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Compensation Management and its Impact on Employee Retention with Work Domain: A Review Study

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Abstract

n the modern era of globalization, Education, a basic component of human life, is fully dependent on the framework of society. Education separates good from evil in people. The importance of higher education in the growth of a nation is crucial. It not only promotes the discovery of new information and the invention of new technologies, but also contributes to socio-economic development, enhances skills, and results in a successful society. This paper will explore the fundamentals of one of the most critical aspects of HRM, Compensation Management, and its impact on job satisfaction and employee retention. This study will evaluate the connection between pay, advancement possibilities, and employee retention. This study will investigate the connection between compensation, promotional opportunities and employees retention. This evaluation study was needed by the increasing incidence of employee turnover in a variety of industries and organizations, in which employees continuously transfer from one position to another over a short period of time. It aimed to investigate the link between Compensation management and Employee retention, as well as the effect of compensation management on the work domain. Employee retention is recognized as one of the most significant concerns in the modern business environment. The firm's remuneration methods are observed to have an impact on the retention phenomena. Furthermore, this review study will investigate the different researches already done on compensation management with their conclusions and future scope.

Keywords: Compensation management, Employee Retention, Work Domain, Organization, Productivity.

1. Introduction

Compensation management is one of the most important and critical elements of any organization's management. Employees are rewarded on a daily basis for the job they do at their places of work using a systematic approach. Wages, bonuses, prizes, and other benefits offered to staff make up compensation. The employees of the 20th century work for something "extra" that

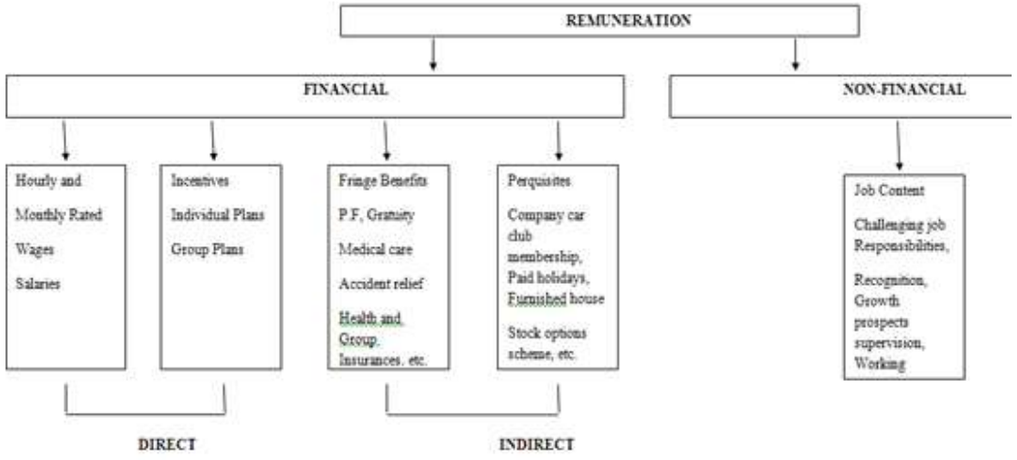
HRM refers to as "benefits" in addition to monetary pay. Depending on their nature, rewards can be of various forms. Rewards can be divided into the following categories:

- Intrinsic as compared to Extrinsic Reward
- Monetary versus Non-monetary Rewards
- Performance-based Rewards as Compared to Membership-Based Rewards

