COMPENSATION STRATEGIES AND EMPLOYEE RETENTION: ANY CORRELATION?

***AMOO, A.A (MRS); SAKA T.A; **DANGANA, K.A**
**Department of Business Administration Institute of Finance and Management Studies, Kwara State Polytechinc, Ilorin*
***Department of Purchasing and Supply Institute Of Finance and Management Studies, Kwara State Polytechinc, Ilorin*

ABSTRACT

Due to competitions for scarce skills, the attraction and retention of quality employees has emerged as the biggest challenge in human resource management. This has resulted in a high turnover rate in most firms especially in Nigerian banking system where employees continuously move from one bank to another within short periods of time. This study was designed to examine the relationship between compensation strategy and employee retention. The study utilized a quantitative research design and 126 employees of selected Deposit Money banks in Ilorin Metropolis were randomly selected as research participants. A well-structured questionnaire were administered to participants. The findings revealed that profit Sharing was found to be a significant predictor of Extra-working times (EWT=0.919), Job Loyalty (JBL=0.88), and Flexible Working Hour (FWH=0.829) which contribute to employee retention in the sampled banks at 5% level. Further were the findings that financial and non-financial compensation strategies are good predictors of favorable working conditions that contribute to the employee retention in the banks (F=216.977 and P < 0.05). Other findings revealed in the Generalized Linear Model (GLM) was the true indication that organizational culture and healthcare were insignificant at 5% level. The study concluded that the most attractive banks to work for were those that allow their employees autonomy to be creative, providing flexible working conditions and environment, and other related compensation strategies. Therefore, the study recommends that management of the banks should maintain a desired level of benefits, attractive salary packages, training opportunities and restructure the culture of the banking firms by implementing appropriate healthcare policies that will be beneficial to employees in the sector so as to increase loyalty and higher retention rate in the banking industry.

Keywords: *Scares Skills, Employee Retention, Competition Strategies, Working Condition, Financial and Non-financial Strategies*

INTRODUCTION

The demand for best employees is increasing day by day with increasing competition. As such, it has essential for organization to ensure that their employees keep on working with them and maintain a completive edge. However, a large number of employees nowadays do not want a traditional career within one organization Nowadays, most of the employees are less and loyal and more opportunities than that of the past (Harman, 2005).

Employees are the organization's key resources and the success or failure of organization center on the ability of the employers to attract, retain and reward appropriately, competent and talented employees' willingness to stay on the job largely depends on the compensation system of the organization (Armstrong, 2003). In an attempt to ensure that talented employees are retained, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola, 2014). It has been argued that degree to which employees are satisfied with their job and their readiness to remain in organization is a function of compensation and reward system of the organization (Osibajo, 2012). Employee retention is not only beneficial for the employer but also for employee. Today, with the fast changing economic environment, the need and demands of the employees are also changing very rapidly. Effective employee retention is systematic effort by the employers to create and foster an environment that encourages current employees to remain employed, by having policies and practices that address their diverse needs (Herman, 2005).

Sandhya and Kumar (2011) opined that retention of employees is not only important because of the costs incurred to recruit and train or just turnover. It is important because it helps organizations to retain their most talented employees from being poached. When an employee leaves an organization, they take with them information that is very valuable about the organization, the current customers as well as past history about the competitors to their new organization. Therefore, a good employer should be able to know how to attract and retain his employees. In order to accomplish an organization's goals and objectives, the retention of employees has proven to be a very significant factor. For organizations to be able to gain the desired completive advantage, they need to be able to retain their employees first. With the many changes in global economics today, trade agreement as well as technology, employers need to be very careful because it is such issues that affect the employer/employee relationship (Nyamekye, 2012). Similarly. Sinha and Sinha

(2012) identified employees' retention as one of the most critical challenges of immediate future. There is growing realization amongst organizations, that hiring and retaining the quality employees, especially the Senior Management, will surly shape business in future. This nature of competition is likely to be fiercer while looking for Chief Executive Officers (Conner, 2000).

One key decision that the executives or the administrator need to make in any organization is the development of a compensation strategy. Development of a good compensation strategy is highly critical, as it could potentially impact employee recruitment, retention, motivation and performances (Williams & Sunderland, 1999). Willis (2000) was of the view that compensation is considered as the most vital factor for attracting and retaining the talents. Compensation strategy entails some basic features that tend to make employees satisfied and remain on their job amongst which include salaries, bonuses/profit sharing, incentives, allowances, promotion and recognition (Werner, 2001). However, to avoid wrong perception and controversy by the employees, compensation system must be clearly communicated to employees with job measurement which will drive the much needed in the employee (Hartman, 2014).

