



**UNIVERSITI TEKNOLOGI MARA  
KAMPUS BANDARAYA MELAKA**

**COMPENSATION STRATEGIES THAT INFLUENCE EMPLOYEE  
RETENTION AMONG EMPLOYEES AT  
AMANAH IKHTIAR MALAYSIA (AIM)**

**FARHANIM BINTI ZAINAL (2012354451)  
NURUL NABILAH BINTI PATAHOM (2012735043)**

**BACHELOR IN BUSINESS ADMINISTRATION (HONS)  
HUMAN RESOURCE MANAGEMENT**

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## **ABSTRACT**

Employee retention becomes a common issue faced by many employers in many organizations in Malaysia today. In almost all cases, the factors that affect employee retention will be different from every departments and company. The purpose of this study was to determine the dominant, relationship and level that affect employee retention. The study examined the total respondents of 132 consist of employees at Amanah Ikhtiar Malaysia (AIM). The independent variables of this study consist of the elements of compensation like salary, promotional opportunities and employee recognition. This study use non-experimental research method to find the relationship between independent variables and dependent variables which is employee retention. The researchers used questionnaire as the method to collect all the data from the respondents in accomplishing the research objectives. This study is said to be beneficial to the companies in Malaysia especially in situation where they are facing high employee turnover. It will helps them to gain awareness on the main factors and manage the issue from getting worse. Recommendations for future research are also have been discussed.

# CHAPTER 1

## INTRODUCTION

### 1.0 INTRODUCTION

Remain competitive in this growing industry nowadays is a big challenge to any business organizations. The employer should be able to identify rational objectives, create and implement good strategies in order to survive in the business. Optimistic, good leadership, futuristic and most importantly, a business-minded are required to be successful in its industry. Likewise the employer should be able to think out of the box and be rational in each decision-making process. The employer also should consider the wellbeing of the employee as the main factor to succeed in the competitive market is human capital. This aspect is very important as it influences the employee's performance as well as the firm's. In addition, human capital also contributes to longer employment relationship.

The critical component of organizational strategies is compensation. Compensation is one of the most powerful tools used by any employers to retain their employees. It plays a major role in organizations whereby if it is well-managed by the employer, they can sustain competitive in business industry. Indeed, employees are the greatest asset of the organization. That is why compensation can be a kit to ensure long-term employment relationship in a particular company. However, the compensation strategies that been used by companies might be different. The firm's economic perspective influences the pay design. Compensation can be in two forms – monetary and non-monetary. This study will discuss on salary (monetary), promotional opportunities (non-monetary) and recognition (non-monetary).