# THE INFLUENCE OF COMPENSATION SYSTEM ON EMPLOYEE ATTRACTION AND RETENTION 

UWIMPUHWE Dorothée<br>Master of Business Administration (Management)<br>Adventist University of Central Africa<br>P.O. Box 2461 Kigali- Rwanda<br>Tel: +250788573738<br>uwimpuhwe.doroth@gmail.com<br>MUSHABE Dickson<br>Master of Business Administration (Management)<br>Adventist University of Central Africa<br>P.O. Box 2461 Kigali- Rwanda<br>Tel: +250788455447<br>KAJUGIRO SEBARINDA Bally<br>Master of Business Administration (Accounting)<br>Adventist University of Central Africa<br>P.O. Box 2461 Kigali- Rwanda<br>Tel: +250788439163


#### Abstract

This research was conducted towards employees of the Higher Education Council, National Commission for Fight against Genocide and COGE Bank located in Kigali City. The study emphasized on the perception of respondents on compensation system, employee attraction and retention to come up on the influence of compensation system on employee attraction and retention. Researchers used questionnaires as method of data collection and research instrument. A random sampling technique has been used to find the population sample size of 32 employees of the cited institutions. Statistical evidence revealed that there is a significant positive correlation of .582 showing that Compensation system has a moderate influence on employee attraction and retention. The null hypothesis of the study to be tested was "There is no relationship between compensation system and employee attraction and retention" and was rejected as p -value equals to .001 was less than alpha equal to $.01(2-$ tailed) and alternative hypothesis "There is a relationship between compensation system and employee attraction and retention" was maintained. In this study, some recommendations were also drawn to organizations' managers and researchers proposed areas of further researches.


Key Terms: Compensation System, Employee Attraction, Employee Retention

## INTRODUCTION

Employees are organizations' key resources and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees (Armstrong, 2003). Most times, when organizations make enormous efforts to attract handfuls of employees and sustain them in the organization, compensation plays a significant role in attracting and retaining good employees especially those who give outstanding performance or unique skill which is indispensable to the organization (Lawler, 1990). Compensation is therefore considered as the most important factor for attracting and retaining the talent employees (Willis, 2000).

In past studies, Allen, Shore and Griffeth (2003) reported that employers have to differentiate themselves from others through their compensation strategy in order to attract and retain quality employees. An organization's ability to attract and retain staff is the two essential components of talent sustainability even though it has become increasingly more difficult for organizations to hire and retain qualified talent (Cotton \& Tuttle, 1986). Compensation not only consists of financial but also non-financial rewards (Milkovich, Newman, \& Gerhart, 2010).

## Problem Statement

Referring to Amos and Weathington (2008) point of view, one of the biggest challenges for any organization is its ability to hire and retain staff. Both private and public sector organizations are experiencing this problem. Identifying factors that influence staff attraction and retention and then developing strategies to attract quality talent and to increase employee retention is essential. According to the researchers' point of view, compensation is the main factor. However, Ling (2010) revealed that most of the researches that were conducted focused on financial compensation as wages, salary, bonuses, allowances, commissions which are used to keep, retain, and attract employees in a company and the impact of non-financial compensation was not given due consideration.

From the literature, it has been found that only few organizations are aware about the aspects of non-financial compensation. There are only few researches conducted on nonfinancial compensation (Adeoti, \& Isiaka, 2006; Bari, Arif \& Shoaib, 2013; Nyaga, 2015; Tan, 2009). For this reason, some organizations are not able to apply the reward system which includes non-financial compensations as they do not have the awareness and knowledge of non-financial compensation and the impact it has on the company (Yousaf, Latif, Aslam, \& Saddiqui, 2014) in general and on employee attraction and retention in particular (Researchers' assumption). This clearly explains the need for researchers to conduct this study on the influence of not only financial compensation but also non-financial compensation on employee attraction and retention as a way of filling this research gap and come up with providing a solution to such earlier cited organizations challenges.

## Objectives of the Study

The main objective of this study was to identify the influence of compensation system on employee attraction and retention. Specifically, the study seeks to:

1. Evaluate the perception of employees on financial compensation.
2. Evaluate the perception of employees on non- financial compensation.
3. Examine the perception of employees on employee attraction.
4. Examine the perception of employees on employee retention.
5. Assess if there is a relationship between compensation system and employee attraction and retention.

## Research Hypotheses

While conducting this research, the null hypothesis to be tested was as follows:
$\mathrm{H}_{\mathrm{O}}$ : There is no relationship between compensation system and employee attraction and retention.

