

The Impact of Compensation on Employee Retention With Special Reference To Strokx Technologies, Kochi

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Abstract- This study explores how compensation impacts employee retention at Strokx Technologies, a tech firm in Kochi. With high demand for skilled professionals, the research focuses on key compensation elements like salary, incentives, benefits, and non-monetary rewards. Data from all 61 employees was analyzed using percentage analysis, chi-square, correlation, and ANOVA. Findings show that base salary, job security, and career growth significantly influence retention. The study highlights a strong link between work-life balance and career satisfaction, and confirms that different pay structures affect retention levels. It concludes that fair compensation, regular reviews, and growth opportunities are vital to boosting employee satisfaction and reducing turnover.

Keywords- Compensation, Employee Retention, Salary Satisfaction, Incentives, Job Security, Career Growth, Work-Life Balance.

I. INTRODUCTION

In today's dynamic business environment, especially within the technology sector, organizations are increasingly challenged to retain talented employees amid rising competition and evolving career expectations. As professionals often seek better opportunities, compensation has become a crucial factor influencing their decisions. It not only includes base salary but also performance-based incentives, benefits, and non-monetary rewards such as career growth and work-life balance. This study focuses on Strokx Technologies, a Kochi-based IT firm, to explore how various components of compensation impact employee retention. By analyzing employee perceptions of fairness, satisfaction, and motivation related to compensation, the research aims to provide valuable insights that can help the organization design effective strategies to enhance loyalty, reduce turnover, and ensure long-term workforce stability.

II. REVIEW OF LITERATURE

1. Verma and Verma (2023)

Verma and Verma (2023) conducted a study to investigate the relationship between compensation and employee retention in the Indian service sector. The study used a survey research method to collect data from 150 employees of five service companies in India. The findings of the study revealed that compensation is a significant predictor of employee retention.

2. Singh et al. (2022)

Singh et al. (2022) conducted a study to examine the impact of compensation on employee retention in the Indian manufacturing industry. The study used a quantitative research approach to collect data from 250 employees of five manufacturing companies in India. The findings of the study revealed a positive relationship between compensation and employee retention.

3. Sharma and Sharma (2021)

Sharma and Sharma (2021) conducted a study to investigate the role of compensation and benefits in retaining employees in the Indian IT industry. The study used a descriptive research design to collect data from 100 employees of various IT companies in India. The findings of the study highlighted the importance of compensation and benefits in retaining employees.

4. Rahman et al. (2021)

Rahman et al. (2021) conducted a study to examine the impact of compensation on employee retention in Bangladeshi organizations. The study used a quantitative research approach to collect data from 200 employees of five organizations in Bangladesh. The findings of the study revealed that compensation is a significant factor in retaining employees.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To analyze the impact of compensation on employee retention.

SECONDARY OBJECTIVES

- To evaluate employee perceptions of compensation fairness.
- To examine the relationship between performance-based pay and employee retention.
- To suggest improvements in compensation strategies for better employee retention.

III. RESEARCH METHODOLOGY

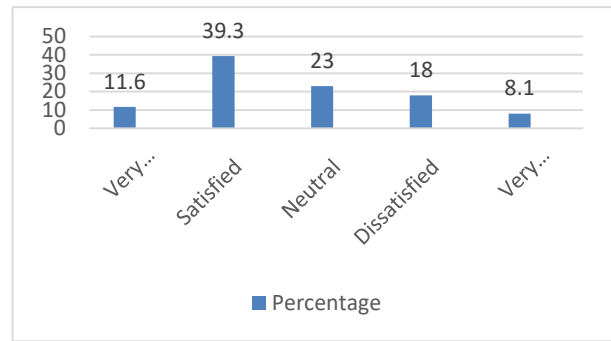
This study follows a descriptive research design, which aims to systematically describe how compensation affects employee retention at Stroxx Technologies. It focuses on identifying patterns, trends, and perceptions related to compensation and its influence on employees' decisions to stay with or leave the organization. The study involves questionnaire method.

For this study, a census approach was chosen since the total population consists of only 61 individuals. Conducting a census ensures complete accuracy by eliminating sampling errors and providing a comprehensive understanding of the entire population.

IV. DATA ANALYSIS

SATISFACTION WITH THE CURRENT SALARY

Particulars	Percentage	No. of Response
Very satisfied	11.6	7
Satisfied	39.3	24
Neutral	23	14
Dissatisfied	18	11
Very dissatisfied	8.1	5
Total	100	61



INTERPRETATION

The data shows that 11.6% of employees are very satisfied with their salary, while 39.3% are satisfied, indicating that a majority (50.9%) have a positive perception.

However, 23% remain neutral, suggesting uncertainty. Meanwhile, 18% are dissatisfied, and 8.1% are very dissatisfied, totalling 26.1% with negative sentiment. This highlights a need for potential salary reviews to improve overall satisfaction.

WEIGHTED AVERAGE

Importance compensation factors based on their importance in influencing job satisfaction and commitment to an organization

Particulars	Weighted score	Weighted average	Rank
Base salary	257	4.21	1
Performance-based incentives	222	3.63	2
Bonuses and rewards	185	3.03	3
Employee stock options	115	1.88	5
Benefits (health insurance, retirement plans)	136	2.22	4

INTERPRETATION

Employees prioritize base salary (4.21) the most, followed by performance-based incentives (3.63) and bonuses

(3.03). Benefits (2.22) and stock options (1.88) rank lower. Focus on salary and incentives can improve satisfaction and retention.