Intrinsic incentives are also known as self-initiated rewards. These benefits are dependent on the satisfaction is derived from the work itself. Intangible pleasures, such as belonging to a group, the sense of accomplishment that results from goal attainment, and the pride and satisfaction that come from one's own labor, are commonly referred to as intrinsic rewards. Extrinsic rewards, on the other hand, are the perks supplied by managers and are also referred to as tangible rewards, such wage hikes, bonuses, customer orders, etc. These benefits range from monetary prizes to employee promotions and other benefits of various kinds. Employees who receive financial incentives, such as payments made, see an improvement in their financial position. Non-monetary incentives include cheap incentives to raise staff morale. Sometimes, businesses reward their staff members for membership or outstanding job. The ultimate goal of compensation management is to improve an organization's overall effectiveness by motivating and retaining people. According to its goals, objectives, and strategies, an organisation develops its pay structures. Management of compensation benefits both employees and companies. In that it reduces absenteeism, it is beneficial for the employer. Why would an employee take a day off from work if he or she is happy with his or her job and is satisfied with the benefits and compensation they are currently received? Second, it encourages employees to put forth more effort because they are conscious that they will be rewarded or raise after they reach a certain level of goals or targets. Thirdly, it adds to the employees' sense of job satisfaction. Employees are more likely to remain with an organisation if they are satisfied with their tasks and responsibilities, as well as their benefits and payment. The employee benefits from compensation in that it increases their confidence. One way to show that the company values both their efforts and their achievements is to offer various reward cards, bonuses, or other kinds of recognition. It encourages the employee to put in more effort. It also has stress characteristics. When an employer offers him a variety of coverage options, many of the employee's concerns will be allayed. Insufficient and inadequate benefits result in a low degree of job satisfaction and a greater absence rate. The most important of the four M's—Men, Money, Machine, and Material—is the human aspect. The employees of a company form the core of that business. In order to maintain employees satisfied and happy and to keep them working for the company, salaries paid to staff should essentially be adequate. Effective management analyzes the

compensation of its staff in relation to that of similar positions within the industry or to the specified benchmark.

COMPONENT OF EMPLOYEE'S REMUNERATION



S.NO	PAPER TITLE	AUTHOR'S NAME	YEAR OF PUBLICATION	CONCLUSION	LIMITATION	FUTURE SCOPE
1.	Employees Job Satisfaction and Retention at Workplace	Htun, W.T	2022	The results suggest that management teams, organisations, and managers who value employee satisfaction are the key to staff retention.	Data set was very limited.	It was recommended that research done with wide range of data and interviews.
2.	Effect of hrm outcomes employee retention on the relationship between hrm practices and organizational performance	Dr. Veena CHRISTY	2022	The study indicates that staff retention is likely to moderate the link between successes based on data from the literature.	Research was done on qualitative basis only.	It was recommended that future research should be quantitative also.
3.	Factors that influence employee's retention rate in financial technology startups in Indonesia	M Abdullah	2022	Based on the report's results, employee retention is most significantly impacted by motivation. One benefit of a planned and executed talent management strategy is better employee recruiting and retention rates.	Research done in very small enterprise where data was very limited.	Research should be done in wide area so that there will be wide range of data also.
4.	Impact of COVID-19 on Human Resource Activities & Multi-Approaches of Organizations	Hasiba Sabby	2021	We can come to the conclusion that COVID-19 has highlighted the significance of HR team leaders by highlighting the significance of their decisions in crisis events to adapt to the changes.	This research lacks originality when compared with other studies. The focus of this work is not on analysis or hypothesis testing.	It also recommends that further studies should include quantitative research with data set and analysis.
5.	The impact of human resource practices on employee retention: A study of three private higher educational institutions in the United Arab Emirates	Sami Alalilan	2022	Based on the report's results, performance appraisal are the most vital process and a key factor in determining employee loyalty across all sectors.	Research done with very less techniques such as compensation and benefits.	The findings also indicated that this gap in employee retention may be lowered by improving staff empowerment, salary, and benefits, as well as by implementing training even more severely.