The alternative hypothesis was:
$\mathrm{H}_{1}$ : The relationship between compensation system and employee attraction and retention is significant.

## Justification of the Study

The reason for conducting this study was to determine if compensation system plays significant role in influencing employee attraction and retention in an organization. The study further identified that financial and non- financial compensation have influence on employee attraction and retention. Therefore, strategic interventions can be put in place by managers and leaders to ensure that skilled and talent employees are attracted, hired, and retained through adequate strategic compensation system.

## Conceptual Framework

The conceptual framework in figure one bellow illustrates variables required for investigation. It comprises two variables, dependent variables in the right side which are employee attraction and employee retention while in the left side there is independent variable which is compensation system with its sub-variables financial and non- financial compensation.

Figure 1: Conceptual Framework


## REVIEW OF RELATED LITERATURE

The review of related literature describes the key concepts and reviews theories extracted from different books, electronic sources, journal and other publications that are
supportive to researchers' topic. It gives an overview of compensation system, employee attraction and employee retention.

## Compensation System

A compensation system is a system that is designed to determine amount of pay given to an employee in return for their contribution to production (Erasmus et al., 2001). Compensation plays an important role in determining the commitment levels of employees and their retention even if it is one of the crucial issues as far as attracting and keeping talent in organizations is concerned (Willis, 2000). Competitive compensation packages are imperative. Employers must know how the compensation they offer for critical positions are compared with compensation for similar positions at other organizations in the sieved market (Gering \& Conner, 2002). Thus, organization that offered high compensation package is compared to others with a large numbers of candidates applying for induction and have lower turnover rate. Moreover, with high compensation package organizations also create culture of excellence (Lawler, 1990). In this review of related literature, compensation packages are explained in terms of financial and non-financial compensations as illustrated bellow.

## Financial Compensation

Financial compensation/reward is one of the basic types of extrinsic monetary rewards which cover the basic needs of income to survive (to pay bills), a feeling of stability and consistency (the job is secure), and recognition (my workplace values my skills). According to Smith (2001), money brings the workers in the organization and companies having objective to retain their valuable employee performance pay is considered important factor for it (Brannick, 1999). Fair wages are the foundation element of the implied and contractual bond between employers and employees, the underlying supposition being that money can persuade behavior (Parker \& Wright, 2001).

Organizations often offer high pay packages i.e. stock options, special pay, retention pay, gain share pay, performance base pay and bonus etc. for attraction and retention of talented employees of the market. Wages is the key factor influencing in the employee attraction and retention, and play important role in the recruitment process (Williams \& Dreher, 1992). In today's economic times, financial reward such as money is still the primary incentive that causes employee to do better work. The fundamental hypothesis is that money influences employee behavior through shaping their attitudes. Therefore, wages influence the attraction and retention of the workforce (Parker \& Wright, 2001). However, most experts agree that money is not the long-term answer for hiring, especially for keeping high skilled employees (Leinfuss , 1998).

## Non-financial Compensation

Non-financial compensation is also known as non-profits rewards. Nowadays, a lot of employees do not seek for financial compensation alone. They also prefer non-financial compensation for example, training opportunities, job challenges, opportunity to be promoted, recognition and conducive working environment (Son, 2015). According to Ryan and Deci (2000), non-monetary types of compensation can be very meaningful to employees and very motivating for performance improvement and creative use of personalized non-
monetary rewards reinforces positive behaviors and improves employee retention and performance.

Companies must consider the non-financial benefits that can be rewarded to their employees. Employees will therefore continuously serve the company if the company pays attention to their needs and welfare. Hence, providing compensation which includes financial and non-financial rewards is one way to retain employees in the organization. Most researchers agree that non-financial compensation can retain employees even though it may not be the main reason for the employees to stay (Tan, 2009).

## Employee Attraction

The attraction of applicants is an important component to an organization's overall success (Chapman, Uggerslev, Carrol, Piasentin, \& Jones, 2005). As such, recruitment is extremely important because, through it, applicants learn about organization, which ultimately influences their job choice decisions. Applicants' attraction to the organization is influenced by job and organizational related characteristics during recruitment process (Boswell, Roehling, LePine, \& Moynihan, 2003). Thus, information presented to applicants during recruitment including rewards is critical because applicants make inference about specific job aspects based on larger scale facts that they are given (Rynes \& Cable, 2003).