Allen, Shore and Griffeth (2003) opined that employer have to differentiate themselves from others through their compensation strategies in order to attract and retain quality employees. Therefore, an organization's compensation strategies should be able to attract the right quality of employees, retains suitable employees and also maintain equity amongst the employees. One way through which employers can retain the workforces is through offering a good compensation and reward system. An organization can only be successful in its retention strategy if it offers competitive, market – related pay and benefit because these motive employees to become committed to the organization (Lockdown & Walton, 2008). Employees are likely to stay in organization where they believe that their capabilities, contributions and effort are appreciated (Davies, 2001). The retention of highly skilled employees is now the major concern of many Deposit Money Banks in Nigeria. To attract, retain employees and organizations to be profitable they must provide a good compensation and novel reward systems that satisfy employees. Employees' retention has always been one of the major challenges being faced by almost every organization across the globe (Sinha & Sinha, 2012). The competition for scarce skills, attraction and retention of quality turnover rate in most originations especially in the Nigeria Banking system where employees continuously move from one bank to another in a short period of time (Terera & Ngirande, 2014). Frost (2001) asserts that many organizations are in dilemma as a result of the competition that is present in attracting and retaining highly talented skilled employees because they fail to

match the salaries being offered by their competitors or to offer more than their competitors. The challenge for many organizations today is therefore to come up with an efficient compensation system for retaining these core employees for the success of the organization. The challenge of retaining employees for longer period of time requires organizations to create an environment, where employees are not only engaged but have the sense of job and career security (Chaminde, 2007). Similarly, Previous, as well as contemporary researchers have identified several factors that influence employees' retention. Dries and Pepermans (2007) posited that the retention in terms of individual's performance and commitment whereas Michael (2008) identified employees' motivation as one of the hallmarks in this context. Sinha and Sinha (2012) asserted that employees' competencies and self-learning along with employers' support result in better retention level of employees.
The rate at which employee turnover is increasing in Deposit Money Banks in Nigeria has become a thing of concern and it is obvious that the step taken by the managements and stakeholders have not solved this problem. The evolving target in Deposit Money Banks in Nigeria, evident from merger and acquisition, has called for good formulation, administration and implementation of good compensation policies that would allow these banks to retain their best hands. There had been constant mobility of these highly skilled employees from one bank to another and they hardly stay for long in one bank before moving to another bank (Obianuju, Gerald & Aniekwe, 2014). In view of the above, one of the reasons that informed this study was to examine the relationship between compensation, strategies employee retention among Deposit Money Banks in Ilorin metropolis.

Research Questions

(i) How significantly is the relationship between profit showing and flexible between profit showing flexible working environment?
(ii) How significantly is the relationship between compensation strategies and favorable working condition?

Research Objectives

The general objective of this stud' is to examine the relationship between compensation strategy and employees' retention in Deposit Money Banks in Ilorin metropolis. Specific objectives are to:
(i) determine the relationship between profit sharing and flexible working environment;
(ii) Investigate the relationship between compensation strategies and favorable working condition;

Research Hypotheses

H_{01}: Profit sharing has no significant relationship with flexible working environment.

H_{02}: Compensation strategies do not have significant relationship with favorable working condition.

LITERATURE REVIEW

Conceptual Framework

Compensation is an important feature of Human Resource Management. The compensation system that an organization offers to its employees plays an important role in determining the commitment levels of employees and their retention (Terera & Ngirande, 2014).

Compensation also plays a number of key roles in organizations including signaling employee worth, attracting potential job incumbents, and retaining existing employees, (Gerhart and Rynes, 1997). Compensation tools must be attractive enough to prevent employees from becoming dissatisfied and looking elsewhere for better salary, career development opportunities, fringe benefits, bonuses and incentives (Osibajo, Adeniji, Falola & Heirsmac, 2014). Willis (2001) posited that compensation is one of the crucial issues as far as attracting and keeping talent, in organizations is concerned.

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for organization tasks.

Factors that account for compensation strategy

Financial Factors	**Non-Financial Factors**
Direct Payment (Salaries)	Employee Involvement in decision-making
Indirect Payments (Benefits)	Recognition
(Bonuses)	Training Opportunities
(Incentives)	Health Care
(Allowances)	Holidays

Supportive Organizational Culture

Adapted from Osibanjo, Adeniji, Falola & Heirsniac (2014).

EMPLOYEE RETENTION

Das and Barua (2013) assert that, to avoid the business instability, it is always a challenge for organizations to keep their talented employees. Acton and Golden (2003) posited that retention of employees is not only important but retention of valued skills is more important. Okpara (2004) mentions that paying both sexes comparable salaries for comparable work responsibilities would increase satisfaction and performance and also help to retain the best qualified employees.

