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COMPENSATION MANAGEMENT AND EMPLOYEE TURNOVER IN PLASTIC MANUFACTURING FIRMS IN ANAMBRA STATE

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ABSTRACT

The study investigates the compensation management and employee turnover in plastic manufacturing firms in Anambra State. The main objective of the study is to examine the effect of Job-based compensation on voluntary turnover, performance based compensation on involuntary turnover, equity based compensation on desirable turnover in Plastic manufacturing firms in Anambra State. Relevant conceptual, theoretical and empirical literature was reviewed taking cognizance of the problem and the hypotheses of the study. The study is anchored on Expectancy theory. Descriptive research survey was adopted in this study. The population of the study comprised 1648, while the sample size consists of 321 employees in Plastic manufacturing firms. Borg and Gall was used to obtain the sample size. Face and content validity method was used to ensure validity of the instrument. The reliability of the instrument was achieved through test re-rest method. Simple percentage analysis was employed to answer the research questions. Multiple regression analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. It was discovered that job-based compensation has a significant positive effect on voluntary turnover. Performance based compensation has a significant positive influence on involuntary turnover. Equity based compensation has a significant positive influence on desirable turnover. The study therefore concludes that compensation management has significant positive effect on employee turnover in plastic manufacturing firms Anambra State. The study recommends that management should put in place job-based compensation and other factors that are not monetary inclined which will enhance the performance of employees positively. Factors like employee's sense of belonging, job safety, leadership, control and decision making. Every organization should have performance-based compensation plans program at every level of an organization. Every organization should make equity-based compensation as compulsory policy since equity-based compensation are used more extensively in firms for ensuring maximum performance.

KEYWORDS: Job-Based Compensation; Performance-Based Compensation, Equity-Based Compensation, Voluntary Turnover, Involuntary Turnover and Desirable Turnover

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Introduction

Compensation management is one of the key drivers of motivation because humans are naturally inclined to perform better when they perceive that they will get sufficient payment or returns from their efforts. While people exert effort for different reasons, today's competitive economic environment coupled with the consumer society has made compensation management arguably the most important motivation factor. Most people are motivated by money at least for their basic needs and want (Mwangi, 2014). Throughout the 20th century until now, organizations' view of people has changed dramatically. People, human resources who work in organizations today unlike in the past, are considered one of the most valuable assets an organization can acquire, maintain and develop in order to attain competitive advantage (Dessler, 2013). Thus, the most successful organizations are those that can acquire, develop and maintain high-quality employees. Research suggests that high-quality employees remain with organizations when they experience satisfaction on the job (Gupta and Shaw, 2014). This is because satisfied employees form a bond with the company and take pride in their organization membership; they believe in the goals and values of the organization therefore, these employees display high levels of performance and productivity. On the other hand, dissatisfied employees display characteristics of low productivity, absenteeism, and turnover.

In the age of global competition, it is very essential to identify and retain efficient, competent, and knowledgeable employees in an organization by developing and maintaining an effective compensation program for getting the best job performance from the employee (Akter & Moazzam 2016). Employees are the organization's key resource and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Employees' willingness to stay on the job largely depends on the compensation packages of the organization (Armstrong 2013). 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, Ibidunni & Olokundun, 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 Organisation (Osibanjo, Abiodun & Fadugba, 2012). Adeniyi (2013) posits that the fundamental task in human resources management is compensation management. It is a complex task that occurs periodically, demands accuracy, and must not be delayed. Compensation management requires integrating employees' processes and information with business processes and strategies to achieve optimal organizational goals and objectives (Adeniyi, 2013). This can be attributed to the fact that compensation management is an essential tool to integrate individual efforts with strategic business objectives by encouraging employees to do the right things with ever-improving efficiency (Adeniyi, 2013). In other words, compensation management is a powerful means of focusing attention within an organization.

Similarly, Milkovich and Newsman (2012) argued that a compensation management system can create and sustain a competitive advantage for organizations. They further stated that the human resources model of compensation generally assumes that higher performance requires greater effort or that is in some other ways associated with disutility on the part of workers. In other to provide incentives, these models predict the existence of reward systems that structure compensation so that a worker expected utility increase with' observed productivity. For individuals, compensation is not only the return of benefits, but it also reflects on individuals' capabilities or achievements (Ali, 2009). For organizations, compensation is a cost or expenditure, as well as an important tool to obtain competitive advantages. Within society, compensation not only influences wealth distribution but also symbolizes social equity and justice (Hsin-His, 2011).

Employee turnover rate is the measurement of the number of employees who leave an organization during a specified period, typically one year (Hill & Trist, 2015). While an organization's turnover is measured as a percentage rate, which is referred to as its turnover rate. Turnover rate is the percentage of employees in a workforce that leave during a certain period of time; turnover can also apply to subcategories within an organization like individual departments or demographic groups. Employee turnover is the loss of talent in the workforce over time. This includes any employee departure, including resignations, layoffs, terminations, retirements, location transfers, or even deaths this implies also the hiring of new employees by the organization and dealing with the exit of employees. While low employee turnover is the goal for most organizations, what determines low vs. high turnover is how actual turnover compares to a typical or expected rate, which can change depending on industry, job type, company size, region, and more and that rate is very rarely zero. For example, an insurance company should not base its analysis of organizational turnover on the expected turnover rate of a fast-food restaurant, and vice versa. Hill and Trist (2015), allude that employees are more likely to leave during the first few months if the relationship between the individual and the organization is unsettled and insecure and less likely to leave if they manage to fit well hence the longer they stay in the organization. A huge concern to most companies' employee turnover is a costly expense, especially in high-paying job roles, for which the employee turnover rate is highest.