At specific vacancy characteristics, pay level is one that stands out as being important to most applicants (Williams \& Dreher, 1992). Pay is considered one of the most effective and important job attributes in determining applicants' attraction to the organization (Saks, Wiesner \& Summers, 1996). In fact, prior work suggests salary predicts job choice decision better than attitude about organization (Aiman- Smith, Bauer \& Cable, 2001). In examining specific pay preferences, Cable and Judge (1994) found that students preferred organizations with high rather than low pay, flexible rather than fixed benefits, individual rather than team based pay, and fixed rather than variable pay. Thus, attracting employees is likely to be most effective if strategic methods are used to manipulate those characteristics of the job and the organization in order to make them the most appealing to applicants (Rynes \& Cable, 2003).

Employee benefits also influence applicants' attraction. As a form of noncash compensation, by offering a large amount of benefits a company can compensate for moderate salaries (Casper \& Buffardi, 2004). In support of this, Browne (1997) showed that potential employees, including men and women from different cultures, were willing to accept lower salaries if benefits of importance to individual also were offered. Research shows that companies with flexible benefits are able to fill open positions quicker than those without flexibility, suggesting that benefits offered to indeed affect the attraction of applicants to the job (Barber \& Bretz, 2000).

## Employee Retention

Retention is a complex concept and there is no single recipe for keeping employees with a company. In literature, retention has been viewed as an obligation to continue to do business or exchange with a particular company on an ongoing basis (Zineldin, 2000). Studies have indicated that retention is driven by several key factors which ought to be
managed congruently: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems (Logan, 2000).

Researchers also found that human resource management practices in compensation and rewards, job security, training and developments, supervisor support culture, work environment and organization justice can help to reduce absenteeism, employee retention and better quality work (Ichniowski, Shaw \& Prennushi, 1997). Moreover, Fitz-enz (1990) also confirmed that only one factor is not responsible in management of employees' retention, but there are several factors influencing employees retention which need to be managed congruently i.e. compensation and rewards, job security, training and developments, supervisor support culture, work environment and organization justice etc. Accordingly, organization utilizes extensive range of human resource management factors influence in employee commitment and retention (Clarke, 2001).

According to Osteraker (1999), the employee satisfaction and retention are considered the cornerstone for success of organization. Van (2000) suggested that employee become more loyal and stay in the organization when they identify themselves within a group and contribute to the performance as a group. However, Gering and Conner (2002) believe that retaining good workers is critical to any organization. If an organization is not able to retain its employees, it will not be able to capitalize on human assets developed within the organization.

Literature and best practices indicate that, to some extent, if employers treat their employees as valued contributors, they tend to remain in the organization (Frost, 2001). It is therefore of great importance that organizations keep their employees satisfied to improve employee retention. DeYoung (2000) reveals in his studies that many organizations are facing challenges in the development of an employee retention strategy. Turnover rates are increasing in various organizations; if employees are unhappy with their organizations they tend to leave the organization (Schuler \& Jackson, 2006).

In addition, a study by Mercer (2003) reports that employees will remain in an organization if they are fairly rewarded and also they may leave if they are poorly rewarded. Employees are likely to stay in organizations where they believe that their capabilities, contributions and efforts are appreciated (Davies, 2001). Gomez-Mejia, Balkin and Cardy (2004) also stated that internal equity and external equity should be observed in terms of remuneration if the compensation package is to be used as a retention strategy.

In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola et al., 2014). It has been argued that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the Organization (Osibanjo et al., 2012). Employees' willingness to stay on the job largely depends on compensation packages of the organization (Armstrong, 2003).

## RESEARCH METHODOLOGY

In this study, research methodology details tools and techniques that were applied to investigate the influence of compensation system on the employee attraction and retention. This study is a correlation research design where researchers used statistical tables, mean, standard deviation, and Pearson correlation coefficient to interpret the data in order to measure and evaluate the perception of respondents on compensation system, employee attraction, and employee retention and to establish the relationship between compensation system and employee attraction and retention. The population was sampled from COGE Bank, National Commission for the Fight against Genocide and the Higher Education Council and the sample size was 32 employees selected by the use of a random sampling technique.

Researchers used structured questionnaires to collect data from respondents through closed questions (following Likert four point scales). To ensure the validity and reliability of the questionnaire, the lecturer of Human Resource Management course was consulted to find out whether or not the questions should enable researchers to achieve research objectives. All data collected from respondents were organized, edited, codified, and analyzed through the Statistical Package of Social Science (SPSS) using tables in a simplified way so as to meet specific requirements of the research and data analysis using mean, standard deviation, and correlation coefficient. The tables found were converted into Ms Excel tables to make the task much easier.

