Factors Influencing Employee's Retention: An Investigation into Human Resource Management Practices in Malaysia

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Abstract: Employee retention is a critical aspect of organizational success, particularly in today's dynamic and competitive business landscape. This thesis explores the various factors that influence employee retention within organizations, focusing on the role of Human Resource Management (HRM) practices. The primary objective is to gain a deeper investigating the several factors influencing employee retention in Malaysia. The factors are work compensation, job satisfaction and Prevalence of Turnover as aspects of HRM contribute to employee retention in organizational sustainability. This study adopts a quantitative descriptive by using cross sectional research approach to investigate the research questions. The convenience random sampling method is use to give more probability to the populations are selected and minimum of reliability biases. Data collection is primarily conducted through 166 surveys administered to employees across four (4) different industries and organizational sizes. The total population of study is 480 respondents. The research design involves the use of structured questionnaires to gather relevant information on compensation structures, job satisfaction levels, and prevalent turnover rates. Statistical analysis techniques, including correlation and regression analysis, are employed to analyze the collected data and draw meaningful insights. The practical and theoretical implication of study's findings represent a significant advancement in our theoretical understanding of the intricate dynamics between compensation, job satisfaction, and employee retention. By elucidating the mediating role of job satisfaction in the relationship between compensation and retention, the research aligns with and extends established motivational and job satisfaction theories. Maslow's hierarchy of needs posits that individuals are motivated by a hierarchy of needs, where higher-order needs such as esteem and self-actualization are contingent upon fulfilling basic needs like compensation. The contributions of study that leveraging employee feedback to continuously refine and enhance the work environment, organizations can strengthen employee engagement, boost job satisfaction, and ultimately fortify their retention efforts in a dynamic and evolving landscape.

Keywords- *Employee Retention, Human Resource Management, Compensation Structures, Job Satisfaction, Turnover Rates, Organizational Sustainability.*

1. INTRODUCTION

As workplace dynamics shift and the battle for skilled workers grows fiercer, the concept of retaining employees has significantly developed. Studies have repeatedly emphasized the connection between an organization's human resource management practices and its ability to retain talent (Human Resources, 2023). In the current business climate, organizations that neglect to adopt systematic strategies for engaging and keeping their employees may face substantial operational difficulties, marked by decreased efficiency and increased expenses related to hiring (Benefits of Employee Engagement, 2022).

Employee retention emerges as a vital issue within diverse sectors as the ability to retain knowledgeable and seasoned personnel becomes crucial for steady productivity and overall growth (Singh, 2019). This research seeks to examine the elements that influence employee retention through the lens of human resource management practices. This study's goal is to extract understandings that can shape HR strategies and aid in crafting efficacious retention schemes. The study inquiry spans an array of sectors such as technology,

healthcare, finance, and manufacturing, each presenting distinct retention challenges and openings. It's essential to understand these industry-specific dynamics for effective workforce preservation.

The rationale for this research underscores the key role of employee retention in an organization's prosperity. Employee turnover can charge steep costs to a business, reaching beyond hiring and training to include a decrease in productivity and the loss of accumulated knowledge (Faisal, et al. 2021). Furthermore, ensuring the loyalty of top-tier talent is top in a labour market where competition is relentless. The study is poised to bridge the gaps found in existing studies by exploring the relationship between HR measures and employee retention. Past research has spotlighted salary, job contentment, and company ethos as significant, yet a holistic grasp of the interplay of these factors and their varying weight in different settings is crucial (Ivana, 2020).

The aim of the research is to enhance the collective understanding of HR management by defining the correlation

between industry-specific elements and employee retention. Grasping these nuances can allow organizations to customize their HR mechanisms to counter the unique trials they encounter (Basnyat & Lao, 2019). To realize this ambition, the study systematically reviews and arranges prior research chronologically, tracking the progression of employee retention studies while investigative areas lacking in-depth exploration. In producing the existing body of work and signalling directions for a new inquiry, the researcher's intention is to establish a foundation for subsequent research and pragmatic approaches to boost employee retention within a multitude of fields.

2. PROBLEM STATEMENT

Despite the importance of employee retention, many organizations struggle to implement effective HR strategies that align with the needs and expectations of their employees. The lack of adaptability and innovation in HR practices may result in increased turnover rates (Ivana, 2020), which poses a large threat to organizational longevity and efficacy. This study seeks to uncover the gap in understanding and implementation of HR practices that contribute to superior employee retention. After reviewing the existing literature on employee retention and human resource management practices, there are many issues on why employees leave their jobs. One big issue is the focus on how well HR strategies work in keeping employees around (Singh, 2019). There is clear information surrounding various factors influencing employee turnover. Among these, the effectiveness of HR strategies stands out as a key area of interest. However, a significant gap exists between the implementation of HR practices and their impact on employee retention (Ramachandran & Prasad, 2022). While previous studies have identified factors such as compensation, job satisfaction, and organizational culture, there's a lack of clarity on how these factors interact and contribute to overall retention rates. The problem lies in the ambiguity surrounding the effectiveness of HR practices in retaining employees (Factors associated with employee retention, 2022). Despite the excess of research on the subject, organizations still struggle to implement strategies that consistently reduce turnover and retain top talent. This uncertainty motivates us to address the gaps in understanding between HR practices and employee retention. It is an unquantifiable metric and can act as a specific element of HR strategies that most significantly impact retention. It also provides valuable insights to organizations seeking to improve their retention efforts and enhance their performance.