Ghazanfar, Muhammad and Mohsin (2011) mention that satisfaction with compensation can be factors of work motivation and this encourages employee to stay with their organization. Employee retention is also defined as a process in which there is total encouragement to the employees to remain with the organization for a long period of time (Sandhya and Kumar, 2011). Sapovadia (2013) defined employee retention as the policies and practices organizations use to avoid previous employees from quitting their jobs.

Cutler (2001) is of the view that one of the most important demands on management today in any organization is keeping the most vital and dynamic human resources motivated and dedicated. It is not important to see who the organization hires but what counts is that who are kept in the firm. Steel, Griffeth, and Horn (2002) added to this view that "the fact is often overlooked but the reasons people stay are not always the same as the reasons people leave"

FACTORS AFFECTING EMPLOYEE RETENTION

Fitz-enz (1990) recognized that employee retention is not influenced by a single factor, but there are hosts of factors which are responsible for retaining employees in an organization. Management need to pay attention to factors such as compensation and rewards, job security, training and development, supervisor support culture, work environment and organization justice etc. Osteraker (1999) opined that employee is the key factors for the success of an organization. The retention factor can be divided into three broad dimensions, i.e. social, mental and physical. The mental dimension of retention consists of work characteristics, employees always prefer flexible work tasks where they can use their knowledge and see the results of their efforts which, in turn, help in retaining the valuable resources. The social dimension consists of the contacts that the employees have with other people, both internal and external. The physical dimension consists of flexible working condition and pay. Walker (2001) identified seven factors that can enhance employee retention: compensation and appreciation of the performed work, provision of challenging work, chances to be promoted and to learn, invitational atmosphere within the organization, positive relations with colleagues, a healthy balance between the professional and personal life, and good communications.

Compensation and Employee Retention

Davies, Taylor, and Savery (2001) forwarded the view that compensation to top workers is given by every organization but very few organizations uses it strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment. Gardner et al (2004) were of the view that pay is considered a motivator as well as employee retention technique. Milkovich and Newman (2004) have clearly stated that among all types of reward, monetary pay is considered one of the most important and significant factors in retention. In a study by Moncraz, Zhao and Kay (2009) it was concluded that although compensation was not one of the top factors influencing non-management turnover but compensation can act as a critical factor in reducing managerial turnover and increasing belongingness and retention.

The pay refers to an agreed-upon and regular compensation for employment that may be paid in any mode, but, in common practice, is paid on monthly basis, whereas from organizational perspective, it can be stated as salary, allowances, bonus or profit sharing and commission etc.

The organizations can seemingly foster the retention of high quality employees by valuing their knowledge and skills; therefore, Milanowski (2002) has stressed upon the

compensation linked with knowledge and skill based system. Objectively analyzed, the good pay is a monetary reward that an employee would look forward to, and, Lawler (1998) thus, claims that employee retention is influenced by the type and level of such a reward. From employer's perspective, the employee retention is viewed as the length of his/her stay in the organization, that may indirectly be termed as employee attitude towards the organization, and Gerhart, Minkoff, and Olsen (1995) determine that through compensation an employer can influence the attitude of employee with reference to attraction and retention.

As regard the prospects of retention, some researchers are of the opinion that high pay has an attraction for incumbents for any job (Nelson & Folber, 2006); resultantly, such an attraction is likely to enhance retention. Needless to argue that nowadays, the evolving human needs are directly related to money; the organizations must therefore offer compensation plans that are flexible enough to allow adjustments according to human needs (Franklin & Howard, l997)v1se human needs must be kept in mind while the organizations wish to retain their employee;

Theoretical Framework

Equity Theory

Equity theory recognizes that individuals are concerned, not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive. Based on one's inputs, such as effort, experience, education, and competence, one can compare outcomes such as salary levels, increases, recognition and other factors. When people perceive an imbalance in their outcome-input ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness (Robbins, 1993). Equity theory rests upon three main assumptions (Carrell, 1989). First, the theory holds that people develop beliefs about what constitutes a fair and equitable return for their contributions to their jobs. Second, the theory assumes that people tend to compare what they perceive to be the exchange they have with their employers. The other assumption is that when people believe that their own treatment is not equitable, relative to the exchange they perceive others to be making, they will be motivated to take actions they deem appropriate. This concept of equity is most often interpreted in work organizations as a positive association between an employee's effort or performance on the job and the pay she or he receives. Adams (1995) suggested that individuals' expectations about equity or "fair" correlation between inputs and outputs are learned during the process of socialization and through the comparison with inputs and outcomes of others. To further establish the causes of perceived and actual inequity in organizations, Pinder (1984) stated that feelings of inequitable treatment tend to occur when "people believe they are not receiving fair returns for their efforts and other contributions).