Carmeli and Weiberg, (2016) ascertain that many factors play a role in the employee turnover rate of any company and these can be stern from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. Amstrong further asserts that persistent labour turnover rates are costly to individual organizations and the economy as a whole and adversely affect efficiency, productivity, profitability, and morale. Turnover is the movement of workers in and out of a company. Changes of employees are the cessation of an employee as a member of an organization, followed by financial compensation by the organization. Most of the employees leave the organization for voluntary reasons and can be categorized as avoidable voluntary turnover and unavoidable voluntary turnover. Avoidable voluntary turnover can be caused by various reasons such as salary, work condition, superior, or other better organization, while unavoidable voluntary turnover can be caused by a change in career path or family reasons (Zeffane, 2013). Employees' discharge, causes a big cost to the company in the form of experts who can transfer specific knowledge to the competitor (Carmeli & Weiberg, 2016). Employee turnover is the tendency or intention to quit the job ventrally or involuntarily or move from one company to other by their own choice. Turnover as a discharge of an employee is permanent whether to be by the employee (voluntarily) or by the company. According to Putri and Rumangkit (2017), expressed employee turnover is in the form of a desire to find another job vacancy, evaluate the possibility of finding a better job elsewhere. According to Salisu, Chinyio, and Suresh (2015) employee turnover is measured by four dimensions, namely: the tendency to leave the organization, the intention to seek or possibly find another job, the intention to quit, or the possibility to leave the organization, the existence of better job alternatives.

According to Beardwell (2004), the employee turnover rate of any company can stern from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. Amstrong further asserted that persistent labour turnover rates are costly to individual organizations and the economy as a whole and adversely affect efficiency, productivity, profitability, and morale. It is against this backdrop that this study examines the extent to which compensation management relates to employee turnover in plastic Manufacturing Firms in Anambra state.

Statement of the Problem

Employees fail to recognize the fact that their compensation is a package and not only related to cash. The byproduct of the above understanding of compensation is that it is poorly managed and most of the time performance is affected adversely. Financial compensation can be utilized depending on the capability of the organizations or employers to pay. At times, the money is not paid to lead to some of the workers leaving for greener pastures. These external factors impact the viability of the organization, and they can be reduced by less costly, convenient, and long-term non-financial compensations which include job flexibility, expressions, like “well done,” medical care, organizing parties, providing relaxation areas, etc. to reinforce good behaviour and productivity. Not only financial compensations are the key to employee turnover. The compensation of employees in the organization in Nigeria is overwhelmed with a myriad of unethical practices. These unethical practices include bias when compensating employees, discrimination in the workplace, and favouritism. Organizations that practice unethical behavior during compensation create employee turnover in the organization.

The problems of compensation management in firms include Non- compliance by management on job-based compensation, performance-based compensation, equity-based compensation, and skill-based compensation. There is a non-clear basis for distribution of allowances such as productivity Vagueness of the applied criteria for promotion, absence of regulations to control the promotion procedures; and lack of transparency in terms of job-based compensation, performance-based compensation, and equity-based compensation. The compensation practices include not only salary but also direct and indirect compensation that will benefit the employee. Compensation is usually narrowed to cash and as a result, employers only have a tunneled vision when it comes to the issues of compensation for their employees. Other aspects of compensation that make up the total compensation package for the employee are not given much attention. If employee compensation is not given serious attention, it might suppress creativity; lead to employee turnover, low productivity, and absenteeism and the organization might have a low competitive advantage. All these might culminate in low employee turnover, staff productivity, and invariably poor organizational performance.

Therefore, the problem the researcher intends to investigate is the effect of performance-based compensation, job-based compensation, and equity based-compensation on employees' turnover and understands what contributes to total compensation and how it can be better managed and linked to performance in manufacturing firms. Therefore, this examine the effect of compensation management on employee turnover in Plastic manufacturing firms in Anambra State.

Objectives of the Study

The general objective of this study is to examine the effect of compensation management on employee turnover in Plastic manufacturing firms in Anambra State. Specific objectives are to:

1. Examine the effect of job-based compensation on voluntary turnover in Plastic manufacturing firms in Anambra State
2. Determine the influence of performance-based compensation on involuntary turnover in

Plastic manufacturing firms in Anambra State
3. Investigate the effect of equity-based compensation on desirable turnover in Plastic manufacturing firms in Anambra State

Research Question
1. To what extent does Job-based compensation affect voluntary turnover in Plastic manufacturing firms in Anambra State?
2. To what degree does performance-based compensation influence involuntary turnover in Plastic manufacturing firms in Anambra State?
3. To what degree does extent equity-based compensation affect desirable turnover in Plastic manufacturing firms in Anambra State?