3. RESEARCH OBJECTIVES

The primary objective of this study are:
3.1. To determine the influence of compensation structures on employee retention rates across diverse industries.
3.2. To determine levels of job satisfaction among employees and their relationship with employee retention.

3.3. To investigate the prevalence of turnover within organizations of varying sizes and across different industries.

3.1. Hypotheses Analysis

H1: Is there a significant correlation between compensation significantly influences Job Satisfaction.
H2: Is there a significant relationship between job satisfaction significantly influences Employee Retention.
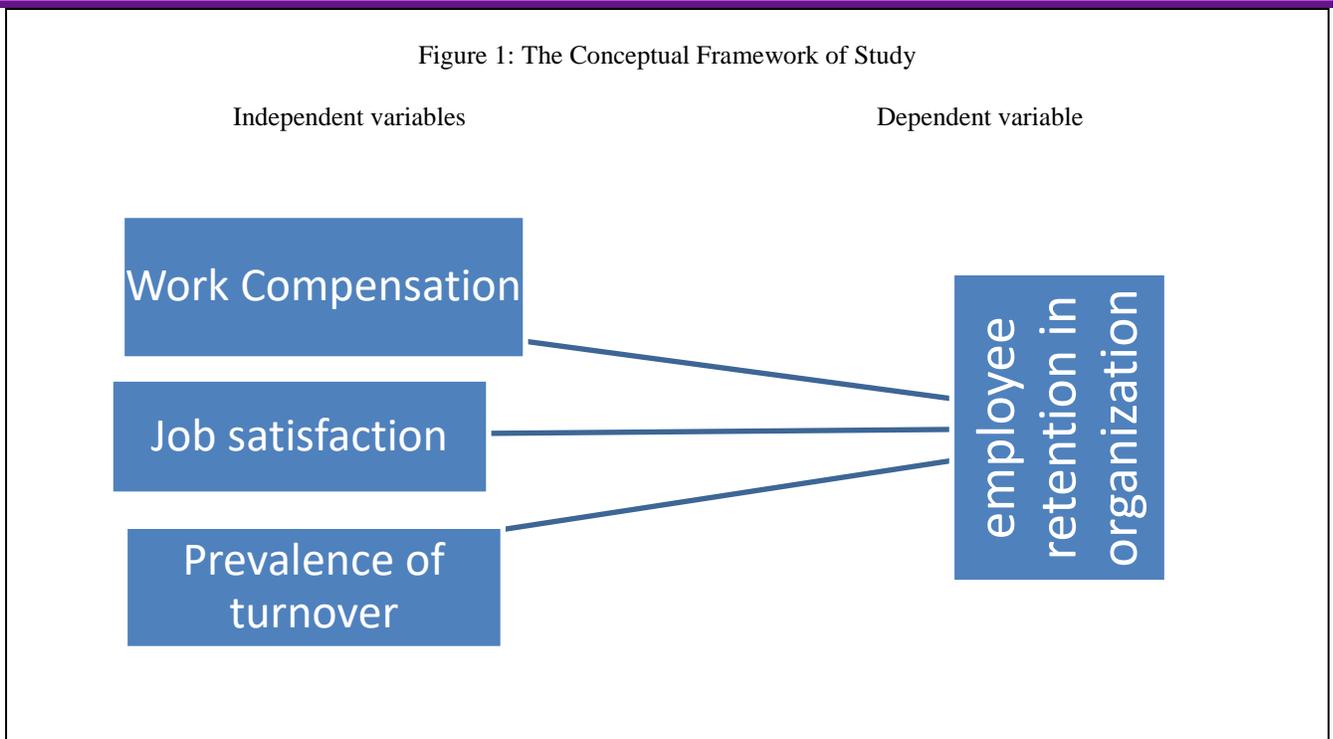
H3: Is there a significant difference in the prevalence of turnover among organizations of varying sizes and industries with employee retention.

4. LITERATURE REVIEW

The Research Variables are stated in the conceptual framework of study di Figure 1 below:

Figure 1: The Conceptual Framework of Study

Independent variables   Dependent variable

Source: Adaptation from Al-Suraihi, W. A., Samikon, S. A., Alsuraihi, A., & Ibrahim, I. (2021)

4.1. Research Variable 1: Work Compensation Impact on Employee Tenure & Retention

The role of compensation structures in influencing the retention of employees has garnered widespread attention in human resources research. Numerous studies have examined the effects of various compensation elements, including basic wages, performance bonuses, comprehensive benefits, and incentive schemes, on the likelihood of employees choosing to remain with or depart from their companies. (Wardhani et al., 2020). According to (Smith, J. (2021), various sectors indicated that companies with competitive remuneration offerings were associated with reduced employee turnover in comparison to organizations with less appealing compensation. This is supported by (Wardhani et al., 2020) through their meta-analysis, discovered a notable direct relation between satisfaction with pay and employee retention, indicating that equitable and fair compensation increases the propensity of employees to stay. Nonetheless,

industry-specific nuances can alter the impact compensation has on retention. According to (Faisal & Naushad, 2021) and (Kanaiya & Mustanda, 2020) within the tech industry pointed out that, while competitive pay was crucial for keeping staff, other elements such as the chance for professional growth and company culture had considerable influence as well. Compensation Impact on Employee Tenure: Studies have indeed shown that competitive compensation packages can lead to lower employee turnover (Kanaiya & Mustanda, 2020). Settings offering fair and satisfying wages, along with bonuses and incentives, contribute to longer employee retention. However, it's also noted that other factors such as professional development and organizational culture play significant roles, especially in industries like tech Armstrong, M. (2006).