Two Factor Theory

Herzberg believes that every worker has two sets of needs (motivational and hygiene needs). He contends that employees in this respect will stay in their work place so long as their needs are satisfied and they are motivated. Failure to meet their needs would automatically call for departure, hence employee turnover. People are satisfied at their work by factors related to the content of that work. Those factors are called intrinsic motivators and contain achievement, recognition, interesting work, responsibility, advancement and growth. Factors that make people unhappy with their work are called dissatisfies or hygiene factors. Herzberg found that the following dissatisfy company policy, supervision, working conditions, interpersonal relationships, salary, status, security. What makes them different from motivators is the fact that they are not related to the content of the work but to the context of the job (Armstrong, 2007). The presence of hygiene factors (unfair company policies and poor supervision) and the absence of motivators (sense of achievement and recognition of achievement) cause employees to quit. Therefore, it is imperative that in order to retain employees, organizations find ways of motivating employees to remain with the organization (Flegley, 2006). Organisation's attractiveness lies in its potential to provide high benefits for employee who in turn facilitate higher c productivity to achieve higher flexibility and competitive advantage while remaining cost efficient and competitive (Bauer, 2004). Guest, (2006) is of the view that organizations would do better to increase their focus on intrinsic satisfaction rather than extrinsic rewards if they are to improve commitment and motivation as key ingredients for high performance. This means redesigning jobs to provide workers with the challenge and opportunity for learning and a sense of fulfillment. He also notes that if workers are motivated by rewards, these needs to be valued regards which the workers accept as being awarded for his effort or performances. Retention means the long-term relationship between employees and the organizations. The study adopted equity and two-factor theories because the challenges for the organizations is to develop compensation systems that are perceived to be fair and equitable and distributing the reward in accordance with employees beliefs about their own value to the organization and effective implementation of employee retention strategies that increase employee loyalty and minimize employee turnover cost.

Empirical Review

Okpara (2004) carried out a study on the impact of salary differential on managerial job satisfaction. The study was on gender gap and its implication for management education and practice in The Nigeria banking sector. A number of 340 bank managers who were members of Chartered Institute of Bankers of Nigeria (CTBN) were chosen for the investigation. The result shows that there was a significant gap on salary between male and female bank managers that female bank managers were less satisfied with their salaries than their male counterparts. The study suggests that management break “the glass ceiling” by paying both sexes comparable salaries for comparable work responsibilities, this would increase satisfaction and performance and also help to retain the best qualified employee.

Ghazanfar, Muhammad and Mohsin (2011) conducted a study of relationship between satisfaction with compensation and work motivation. Their findings revealed that satisfaction with compensation strategies which include flexible pay incentives; overtime / bonuses and benefits have positive influence on workers motivation.

Aluko (2013) examines’the impact of culture on organizational performance and the findings of the study revealed that there is significant positive relationship between organizational culture and employee’s performance, and also found that an organization and its employees were not performing and working together very well because of weak culture. The organization’s weak culture may cause lack of involvement, consistency, adaptability and mission.

Ajede (2011) conducted a study on bank recapitalization and manpower planning and control athe findings revealed that in more developed countries, bank employees devote their most productive years to their employers and expect more than periodic pay.

METHODOLOGY

This study adopted descriptive survey design. The research design was used because the study involved the administration of questionnaires and interpretive philosophy to describing the characteristics of a particular individual.

The population consist of 188 employees (Permanent & Contract Staff) of four (4) selected Deposit Money Banks, namely Access bank plc, Sterling bank plc, First bank plc and Union bank plc, all in Ilorin, Kwara State. The rationale for selecting these banks was borne out of the fact that they are the major banks considered for using profit sharing as the main compensation strategies to retain talents in the organizations. The study also considers both permanent and contract staff on the ideas that they are the two compete workers in the bank that get involved through decision and special consideration by the management when it comes to projecting the significance relationship of compensation strategies is with employees retention in the industry.

Purposive sampling technique was used to select four (4) Deposit Money Banks to include two old generation and two new generation banks in Ilorin Metropolis. 126 employees were then drawn from a total population of 188 through Stratified Random Sampling (SRS) to ensure that the employees of the four selected banks were adequately represented in the sample. However, the computation for sample size determination by using Krejcie & Morgan (1970) formula is shown below:

(P = 50%, d = degree of accuracy expressed as a proportion, 0.5).

