluding that lower levels of perceived discrimination are associated with lower turnover rates. Empirical evidence from various contexts supports this linkage: for instance, a survey of international company employees in

Thailand found that a positive diversity climate "*an outcome closely tied to non-discriminatory practices*" was significantly related to lower turnover intention (Seriwatana, 2021). In the same way, comparative studies show that companies that are strongly against discrimination tend to have happier and longer-lasting employees, since inclusive practices boost morale and engagement (Werema, 2024). These results are in line with social exchange theory, which says that employees are more likely to stay with a company if they feel like their employer treats them fairly and with respect (Seriwatana, 2021).

Previous studies show how important it is to make the workplace welcoming to everyone, how management should actively stop discrimination, and how inclusivity should be a core value of any progressive organisation (Boulet et al., 2022). Following anti-discrimination laws makes the workplace better and helps employees, like keeping their jobs and being happy with their jobs (Bakare and Nouhi, 2024; Tarafdar et al., 2023). These results support this proactive approach. In addition, there is a strong link between an organization's culture and following the law. Davis and Yeung (2022) say that in addition to being required by law, implementing protections like non-discrimination policies and inclusive practices is important for attracting and keeping a diverse workforce. Employees are more likely to be happy and loyal to their jobs if their employers follow labour laws closely. This can lower turnover (Triana et al., 2018; Hebl et al., 2020).

Preventing discrimination at the workplace and ensuring compliance with rules requires training human resource specialists in diversity management. Ortlieb et al. (2019) assert that "discrimination-and-fairness perspective" does not fully capture all aspects of diversity in the workforce. According to them, the problem lies in HR's inadequate understanding of diversity management principles, which prevents diversity in the workforce from being utilized fully. Many scholars have demonstrated that motivation and cohesion result from adherence to anti-discrimination laws and well-informed HR practices (Elei, 2016; Castelino and Shinde, 2023). In addition, studies on substantive versus symbolic compliance tell us that some organizations might look like they comply with anti-discrimination laws, but there is little alteration in work processes, as pointed out by Schneider et al. (2021). Companies need to adopt strong diversity compliant policies that go beyond legal requirements if there is serious intent to make changes. Such an approach will also improve employee retention, as described by Eneh et al. (2024).

Following the laws against discrimination at work additionally fulfills legal and moral duties, but it also has a big effect on keeping good employees. Companies need to go beyond just following the law and create a culture that is welcoming to everyone. To do this, they need to give managers and HR professionals' thorough training on how to stop discrimination. These steps are essential for creating a supportive workplace that makes employees happier, more loyal, and more productive. Thus, there is a theoretical rationale and growing empirical support for the notion that compliance with discrimination laws can be beneficial not only for legal conformity but also for retaining valued talent. These insights collectively suggest that anti-discrimination law compliance, when

implemented sincerely and systematically, positively influences talent retention. Thus, we hypothesize:

H_1: Compliance with workplace discrimination laws has a significant positive impact on talent retention.

Legal risk management refers to the anticipatory identification, assessment, and mitigation of legal exposures that may impact organizational operations. Within HRM, this translates into procedures that ensure compliance with labor laws, minimize litigation risk, and foster a legally sound employment relationship. As argued by Adamić Ciglar (2024), effective legal risk management frameworks institutionalize legal consciousness across organizational tiers, thereby reducing the likelihood of inadvertent non-compliance. At its core, legal risk management is not only about damage control but also about enhancing organizational resilience. Risk governance theory (Kaplan and Mikes, 2018) posits that when risks "*particularly those related to legal and regulatory volatility*" are treated as strategic priorities, they can be integrated into performance management systems and HR decision-making processes. For instance, legal audits, employee training, and formalized reporting mechanisms signal to employees that the organization takes discrimination seriously, thereby reinforcing their trust and retention.