4.2. Research Variable 2: Job Satisfaction Fullfillment

The interrelation between job satisfaction and employee turnover has been thoroughly investigated, with many studies showing an inverse relationship; higher job satisfaction tends to correlate with lower rates of turnover (Rahman, 2020). Employees with greater satisfaction in their roles are generally less inclined to exit their companies. According to (Saraih et al., 2021), a meta-analysis, that reviewed data from various sectors, affirms a consistent inverse link between job

satisfaction and the intent to leave. Additionally, (Rahman, 2020) mentioned in his research longitudinal study observed employees' satisfaction over time, noting that those who expressed a higher degree of satisfaction were more inclined to stay. It's important to acknowledge that job satisfaction is multifaceted, shaped by factors like job features, organizational environment, and personal preferences (Kanaiya & Mustanda, 2020). Hence, while it's vital to

enhance job satisfaction to curtail turnover, a comprehensive tactic that assesses diverse aspects of the job milieu is recommended. There's a strong inverse relationship between job satisfaction and turnover intention (Saraih et al., 2021). Elements that contribute to job satisfaction, such as the nature of the work itself, relationships with co-workers and supervisors, and perception of the job, play crucial roles. Ensuring high job satisfaction is a key strategy for organizations looking to reduce turnover (Chan & Ao, 2018).

4.2. Research Variable 3: Prevalent of Turnover Among Organizations

Turnover rates exhibit a wide variance among organizations of different sizes and within various sectors. (Kanaiya & Mustanda, 2020). Certain sectors, like retail and hospitality, might report more significant turnover due to job nature and market conditions, while industries such as healthcare and education often see lower turnover. Research by (Smith et al. 2021), investigating turnover across different organizational scales concluded that small and medium-sized companies often face higher turnover rates than their larger counterparts, possibly due to restrictions like fewer opportunities for employee development and progression. Variability of Turnover Among Organizations rates indeed varies among different industries and organization sizes. Often, industries with less favorable working conditions or lower job security, such as retail and hospitality, exhibit higher turnover rates (Saraih et al., 2021). Smaller businesses may experience higher turnover due to limited career advancement opportunities compared to larger firms. Hence, strategies to reduce turnover may need to be industry and organization-specific (Smith et al. 2021). Overall, understanding the prevalence of turnover across different organizations is essential for identifying potential risk factors and developing targeted retention strategies tailored to specific industries and organizational contexts.

5. RESEARCH METHODOLOGY

5.1. Research Design

The research design in this study is using the quantitative by cross sectional approach. Arnold, et.al (2023) conveyed the concept of research design as a comprehensive blueprint outlining the systematic approaches for gathering and examining data from surveys. Formulating a research design aims to systematically structure research efforts to address the issue under investigation by methodically collecting relevant data. This research examines how compensation structures impact employee retention rates from different industries, determines the levels of job satisfaction among employees and their correlation with turnover rates and investigates the prevalence of turnover within organizations from different sizes of industries. Thus, this research aims to confirm the impact of these three factors on retention and to suggest practical strategies to improve employee retention. Statistical techniques were applied to explore the relationships between these elements. Empirical assessments are described as a statistical approach that involves the evaluation of data through statistical methods to achieve the objectives of the research (Hassan et al., 2020). Such methods usually entail gathering data through questionnaires and survey instruments and processing the results through statistical software and data management systems (Yeu, 2023).

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The gathered data were inputted into a data management system, Statistical Package for Social Sciences (SPSS), for detailed analysis and hypothesis testing. This process was intended to uncover causative associations through descriptive, correlational, and regression analyses. The method adopted measured the extent of the correlation between workforce actions and their retention. defining a correlational study as one that examines the interplay between independent factors such as career growth opportunities, compensation, and work schedule flexibility, against the dependent outcome, which in this case is employee retention (McFee, 2023).

5.2. Research Sampling

5.2.1. Population

This study focused on employees from 4 different sectors namely; technology, healthcare, finance, and manufacturing from two different states. 480 workers from various departments including production, quality assurance, R&D, logistics, facilities, finance, IT, HR, and purchasing were selected. The industries' standard work hours are from 8:00 am to 5:30 pm, with extended shift hours running from 8:00 am to 8:00 pm and overnight from 8:00 pm to 8:00 am. The 12-hour shifts mainly apply to production staff such as operators, technicians, and leaders.

5.2.2 Sampling Size

Given that the company has a total workforce of 480 employees, selecting a sample of 166 employees for the study aligns with the guidelines outlined by Krejcie and Morgan in 1970. This sample included employees from two main tiers: indirect labor, which covered all job categories, and direct labor, specifically operators. By focusing on a larger sample of operators, the study aimed to gather more insightful feedback through the survey. This decision mirrors the company's organizational structure, where there is a greater proportion of direct labor employees due to the nature of the manufacturing business. Ultimately, 166 questionnaires were distributed to employees, with 100% returned completed, providing a strong dataset for analysis.

5.2.3 Sampling Technique

In this study, the chosen method for selecting participants was convenience probability sampling. This method was employed to remove bias and ensure that all respondent categories were adequately represented. Therefore, Stratified Random Sampling was adopted to reduce the errors linked with random selection, allowing for the creation of an accurate sample that reflects the entire population. Table 1 outlines the procedure for dividing the overall population into distinct subgroups.