CHI-SQUARE

COMPENSATION PREFERENCES BY JOB LEVEL HYPOTHESIS

- Null Hypothesis (H₀): There is no significant association between compensation preferences and job level.
- Alternative Hypothesis (H₁): There is a significant association between compensation preferences and job level.

Test Statistic	Value
Chi-Square (χ^2)	9.01
Degrees of Freedom	16
p-value	0.119

STEP 1-OBSERVED FREQUENCY

Job Level → / Compensation Factor ↓	Base Salary	Performance-based Incentives	Job Security & Benefits	Work-life Balance Perks	Regular Salary Increments & Promotions	Total Responses
Entry-level	5	5	6	0	5	21
Junior-level	4	4	4	0	4	16
Mid-level	3	3	3	0	2	11
Senior-level	2	2	3	1	1	9
Executive	0	1	1	0	2	4
Total	14	15	17	1	14	61

STEP 2 – EXPECTED FREQUENCY

Job Level → / Compensation Factor ↓	Base Salary	Performance-based Incentives	Job Security & Benefits	Work-life Balance Perks	Regular Salary Increments & Promotions	Total Responses
Entry-level	4.82	5.16	5.85	0.34	4.82	21
Junior-level	3.67	3.93	4.46	0.26	3.67	16
Mid-level	2.52	2.70	3.06	0.18	2.52	11
Senior-level	2.07	2.21	2.51	0.15	2.07	9
Executive	0.92	0.98	1.11	0.07	0.92	4
Total	14	15	17	1	14	61

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

INTERPRETATION

The p-value is greater than 0.05, We fail to reject null hypothesis. This indicates that there is no statistically significant relationship between job level and compensation preferences.

CORRELATION

SATISFACTION WITH THE WORK-LIFE BALANCE PROVIDED BY THE COMPANY

HYPOTHESIS

- Null Hypothesis (H₀): Satisfaction with work-life balance is not significantly correlated with satisfaction regarding promotion and career advancement opportunities.
- Alternative Hypothesis (H₁): There is a significant correlation between satisfaction with work-life balance and satisfaction with promotion and career advancement opportunities.

X _i	Y _i	(X _i - X̄)	(Y _i - Ȳ)	(X _i - X̄) (Y _i - Ȳ)	(X _i - X̄) ²	(Y _i - Ȳ) ²
10	9	6.262	5.295	33.157	39.209	28.037
33	30	29.26	26.295	769.51	856.28	691.44
16	1	12.26	14.295	175.26	150.33	204.35

	8	2		0	9	3
2	4	-1.738	0.295	-0.513	3.021	0.087
0	0	-3.738	-3.705	13.844	13.973	13.727
Total	Total	42.31	42.475	991.26	1062.8	937.64
				2	2	5

r = 0.993
 Significance level = 0.05
 Degree of freedom = 3
 P- value = 0.001

INTERPRETATION

The correlation coefficient (r = 0.993) shows a very strong positive relationship between satisfaction with work-life balance and satisfaction with career growth opportunities. The p-value (0.001) is less than 0.05, the null hypothesis (H₀) is rejected. This confirms a significant and strong positive association between the two variables.

ANOVA

To test whether there is a significant difference in employee retention perception across different compensation structures provided by the company.

HYPOTHESIS

- **Null Hypothesis (H₀):** There is no significant difference in employee retention perception across different compensation structures.
- **Alternative Hypothesis (H₁):** There is a significant difference in employee retention perception across different compensation structures.

Compensation Structure	No. of Response	Average Retention Score	Variance
Fixed salary	22	4.2	0.30
Fixed + incentive	12	3.8	0.40
Mixed compensation	15	4.1	0.25
Performance-based pay	12	3.7	0.35
Total	61		

ANOVA TABLE RESULTS

Source of variation	SS	DF	MS	F	P-value	F-critical
Between groups	1.49	3	0.497	2.86	0.046	2.76
Within groups	9.65	57	0.169			
Total	11.14	60				

INTERPRETATION

The F value (2.86) is greater than the F-critical value (2.76), and the P-value (0.046) is less than 0.05, we reject the null hypothesis. There is a significant difference in employee retention perception across different compensation structures.

V. SUGGESTIONS

- Ensure fair compensation to boost employee engagement and workplace motivation.
- Enhance career growth opportunities and clarify promotion paths to reduce uncertainty.
- Ensure competitive base salaries to support job satisfaction and employee commitment.
- As work-life balance improves career growth satisfaction also increases so the organization should provide flexible work options to enhance both and boost employee retention.
- Enhance compensation strategies to reduce uncertainty and dissatisfaction, improving employee retention.
- Prioritize job security, benefits, and performance-based incentives to enhance long-term retention.
- Enhance transparency in salary increase processes to address concerns and improve trust.
- Ensure consistent and timely salary reviews to enhance fairness and employee satisfaction.

VI. CONCLUSION

The study on compensation and employee retention at Strox Technologies highlights that while employees are generally satisfied with salary transparency and work-life balance, significant concerns remain regarding salary satisfaction, career growth, and incentives. These issues contribute to many employees considering leaving the organization, making compensation a key factor in retention. Job security and employee benefits emerged as important

elements influencing employee decisions to stay. A strong correlation between work-life balance and career growth satisfaction suggests that both areas are closely linked in shaping employee perceptions.

To enhance retention, the company should strengthen performance-based pay, conduct regular salary reviews, improve transparency, offer attractive incentives, and provide clear career advancement opportunities. Focusing on these areas will lead to greater employee satisfaction, increased motivation, and stronger long-term commitment to the organization.

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