Hypotheses

Ho_1: Job-based compensation has no significant effect on voluntary turnover in Plastic manufacturing firms in Anambra State.
Ho_2: Performance-based compensation has no significant positive influence on involuntary turnover in Plastic manufacturing firms in Anambra State.
Ho_3: Equity-based compensation has no significant positive influence on desirable turnover in Plastic manufacturing firms Anambra State

REVIEW OF RELATED LITERATURE
Conceptual Framework
Compensation Management
Compensation is all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship (Akter & Moazzam, 2016) compensation is surrounded by the employee wages and salaries, incentive payments, bonuses, and commissions. Employee compensation contains all forms of pay and rewards received by employees for the performance of their jobs" (Snell & Bohlander, 2010). Dessler (2011) opine that employee compensation means all forms of pay or rewards going to employees and arising from their employment and it may be direct financial payments (Pay in the form of wages, salaries, incentives, commissions, and bonuses) and indirect financial payments (Pay in the form of financial benefits such as insurance).

Ezeh (2014) defines compensation management as a section of human resource management that focuses on planning, organizing, and controlling the direct and indirect payments to employees in return for the effort they put into the organization. He continues to explain that compensation includes direct and indirect forms. According to him, direct forms of compensation include basic pay, merit pay, and incentive pay. Indirect forms include pay for employee vacation, insurance cover, pension plans, and national social security benefits. According to him, the organization concerns itself in compensation management with the aim of maintaining an efficient workforce, equitable pay, and compliance with regulatory authorities of the government. On the other hand, Hewitt (2009) refers to compensation management as the effort the organization puts in place to have a compensation structure that makes it possible for the organization to recognize employees with better performance and pay them accordingly more than the average performing employees. The aim of this strategy is to encourage and motivate top performers to improve their performance and work hard in the organization. The measure is also aimed at building a competitive atmosphere in the organization.

Bernadin (2007) refers to the concept of compensation as all forms of financial pay received by employees as payment for the services rendered. These include all direct and indirect financial Compensation to employees such as salaries, wages, commissions, overtime pay, bonuses, profit sharing, merit pay, travel allowance, housing allowance, and tips. In a similar vein, Mathis and Jackson (2008) refer to employee benefits as indirect rewards that employees get because of their position at the workplace. Examples of benefits include; medical cover, car allowance, school fees allowance, employees share ownership plans, retirement benefits plans, paid vacation, social security plans (Bernadin, 2007). Some workers' benefits are legally mandated while others are voluntary, given as a job perk by employers to attract and retain talented employees.

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary rewards to .employees. Compensation management is an integral part of human resources administration which helps in motivating the employees and improving organizational effectiveness (Naukrihub, 2009).

Job-Based Compensation: The Job-based approach is the most traditional and widely used type of compensation plan. According to Gomez et al. (2012), the plan assumes that jobs are very well defined and titled, for example, a cashier, a matron, or a chef. The workers in these jobs are done by people who are paid to perform them well. In this plan since all jobs are not equally important to the firm, the labour market puts greater value on some jobs than on others with the most important jobs paying the most. A job-based compensation structure typically contrasts a skill-based structure in that a person gets paid based on the responsibilities of a position rather than skills. While you might prefer the opportunity to optimize your earnings to match your abilities, job-based pay does offer some benefits that are especially important to women. In a job-based pay structure, you essentially get paid for the value of the work you perform for the company. Some employers use job-based structures primarily to protect against discrimination claims. While the glass ceiling, or wage gap, still exists between men and women, job-based pay should ensure that men and women earn equal pay for the same position. The process of earning more money is generally clear in a job-based structure.

Performance-Based-Compensation: this explained the performance-based compensation plans by indicating that explicit financial rewards are an important part of a worker's compensation (Baker, Jensen & Murphy, 2008). Arguably, Akter and Moazzam (2016) demonstrated that performance-based compensation is a strong predictor of job performance. Furthermore, a study conducted on compensation and performance (Pfeffer, 1998) associated with performance-based incentive programs at every level of an organization. Banker, Lee, and Potter (2000) focused on performance-based compensation which increases an organization’s overall productivity by attracting and retaining more productive employees. In contrast, individual performance evaluation may involve discretion and subjectivity, as well as nonfinancial and financial performance criteria which are also concerned the compensation policy and strategy.

Equity Based-Compensation: The general idea of equity-based compensation is to offer employees a share of the company’s future profits in exchange for lower (or sometimes zero) salaries up front. For maintaining equity-based compensation policy a consulting lawyer is needed before making any formal offers (Bhashyam, 2014). Equity-based compensation not only lessens the up-front financial burden of paying out sky-high salaries, but it also attracts employees who are committed to working harder to ensure their financial wellbeing and the success of the company. Equity compensation, no matter the form, is typically subject to restrictions. Most importantly, equity compensation is usually subject to vesting, which means that an employee must hit certain performance or time-based (more common) milestones in order for all of the stock. How much of one's compensation is in salary and how much is in equity depends less on the role (business development, engineer) and more on company maturity (https://equityzen.com/team). Equity-based pay spread at explosive rates in the United States during the 1990s. Morgenson (2008) reported that in 1997, the 200 largest U.S. companies had reserved more than 13 percent of their common shares for compensation awards to managers, up from less than seven percent eight years earlier (Ofek & Yermack, 2010). In another observation, Mehran (2015) showed that equity-based compensation is used more extensively in firms for ensuring maximum.