Table 1: Sample Size based on Stratified Random Sampling

TYPE OF INDUSTRY	TOTAL POPULATION	PERCEN-TAGE OF POPULATION	PROPOR-TIONAL SAMPLE	TOTAL OF SAMPLE
Technology	54	11.00	14.00	23
Healthcare	112	23.00	30.00	49
Finance	135	28.00	26.00	43
Manufacturing	179	38.00	30.00	51
Total	480	100.00	100.00	166

Source : Research Findings (2024)

5.2.4. Instrumentation

A set of questionnaires will be randomly distributed to working adults from four different types of industries across the country. Respondents are expected to complete all questions within a specified timeframe. The questions in the questionnaire are designed to address the research objectives and issues outlined in this report. The questionnaire is divided into three sections. Section 1 gathers demographic information about respondents, including age, race, gender, and ethnicity. Section 2 addresses the three independent variables Finally; Section 3 addresses the dependent variable on employee retention. The questionnaires utilized a five-point Likert Scale with the following options: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

5.2.5. Statistical tests: Reliability and Validity Analysis

The pilot study involved 11 respondents from two different industries. The consistency of Cronbach's Alpha for each variable was measured and is presented in Table 2. The resulting coefficients (α) range from 0.61 to 0.786. Employee retention had a coefficient (α) of 0.61 after removing one item due to its low Cronbach's Alpha value ("Most of the time I work long hours "). The coefficient (α) for career development was 0.656, which is not considered adequate according to (Sekaran & Bougie 2016). Meanwhile, the coefficients (α) for compensation and job satisfaction were 0.782 and 0.786, respectively, indicating good reliability.

Table 2: Test of Reliability

Factor	Cronbach's Alpha	No. of items
Work Compensation	0.610	7
Job satisfaction	0.656	7
Employer prevalent turnover	0.782	7

Source : Research Findings (2024)

6. RESULTS AND DISCUSSION

6.1. Sample Characteristics

Sample characteristics are fundamental aspects of research methodology, influencing the validity, reliability, and generalizability of study findings (Neuman, 2014). They provide critical insights into the composition of the study population, encompassing demographic, socio-economic, cultural, and other relevant attributes. Understanding these characteristics enables researchers to assess the representativeness of their sample and determine the extent to which their results can be extrapolated to broader populations or specific contexts (Creswell, 2014). For instance, in quantitative research, controlling for sample characteristics such as age, gender, and education level is essential to minimize potential confounding variables and enhance internal validity. Similarly, in qualitative research, describing sample characteristics aids in contextualizing participants' experiences within their socio-cultural contexts, enriching the depth and breadth of the study findings.

Furthermore, ethical considerations underscore the importance of attending to sample characteristics to ensure fairness, inclusivity, and respect for participant autonomy (Babbie, 2016). Ethical research practices mandate the recruitment of diverse samples that accurately represent the populations under study, thereby reducing the risk of bias and exclusion. By considering factors such as age, ethnicity, disability status, and socio-economic background, researchers uphold principles of equity and social justice in their research endeavors. Moreover, recognizing the unique needs and perspectives of diverse sample populations enables researchers to design studies that are culturally sensitive and responsive to participant needs, fostering a more inclusive research environment. By adhering to ethical guidelines and prioritizing the consideration of sample characteristics, researchers contribute to the integrity and validity of research outcomes while upholding ethical standards (Neuman, 2014; Creswell, 2014; Babbie, 2016).

Table 3: Sample Characteristics: Gender, Ethnicity, Educational Level and Age Group (N=166)

Profile	Frequency	Percentage
Gender		
Male	71	42.8
Female	95	57.2
Ethnicity		
Malay	82	49.4
Chinese	45	27.1
Indian	39	23.5
Educational Level	69	41.6
Diploma and lower	63	38.0
Degree	34	20.4
Master		
Age Group		

18 – 24 years	7	4.2
25 – 34 years	46	27.7
35 – 44 years	73	44.0
45 – 54 years	33	19.9
55 years and above	7	4.2

Source : Research Findings (2024)

Table 3 shows the sample characteristics according to their gender, ethnicity, and educational level. According to gender, there are a total of 71 (42.8%) male respondents and 95 (57.2%) female respondents. As for ethnicity, there are 82 (49.4%) Malay respondents, 45 (27.1%) Chinese respondents, and 39 (20.5%) Indian respondents. According to educational level, most of the respondents have a Diploma with a total number of 69 (41.6%) respondents. This is followed by a number of respondents with Degrees with a total number of 63 (38.0 %) respondents and 34 (20.4%) respondents with

Master's. According to the Age group, most of the respondents are from the Age group of 35 - 44 years with a total number of 73 (44.0%) respondents. This is followed by the respondents in the age group of 25 - 34 years with a total number of 46 (27.7%) respondents. There are also 33 (19.9%) respondents in the age group 35 – 44 years. There are 7 (4.2%) respondents each in the age group of 18 – 24 years and 55 years above.

Table 4: Sample Characteristics: Type of Industry and Year of Service (N=166)

Profile	Frequency	Percentage
Type of Industry		
Finance	43	25.9
Healthcare	49	29.5
Manufacturing	51	30.5
Technology	23	13.9
Years of Service		
1 - 5 years	35	21.1
6 - 10 years	65	39.2
11 -15 years	45	20.5
16 to 20 years	11	6.6
21 years and above	10	6.0

Source : Research Findings (2024)

Table 4 shows sample characteristics according to the type of industry and years of service. According to the type of industry, 51 (30.5) respondents are from Manufacturing which is the most. This is followed by Healthcare with 49 (29.5%), and the Finance industry with 43 (25.9%). Lastly, the Technology industry consists of 23 (13.9%) respondents.