To evaluate the centre of distribution, a mean between 1.00-2.50 is weak while that between 2.50- 4.00 is strong. Moreover, in evaluating the dispersion of data, a standard deviation below .5 indicates low dispersion of data (homogeneity) and that above .5 indicates big dispersion of data (heterogeneity) (Aggresti \& Flanklin , 2009).

## RESULTS AND DISCUSSION

The purpose of this research was to analyze the influence of compensation system on attraction and retention of employees. The study was conducted in three different institutions located in Kigali City which are the Higher Education Council, National Commission for Fight against Genocide and COGE Bank. In order to achieve research objectives, each of the 32 respondents was not only asked his/her perception on financial and non-financial compensation provided by his organization but also his/her perception on employee attraction and retention. The findings are presented and discussed as follows:

Table 1: Perception of the Respondents on Financial Compensation

| Categories | N | Mean | Std. Deviation |
| :--- | :---: | :---: | :---: |
| My salary satisfies my basic needs. | 32 | 2.5313 | .71772 |
| I am satisfied with the flexible benefits provided <br> by my organization. | 32 | 2.6250 | .60907 |
| My salary is fair compared to my counterparts <br> in similar jobs in other organizations. | 32 | 2.7188 | .58112 |
| My salary is fair compared to my peers' within <br> my organization. | 31 | 3.0645 | .67997 |
| I will change my job in favor of a higher pay. | 32 | 3.0938 | .73438 |
| I prefer fixed payment over variable pay. | 32 | 2.8750 | .83280 |
| Valid N (list wise) |  |  |  |

Source: Primary data (2015)
The table above indicates that respondents agreed that there is financial compensation in their institutions. The first statement reveals a mean of 2.5313 indicating that respondents strongly agreed that their salary satisfy their basic needs. The second statement shows a mean of 2.6250 indicating that respondents strongly agreed that they are satisfied with the flexible benefits provided by their organization. The third one illustrates a mean of 2.7188 indicating that respondents strongly agreed that their salary is fair compared to their counterparts' in similar jobs in other organizations.

The fourth statement presents a mean of 3.0645 depicting those respondents were strongly satisfied that their salary is fair compared to their peers' within the same organization. The fifth statement portrays a mean of 3.0645 indicating that respondents strongly agreed that they would change their jobs in favor of a higher pay. The last one saying that respondents strongly prefer fixed payment over variable pay indicated a mean of 3.0645. The above observations indicate that the employees accepted that the financial compensation they get is fair. Referring to the standard deviation of each statement which is beyond .5 , this reveals heterogeneity of data collected.

Table 2: Perception of the Respondents on Non-Financial Compensation

| Categories | $\mathbf{N}$ | Mean | Std. <br> Deviation |
| :--- | :--- | :--- | :---: |
| I am interested in my job because there are strong <br> promotion opportunities. | 32 | 2.5313 | .84183 |
| I am satisfied with the working conditions at my work | 32 | 2.8125 | .64446 |
| place. |  |  |  |
| I am provided with career development opportunities. | 30 | 2.8333 | .69893 |
| There is job security in my organization. | 31 | 2.9355 | .62905 |
| I am recognized for the work I do for the organization | 32 | 2.8750 | .55358 |
| My organization provides me non-financial rewards. | 32 | 2.5313 | .80259 |
|  | 29 |  |  |
| Valid N (listwise) |  |  |  |

Source: Primary data (2015)
The assertions mentioned in the table above are meant to show how non- financial compensation can influence one's decision to choose which organization he/she can work for and remain there for a long time. As indicated in the table above, a mean of 2.5313 portrays how respondents are strongly interested in their jobs because there are strong promotion opportunities. However, there are some who were not attracted to the job due to promotion opportunities. The second assertion mentions that the employees were closely satisfied with the working conditions at their work place by a strong mean of 2.8125 .

The third assertion depicts a mean of 2.8333 revealing that respondents strongly agreed that they were provided with career development opportunities. The fourth assertion shows a mean of 2.9355 indicating that respondents strongly agreed there is job security in their organization. The fifth assertion mentions that the respondents strongly agreed they were recognized for the work they do for the organization by a mean of 2.8750 . The sixth assertion indicates that respondents strongly agreed their organizations provided them with non-financial rewards with a mean of 2.5313 . As all standard deviations in the table are exceeding .5, this explains that all answers provided by respondents were heterogeneous.