Few studies that look at the direct link between legal risk management and HR outcomes, but more and more studies are starting to see how it can help. Chowdhury et al. (2022) looked at Bangladeshi MNCs and found that companies with built-in legal compliance units and employee training programs had a stronger link between anti-discrimination policies and employee engagement. Their results suggest that legal risk structures work as tools for putting policies into action that make them more effective. El-Fahim and Abdelrahman (2023) noted similar patterns in Egyptian telecom companies. The study found that in the absence of enforcement frameworks, compliance had no discernible effect on employees' sentiments. Nevertheless, companies with strict legal risk governance, like those that offer anonymous complaint platforms and whistleblower protections, were better at turning compliance into real HR benefits. This illustrates the importance of institutions' backing and organizations' commitment to following the law. Zhao et al. (2025), who also reviewed more than 60 studies on the topic, found that the legal and risk environments of the company have a significant impact on the efficacy of diversity and inclusion (DandI) programs. DandI programs do better in regulated sectors like healthcare and finance because there are stronger systems in place to enforce rules and hold people accountable. According to the authors, programs that are backed by legal risk management, like audits and open reporting practices, are regarded as more sincere and successful. However, failed attempts are often symbolic or ineffective. As there is more focus on workplace discrimination, effective risk management processes are called for to address legal complexities and build talent retention (Leake et al., 2025; Alshaar et al., 2023).

According to recent findings, employers' ability to retain quality employees is influenced by compliance with laws on workplace discrimination. By developing compliance with relevant law, inclusion in the firm, and associated talent retention methods,

legal risk management methods are a negative moderating variable to the aforementioned relationship. According to scholars of discrimination law, they have observed that work discrimination occurs in the long term, causing more subtle shifts in company culture that have lasting effects on employee churn and company image (Bakare and Nouhi, 2024; Abousweilem et al., 2023; Ezeafulukwe et al., 2024). Such policies are helpful to businesses when developing a productive work setting that enhances talent retention by addressing the complex discrimination challenges faced by employees. Accordingly, Talesh (2015) emphasizes that insurance companies work as a kind of legal go-between and articulate compliance as a risk-based matter. By encouraging Employment Practices Liability Insurance (EPLI) and corresponding risk management services, the insurance sector aids employers in handling their legal risks and coordinating their compliance initiatives towards wider aims of fairness and equality. Thus, for compliance to develop, in place of being just a mere obligation, a competitive edge for talent retention, there is a necessity for complete legal risk management.

Hoffmann and Hoffman (2022) discuss compliance's influence on the employee experience, noting that obeying the law often yields symbolic compliance that fails to enhance the work setting. They continue that companies have to do more than obey the law and make changes that will enhance employee satisfaction and work performance. By setting out various ways that organizations have reacted to antidiscrimination law and noting that solutions for practical compliance often surpass even the most rudimentary sort of compliance, Schneider et al. (2021) support this argument. Businesses that have proactive approaches to compliance can sidestep legal issues, which enhances employee satisfaction and retainer rates. Hirsh and Lyons' (2010) work includes no doubt that perceptions that people have about discrimination in their work setting are shaped by knowledge about the law. They argue that perceptions of reality held by workers are shaped considerably by knowledge of where things stand legally. Workers feel safer about their rights when companies have robust plans for managing legal risks, which diminishes staff fluctuations. What's more, Bose et al. (2020) show that their presence lowers inequality in selection and retention and other employment domains, particularly for people who are responsible for caregiving. By managing their legal obligations well, organizations can enhance retainer results by ensuring that work life for staff who have caregiving roles improves.

Triana et al. (2018) conducted a study that sheds light on the laws against workplace discrimination by examining how people perceive and experience it globally. According to their research, proactive compliance training and awareness initiatives aid employers in retaining staff, which is another way to mitigate the negative impacts of discrimination. This bolsters the notion that conducting business ethically fosters a more dedicated workforce since it makes workers feel appreciated and valued. Additionally, Castelino and Shinde (2023) compare the evolution of diversity education and suggest that companies should prioritize initiatives that foster inclusion and diversity rather than merely adhering to regulations. Creating an inclusive culture reduces turnover, improves employee satisfaction, and complies with legal

requirements. The diverse workforce demonstrates that effective HRM practices can help retain employees even when the company faces diversity challenges (Shrestha and Prajapati, 2023).