As for years of service, most respondents 65 (39.2%) have served for 6 – 10 years. This is followed by respondents who have served 11 – 15 years with 45 (20.5%) respondents. A number of 35 (21.1%) respondents have served for 1 – 5 years. This is followed by 11 (6.6%) respondents who have served 16 – 20 years. Lastly, a number of 10 (6.0%) respondents have served 21 years and above.

6.2. Reliability and Normality Analysis

The Table 5 below show the reliability of each item in the instruments was measured using the Cronbach's Alpha Coefficient. Each dimension of the questionnaire was calculated separately to facilitate clear understanding. The reliability analysis is then conducted to derive the consistency of a measuring instrument in measuring whatever concept it is measuring. Reliability of measure is an indication of the stability and consistency with which the instrument is the concept and helps to assess the "goodness" of a measure.

Table 5: Reliability Coefficients for Each Variable (N=309)

Variables	No. of Items	Cronbach's Alpha
Compensation	7	0.887
Job Satisfaction	7	0.924

Employee Retention	7	0.928

Source : Research Findings (2024)

As rules of thumb, values which were above 0.6 were considered acceptable and 0.8 is the most appropriate and acceptable stated by (Pallant 2011). Based on the table appended all variables addressed in the questionnaire achieved reliability of close to 0.8 or above since the items in the questionnaire are reliable because had already been used and tested by other researchers in the same field of study. More or less this result also showed that the questionnaire is understandable and aligns with the situation.

Table 6: The Assessment for Normality of Data Distribution

Variables	Skewness	Kurtosis	Distribution Statues
Compensation	-.374	0.809	Normal
Job Satisfaction	-.148	0.366	Normal
Employee Retention	-.330	1.267	Normal

Source : Research Findings (2024)

Table 6 above describes the results of the normality test for the constructs in the measurement model. The results of the main assumption in the Maximum Likelihood Estimation (MLE) method, which is based on skewness and kurtosis, show that the data sets of all constructs are normally distributed and have skewness and kurtosis of less than +/-2. The skewness ranged from -0.387 to 0.089, and the kurtosis ranged from -0.374 to 1.267.

6.3. Descriptive Statistics for Variable

The descriptive statistics were also calculated for each item and variable to investigate their level among the respondents. The three levels of categories according to the mean consist of low (1.00 – 2.33), medium (2.34 -3.67), and high (3.68 – 5.00) (Mohd Najib Abd Ghafar, 2003).

Table 7 : Descriptive Statistics for Compensation (N=166, Mean=3.94)

Items	Mean	SD	Level
The compensation structure in my organization adequately reflects employee contributions and performance.	3.795	0.8422	High
The compensation structure in my organization influences my decision to remain employed.	4.036	0.6687	High
The compensation structure in my organization offers competitive salaries compared to industry standards.	3.813	0.8136	High
The benefits package provided by my organization, including health insurance, retirement plans, and other perks, positively impacts my decision to remain employed here.	3.898	0.8573	High
I believe that my compensation adequately reflects the level of responsibility and workload associated with my job role.	3.976	0.7215	High

The organization provides opportunities for performance-based incentives or bonuses, which motivate me to stay and perform well.	3.849	0.8284	High
The transparency and fairness in the organization's compensation policies contribute to a positive work environment and employee morale.	4.223	0.5654	High

 Source : Research Findings (2024)

Table 7 show the descriptive statistics for the Compensation variable. Overall, the level compensation indicates a high level of agreement (Mean=3.94). The item on compensation that has the highest agreement is on transparency and fairness in compensation (Mean=4.223). The item that has the lowest agreement is on compensation structure in my organization adequately reflects employee contributions and performance (Mean=3.795).

Table 8: Descriptive Statistics for Job Satisfaction (N=166, Mean=4.10)

Items	Mean	SD	Level
I feel satisfied with my current job role and responsibilities.	4.084	0.6071	High
I find my work challenging and stimulating.	4.139	0.6121	High
I am recognized and appreciated for my contributions at work.	4.175	0.6127	High
I am satisfied with the support and resources provided by my employer.	4.072	0.6283	High
I am able to maintain a healthy work-life balance.	4.048	0.6495	High
I receive regular feedback on my performance.	4.090	0.7120	High
I am content with my job and see myself staying with the company for the foreseeable future.	4.120	0.6768	High

 Source : Research Findings (2024)

Table 8 shows the descriptive statistics for Job Satisfaction. Overall, the agreement for Job Satisfaction is at a high level (Mean=4.10). The highest among all the items in on recognition and appreciation of contributions (Mean=4.175) meanwhile the item on maintaining a healthy work-life balance has the lowest agreement (Mean=4.175)

Table 9: Descriptive Statistics for Employee Retention (N=166, Mean=4.14)

Items	Mean	SD	Level
Good career growth opportunities.	4.066	0.7147	4.066
Adequate compensation and benefits.	4.127	0.6978	4.127
Good work-life balance.	4.151	0.6191	4.151
Good opportunities for professional development.	4.139	0.7042	4.139
Satisfactory workplace culture and environment.	4.139	0.7042	4.139
Effective leadership and management.	4.151	0.6571	4.151
Non-External job opportunities.	4.199	0.5849	4.199

 Source : Research Findings (2024)

Table 9 show descriptive statistics for Employee Retention. Overall agreement for Employee Retention is at a high level (Mean=4.14). The highest among all the items is on non-external job opportunities (Mean=4.199), meanwhile, the lowest mean is Good Career growth opportunities (Mean=4.066).