Table 3: Perception of the Respondents on Employee Attraction

|  |  | Std. <br> Deviation |  |
| :--- | :--- | ---: | ---: |
| I was attracted to the job because of the higher pay offered. | N | Mean | 32 |
| Devies | 32813 | .72887 |  |
| I was attracted to the job because of its flexible benefits. | 2.4375 | .75935 |  |
| I was attracted to the job because of its individual pay rather than team | 32 | 2.4688 | .80259 |
| based pay. | 32 | 2.8750 | .60907 |
| I was attracted to the job because of its conducive work life. | 32 | 2.9375 | .56440 |
| I was attracted to the job because of the organization's reputation. | 31 | 2.7742 | .61696 |
| I was attracted to the job because of its strong and fair opportunities for | 32 |  |  |
| growth and career development. | 32 | 2.9062 | .46555 |
| I was attracted to the job because of its quality of work climate. | 31 |  |  |
| Valid N (listwise) |  |  |  |

Source: Primary data (2015)
The table above shows the respondents' perception on how compensation system motivated them to work for their organizations as follows:

In the first assertion, respondents weakly agreed that they were attracted to the job because of the higher pay offered which is revealed by a mean of 2.2813 . In the second assertion, they weakly agreed that they were attracted to the job because of its flexible benefits with a mean of 2.437 . In the third one, they weakly agreed that they were attracted to the job because of its individual pay rather than team based pay with a mean of 2.4688. Contrary to the previous assertions, the fourth one shows that respondents strongly agreed they were attracted to the job because of its conducive work life with a strong mean of 2.8750 .

The fifth assertion portrays that respondents strongly agreed they were attracted to the job because of the organization's reputation with a strong mean of 2.9375 . The sixth one depicted that those respondents strongly agreed they were attracted by the job because of its strong and fair opportunities for growth and career development with a strong mean of 2.7742. Finally, respondents strongly agreed that they were attracted by the job because of its quality of work climate supported by a strong mean of 2.9062 .

Regarding the standard deviations as illustrated in the cited table, only the seventh assertion reveals homogeneous data collected from respondents with a standard deviation of .46555 which is under .5 while the remaining ones indicate heterogeneous data as they are beyond .5. In view of the above observations, some of the respondents were attracted to their jobs by different factors and compensation to some extent.

Table 4: Perception of the Respondents on Employee Retention

| Categories |  |  | Std. <br> Deviation |  |
| :--- | :--- | :--- | :--- | :--- |
| Is your retention in the organization influenced by the higher pay <br> offered? | 32 | 2.3125 | .73780 |  |
| Is your retention in the organization motivated by the flexible | 32 | 2.2812 | .68318 |  |
| benefits? |  |  |  |  |
| Is your retention in the organization due to the large amount of <br> non-cash benefits given to compensate the low salary? | 32 | 2.4063 | .75602 |  |
| Has the work life contributed to your retention in the organization? | 32 | 3.0312 | .59484 |  |
| Does the organizational reputation motivate you to continue <br> working for it? | 32 | 3.0313 | .59484 |  |
| Do strong and fair opportunities for career growth and |  |  |  |  |
| development influence your decision to continue working for the <br> organization? | 32 | 2.7500 | .71842 |  |
| Valid N (listwise) |  |  |  |  |

Source: Primary data (2015)
The respondents' views on what motivates them to stay with the organization for long time are captured in the table above and the results are explained as follows:

The first statement shows that respondents weakly agreed their retention in the organization is influenced by the higher pay offered which is explained by a weak mean of 2.3125. In addition, they weakly agreed that their retention was motivated by flexible benefits revealed in a weak mean of 2.2812 . Furthermore, those respondents weakly agreed that their retention was due to the large amount of non-cash benefits given to compensate the low salary showed by a weak mean of 2.4063 . However, they strongly agreed that their retention was a result of work life illustrated by a strong mean of 3.0312 . Moreover, they strongly agreed that organizational reputation was a motivation for them to continue working for their organizations indicated by a mean of 3.0313. Finally, respondents strongly agreed that strong and fair opportunities for career growth and development influenced their decision to continue working for their organizations remarked by a strong mean of 2.7500.

Besides mean results, all the standard deviations within the table were above .5 which portrays heterogeneity of answers collected from respondents. Overall, the analysis shows that to some extent, a competitive compensation system plays a role in organizations' ability to retain its best, talented, and highly qualified employees.