Moreover, the significance of leadership in fostering an atmosphere that promotes adherence and retention cannot be overstated (Mir et al., 2020). Their research indicates that managers who engage with employees and encourage open discussions about anti-discrimination laws are more likely to foster an atmosphere where employee satisfaction and retention are given top priority. This demonstrates how role management contributes to the development of a compliance culture that goes beyond merely abiding by the law and sets ethically driven standards of work and conduct among colleagues (Abu Bakir et al., 2024). Finding a balance between compliance, efficient legal risk management, and employee retention requires a deep understanding of workplace dynamics. Eneh et al. (2024) discuss the different aspects of modern labor law that have a big impact on the rights of both employers and employees. They back compliance models that are in line with recent advancements in employee rights and are founded on moral principles. In addition to avoiding legal issues, this strategy promotes employee loyalty and retention by rationalizing organizational processes in accordance with workers' values of fair treatment.

Legal risk management becomes strategically important in Jordan, where legal reforms are still happening but enforcement is still not very strong. As Ramesh (2022) suggests, MNCs that include risk protocols in their HR systems can protect themselves from reputational, operational, and legal problems. Compliance dashboards, centralized grievance systems, and cross-functional legal-HR committees are all examples of risk management tools that make anti-discrimination efforts more credible (Hanandeh et al., 2024). This makes them more important to employees in terms of their thoughts and actions. In cultures with a high power distance, where workers might be afraid to report unfair treatment, these systems work very well. Legal risk management reduces the differences in how policies are carried out by making compliance a part of the institution, not just the responsibility of individual managers. The synthesis of recent studies emphasizes how crucial legal risk management strategies are in reducing the negative effects of workplace discrimination laws on talent retention. By prioritizing thorough compliance frameworks and proactive risk management strategies, businesses gain increased employee satisfaction, lower employee attrition, and a firmly established corporate culture based on justice and equity. Organizations can build retention-rich environments that draw and keep top talent by utilizing legal consciousness and making sure, that compliance leads to real workplace improvements. Therefore, we proposed the following:

H_2: Legal risk management practices positively moderate the relationship between compliance with workplace discrimination laws and talent retention.

3. METHODOLOGY

The primary objective of this research is to empirically examine the impact of compliance with workplace discrimination laws on talent retention practices within MNCs operating in Jordan. Additionally,

the study investigates whether legal risk management practices moderate this relationship. Grounded in institutional theory, social exchange theory, and risk governance frameworks, the study aims to contribute to the growing body of interdisciplinary literature connecting legal compliance, human resource outcomes, and strategic risk management in emerging markets. This study adopted a quantitative research design, utilizing a cross-sectional survey approach to collect primary data from professionals working in HR, compliance, and legal departments within MNCs. A structured questionnaire was developed based on previously validated scales. A pilot test was conducted with a convenience sample of 20 HR and legal professionals from multinational subsidiaries operating in Amman. The pilot group was asked to complete the full questionnaire and provide feedback on clarity, structure, and relevance. Based on the pilot responses, minor wording revisions were made to enhance clarity and eliminate ambiguity.

A purposive sampling technique was adopted, targeting individuals most knowledgeable about legal compliance and talent management. Inclusion criteria were employment in a multinational organization operating in Jordan, a minimum of 1 year of tenure in a mid-level or senior role in the HR, legal, or compliance department, and direct involvement in talent retention strategies or policy implementation related to legal compliance. Data were collected via a self-administered online survey, distributed through official corporate emails and professional platforms such as LinkedIn. Prior to distribution, participants were screened to ensure they held mid-level or senior roles in HR, legal, or compliance functions and had at least 1 year of experience in their current organization. Data collection was conducted over a 6 week period in early 2025. A total of 384 questionnaires were distributed electronically to targeted respondents in MNCs operating in Jordan. 198 responded was received, after data cleaning and removal of incomplete or inconsistent responses, 194 valid responses were retained for analysis.