6.	Employee Retention in Institutions of Higher Learning: A Study of Some Selected University Colleges in Ghana	Augustine Osei Boakye	2022	Before accepting employment at the selected institutions, the study found that Senior Members want a high pay, better working conditions, more training opportunities, career future growth, and organization prestige.	Research was not done in a periodical appraisal.	The study recommends that management of the universities should conduct a periodic appraisal on the factors which influence retention.
7.	Factors Affecting Employee Retention at PT X in Tangerang, Banten Province, Indonesia	M. Tony Nawawi	2021	Based on the results of this study, the work place had a significant and positive impact on staff retention, while training had a favourable but minor impact.	Study show same results because they did the research in same company.	In order to get different results and discover more ways to keep employees in a company, researchers want to conduct further research that takes a comprehensive look at one company or other variables to measure employee retention.
8.	Employee Participation and Employee Retention in View of Compensation	Komal khalid	2018	The study's results indicate that companies in the industrial and service industries should implement procedures that would provide employees with a voice and participation in decisions concerning their work.	A small sample size was used by the researcher. By examining a larger part of the population, conclusions can be formed that are more broadly applicable. Survey forms are the only data collection tool utilized in this study, but	In order to improve the study much more, future studies can use other methods of data collection such focus groups, questionnaires, and participant observation.
9.	The Influence of Compensation Management Strategy on Talent Retention: Exploring the Mediating Role of Structural Capital	Azzam A	2019	According to study's authors, the company can boost employee happiness through its pay systems, that will aid in increased employee loyalty.	There are a few limitations on its generalizability, as well. The study's findings are limited to Jordan and to commercial banks, for instance.	Future studies on the moderating effect of spiritual capital within firms will be informed by the study. Furthermore, the administrators' impact to talent retention can be measured.
10.	Compensation Management And Employee Retention Of Selected Commercial Banks In Anambra State, Nigeria.	Obianuju Mary Chiekezie	2017	The report's results show that in order to reduce employee turnover, the banking industry should develop, implement, and continuously improve strong compensation policies that would allow it to keep its talented employees.	The banks should consider things, including such work environments, in developing their compensation policies.	Future research should focus on commercial banks that provide generous benefits like job security, promotions, or post-retirement medical care as a way to keep talent on board.

11.	The Impact of Compensation and Promotional Opportunities on Employee Retention in Academic Institutions: The Moderating Role of Work Environment	Faizuniah PANGIL	2017	The analysis revealed that the working environment mediates the link between compensation and retention in addition to the relationship between promotions and employee retention.	The reality that his study just included compensation and promotion opportunities as 2 of the predictors of employee retention one of its limitations. R2 values of 58% of the variance of the employees' retention were reported.	Future studies should introduce extra variables like job security, performance appraisal, and training and development.
12.	Retention Strategies of Faculty Members in Higher Education Institutions	Ravina Pradhan	2022	This study establishes a simple point system based on the three most major areas of teaching, research, and community service in order to avoid misunderstandings among interested parties.	Data set was very limited.	It was recommended that research done with wide range of data and interviews.
13.	Factors Affecting Employee Retention in Zimbabwean Companies			The results indicated that it is simpler to firm attractive welfare benefits when productivity capacity increases in an effort to retain the best and most innovative employees.	This paper's limitation is that it focused mainly on the manufacturing sector in Zimbabwe and did not look into other sectors of the economy.	The area of future work can be extended to include other sectors of the economy with bigger populations, sample sizes, and research methodologies.
14.	Impact of different determinants on employee retention	Anjali Singh	2022	This study investigated every factor that impacted an employee's retention. Employee retention is hugely affected adversely by factors such as training and development, job performance, job satisfaction, compensation, incentives, and recognition.	The key areas where a business challenges to control a high turnover rate have already been highlighted through research.	Future research should concentrate on Throughout the year, companies must work to improve their capabilities and Polish skills, abilities, attitude, and understanding of their core area in keeping with how they function and the duties and responsibilities that go along with it.
15.	Employee retention through effective human resource management practices in Maldives: Mediation effects of compensation and rewards system	Zubair Hassan	2022	This study also backs up the idea that reward and pay programmes can increase the employee retention when an organization's HRM is well-understood by its employees.	Limitations involve contributing to the knowledge base on international HRM and increasing awareness and interest in conducting more similar empirical studies in other cultures and countries.	It is recommended that future researchers collect data to use more intensive methods such as in or telephone interviews.

