

# Chapter 9

## Impact of Compensation and Benefits on Employees Retention

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### ABSTRACT

*In our current global economy, people are actively looking for greater job possibilities, progress and more businesses are expanding globally. As a human resource management strategy, compensation and benefits are a powerful instrument for employee retention and incentive. The aim of the study is to explore the best employees' compensation and benefits to boost employees' retention. This study also examines the factors to be considered when developing a benefits and workers' compensation structure by the organizations. Both primary and secondary data were used in the study. The primary data were gathered through the questionnaire. The study found that proper hygiene facility, health insurance, career advancement was amongst the top priorities of employees. It was also found that, morale improvement, experienced employees, increased productivity were amongst the benefits to organization from employees' retention. Market standards, industry wage rate and competitors' salary structure were amongst the factors which need to be considered before planning*

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*the remuneration structure.*

## **1. INTRODUCTION**

For any organisation be it One Person Company or a multinational firm, employee plays the most crucial role in the organisation (Sorn et al., 2023). Employees who are also called as Human Resource are the workforce of the organisation and is considered as the most important asset of a company (Nebeker et al., 2001). In the growing world, it is important to follow teamwork and consistency in any field and in this competitive environment, the concept of Employee Retention has become very important for the organisations to fulfil their long-term goals and objectives, though this concept of Employee retention has been popular from long ago since the 1980s (Deutsch, 1982). It has been observed that the organisations practising the Human resource policies to retain their employees have sought to receive higher productivity in terms of using the potential of their employees which benefits the organisation in maximising their productivity and tend to spend less on employees at per capita. In aggregate, all these factor helps a company in its wealth maximisation which benefits the stakeholders of the organisation (Sorn et al., 2023). An organisation which high retention of employees tend to spend less on the training and skill development of the employees and the it is also difficult for the new employees in adapting in environment of the organisation and by this any organisation that does not retain their employees tend to face financial loss due to increase in cost on HR and time to train the employees in their organisation (Phillips & Connell, 2011). Employee retention is also very beneficial for employee as well as they make the best use of their calibre and skills to do their job, showcasing their talent and achieving their potential which helps the organisation not only financially, but also boosting their reputation in the market through increase in confidence of the stakeholders (Shetty, 2016).

Retention of employees depends on various HR practices, among which the most important role is played by the compensation provided to the employees by the organisation (Azeez, 2017). There are also many psychological factors that determines the employee retentions such as working environment, relation with other employees, culture, and other, whereas the Compensation refers to the monetary and non-monetary benefits received by the employee for the work done and it also includes other facilities such as allowances for education, transportation, living accommodation or rent facilities and other benefits like health insurance, incentives, gratuity, and other perks (Nagaprakash et al., 2023) (Sawanah & Kamara, 2019). The compensation provided is the biggest factor for the employee to work in any organisation because it motivates the employee to work and a good pay scale along

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