Table 5: Correlation

|  |  | Compensation system | Employee attraction <br> and retention |
| :--- | :--- | :---: | :---: |
|  |  |  |  |
| Compensation system | Pearson Correlation | 1 | $.582^{* *}$ |
|  | Sig. (2-tailed) |  | .001 |
|  | N | 28 | 27 |
| Employee attraction | Pearson Correlation | $.582^{* *}$ | 1 |
| and retention | Sig. (2-tailed) | .001 | 31 |

**. Correlation is significant at the 0.01 level (2-tailed).

The null hypothesis of the study to be tested was "There is no relationship between compensation system and employee attraction and retention". While examining the correlation between compensation system and employee attraction and retention, the statistical evidence depicts that there is a significance relationship between those variables as Pearson Correlation Coefficient is .582 showing a Positive moderate Correlation as illustrated in the table 5. The null hypothesis is rejected as p-value equals to .001 is less than alpha equal to .01 (2- tailed) and alternative hypothesis "There is a relationship between compensation system and employee attraction and retention" is maintained.

## Conclusion

The general objective was to identify the influence of compensation system on employee attraction and retention. By calculating mean and standard deviation of the participants' responses to what attracted and influenced them to stay with their organizations, the study found out that there is a significant correlation of .582 showing that compensation system has a moderate influence on employee attraction and retention. Based on the presented results, researchers assert that compensation system plays to some extent a significant role in managing the attraction and retention of competent employees. Attracting qualified and competent staff by managers and maintain them is a fundamental means of achieving organizations' competitive edge.

## Recommendations to Organizations' Managers

The salaries of employees need to be adjusted on timely basis, which will not only retain the present employees but will also attract competent and talented employees from other organizations. Moreover, there is a need for organizations to revise their benefits package by identifying those which have more influence on employee retention and replace them with those that are no longer relevant.

Organizations are required to conduct regular trainings for their employees. This would not only satisfy employees' growth and career development needs but also enhance employee retention. The organizations should also undertake research on why their employees leave them and improve on the identified areas that influence their employees to leave them.

## Suggested Area for Further Research

The following topics are therefore suggested for further researches:

- Causes of employee turnover intentions even if compensation policy is fabulous;
- Strategies to reduce employee turnover among employees working in Public Institutions.


## REFERENCES

Adeoti J.A and Isiaka, S.B. (2006). Non-Financial Compensation and Its Impact on Employee.pdf. IIorin Journal of Business and Social Sciences. Retrieved from https://www.unilorin.edu.ng/publications/babaita/Non-Financial Compensation and Its Impact on Employee.pdf

Aggresti, A. \& Franklin, C. (2009). Statistics: The art and science of learning from data. London: Piarson, INC.

Aiman- Smith, L. Bauer, T.N., \& Cable, D.N. (2001). Are you attracted? Do you intend to pursue? Arecruiting policy- capturing study. Journal of Business Psychology, 16, 219237.

Allen, D. G., Shore, L. M., \& Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in the turnover process. Journal of Management, 29(1): 99-118.

Amos, E.A. \& Weathington, B.L. (2008). An analysis of the relationship between employeeorganization value congruence and employee attitudes. The Journal of Psychology, 142(6):615-631.

Armstrong, M.(2003). Strategic human resources management: A guide to action. UK: Kogan- Page.
Baber, A.E. \& Bretz Jr, R.D. (2000). Compensation, attraction and retention. In Rynes, S.L. \& Gerhart, B. Compensation in organization. San Francisco, CA: Jossey- Bass.

Bari, N., Arif, U., \& Shoaib, A. (2013). Impact of Non-Financial Rewards on Employee Attitude \&Performance in the workplace. A case study of Business Institutes of Karachi. International Journal of Scientific \& Engineering Research, 4(7), 2554-2559.

Boswell, W.R., Roehling, M.V., LePine, M.A.\& Moynihan,L.M.(2003). Individual Job choice decision and the impact of job attributes and recruitment practices: A longitudinal field study. Human Resource Management, 42, 23-37.

Brannick, J. (1999), Employees; Job satisfaction; Labor turnover; Recruiting, New York: AMACOM.

Browne, B.A. (1997). Gender and Preferences for job attributes: A cross cultural comparison. Sex Roles, 37, 61- 71.

Cable, D.M. \& Judge, T.A. (1994). Pay preferences and job search decisions: A personorganization fit perspective. Personnel Psychology, 41, 317-348.

Casper, W. J., \& Buffardi, L. C. (2004). Work-life benefits and job pursuit intentions: The role of anticipated organizational support. Journal of Vocational Behavior, 65(3): 391410.

Chapman, D.C., Uggerslev, K.L., Carrol, S.A., Pisentin, K.A., \& Jones, D.A. (2005). Applicant attraction to organization and job choice: A meta- analytic review of the correlates of recruiting outcomes. Journal of Applied Psychology, 90, 928-944.