4. RESULTS

We used SmartPLS 4.0 to perform Partial Least Squares Structural Equation Modelling (PLS-SEM), a method that is good for exploring models and works well with small to medium-sized samples (Hair et al., 2021). We picked PLS-SEM instead of covariance-based SEM because it can manage complicated models with many hidden factors, it works well with data that is not normally distributed, and it is useful for studies aimed at making predictions in new markets like Jordan.

The factor loadings presented in Table 1 reflect the strength of each item's association with its respective latent construct. Consistent with Hair et al. (2021), all items met the minimum acceptable threshold of 0.70. However, this item was retained given its theoretical relevance and because its exclusion did not significantly improve the overall model fit or reliability indices (Sarstedt et al., 2019). The relatively high loadings across all constructs suggest strong indicator reliability, meaning that the survey items accurately captured the underlying theoretical constructs they were intended to measure. For example, items measuring "Legal

Table 1: Factor loadings of observed items

Construct	Item code	Loading
Compliance with discrimination laws	CDL1	0.842
	CDL2	0.816
	CDL3	0.794
	CDL4	0.881
	CDL5	0.748
	CDL6	0.715
Talent retention practices	TR1	0.834
	TR2	0.853
	TR3	0.857
	TR4	0.782
	TR5	0.844
	TR6	0.872
	TR7	0.795
Legal risk management	LRM1	0.821
	LRM2	0.794
	LRM3	0.846
	LRM4	0.761

Table 2: Reliability and convergent validity

Construct	Cronbach's alpha	Composite reliability (CR)	Average variance extracted (AVE)
Compliance with discrimination laws	0.87	0.90	0.61
Talent retention practices	0.85	0.89	0.66
Legal risk management	0.84	0.88	0.64

Table 3: Discriminant validity (Fornell-Larcker criterion)

Construct	Compliance with discrimination laws	Talent retention practices	Legal risk management
Compliance with discrimination laws	0.781		
Talent retention practices	0.550	0.812	
Legal risk management	0.480	0.520	0.801

Risk Management" showed robust factor loadings between 0.761 and 0.846, indicating that practices such as legal training, internal audits, and compliance reporting mechanisms were consistently perceived as indicators of a structured legal oversight framework. The strength of the loadings also underscores that respondents differentiated well between constructs, suggesting strong content and structural validity of the instrument. This validates the use of the measurement model in subsequent analyses.

Table 2 evaluates the internal consistency reliability and convergent validity of the measurement model. Cronbach's Alpha values for all three constructs exceeded the 0.70 threshold (Nunnally and Bernstein, 1994), indicating high internal reliability among items. Additionally, Composite Reliability (CR) values were above the 0.88 mark for each construct, which further confirms the robustness of scale measurement. The Average Variance Extracted (AVE) values for all constructs were also well above the minimum criterion of 0.50 (Fornell and Larcker, 1981), confirming that more than half of the variance in each item set was explained by its latent variable, ensuring convergent validity. In essence, these metrics collectively demonstrate that the survey items are not only internally coherent but also adequately capture the theoretical concepts under investigation. For instance, the high AVE of the "Talent Retention" construct (0.66) suggests that items such as turnover intention, organizational commitment, and satisfaction effectively represent employee retention within MNC settings. These results validate the integrity of the measurement model and provide strong justification for proceeding to the structural model analysis.

The Fornell-Larcker test in Table 3 assesses discriminant validity, which determines whether constructs are truly distinct from one another. The diagonal values (in bold) represent the square root of AVE for each construct and should be greater than the inter-construct correlations in their corresponding rows and columns. As the table shows, all constructs passed this test: for instance, "Compliance" has a square root of AVE at 0.78, which is greater than its correlation with "Retention" (0.55) and "Risk Management" (0.48). These results demonstrate empirical separation between the constructs, affirming that respondents

conceptually differentiated between compliance actions, talent retention strategies, and legal risk oversight. This is essential for theoretical clarity and avoids issues of multicollinearity or construct redundancy. The moderate inter-correlations (ranging from 0.48 to 0.55) are expected and theoretically appropriate in social science studies, as these constructs are related but not interchangeable. For instance, while legal compliance can influence retention, it is not the same construct as talent retention; similarly, legal risk management enhances but does not substitute for compliance. Thus, this discriminant validity check provides further assurance that the model components are distinct, well-constructed, and theoretically grounded.