Employee Turnover

Employee turnover has sometimes been defined as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period (Price, 2007) and it is often detrimental to the effective functioning of an Organization. According to Adams and Beehr (2018), turnover involves ‘leaving any job of any duration’ and is usually thought of as being followed by continued regular employment. Similarly, managers analyze employee turnover as the entire process associated with filling a vacancy. Each time position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover (Woods, 2015). The term employee turnover could be utilized in efforts to measure relations of employees in an organization as they leave, regardless of the reason (Gustafson, 2012).

Employee turnover refers to a person’s behavior to leave a company. Robbins (2015) defines turnover as “the voluntary and involuntary permanent withdrawal from an organization”, translated in the departure of someone from the organization voluntarily and not voluntarily. Mathis and Jackson (2011) suggested turnover as a process whereby employees leave the organization and the job position must be replaced by someone else. According to Pitts et al. (2011), turnover is a big problem for organizations; turnover costs can cause an organization to fail. Business leaders may not realize the reasons behind turnover. If business leaders can determine why employees consider leaving the organization before they leave, there is an opportunity to change the results. Ong and Koh (2018) state that, given the high costs spent, organizations focus on retaining talented employees and reducing turnover. Bambacas and Kulik (2013) stated that, if there is employee change, it will interfere with company activities, especially if employees with good performance leave the company, while the company still relies on them.

Hay (2012) found that most employees choose career, learning, and development opportunities as the main reason for staying in an organization, which leads to job satisfaction. According to Ingsih et al. (2020), most companies will measure employee satisfaction every year by using surveys to reduce the employee turnover rate, which is most important for the company. Hassan (2014) stated that it is important that employees are satisfied with their overall salary because this can affect their attitudes and behavior. If the company offers professionals the opportunity to engage in challenging and exciting work, they will be more involved and satisfied in their company, more dedicated to their company, and finally, less likely to leave (Tutuncu & Kozak, 2007).

Employee turnover is expressed as an employee's awareness or thinking about quitting work (Çelik & Çir, 2013). Akgunduz (2018) determines that employee turnover is said to be the intention of conscious and intentional employees to leave the organization where they work. This can be measured by the desire of employees to leave work and find new work on purpose (Avcı & Kucukusta, 2009). Employee turnover can be interpreted as the desire of someone to leave the company and try to find another job that is better than before (Waspodo, Handayani, & Paramita, 2013). Employee turnover refers to the results of an individual's evaluation of the continuity of relationships with an organization that has not been realized in a definite action to leave the organization (Putra & Wibawa, 2015). Joe (2018) defines employee turnover "as a deliberate and conscious desire to leave an organization for good in the future". The desire to move is often overlooked but is an important problem for business practitioners. It is important for management to learn why employees develop the intention to quit their jobs because high turnover rates can damage organizational morale and make employees not develop identification of their company.

Voluntary Employee Turnover: When an employee leaves the company of her own volition, it's called voluntary termination. Employees give several reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area, or dealing with a personal matter that makes it impossible to work. When an employee voluntarily terminates the employment relationship, she generally gives the employer verbal or written notice of intent to resign from her job. Voluntary turnover is when the employee chooses to leave for whatever reason. The term "Quit" can be called voluntary turnover, and dismissal is an example of involuntary turnover. When an employee voluntarily terminates the employment relationship, he or she generally gives the employer verbal or written notice of intent to resign from his/her job.

Voluntary turnover rates comprise resignations for higher salary and wages, career opportunities, further education, and job dissatisfaction for instance eliminating discharges, retirements, transfers, and promotions. Scholars have often proposed that voluntary and involuntary turnover have different consequences for example highly experienced performing workforce may be more likely to quit voluntarily because they have other employment chances (Trevor, 2013).

Some scholars have, however, currently interrogated the presumed positive relationship and have suggested that the involuntary turnover rates and organizational performance have an undesirable relationship instead. High involuntary turnover rates might have slightly to do with the workforce association which is the grounds for the voluntary turnover rate hypothesis but may instead just redirect a low quality employee and the following poor performance that this group is anticipated to deliver (Hausknecht & Trevor, 2014).

Involuntary Employee Turnover: Employee termination for poor job performance, absenteeism, or violation of workplace policies is called involuntary turnover – also referred to as termination, firing, or discharge. It is involuntary because it wasn't the employee's decision to leave the company. Layoffs could also be considered involuntary terminations, though layoff procedures usually are handled differently from termination. Some layoffs have certain federal and state provisions that aren't afforded to employees who are fired because of performance or policy violations. Voluntary turnover is when an employee leaves a job, whether that's because they got another job elsewhere, took an internal transfer, or retired. These types of turnover are typically more expensive to businesses because they often involve the loss of a high-performing employee.