Clarke, K.F. (2001). What businesses are doing to attract and retain employee- becoming an employer of choice. In Employee Benefits Journal, 34-37.

Cotton, J.L., \& Tuttle, J.M. (1986). Employee turnover: A meta-analysis and review with implications for research. Academy of Management Review, 11, 55-70.

Davies.R, (2001). How to boost staff retention. In people management, 7(8): 54-56.
De Young, P.(2000). High technical talent perks are ripe for the picking. Workspan, 43(10):28-33.
Erasmus, H., Sutton, K.L. and Gong, Y. (2001). Group-based Pay-for-performance Plans and Firm Performance: The Moderating Role of Empowerment Practices. Asia Pacific Journal of Management, 1-22.

Falola H. O., Ibidunni A. S\& Olokundun A. M. (2014). Incentives packages and employees’ attitudes to work: a study of selected government parastatals in Ogun State, SouthWest,
Nigeria. International Journal of Research in Business and Social Science IJRBS, 3(1): 2147-4478.

Fitz-enz, J. (1990).Getting and keeping good employees. In personnel. 67(8): 25-29.
Frost, L. (2001). Finding the top people. HR Future Magazine, 1(3): 30-32.
Gering , J . \& Conner , J .( 2002 ) .A strategic approach to employee retention. Healthcare Financial Management, 56(11): $40-44$.

Gomez-Mejia, L. R., Balkin, D. B. \& Robert, L. C. (2004). Managing Human Resources: 4th edition. USA: Prentice Hall.

Ichniowski, C., Shaw, K. and Prennushi, G. (1997). The effect of human resource management practices on productivity. In American Economic Review, 87:291-313.

Lawler, E. (1990). Compensation management; Strategic planning; Pay-for-knowledge systems. San Francisco:Jossey-Bass Publishers.

Leinfuss, E. (1998). The hiring frenzy continues. Computer world, 32(27):64-5.

Logan, J. K. (2000). Retention tangibles and intangibles: More meaning in work is essential, but good chair massages won't hurt. Training \& Development, 54 (4):48-50.

Mercer Report (2003). Mercer study raises red flags for employer pay and benefit plans (Findings of the people at work survey ) .In Human Resources Department

Management Report, 8-15. Nigeria. International Journal of Research in Business and Social Science IJRBS, 2014, 3(1): 2147-4478.

Milkovich, G., Newman, J., \& Gerhart, B. (2010). Compensation (11th ed.). New York: Mc Graw-Hill.

Nyaga, J. W. (2015). NonFinancial Reward and Employee's retention in Private Primary Schools in Kenya ( Kiambu County ), 3(1), 240-254.

Osibanjo A.O., Abiodun A.J.\& Fadugba, A.O., Executive perception of the impact of flexitime on organisational performamce: evidence from the Nigeria Private Sector. International Journal of Applied Behavioural Economics IJABE, 1(3):16-27.

Osteraker, M.C. (1999). Measuring motivation in a learning organization. Journal of Workplace Learning, 11, 73-77.

Parker, O. \&Wright, L. (2001). Pay and employee commitment: the missing link. In Ivey Business Journal. 65 (3): 70-79.

Ryan, R. M. \& Deci, E. L. (2000). Self Determination Theory and the Facilitation of Intrinsic self- motivation, Social Development and Well being. American Psychologist, 55:6878.

Rynes, S.L. \& Cable, D.M. (2003). Recruitment Research in twenty- first century. Handbook of Psychology: Industrial and Organizational Psychology. Hoboken, NJ: John Wiley \& Son.

Saks, A.M., Wisner, W.H., \& Summers, R.J. (1996). Effects of job previews and compensation policy on applicant attraction and job choice. Journal of Vocational Behavior, 49: 68- 85.

Schuler, S.R. \&Jackson, S.C. (2006). Managing Human Resources. Cengage Learning. Sociology, 66(1): 32-40.
Smith, M. K. (2001) .Young people, informal education and association. The informal education homepage. Retrieved from http://www.infed.org/youthwork/ypandassoc.htm.on May 24, 2015.

Sons, J. W. (2015). The WorldatWork Handbook of Compensation, Benefits, and Total Rewards: A Comprehensive Guide for HR Professionals. WorldatWork.

Tan, S. (2009). The Relationship Between Compensation System (Financial and NonFinancial) and Employees' Motivation. 1-50.

Van Knippenberg, D. (2000). Work motivation and performance: A social identity perspective. Applied Psychology: An International Review, 49(3), 357-371.

Williams, M.L. \& Dreher, G.F. (1992). Compensation system attributes and applicants pool characteristics: Academy of Management Journal, 35, 571- 595.