6.4. Correlation Analysis

A correlation analysis was used on the relationship between Perceived impact, Perceived value, and Trust with Customer Satisfaction. The Pearson correlation coefficient is a measure of the strength and direction of association that exists between two variables measured. The correlation coefficient (r) is a value that measures the direction and strength of a relationship between two variables 137 (McMillan, 2012). The r value ranges from +1.00 to -1.00 and the strength of correlation is based on (Chua 2013).

Size of Correlation	Strength of Correlation
0.91 until 1.00 or -0.91 until -1.00	Very Strong
0.71 until 0.90 or -0.71 until -0.90	Strong
0.51 until 0.70 or -0.51 until -0.70	Moderate

0.31 until 0.50 or -0.31 until -0.50	Weak
0.01 until 0.30 or 0.01 until 0.30	Very Weak
0.00	No correlation

Table 10: Relationship Between Work Compensation and Employee Retention
Correlations

		Compensation	Employee Retention
Compensation	Pearson Correlation	1	.597**
	Sig. (2-tailed)		.000
	N	166	166
Employee Retention	Pearson Correlation	.597**	1
	Sig. (2-tailed)	.000	
	N	166	166

**. Correlation is significant at the 0.01 level (2-tailed).
Source : Research Findings (2024)

H1: There is a significant positive relationship between Work Compensation and Employee Turnover Satisfaction

Based on the result in Table 10 above, the relationship between Work Compensation and Employee Retention is moderate (r=0.597). The relationship is also significant at the level of 0.01. Therefore, we accept the hypothesis that there is a significant positive relationship between Work Compensation and Employee Retention.

Table 11: Relationship Between Job Satisfaction and Employee Retention

Correlations

		Job_Satisfaction	Employee Retention
Job_Satisfaction	Pearson Correlation	1	.823**
	Sig. (2-tailed)		.000
	N	166	166
Employee Retention	Pearson Correlation	.823**	1
	Sig. (2-tailed)	.000	
	N	166	166

**. Correlation is significant at the 0.01 level (2-tailed).
Source : Research Findings (2024)

H2: There is a significant positive relationship between Job Satisfaction and Employee Retention.

Based on the result Table 11 above, the relationship between Job Satisfaction and Employee Retention is strong (r=0.823). The relationship is also significant at the level of 0.01. Therefore, we accept the hypothesis that there is a significant positive relationship between Job Satisfaction and Employee Retention.

6.5. Linear Regression Testing

The linear regression testing is conducted in order to test the influence of an independent variable on a dependent variable. The linear regression in this study is conducted separately from compensation on job satisfaction along with job satisfaction and employee retention.

Table 12: Compensation and Job Satisfaction

Linear regression for Compensation and Job Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597ᵃ	.357	.353	.42952

a. Predictors: (Constant), Compensation

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.781	1	16.781	90.963	.000ᵇ
	Residual	30.256	164	.184		
	Total	47.037	165			

a. Dependent Variable: Job_Satisfaction
b. Predictors: (Constant), Compensation

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.971	.226		8.719	.000
	Work Compensation	.541	.057	.597	9.537	.000

a. Dependent Variable: Employee Retention

Source : Research Findings (2024)

Table 12 show the results on linear regression testing for Work Compensation and Employee Retention. The change in variance in job satisfaction explained by work compensation is 35.7 % (R square). From the table, it is indicated that there is a significant positive influence of Work Compensation on Employee Retention (F=90.963, p<0.05). This means that when Work Compensation goes up by a standard deviation, Employee Retention goes up by 0.597 standard deviation.

Table 13: Linear regression testing for Job Satisfaction and Employee Retention

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823ᵃ	.678	.676	.31906

a. Predictors: (Constant), Job_Satisfaction

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.158	1	35.158	345.360	.000ᵇ

Residual	16.696	164	.102		
Total	51.854	165			

a. Dependent Variable: Retention

b. Predictors: (Constant), Job Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.590	.193		3.066	.003
	Job_Satisfaction	.865	.047	.823	18.584	.000

a. Dependent Variable: Retention

Source : Research Findings (2024)

The results in Table 13 show the linear regression testing for Job Satisfaction and Employee Retention. The change in variance in Employee Retention explained by Job Satisfaction is 67.8 % (R square). From the table, it is indicated that there is a significant positive influence of Job Satisfaction towards Employee Retention (F=345.360, p<0.05). This means that when Job Satisfaction goes up by 1 standard deviation, Employee Retention goes up by 0.823 standard deviation.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494^a	.244	.239	.48897
2	.823^b	.678	.674	.32004

a. Predictors: (Constant), Work Compensation

b. Predictors: (Constant), Work Compensation, Job_Satisfaction

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.643	1	12.643	52.878	.000^b
	Residual	39.211	164	.239		
	Total	51.854	165			
2	Regression	35.159	2	17.579	171.632	.000^c
	Residual	16.695	163	.102		
	Total	51.854	165			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Work Compensation

c. Predictors: (Constant), Work Compensation, Job Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.287	.257		8.886	.000
	Work Compensation	.470	.065	.494	7.272	.000
2	(Constant)	.587	.204		2.879	.005
	Work Compensation	.003	.053	.003	.055	.957
	Job_Satisfaction	.863	.058	.822	14.827	.000

a. Dependent Variable: Employee Retention

Excluded Variables^a

Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	Job_Satisfaction	.822^b	14.827	.000	.758	.643

a. Dependent Variable: Employee Retention
b. Predictors in the Model: (Constant), Work Compensation

Regression results in Table 13 show effects of Job Satisfaction between work Compensation and Employee Retention. The results indicate that there is significant mediation by Job Satisfaction between work Compensation and Employee Retention (Beta=0.822,p<0.05, Beta=0.003,p>0.05). Since there is no direct relationship between Compensation and Job Satisfaction, it is considered full mediation.