Involuntary turnover is caused by layoffs and similar actions where the company decides to leave and not the employee. Involuntary turnover initiated by the employer due to poor performance or reduction in force. Employee termination for poor job performance, absenteeism, or violation of workplace policies is called involuntary turnover also referred to as termination, firing, or discharge. It's involuntary because it was not the employee's decision to leave the company.

Desirable Turnover: Desirable turnover often has a negative connotation, yet turnover isn't always a negative event. For example, desirable turnover occurs an employee whose performance falls below the company's expectations is replaced by someone whose performance meets or exceeds expectations. It's desirable because poor job performance, absenteeism, and tardiness are costly replacing a poor performer with an employee who does his job can improve the company's profitability. Desirable turnover occurs when replacing employees infuses new talent and skills, which can give an organization a competitive advantage.

Theoretical Framework

The study is anchored on the Expectancy theory was proposed by Victor Vroom in 1964. The expectancy theory was proposed by Victor Vroom in 1964 and affirmed by Armstrong (2009). In organizational behavior study, expectancy theory is a motivation theory first proposed by Victor Vroom of the Yale School of Management in 1964. The expectancy theory says that individuals have different sets of goals and can be motivated if they have certain expectations. This theory is about choice, it explains the processes that an individual undergoes to make choices. Motivation, according to Vroom, boils down to the decision of how much effort to apply in a specific task situation. This choice is based on a two-stage sequence of expectations (effort leads to performance and performance leads to a specific outcome/reward).

The theory is based on the people's perceptions of the outcome of their efforts. The theory asserts that employees will put in more effort if they perceive that their efforts will lead to a certain outcome. For example, they perceive that if they work hard they will get promotions or other benefits, then they put more effort to work. The theory linked a person's motivation to efforts, motivation, and performance. Vroom used three variables popularly known as Valence-instrumentality –expectancy (VIE) to explain the linkage which includes; expectancy (belief by the employees that increased effort will lead to increased performance), instrumentality (the belief by the employee that there is a valued outcome with good performance) and Valence (the importance that an employee/someone places on the outcome).

The expectancy theory has some important information and techniques for motivating employees. The theory model has offered good guidance for the organizations to motivate the employees by altering the individual efforts to performance expectancy, performance-reward, and reward valences (Greenberg, 2011; Mcshane & Von Glinow, 2011). The theory is based on individual perceptions for instance what an employee perceives as a motivator could be different from what an employer perceives as a motivator to an employee. The theory applies in the current employment setup in that it affects the attitudes towards work by an employee e.g. employees will work hard expecting their efforts to be rewarded or there is a reward on offer and if they believe that more effort will lead to getting that reward. The theory is about the perceptions people or employees place towards an expected outcome and the contributions that they feel they can make towards those outcomes. In companies, the expectancy theory has three predictions i.e. that employees believe that if they put in more effort it will yield better job performance. Better job performance will in turn lead to good rewards such as increased salaries, and these predicted rewards are valued by the employee in question (Hellriegel & Slocum, 2011).

The theory, therefore, states that the managers are encouraged to use good systems when rewarding employees as these have a direct impact on employee motivation and performance. The company managers are encouraged to ensure that the employee appraisal systems are closely linked to employee performance. They need to be cautious and ensure that only the deserving employees get the rewards and that the recipients of the rewards value them.

Expectancy theory (Vroom, 1964) focuses on the link between rewards and behaviors (instrumentality perceptions), although it emphasizes expected (rather than experienced) rewards (i.e., incentives). Motivation is also a function of two other factors: expectancy, the perceived link between effort and performance, and valence, the expected value of outcomes (e.g., rewards). Compensation systems differ according to their impact on these motivational components. Generally speaking, pay systems differ most in their impact on instrumentality: the perceived link between behaviors and pay, also referred to in the pay literature as "line of sight." The valence of pay outcomes should remain the same under different payment systems. Expectancy perceptions often have more to do with job design and training than pay systems.

The theory is applicable in the study because it has looked into the factors that motivate employees to work hard and improve their performance which is the focus of this study. The theory has a reciprocal relationship in that employees put in their efforts to work in the organization expecting the organization to reciprocate with better pay and compensation.

Empirical Review

Chiekezie, Emejulu, and Aniekwe (2017) examined the influence of compensation management on employee retention. This study was necessitated due to the rate of employee turnover, which is increasing in Nigeria's banking system; a situation whereby employees continuously moves from one bank to another in a short time. It specifically set out to examine the relationship between Salary and Employee satisfaction in selected Commercial banks in Awka. The study employed a descriptive research design. The primary source of data was the major instrument used for this study. 60 copies of the questionnaire were administered to employees of selected commercial banks (First bank, Fidelity, and Sterling bank); 56 were retrieved and they were all useful. Pearson’s Product Moment Correlation was used for the analyses. The findings revealed that there is a positive weak relationship between salary and employee satisfaction. This shows that employees were not satisfied despite their seemingly attractive salaries. Given the finding, the study concluded that if management fails to formulate, administer and implement good compensation policies that would allow them to retain their talented employee; this employee might leave their job if they find a better offer elsewhere. The researcher recommended among others that compensation structure should include new and enticing ways to motivate and retain an employee with a wide range of benefits other than salary.