Willis, C. (2000). Go for your goals. Working woman, 6-7.
Yousaf,S.; Latif,M,;Aslam, S.\& Saddiqui,A.(2014). Impact of Financial and Non-Financial Rewards on Employee Motivation. Middle-East Journal of Scientific Research, 21(10):1776-1786.

Zineldin, M. (2000). TRM Total Relationship Management .Student litterateur. Lund.

## Appendix

## Research Questionnaire

## PART A: Biographical Information

This section includes 5 questions. Please tick the correct answer.

## 1. Gender

a) Male
b) Female

2. Marital status:
a) Single
b) Married $\square$ Others
3. Age range (years)
a) $25-30$
b) $31-40$ $\square$ c) $41-50 \square$
d) 51 and above


## 6. Qualification

a) Advanced Diploma $\square$ b) Bachelor $\square$ c) Masters

d) PhD

5. How long have you worked for your organization?
a) Between 3-5 years $\square$ b) Between 5-10 years $\square$ c) 10 years and above


## PART B: Perception of Respondents on Compensation System

Scale: 1-Strongly Disagree (SD), 2- Disagree, 3- Agree (A), 4-Strongly Agree (SA)

| No | Assertions on compensation systems | SD | D | A | SA |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Financial compensation |  |  | 1 | 2 | 3 | 4 |
| 1 | My salary satisfies my basic needs. | 1 | 2 | 3 | 4 |  |
| 2 | I am satisfied with the flexible benefits provided by my organization. | 1 | 2 | 3 | 4 |  |
| 3 | My salary is fair compared to my counterparts in similar jobs in other <br> organizations. | 1 | 1 | 2 | 3 | 4 |
| 4 | My salary is fair compared to my peers' within my organization. | 1 | 2 | 3 | 4 |  |
| 5 | I will change my job in favor of a higher pay. | 1 | 2 | 3 | 4 |  |
| 6 | I prefer fixed payment over variable pay. | Non-financial compensation | 1 | 2 | 3 | 4 |
| \begin{tabular}{l\|l|l|l|l|}
\hline
\end{tabular} |  |  | I am interested in the job because of there are strong promotion <br> opportunities. | 1 | 2 | 3 |
| 8 | I am satisfied with the working conditions at my work place. | 1 | 4 |  |  |  |
| 9 | I am provided with career development opportunities. | 1 | 2 | 3 | 4 |  |
| 10 | There job security in my organization. | 1 | 2 | 3 | 4 |  |
| 11 | I am recognized for the work I do for the organization. | 1 | 2 | 3 | 4 |  |
| 12 | My organization provides me with non-financial rewards. | 1 | 4 |  |  |  |

## PART C: Perception of Respondents on Employee Attraction

Scale: 1-Strongly Disagree (SD), 2- Disagree, 3- Agree (A), 4-Strongly Agree (SA)

| No | Assertions | SD | D | A | SA |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 13 | I was attracted to the job because of the higher pay offered. | 1 | 2 | 3 | 4 |
| 14 | I was attracted to the job because of its flexible benefits. | 1 | 2 | 3 | 4 |
| 15 | I was attracted to the job because of its individual pay rather than team <br> based pay. | 1 | 2 | 3 | 4 |
| 16 | I was attracted to the job because of its conducive work life. | 1 | 2 | 3 | 4 |
| 17 | I was attracted to the job because of the organization's reputation. | 1 | 2 | 3 | 4 |
| 18 | I was attracted to the job because of its strong and fair opportunities for <br> growth and career development. | 1 | 2 | 3 | 4 |
| 19 | I was attracted to the job because of its quality of work climate. | 1 | 2 | 3 | 4 |

## Perception of Respondents on Employee Retention

| No | Assertions | SD | D | A | SA |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 20 | Is your retention in the organization influenced by the higher pay <br> offered? | 1 | 2 | 3 | 4 |
| 21 | Is your retention in the organization motivated by the flexible benefits? | 1 | 2 | 3 | 4 |
| 22 | Is your retention in the organization due to the large amount of non-cash <br> benefits given to compensate the low salary? | 1 | 2 | 3 | 4 |
| 23 | Has the work life contributed to your retention in the organization? | 1 | 2 | 3 | 4 |
| 24 | Does the organizational reputation motivate you to continue working for <br> it? | 1 | 2 | 3 | 4 |
| 25 | Do strong and fair opportunities for career growth and development <br> influence your decision to continue working for the organization? | 1 | 2 | 3 | 4 |