N = Population size = 188

x^2_t *= table value of chi-square at degree of freedom of 1 for 5% confidence level i.e. (0.05 = 3.84)*

e = margin error i.e. 5%

The Statistical formula is

$$n = \frac{x^2 NP(1-P)}{e^2(\mathrm{N}-1) + \mathrm{p}(1-\mathrm{p})x^2}$$

$$\frac{3.84\ x\ 188\ x\ 0.5(1-0.5)}{0.05\ x\ 0.05\ x\ 187 + 0.5\ x\ 0.5\ 3.84}$$

$$\frac{180.48}{0.4675 + 0.96}$$

$$\frac{180.48}{1.4275}$$

n = 126

Primary data will be employed in this study. The reason behind the use of primary data was simply because of the research philosophy which required inquiring into uncontrolled phenomenon about the opinion of staff on the significance role of compensation strategies in the sampled banks in Ilorin metropolis with respect to employee retention.The study used a well structured questionnaire as data collection procedures. Likert scale of five (5) points were used to enable the respondents give their opinions regarding Strongly Agree (SA) = 5, Agree (A) = 4, Undecided (UN) = 3, Disagree (D) =2, and Strongly Disagree (SD) = 1.

The study used Pearson moment correlation (PMC) and Univariate Generalized Linear Model (U.G.L.M). These Statistical tools were adopted because the objective is not only to look at the correlation alone but also the overall significance of the relationship between the explanatory and the response variables.

The model specification used to accomplish objective 1 is based on the description of the relationship between the dependent and independent as indicated below:

$$Y=f(x)\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(1)$$

Where Y = Dependent Variable represented “flexible working environment” which was measured by extra-working times, job loyalty/satisfaction and flexible working hours (these parameters were used because they are proxy representing mental dimensions of employee retention in this research work.
X=independent variable=Bonus (measure through “profit sharing”)
Thus, the relationship between Profit sharing and the three (3) mental dimension of employee retention is modeling in multivariate regressions but computed by using Pearson Moment Correlation to suit the objective:

$$\text{Profit sharing}=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon\ldots\ldots\ldots\ldots\ldots(1.1)$$

Where,
β_0 = *constant,*
β_1- β_3 = *slope of the estimated regression parameters, and*
Compensation strategy = “profit sharing”
X_1 = *“extra-working time=EWT”*
X_2 = *“job loyalty/satisfaction=JBL”*
X_3 = *“flexible working hours=FWH”*

Employee retention= f(Flexible working environment) …………………..…..…… (1.2)

Flexible working environment f(EWT, JBL, FWH)…………………………………(1.3)

ε_0 = stochastic term (which reveals the strength of $\beta_1 X_1 + \beta_2 X_{2+\dots} + \beta_n X_n + \varepsilon_0$; if ε_0 is low, this implies that the amount of unexplained factors is low, then the residual R and R^2 will be high and vice versa.

MODEL 2:

The model specification used to accomplish objective 1 is based on the description of the relationship between the dependent and independent as indicated below:

Y=f(x)……………………………………………………………………………(2.0)

Where Y = Dependent Variable represented "employee retention" which was measured by favorable working condition, (this parameter was used because it is the proxy representing physical dimensions of employee retention in this research work.
X=independent variable= Compensation strategies (measured through salary, incentives, employee participation, training opportunities, organizational culture, healthcare insurance and Holidays/leaves)
Thus, the relationship between the seven (7) proxies of compensation strategy and physical dimension of employee retention is modeling in multivariate regressions but computed by using Pearson Moment Correlation to suit the objective:

Employee retention$=\beta_0+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3 + \beta_4 X_4+\beta_5 X_5+\beta_6 X_6\ \beta_7 X_7+\varepsilon$……… *(2.1)*

Where,
Employee retention= f(Favorable working conditions) ……………………..…… (2.2)

β_0 = *constant,*
β_1- β_7 = *slope of the estimated regression parameters, and*
X_1 = *"Salary"*
X_2 = *"incentives"*
X_3 = *"employee participation"*
X_4 = *"training opportunities"*
X_5 = *"organizational culture"*
X_6 = *"healthcare insurance"*
X_7 = *"holidays/leaves"*

ε_0 = stochastic term (which reveals the strength of $\beta_1X_1+\beta_2X_{2+\dots}+\beta_nX_n+\varepsilon_0$; if ε_0 is low, this implies that the amount of unexplained factors is low, then the residual R and R^2 will be high and vice versa.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

This study examined the relationship between compensation strategies and employee retention in some selected Deposit Money Banks in Ilorin metropolis. In the first place, the study aimed at identifying the proxies of different forms bf compensation strategies which ‘‘include both financial and non-financial compensation system5and establish the nexus with mental and physical dimensions of employee retention in flexible working environment and good working conditions.