Chepchumba and Kimutai (2017) investigated the relationship between employee compensation and employee turnover in small businesses among Safaricom dealers in Eldoret municipality, Kenya. The main purpose of the study was to establish the relationship between employee compensation and employee turnover in small businesses, a case of Safaricom dealers in Eldoret Municipality, Kenya. A descriptive research design was employed and a census of the employees in the dealer shops was used because of the small population. A semi-structured closed-ended questionnaire was used to collect data. The completed questionnaire was verified, coded, and summarized using frequencies, tables and graphs. Chi-squire was applied to establish relationships between employee compensation and employee turnover. Significant variables were included in the logistic regression model to establish the strength of the relationship. The findings were; that majority of employees in small businesses were between the age of 20- 25 and had a tertiary level of education. They intended to stay in their current employment. The study recommended that a comprehensive compensation package be provided to reduce labour turnover.

AgumPragalata and Wibawa (2019) examined the effect of compensation on employee retention through work satisfaction and effective commitments as a mediating variable (study at the Jayakatha Bali Beach Resort Residence and Spa, Indonesia). The purpose of this research is to analyze the effect of compensation to employee's satisfaction and affective commitment, to analyze the effect of job satisfaction to affective commitment, to analyze the effect of affective commitment to employee's retention, to analyze the effect of employee's satisfaction to employee's retention, to analyze the effect of compensation through job satisfaction to employee's retention, to analyze the effect of compensation through job satisfaction to affective commitment and employee's retention, to analyze the effect of compensation through job satisfaction to, the effect of job satisfaction through affective commitment to employee's retention. This research is classified as causal research which uses descriptive analysis and inferential analysis, with Partial Least Square (PLS) method. This research uses a proportional random sampling method, a technique that takes its sample from the population of the member which is done randomly by omitting any level in the population with the total respondent are 170 employees. The result showed that compensation has a positive and significant effect on job satisfaction and affective commitment, job satisfaction has a positive and significant effect on affective commitment and employee's retention, affective commitment has an effect positive and significant on employee's retention, compensation through job satisfaction has an effect positive and significant on employee's retention, compensation through job satisfaction has an effect positive and significant on affective commitment and on employee's retention, job satisfaction through affective commitment has a positive and significant effect on employee's retention.

Onuorah Okeke and Ibekwe (2019) examined Compensation Management and Employee turnover in Nigeria. The study examined the effect of compensation management and employee turnover in Nigerian organizations. The study aimed at investigating the influence of performance-based compensation, competency-based compensation, and equity based-compensation on employee performance. Relevant conceptual, theoretical, and empirical literature were reviewed. The study was anchored on Human Capital Theory and Expectancy Theory. The study adopted a descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State. The sample size for the study consists of 257employees drawn from the population of the study. The sample consists of the entire population. In analyzing the data for the null hypotheses, Z-test was be used to test the hypotheses at a 0.05 level of significance. Equity-based compensation has no negative significant effect on employee turnover in Nigerian organizations. Competency-based compensation has no negative significant effect on employee turnover in Nigerian organizations. Performance-based compensation has no negative significant effect on employee turnover in Nigerian organizations. Therefore the study concludes that compensation management has a significance effect on employee turnover in Nigerian organizations. The study recommends that every organization should make equity-based compensation a compulsory policy since equity-based compensation is used more extensively in firms for ensuring maximum performance. Every organization should formulate a competency-based compensation policy, the only thing standing between the employees and a greater wage is how much they contribute and how well they perform. Management should have Performance-based compensation plans at a program at every level of an organization.

Olaniyan and Binuyo (2017) examined compensation management practice and employee retention (theoretical review). A theoretical study was conducted to investigate the effect of compensation management practice and employee retention. The Herzberg Two Factor Theory and Resource-Based View Theory were the underpinned theory used for Compensation Management while March and Simon Theory was used for Employee Retention. Thus, a conceptual model was developed to show the interaction between compensation management practice (independent variable) and employee retention (dependent variable). The comparison of literature showed that compensation management practice has a significant effect on employee retention, both directly and indirectly as it motivates employees to stay with their jobs. The paper will help both academics and those managing human resources to realize, understand and see the effect of compensation management practice on employee retention.

Ermiyas (2017) assessed compensation practice and an employee turnover of employees in selected private commercial banks in Ethiopia. The study also tries to determine different types of compensations in practice on banks understudy and analyze the type of compensation that attracts employees more. In conducting the study both quantitative and qualitative methods were used to gather information through questionnaires and interviews as the primary sources of data. Bulletins, the Internet, and other references like the banks' procedure manuals had been used as secondary sources of data. Stratified sampling was applied to identify the number of sample employee selected from each bank understudy, and Purposive sampling techniques were employed to select HR and compensation and benefits managers of each bank under study. 375 questionnaires were distributed to selected sample respondents of each bank understudy, out of which 315 questionnaires were filled and returned. Exit interviews and other documents obtained from the banks under study were useful in determining turnover trends and causes of turnover. Descriptive statistics data analysis method was applied to analyze quantitative data using SPSS version 20 and qualitative analysis method. The result indicated that there is no equity in the pay system, the reward system does not take into account the qualification and experience of employees, there is no stock option and profit-sharing program and there is no carrier advancement. On the other hand, employees are happy with assistance for housing, vehicle, personal and staff loans. In general, direct financial compensation is one common cause of turnover and indirect financial compensation and non-financial compensation are less likely to cause a turnover. The study recommended that banks understudy have to revise their compensation strategy, offer an attractive salary and benefits packages, provide enough career development or training opportunities, create a conducive working environment, to retain their experienced and top talented employees, and reduce turnover gradually.