6.6. Hypothesis Testing

Based on the regression results, the hypothesis that that were outlined will be addressed based on the regression results.

H1: Work Compensation significantly influences on Employee Retention
The regression results indicate that there is no significant result between Work Compensation and Employee Retention (Beta=0.597, p<0.05). Hence, the Null hypothesis is accepted that was outlined. In accordance, Work Compensation significantly influences on Employee Retention.

H2: Job Satisfaction significantly influences on Employee Retention
The regression results indicate that there is a significant result between Job Satisfaction and Employee Retention (Beta=0.823, p<0.05). Hence, the Null hypothesis is accepted that was outlined. In accordance, Job Satisfaction significantly influences Customer Satisfaction

H3: There is a significant difference in the prevalence of turnover among organizations of varying sizes and industries on Employee Retention.
One-way ANOVA results indicate a significant difference in the prevalence of turnover among organizations of varying sizes and industries on Employee Retention (F=8.877, p<0.000). Post hoc analysis reveals that the turnover rate is significantly higher in the Technology industry compared to all other industries. Additionally, the Finance industry exhibits a higher turnover rate compared to the Manufacturing industry.

7. RECOMMENDATIONS

7.1. Major Findings

The study aimed to investigate the factors influencing employee retention: an investigation into human resource management practices. The results revealed several key findings regarding the hypotheses tested. Firstly, it was found that compensation significantly influences job satisfaction. Non-monetary aspects of compensation, such as benefits, bonuses, and career advancement opportunities, also play a significant role. Employees are more satisfied when they perceive their compensation packages as comprehensive and equitable, including health benefits, retirement plans, and opportunities for professional growth. It is pointed out that job-related factors such as supervision, future opportunities, and promotion prospects are crucial in shaping job satisfaction. When employees see a clear path for career advancement and receive recognition through promotions and salary increases, their job satisfaction tends to increase significantly. This comprehensive approach to compensation underscores its importance in not only attracting but also retaining a satisfied and productive workforce.

On the other hand, the study found significant evidence to support the hypothesis that job satisfaction significantly influences employee retention. job satisfaction is a crucial determinant of employee retention. When employees are satisfied with their jobs, they are significantly less likely to seek employment elsewhere. High levels of job satisfaction are often associated with a positive work environment, good relationships with colleagues and supervisors, fair compensation, and opportunities for personal and professional growth. These factors collectively enhance an employee's emotional and psychological attachment to the organization, reducing the desire to leave. For example, employees who feel valued and appreciated in their roles tend to develop a strong sense of loyalty and commitment, which translates to lower turnover rates and increased retention.

Furthermore, job satisfaction influences retention by mitigating common causes of employee turnover such as burnout, job stress, and lack of engagement. Satisfied employees are more likely to be engaged and motivated,

showing a greater willingness to contribute to the organization's success. This engagement often results in higher productivity and a more positive organizational culture, which further reinforces employee retention. Studies have shown that when employees are happy and content in their roles, they not only perform better but also become advocates for the organization, contributing to a stable and dedicated workforce. Therefore, enhancing job satisfaction through strategic initiatives can lead to substantial improvements in employee retention, benefiting both the employees and the organization in the long run.

The one-way ANOVA results indicate a significant difference in the prevalence of turnover among organizations of varying sizes and industries. This suggests that the industry and organizational size play a crucial role in employee turnover rates. Post hoc analysis further elucidates these differences, revealing that the Technology industry experiences significantly higher turnover rates compared to all other industries. This may be attributed to the dynamic nature of the tech sector, characterized by rapid innovation and high demand for specialized skills, leading to increased mobility among employees. Furthermore, the Finance industry also shows a higher prevalence of turnover compared to the Manufacturing industry, possibly due to the high-pressure environment and competitive nature of financial roles. These findings underscore the importance of industry-specific strategies in addressing employee retention.

7.2. Summary of Statistical Analysis

The following is the summary of the statistical analysis:-

The regression results show a significant relationship between Compensation and Job Satisfaction (Beta = 0.597, p < 0.05). Thus, the hypothesis that Compensation significantly influences Job Satisfaction is accepted. The regression results indicate a significant relationship between Job Satisfaction and Employee Retention (Beta = 0.823, p < 0.05). Therefore, the hypothesis that Job Satisfaction significantly influences Employee Retention is accepted.

The statistical analysis using one-way ANOVA reveals a significant difference in turnover prevalence among organizations of various sizes and industries (F=8.877, p<0.000). Post hoc tests indicate that turnover rates are significantly higher in the Technology industry compared to all other industries. Additionally, the Finance industry exhibits a higher turnover rate than the Manufacturing industry. These results underscore the varying turnover patterns across different industries, suggesting the necessity for industry-specific retention strategies to effectively address and mitigate turnover.