Hypotheses Testing and Interpretations

Hypothesis 1

H_{01}: Profit sharing has no significant relationship with flexible working environment

Table 1: Bivariate Correlations Matrix showing the relationship between proxies of Flexible Working Environment (FWE) and Profit Sharing of the banks

		Profit Sharing	EWT	JBL	FWH
Profit Sharing	Pearson Correlation	1	.919**	.880**	.829**
	Sig. (2-tailed)		.000	.000	.000
	N	126	126	126	126
EWT	Pearson Correlation	.919**	1	.933**	.863**
	Sig. (2-tailed)	.000		.000	.000
	N	126	126	126	126
JBL	Pearson Correlation	.880**	.933**	1	.863**
	Sig. (2-tailed)	.000	.000		.000
	N	126	126	126	126
FWT	Pearson Correlation	.829**	.863**	.863**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	126	126	126	126

**. Correlation is significant at the 0.05 level (2-tailed); (R^2=0.851, adjusted R^2=0.848)

. Correlation is significant at the 0.05 level (2-tailed); (R20.851, adjusted R20.848)

Table 1 indicates that the correlation coefficients of all proxies and dimensions of Flexible Working Environment (FWE) which include extra-working times

(EWT=O.919), Job Loyalty (JBL=O.88), and Flexible Working Hour (FWH=O.829) have jointly and individually related with Profit Sharing in the selected banks. All variables are treated symmetrically, i.e. there is no distinction between dependent and independent variables. This implies that the three variables are good predictors of profits sharing and that the increase in profit sharing by 85.1% will significantly increase each of these factors of flexible working environment while decrease in profit sharing will significantly decrease flexible working environment and each of its proxies of measurement at 5% level of significant. This result partly agreed with the previous work by Ghazanfar, Muhammad and Molisin (2011) that satisfaction with compensation strategies which include flexible pay incentives, overtime bonuses and benefits have positive influence on worker motivation. Thus, this study failed to draw inference on the findings because this finding proved support for the null hypothesis which is contrary to the result empirically found in this study that profit/bonus sharing were tested positively related to all factors of employee retention and significant at 5% level.

Hypothesis II

H_{02}: There is no significant relationship between compensation strategies favorable working conditions in the selected Deposit Money Banks

Table 2: Bivariate Correlations Matrix showing the relationship between compensation strategies and favorable working conditions (FWC) of the banks

		FWC	Salary	Incentive	Employee Part.	Training Opp.	Org. culture	Healthcare Insurance	Holidays and Leaves
FWC	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	126							
Salary	Pearson Correlation	.909**	1						
	Sig. (2-tailed)	.000							
	N	126	126						
Incentive	Pearson	.530*	.478**	1					

	Correlation	*							
	Sig. (2-tailed)	.000	.000						
	N	126	126	126					
Employee part.	Pearson Correlation	.766**	.814**	.249**	1				
	Sig. (2-tailed)	.000	.000	.005					
	N	126	126	126	126				
Training Opp.	Pearson Correlation	.897**	.850**	.628**	.596**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	126	126	126	126	126			
Org. Culture	Pearson Correlation	.216*	.194*	.021	-.009	.168	1		.
	Sig. (2-tailed)	.015	.030	.812	.924	.061			
	N	126	126	126	126	126	126		
Healthcare Insurance	Pearson Correlation	.157	.055	.097	-.039	.199*	-.185*	1	
	Sig. (2-tailed)	.080	.543	.279	.665	.026	.038		
	N	126	126	126	126	126	126	126	
Holidays and Leaves	Pearson Correlation	.306**	.298**	-.092	.467**	.187*	.028	-.129	1
	Sig. (2-tailed)	.000	.001	.308	.000	.036	.755	.150	
	N	126	126	126	126	126	126	126	126