Mmbusa, (2019) examined the influence of compensation strategies on employee performance in the public health sector in Nairobi city county, Kenya. The study, therefore, sought to establish the effects of compensation on employees' performance in the Public Health Sector in Nairobi City County Kenya. The objectives of the study were to determine the effects of both financial and nonfinancial compensation on employees' performance. The study employed a descriptive research design. Stratified random sampling was used to select a sample size of 110 employees drawn from the target population of 1100. Responses were collected through the administration of the questionnaire. The validity and reliability of the questionnaire were enhanced through a pilot study carried out in selected Hospitals in Nairobi City County. To ensure the validity of the instruments, both face and content validity was used. Data collected were categorized coded and then tabulated using SPSS. The qualitative data were analyzed using descriptive statistics, means frequency tables, and percentages. The study established that competitive salaries, incentives, indirect compensation, and rewards had a positive and significant influence on employees' performance. The study concludes that a competitive salary package can improve employee motivation, reduce employee turnover and increase productivity, incentive plans motivate workers for higher efficiency and productivity. It can improve the workflow and work methods, indirect compensation is a non-monetary benefit offered and provided to employees in melieu of the services to the organization, that employees should become more engaged when their performance is properly recognized by their employer. The study recommends that paying a competitive salary is crucial for companies wishing to recruit and retain top talent, the organization should review existing reward programs and determine their effectiveness in meeting the organization's objectives, employees should be provided with adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc. allowances to get their regular check-ups and that the organization should align employee reward strategies with business strategy.

Keynan (2018) investigated the relationship between compensation management practices and employee turnover in the county governments in Kenya, a case study of Wajir county. The specific objectives of the study were to find out the relationship between direct compensation, indirect compensation, incentives, and employee performance. The study targets the entire political, technical and civic leadership of Wajir County who are residing within the county at the time of the study. The study adopted a descriptive research design. Chi-square test was used to test the significance of the coefficient of correlation at a 5% level of significance. The study used a convenience sampling technique to select respondents from the categories of sub-counties. The study collected data by use of primary sources. A questionnaire was used to elicit responses from the respondents. Data was analyzed using multiple regression analysis and managed by SPSS. The study concluded that there direct relationship between employee turnover and direct compensation and employee incentives.

METHODOLOGY

A descriptive research design was adopted in this study. The descriptive research design was adopted because it constitutes the blueprint for the measurement and analysis of data (Ernest, Matthew & Smauel, 2015). The study was carried out in Anambra State, Nigeria. The population of the study comprised 1648 management and staff of the fifteen plastic manufacturing firms in Awka, Nnewi, and Onitsha in Anambra State. The sample size consist 321 using statistical formular devised by Borg and Gall (1973). This study makes use of primary and secondary data. The instrument that was employed for data collection is a questionnaire constructed by the researcher. The researcher used to face and content validity in this research work. To ensure consistency of the developed instrument, a correlation method was used. This method was appropriate since it involved a single administration of the instrument therefore it yielded greater internal consistency. The research instruments were deemed reliable if the reliability coefficient is between 0.7 and 0.8. Simple percentage analysis was employed to answer the research questions. Multiple regression analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The statistical package for social sciences (SPSS) version 21 was employed to test the hypotheses.

PRESENTATION AND ANALYSIS OF DATA

A total of three hundred and twenty one (321) copies of the questionnaire were distributed to the employees of the plastic manufacturing firms. A total of three hundred and twenty one (321) copies were retrieved from the respondents, out of which three hundred (300) copies were properly filled and found usable for the study. The 21 copies were not properly filled by the respondents.

Test of Hypotheses

Hypothesis One

Ho: Job-based compensation has no significant positive effect on voluntary turnover in plastic manufacturing firms Anambra State

Ho_1: Job-based compensation has a significant positive effect on voluntary turnover in plastic manufacturing firms Anambra State

Table 1: Regression analysis showing the effect of Job-based compensation has a significant positive effect on voluntary turnover.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta (β)		
Job-Based Compensation	32.044	2.662		12.786	.000
Voluntary Turnover	2.752	.168	.636	16.431	.000

Multiple R=0.636, Multiple R^2=0.404, Adjusted R^2=0.403, $F_{1.398}$=269.971

$^*p<0.05$

Table .1 revealed that Job-based compensation has a significant positive effect on voluntary turnover in plastic manufacturing firms in Anambra State. (t =16.431, p<0.05). The null hypothesis is rejected. The table indicates a significant multiple correlations between the predictor variable (Job-based compensation) and voluntary turnover in plastic manufacturing firms Anambra State (r = 0.636, p<0.05). The value of the coefficient of determination (R^2= 0.404) indicates that Job-based compensation accounted for about 40.4% (R^2 x 100) of the observed variance in on voluntary turnover in plastic manufacturing firms Anambra State, while the remaining 59.6% unexplained variance is largely due to other variables that can account for on voluntary turnover in plastic manufacturing firms Anambra State. The calculated F-ratio (269.971) is statistically significant at a 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation of voluntary turnover in plastic manufacturing firms Anambra State

Hypothesis Two

Ho: Performance-based compensation has no significant positive influence on involuntary turnover in plastic manufacturing firms Anambra State.