7.3. Implications of the Study

The study's findings represent a significant advancement in our theoretical understanding of the intricate dynamics between compensation, job satisfaction, and employee retention. By elucidating the mediating role of job satisfaction in the relationship between compensation and retention, the research aligns with and extends established motivational and job satisfaction theories. Maslow's hierarchy of needs posits that individuals are motivated by a hierarchy of needs, where higher-order needs such as esteem and self-actualization are contingent upon fulfilling basic needs like compensation. Similarly, Herzberg's two-factor theory suggests that while factors like compensation and working conditions are hygiene factors that prevent dissatisfaction, they alone may not lead to satisfaction or retention. This study provides empirical support for these theories, emphasizing that financial rewards alone may not suffice to retain employees unless they contribute to job satisfaction.

Moreover, the findings underscore the significance of integrating psychological and emotional factors into employee motivation and retention models. Job satisfaction, as a psychological state resulting from the appraisal of one's job experiences, serves as a crucial mediator in the compensation-retention relationship. This highlights the importance of considering not only tangible rewards but also intangible aspects of compensation, such as recognition, meaningful work, and opportunities for development. Organizations can use these insights to design more holistic compensation packages that address both the material and psychological needs of employees, thereby enhancing job satisfaction and ultimately improving retention rates.

Furthermore, the study emphasizes the role of perceived fairness and adequacy in non-monetary aspects of compensation in fostering job satisfaction and retention. Employees' perceptions of the fairness and equity of their compensation packages significantly influence their overall job satisfaction and subsequent retention intentions. Thus, organizations must strive to ensure transparency and equity in their compensation practices, addressing disparities and perceptions of unfairness that may undermine job satisfaction and retention. By attending to both monetary and non-monetary aspects of compensation and promoting a positive work environment conducive to job satisfaction, organizations can cultivate a committed and engaged workforce, thereby enhancing their long-term retention strategies.

The study's practical implications are profound for human resource practitioners, offering actionable insights into

crafting effective HR strategies that foster employee retention. While competitive compensation remains a cornerstone of employee attraction and retention, the study underscores the pivotal role of job satisfaction in driving long-term retention outcomes. HR policies should thus extend beyond mere salary adjustments and bonuses, encompassing a broader spectrum of measures aimed at cultivating a work environment conducive to overall job satisfaction. This entails creating pathways for career growth and advancement, nurturing positive interpersonal relationships among colleagues and supervisors, and promoting a healthy work-life balance. By prioritizing these non-monetary aspects alongside financial rewards, organizations can cultivate a workplace culture that prioritizes employee well-being and fulfilment, thereby bolstering retention efforts.

Furthermore, the study emphasizes the importance of adopting a holistic approach to compensation that integrates both financial and non-financial benefits. HR practitioners should strive to design compensation packages that go beyond monetary rewards, encompassing elements such as recognition, opportunities for skill development, and work flexibility. This comprehensive approach not only addresses the diverse needs and preferences of employees but also reinforces their sense of value and appreciation within the organization. By aligning compensation strategies with broader employee satisfaction objectives, organizations can enhance overall job satisfaction and, consequently, reduce turnover rates and retain top talent.

Additionally, the study underscores the value of regular employee satisfaction surveys as a proactive tool for identifying and addressing factors influencing job satisfaction and retention. By soliciting feedback directly from employees, organizations can gain valuable insights into areas for improvement and tailor their HR initiatives accordingly. This ongoing dialogue fosters a culture of openness and responsiveness, demonstrating to employees that their voices are heard and valued. By leveraging employee feedback to continuously refine and enhance the work environment, organizations can strengthen employee engagement, boost job satisfaction, and ultimately fortify their retention efforts in a dynamic and evolving landscape.

7.4. Recommendations for Future Research

Future research in the field of compensation, job satisfaction, and employee retention could address several avenues to further advance our understanding and inform HR practices. Firstly, longitudinal studies could be conducted to explore the temporal dynamics of the relationships between compensation, job satisfaction, and retention. By tracking changes in employee perceptions and behaviors over time, longitudinal research can provide insights into the long-term effects of compensation interventions on job satisfaction and retention outcomes. Additionally, longitudinal studies can help identify potential causal pathways and mechanisms underlying these relationships, shedding light on the processes through which compensation influences retention via job satisfaction.

Secondly, research could delve deeper into the role of individual and contextual factors in shaping the relationships between compensation, job satisfaction, and retention. For example, studies could investigate how individual differences such as personality traits or demographic characteristics moderate the effects of compensation on job satisfaction and retention. Similarly, organizational characteristics such as culture, leadership style, and HR practices may influence the effectiveness of compensation strategies in promoting job satisfaction and retention. By examining these moderating factors, future research can provide insights into the conditions under which compensation interventions are most likely to yield positive retention outcomes.

Lastly, future research could explore alternative mediators and mechanisms through which compensation influences retention beyond job satisfaction. While job satisfaction is a critical mediator in the relationship between compensation and retention, other variables such as organizational commitment, perceived organizational support, or job embeddedness may also play important mediating roles. Investigating these alternative mechanisms can provide a more comprehensive understanding of the processes underlying employee retention and inform the development of multifaceted retention strategies. By considering a broader range of mediators and moderators, future research can contribute to the development of more nuanced and effective HR practices aimed at promoting employee retention in organizations.

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