15.	Employee retention through effective human resource management practices in Maldives: Mediation effects of compensation and rewards system	Zuhair Hassan	2022	This study also backs up the idea that reward and pay programmes can increase the employee retention when an organization's HRM is well-understood by its employees.	Future research should investigate this issue.	It is recommended that future researchers collect data to use more intensive methods such as in or telephone interviews.
16.	A Model Explaining Employees' Retention in the Information Technology and Communication Industry	Wonchanok Chaiyasoonthon	2022	Future research should concentrate on the connection between IS and work performance. Future studies should focus on the similarities and contrasts between ICT and other professionals, such as professors or medical doctors.	In order to encourage, retain, and improve academic environment productivity, this research recommends that private higher educational institutions should revise, update, and adopt comprehensive wage scales for both academic and administrative staff based on the market-base.	Because it is difficult to get ICT employees to fill out the questionnaire, this study does not use random sampling as one of its limitations.
17.	Effect of Compensation Packages on Job Satisfaction and Employees' Retention: A Case of Jalalabad-based Private Universities of Afghanistan	Hejratullah Adi	2020	The study discovered that academic staffers who are paid well are encouraged provide the better work.	It was recommended that future research should be quantitative also.	Data set was very limited.
18.	Compensation Management and Employee Retention in Microfinance Banks in Akwa Ibom State	Samuel Victor Akpan	2022	The results of this research showed that pay management is a major factor that influences employees' decisions.	Future research could examine at employees of companies other than those on the Fortune 500 and investigate other factors such employee age, duration of service with the employer, and job position.	Research was done on qualitative basis only.
19.	Employee Monetary Compensation and Employee Job Satisfaction	Randolph	2022	Based on these findings, higher rates of monetary assistance were linked to greater levels of employee satisfaction.	Future research should include talent management with such skills.	Some of the study's limitations are restricted to people work for certain businesses in the United States of America.
20.	Investigating Talent Management as a Strategy to Promote Employee Retention in Higher Education Institutions	Gunjan Sharma	2021	It is discovered that companies place a high priority on attracting and keeping great people due to competition and a lack of highly talented and competent staff.		The first phase of the talent management process, recruiting talent, presents a big challenge because it is so difficult to locate and keep skilled workers in the present job.

3. Objectives of the study

- To examine the impact of compensation management on employee retention.
- To examine the impact of compensation management on the outcome of the work domain.

4. Methodology

4.1 Research Design

The current research is qualitative and exploratory in nature. It is utilized to comprehend fundamental reasoning, viewpoints, and motive. This research's motivations answer the questions what, how, and why.

4.2 Data Collection

The present review research is primarily based on secondary data collected from a variety of academic publications, journals, the Internet, project reports, and websites.

5. Impact of Compensation Management on Employee Retention

Compensation management has the potential to boost employee satisfaction and retention since it includes both non-monetary and monetary benefits that attract, motivate, and satisfy valued human capital. This is achieved by keeping effective performers as a result of a compensation system that encourages desirable behavior. Payouts are a way to convey the worth and significance of teamwork. Paying employees well assures their willingness and commitment to achieve the highest level on the job, which in turn secures their retention. Pay is also a source of power and a means for employees to acquire requirements and laxities. Employees must consider the compensation package to be attractive enough to remain with the company instead of departing in search of a better salary, career progression opportunities, fringe benefits, bonuses, and bonuses. The idea that compensation influences conduct is one of the principles of compensation theory. The main concept was inspired by the work of operant conditioning proponents like B.F. Skinner, a behavioral psychologist. In conclusion, an organism will be more likely to repeat an action if it gets a reward for it. According to several researchers, higher employee satisfaction, less employee turnover, and better organizational performance should be the outcomes of remuneration.