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

***. Correlation is significant at the 0.05 level (2-tailed).**

Table 2 indicates that the correlation coefficients of all compensation strategies which include Salary (0.909), Incentives (0.530), Employee participation (0.7660), Training Opportunities (0.897), Organizational culture (0.216), Healthcare insurance (0.157) and Holidays and leaves (0.306) have jointly and individually related with favorable working conditions in the selected banks. This implies that the five variables are good predictors of favourable working conditions (i.e. physical dimension of employee retention) and that the increase in each of the compensation strategies will increase the working conditions and the decrease in the compensation strategies will decrease the working conditions and this will drastically decrease the employee retention at 5% level of significant. Thus, the finding reveals that Healthcare insurance (0.157) is positively related with favourable working conditions but insignificantly at 5% level. Therefore, Healthcare insurance cannot be used to draw inference in this study because the correlation coefficient (0.157) is weak and the report that the banking industry had not constantly paid attention to the healthcare facilities and insurance of their employees as revealed in the findings. On the same note, organizational culture is equally insignificant at 1% level because the correlation coefficient is weak but it is significant at 95% confidence level. Therefore, effort has to be made to improve organizational culture and healthcare insurance for good working conditions and employee retention in the sampled banks. Hence, it is obvious that the maximum correlation (r =909) is existed between Salary and FWC, followed by the relationship (r =.897) between training opportunities and FWC; employee participation and FWC (r= .766); and Incentives and FWC (r =.530). This is because they are all greater than halves and closer to 1. There is the need to give highest emphasis on Salary for superior working conditions. This implies direct payment, and compensation strategy is the most influential variable in the model at 5% level of significant. This is also crucial to wonderful perceived organizational performance followed by training opportunities as part of non-financial compensation system used by the HR-department of selected bank to improve employee retention. E ach compensation strategy is pair-wise positively with one another also statistically significant at P-value 0.000. Among the seven (7) compensation systems, the relationship (r=850) between training opportunities and salary is the highest, followed by the link (r=478) between incentives and salary.

Table 3 Overall Significance of the Relationship Tests Between-Subjects Effects using Univariate Generalized Linear Model

Dependent Variable: **Favorable Working Conditions**					
Source	Type II Sum of	df	Mean Square	F	Sig.

	Squares				
Corrected Model	176.605a	7	25.229	216.977	.000
Intercept	.896	1	.896	7.709	.006
Salary	6.398	1	6.398	55.027	.000
Incentives	1.889	1	1.889	16.242	.000
Emp. Participation	1.097	1	1.097	9.431	.003
Training Opp.	.642	1	.642	5.518	.020
Org. Culture	.099	1	.099	.852	.358
Healthcare insurance	.179	1	.179	1.540	.217
Holidays and Leaves	.448	1	.448	3.850	.050
Error	13.721	118	.116		
Total	881.000	126			
Corrected Total	190.325	125			
a. R Squared = .928 (Adjusted R Squared = .924)					

The adjusted $R^2 = 0.924$, also called the coefficient of multiple determinations, is the percent of the variance in the favorable working conditions explained uniquely or jointly by the compensation strategies adopted by the selected banks. It indicates that 92.4% of the changes on favorable working conditions which could be attributed to the combined effect of the compensation strategies and consequently alternate hypothesis 2 is supported. A further 7.6% in the working conditions is attributed to other factors not investigated in this study. Therefore, there is a dire need for further research that should be conducted to investigate the other factors (7.6percent) that contribute to the favorable working conditions in the selected banks. This variance is highly significant as indicated by the F value in the corrected model ($F=216.977$ and $P <0.05$). Thus, in the Univariate analysis, organizational culture and healthcare were insignificant at 5% level. This result were par with the finding in table 2 and therefore, implies that the two non-financial compensation systems have not been adequately paid attention to in the banking sector like all other compensation strategies in the selected banks. Healthcare insurance does not reflect in the organizational culture of the sampled banks and most importantly in virtually all Deposit money banks in Nigeria in terms of welfare arrangements and this has a serious implication for the retention in the sector. Thus, in more developed climes a bank employee devotes his most productive years to his employers and experts more than. Periodic pay. Hence, organizational culture and healthcare insurance will and cannot be dropped and cannot be dropped to draw inference on the favourable working conditions of Deposit money banks in the study area. This finding aligned with previous work by Ajede (2011) which sighted that the reason for banks in Nigeria recruiting and retaining healthier youths in the sector was simply to reduce healthcare costs and facilities with no intention of insuring the employees' health in the sector. The finding organization culture gives credence to the findings by Aluko (2013) who found that an organization and its employees were not performing and working together very well to achieve expected goal because of weak organizational culture which cause lack of employee involvement, consistency and adaptability in the banking sector.