Ho_1: Performance-based compensation has a significant positive influence on involuntary turnover in plastic manufacturing firms in Anambra State.

Table 2: Regression analysis showing the effect of performance-based compensation has no significant positive influence on involuntary turnover

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	**Std. Error**	**Beta (β)**		
Involuntary Turnover	36.496	1.834		19.901	.000
Performance Based Compensation	2.696	.119	.750	22.613	.000
Multiple R=0.750, Multiple R^2=0.562, Adjusted R^2=0.561, $F_{1.398}$=511.350					

*p<0.05

Table 2 revealed that performance-based compensation has a significant positive influence on involuntary turnover in plastic manufacturing firms in Anambra State. (t =22.613, p<0.05).The null hypothesis is rejected. The table indicates a significant multiple correlations between the predictor variable (performance-based compensation) and involuntary turnover in plastic manufacturing firms Anambra State (r = 0.750, p<0.05). The value of the coefficient of determination (R^2= 0.562) indicates that involuntary turnover accounted for about 56.2% (R^2 x 100) of the observed variance in involuntary turnover in plastic manufacturing firms Anambra State while the remaining 43.8% unexplained variance is largely due to other variables outside the regression model which are otherwise included in the stochastic error term. The calculated F-ratio (511.350) is statistically significant at a 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation on involuntary turnover in plastic manufacturing firms in Anambra State.

Hypothesis Three

Ho: Equity-based compensation has no significant positive influence on desirable turnover in plastic manufacturing firms Anambra State

Ho_1: Equity-based compensation has a significant positive influence on desirable turnover in plastic manufacturing firms Anambra State

Table 3: Regression analysis showing the effect of equity-based compensation has a significant positive influence on desirable turnover.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	**Std. Error**	**Beta (β)**		
DesirableTurnover	31.386	2.585		12.143	.000
Equity Based Compensation	2.908	.162	.669	17.959	.000
Multiple R=0.669, Multiple R^2=0.448, Adjusted R^2=0.446, $F_{1.398}$=322.540					

*p<0.05

Table 3 showed that equity-based compensation has a significant positive influence on desirable turnover in plastic manufacturing firms in Anambra State. (t =17.959, p<0.05).The null hypothesis is rejected. The table reveals that there is a significant multiple correlations between the predictor variable (equity-based compensation) and desirable turnover in plastic manufacturing firms Anambra State ($r = 0.669$, $p<0.05$). The value of the coefficient of determination ($R^2 = 0.448$) indicates that equity-based compensation accounted for about 44.8% (R^2 x 100) of the observed variance effect on desirable turnover in plastic manufacturing firms Anambra State while the remaining 55.2% unexplained variance is largely due to other variables outside the regression model which are otherwise included in the stochastic error term. The calculated F-ratio (322.540) is statistically significant at a 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation effect on desirable turnover in plastic manufacturing firms Anambra State.

Summary of Findings

The findings of the study are summarized as follows:

1 Job-based compensation has a significant positive effect on voluntary turnover in plastic manufacturing firms in Anambra State. Job-based compensation had a coefficient ($t = 16.431$, $p<0.05$). Which is statistically significant at a 0.05 level of significance

2 Performance-based compensation has a significant positive influence on involuntary turnover in plastic manufacturing firms in Anambra State. Performance-based compensation had a coefficient ($t = 22.613$, $p<0.05$). Which is statistically significant at a 0.05 level of significance.

3 Equity-based compensation has a significant positive influence on desirable turnover in plastic manufacturing firms in Anambra State. Equity-based compensation had a coefficient ($t = 17.959$, $p<0.05$). Which is statistically significant at a 0.05 level of significance

Conclusion

This study examined the effect of compensation management on employee turnover in plastic manufacturing firms in Anambra State. The study found that Job-based compensation has a significant positive effect on voluntary turnover. Performance-based compensation has a significant positive influence on involuntary turnover. Equity-based compensation has a significant positive influence on desirable turnover in plastic manufacturing firms Anambra State. The study, therefore, concludes that compensation management has a significant positive effect on employee turnover in plastic manufacturing firms in Anambra State.

Recommendations

Based on the finding and conclusion of this study, it is recommended that:

1. Management should put in place job-based compensation and other factors that are not monetary inclined which will enhance the performance of employees positively. Factors like employees' sense of belonging, job safety, leadership, control, and decision making.
2. Every organization should have a performance-based compensation plans program at every level of an organization
3. Every organization should make equity-based compensation a compulsory policy since equity-based compensation are used more extensively in firms for ensuring maximum performance

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