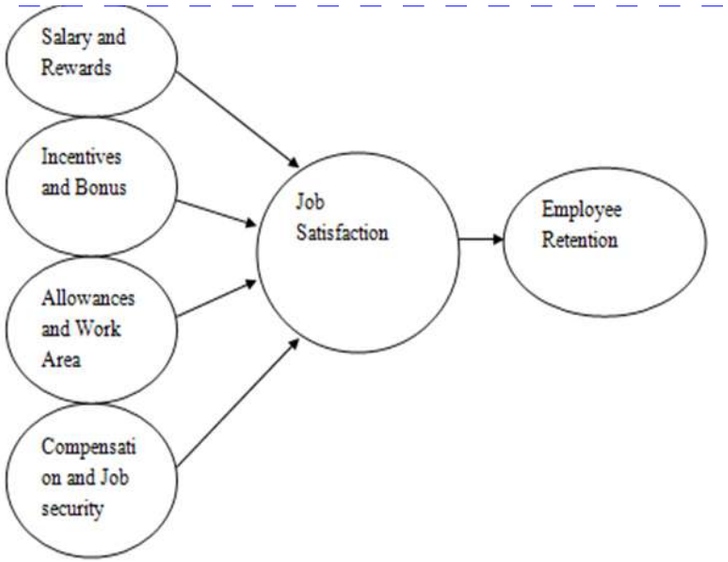


Figure 2 Factors Affecting Employee_Retention

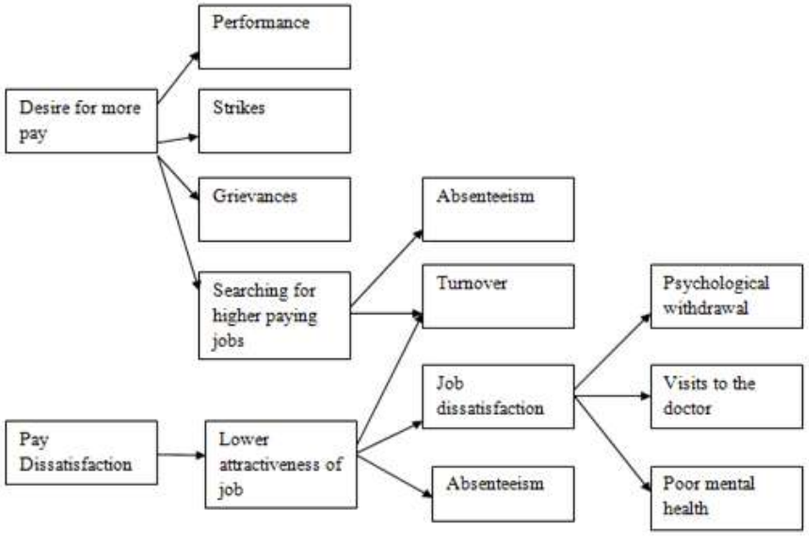


Figure 3 **Consequences of pay Dissatisfaction**

6. Conclusions

The study in the research paper leads to the conclusion that employee job satisfaction is heavily affected by motivation. However, controlling compensation, or having suitable payment policies, is one of the important components in empowering staff. It is essential that companies implement strategies for effective compensation management that will project and encourage employee performance. Employees must be fairly compensated in order to perform above and beyond objectives as they are an essential part of HRM. As a result, it can be claimed that compensation management is a problem that is crucial to the operation and management of the company must establish systems for effective compensation management that forecast and motivate employee performance. In order for employees to perform above and beyond objectives, they must be adequately compensated, as this is a crucial aspect of human resource management. Consequently, compensation management is a problem that is essential to the operation and management of the organization. Effective compensation policies are required in order to retain employees since there is a significant relationship between the management of compensation and increased productivity. In a similar manner, there is a large relationship between the management of compensation and the retention of staff. Offering competitive pay is probably the connection between compensation and employee retention that is most obvious. The most glaring and alluring element of a new compensation package when comparing future positions is a high salary. This article lists four different strategies that affect fair and competitive pay: worker seniority, supply and demand, geography, and talent and experience. It is important to take into account all four of these factors when determining an employee's pay and to keep in mind that salaries should vary depending on the role filled, the nature of the task, and the amount of time the employee has worked for the company. Each of these completely ensures that your employees are conscious of the worth of their work, which increases the likelihood that they'll remain with your company for a longer period of time.

7. Limitations & Future Scope

The current study is premised on secondary data, and the options for analyzing and presenting the review are quite limited. Relating this paper to empirical studies shows its lack of originality. Analysis and testing of hypotheses are not part of this study. Future studies are recommended to include primary research that can be done by conducting surveys and questionnaires in a proper manner. Furthermore, it suggests that future studies should include quantitative analysis of data sets.

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