Table 4 presents the results of the structural model analysis, offering empirical validation of the study's two hypotheses. The first hypothesis (H_1), which posits that compliance with workplace discrimination laws enhances talent retention, is strongly supported ($\beta = 0.47$, $P < 0.001$). This suggests that MNCs that actively implement legal protections, such as equitable hiring, anti-harassment policies, and employee rights awareness, experience substantially higher employee retention. The R^2 value of 0.39 indicates that nearly 40% of the variance in retention practices can be explained by legal compliance alone, which is a noteworthy effect size in organizational behavior research. The second hypothesis (H_2) tested the moderating effect of legal risk management on the compliance–retention relationship. The interaction term was also statistically significant and positive ($\beta = 0.26$, $P < 0.001$), suggesting that the influence of legal compliance on retention becomes stronger in MNCs with robust legal risk systems in place. This means that legal compliance efforts are more effective when embedded within a broader risk governance strategy, such as periodic audits, legal training, and policy enforcement. These results offer empirical support for risk governance theory, which posits that proactive risk mitigation enhances organizational effectiveness. Furthermore, this interaction finding is especially salient for MNCs in emerging markets like Jordan, where compliance enforcement

Table 4: Hypothesis testing results

Hypothesis	Structural path	β (Standardized)	t-value	P-value	R²	Outcome
H₁	Compliance → Talent Retention	0.47	6.89	<0.001	0.39	Supported
H₂	Compliance × Legal Risk Management → Retention	0.26	3.91	<0.001	0.46	Supported

is still maturing. Overall, the structural model confirms that both direct and moderated relationships are statistically robust and theoretically meaningful, offering valuable insights into the role of law and governance in strategic HRM.

5. DISCUSSION

The goal of this study was to look into the link between following workplace discrimination laws and keeping talented workers in MNCs. It also looked into how legal risk management can affect this link. This is about MNCs doing business in Jordan, which is a new market that is changing its labor laws. The results supported both ideas: that following anti-discrimination laws has a big positive effect on keeping good employees and that managing legal risks makes this relationship even stronger. The fact that following the law greatly improves retention outcomes is very similar to what previous studies have found about how important fair treatment is in keeping employees. Ko et al. (2023) and Werema (2024) are two studies that have shown that employees are more likely to stay with a company if they think that hiring, promotion, and handling complaints are fair. Our study builds on this body of work by looking at more than just how people feel about fairness and inclusion. It also looks at how well organizations follow the law. It is especially interesting that compliance explained 39% of the difference in talent retention. This implies that obeying the law is both ethical and beneficial to business. The result gives institutional theory more credibility. It says that an organization's legitimacy and performance are linked to how well it follows external rules (Scott, 2014). For MNCs in Jordan, following the law may show both internal and external stakeholders, like regulators and the public, that the company is honest and responsible.

The results also show how legal risk management can change things. Companies that had more advanced legal risk structures, like training programs, compliance audits, and internal legal reviews, were better at turning compliance into retention outcomes. This backs up what Frawley et al. (2020) and Adamić Ciglar (2024) found, that risk oversight systems make compliance practices more credible and consistent. Workers want to know if anti-discrimination policies exist, are enforced, and have real meaning. The interaction effect we saw suggests that compliance, when combined with strong risk management, builds employee trust, which in turn increases commitment to the organization. This finding is similar to what risk governance theory says (Kaplan and Mikes, 2018): that managing regulatory uncertainty through structured mechanisms can boost stakeholder confidence and operational outcomes.