Discussion of Findings

This finding gives credence to the previous work by Okpara (2004) that salary and pays in comparable work responsibilities between male and female increase satisfaction and performance and also help to retain the best qualified employees. This study conducted a test to establish the relationship between compensation strategies and flexible working environment in the banking industry. The finding from hypothesis 1 revealed that profit Sharing was found to be a significant predictor of Extra-working times (EWT=0.919), Job Loyalty (JBL0.88), and Flexible Working Hour (FWHO.829) which contribute to employee retention in the selected banks at 5% level. This implies that all the three variables that measure flexible working environment are Positively related with profits sharing and that the increase in profit sharing by 85.1% will significantly increase each of these factors of flexible working environment while decrease in profit sharing will significantly decrease flexible working environment and each of its proxies of measurement at 5% level of significant. This result partly agreed with the previous work by Ghazanfar, Muhammad and Mohsin (2011) that satisfaction with compensation strategies which include flexible pay incentives, overtime bonuses and benefits have positive influence on workers' motivation. Thus, their study failed to draw inference on the findings because the finding proved support for the null hypothesis which is contrary to the result empirically found in this study that profit/bonus sharing were tested to be positively related to all factors of employee retention and significant at 5% level. Therefore, the null hypothesis 1 is rejected and the alternate hypothesis is accepted by positing that profit sharing has significant relationship with flexible working environment at 5% level. On an equal note, finding in hypothesis 2 rejected the null hypothesis and accepted the alternate by positing that compensation strategies have significant relationship with favourable working conditions. This was revealed in Univariate Generalized Linear Model (G.L.M) that tested the overall significant relationship of each of the compensation strategies and physical dimension of employee retention in the selected banks. This means that compensation strategies are good predictors of favorable working conditions that contribute to the employee retention in the banks. This significance was indicated in the F value in he corrected model ($F=216.977$ and $P < 0.05$). Thus, the Univariate analysis further reveals that organizational culture and healthcare were insignificant at 5% level; these result were in par with the finding in table 2 on the weak correlation coefficient associated with the two variables and therefore implies that the two non-financial compensation systems have not been adequately paid attention to in the banking sector like all other compensation strategies in the selected banks. Healthcare insurance does not reflect in the organizational culture of the selected banks and most importantly in virtually all deposit money banks in Nigeria, in terms of welfare arrangements and this a serious implication for the retention in the sector. Thus, findings by Ajede (2011) revealed that in more developed countries, bank employees devotes his most productive years to his employers and expect more than periodic pay. Hence, organizational culture and healthcare issuance will be dropped and cannot be used to draw inference on the favorable working conditions of selected Deposit Money Banks in the study area. This finding aligned with a previous work by Ajede (2011) sighted reason for banks in Nigeria recruiting and retaining more healthier youths in the sector was simply to reduce healthcare costs and fac1ities with no intention of insuring the employees' health in the sector. The finding on organizational culture give credence to the findings by Aluko (2013) who found that an organization and its employees were not performing and working together very well to achieve expected goal because weak organizational culture which causes lack of employee involvement, consistency and adaptability in the banking sector.

CONCLUSION AND RECOMMENDATIONS

CONCLUSION -

Employers in the banking industry expect that compensation strategies contribute to the favourable working conditions of employees which further related with employee retention in the banking industry. Retaining skillful employee is of utmost importance for the banks and compensation strategies through direct payment of salary, indirect benefits like bonuses, incentives and allowances and other non-financial compensation system were equally significantly related with employee retention. Employee retention is one of the constructs that hold importance for bank managers and stakeholders in the financial industry because of the costs associated with it. These costs are not just financial and nonfinancial in terms of compensation system but also intangible in form as when employee of the bank leaves he/she takes with them experiences and knowledge that reside in them This knowledge and experience is the competitive advantage that the management of the banks hold and enable them retain the asset by influencing the employees through compensation strategy for the banks to meet their expected targets and goals. For a developing country especially Nigeria retaining employees by insuring the health of the bank employees has not been impressive in the sector and the organizational culture is equally poor for the employees to adapt with the working conditions and flexible working environment which has become an ever increasing challenge that needs to be addressed at priori. The results of the study do indicate a strong relationship between compensation strategies and employee retention. Thus, the study concluded that the most attractive banks to work for are those that allow the employees autonomy to be creative, provide flexible working conditions and environment, and other related strategies.

Recommendations

i Management should take full responsibility of strengthening the weak organizational culture which causes lack of employee involvement, consistency and adaptability in the banking sector. Therefore, they should create enabling environment for more training opportunities to improve the culture of the organization at all levels.

ii Management of the bank should ensure that compensation strategies are dynamic and constantly re-evaluated to ensure fairness to employees so as to make them loyal, contented and satisfied thereby reducing turnover and ensuring employee retention in the sector.

iii. Management should maintain a desired level of benefits, attractive salary packages and training opportunities so as to increase employee loyalty and higher retention rate in the banking industry.

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