Theoretically, this research adds to the growing body of interdisciplinary work that connects labor law, risk management, and human resource management. First, it adds to what we know about how following the law affects HR outcomes beyond just avoiding legal trouble. It shows that following the law can be a strategic HR lever. Second, it shows through real-world examples how legal risk management can help connect compliance frameworks with strategies for keeping good employees. Finally, this study adds to the HRM literature by focusing on Jordan and making it more global and inclusive. Theoretical development often ignores emerging markets, but they are great places to test how well Western HR models work in different types of institutions. From a practical perspective, the results suggest that MNCs working in new legal environments should not only see legal compliance as a requirement but also as a part of managing their human capital strategically. Companies that spend money on training their employees on how to follow the rules, making sure that everyone can follow the rules, and enforcing policies that are fair will improve their reputation and keep their employees. The study also shows that compliance has a bigger effect when there is a strong legal risk infrastructure in place. This implies that a comprehensive governance system should incorporate compliance policies as a means of ensuring accountability, monitoring, and legal review. For MNCs in countries like Jordan, where regulatory enforcement may still be maturing, taking a proactive stance in legal compliance and risk oversight can yield a dual benefit: mitigating legal exposure while enhancing employee retention.

However, the study is not without limitations. Its cross-sectional design restricts the ability to establish causality between compliance and retention outcomes. Longitudinal research would be valuable in examining whether the effects of legal compliance are sustained over time or influenced by shifts in national legal frameworks. Additionally, the geographic focus on Jordan may constrain generalizability, though it offers important insight into emerging market contexts. Comparative studies across different legal environments could provide a richer understanding of how institutional maturity interacts with compliance and HR outcomes. The reliance on self-reported data introduces potential for social desirability bias, especially given the sensitivity of compliance-related topics. Future studies might integrate data triangulation methods, such as reviewing corporate policy documents or analyzing turnover records, to enhance robustness. Moreover, expanding the conceptual model to include other moderating or mediating variables, such as organizational culture, ethical leadership, or perceived procedural justice, would provide a more nuanced view of the dynamics at play.

6. CONCLUSION

This study set out to examine the strategic intersection of labor law compliance, legal risk management, and talent retention within multinational corporations (MNCs), focusing on the context of Jordan as an emerging market undergoing legal and regulatory reform. The research provided clear evidence that compliance with workplace discrimination laws significantly enhances

talent retention outcomes. More notably, this relationship is significantly moderated by the presence of structured legal risk management practices, indicating that compliance efforts yield even greater impact when supported by internal systems that reinforce and institutionalize legal norms. The findings indicate that businesses should not view adhering to the law as merely a regulatory obligation or a means of fulfilling checklists. Instead, it should be a key part of strategic human resource management, especially in multinational settings, where legal systems, employee expectations, and reputational risks are complicated and overlap. Research has demonstrated the moderating effect of legal risk management, implying that MNCs require more than just well-crafted anti-discrimination policies. What really matters is how consistently and credibly those policies are put into action. Compliance audits, legal training, and risk tracking are all examples of operational enablers that turn compliance and trust into retention.

The study also makes important contributions to both theory and practice. By making legal compliance and legal risk two separate but related factors that affect retention, it makes it easier to integrate legal concepts into HRM frameworks. In theory, it adds to the literature on institutional theory and risk governance by showing how formal systems of compliance make organizations more legitimate and improve outcomes within the organization. In practice, it gives HR managers, legal officers, and senior executives in MNCs clear steps to take: Investing in compliance and legal governance is not only a way to avoid penalties but also a way to keep skilled, dedicated employees in highly competitive talent markets. As globalization grows and the legal systems in emerging economies like Jordan change, multinational companies will have to deal with the dual challenge of meeting local regulatory requirements while keeping up with global HR performance. This study shows a way forward: MNCs can manage legal exposure and keep employees by including legal compliance in larger risk management frameworks. Future research should keep looking into this intersection, moving into other institutional settings and using longitudinal data to show how law, compliance behavior, and workforce stability change over time.

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