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Factor Do Influencing Turnover Intention: Intervening Effect of Compensation Policy Decision

^a Kashif Amin Butt, ^b Zafar Mueen Nasir

^a Capital University of Science & Technology, Islamabad, Pakistan

Email: Kashifaminbutt1@gmail.com

^b Former Vice Chancellor of Punjab University, Pakistan

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ABSTRACT

The current research examines the effects of external and internal factors on the decisions related to the compensation policy subsequently influence turnover intentions of Telecom sector employees of Pakistan. The study was conducted in two phases. In the first phase, the factors effecting the compensation policy decision are generated through an extensive review of literature. This exhaustive list was tested through a rigorous process of a number of iterations of finding the most valued and considered factors in Pakistani telecom sector. This process was done with the top tier management including the human resource practitioners, as these are the people who significantly contribute in developing and finalizing decisions on the policy relating to compensation. For meeting with the objectives of current study, second phase consisted on identification of the impact of such decisions was tested on employee's turnover intentions. The results were significant giving an understanding that the organizations who consider the most critical internal and external factors effecting decisions related with compensation policy, will ultimately craft such a policy, which is having a positive influence on the motivation of employee to continue working with the organization. So, this will solve the major organizational problem of retaining the productive employees and hence getting a sustainable organizational performance.

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Corresponding author's email address: Kashifaminbutt1@gmail.com

1. Introduction

“A well designed compensation program is like a gem in that it has many facets. Unfortunately, unlike a diamond, once it is cut and polished, it doesn't endure through the years. Virtually every corporation scrambles to ensure that its pay structure is competitive (Vizano et al., 2021; McLaughlin, 1982)”. But the most difficult unanswered question arises, which compensation program is good and competitive? What to include and what to exclude from compensation program? What makes complete compensation policy/strategy? How to retain their employees? Most of the organizations are

formulating and offering compensation packages to its employees upon the standards offer by similar market rather by using the results of any research (Bussin, 2003; Vizano et al., 2021). To create policies and strategies in board meeting regarding profitability is quite easy but in reality many factors from external and internal environment are in conflict with corporate strategies (Lyons & Bandura, 2021). Further the globalization of the economic world has led the human resource managers to cope with the core and persistent predicament of employee turnover intentions at all levels of the organization (Lyons & Bandura, 2021).

The present research is attempting to capture unattended avenues which have not been included in the previous studies (Vizano et al., 2021). The review of literature revealed that earlier researches did not investigate the relationship of compensation in such a way where internal and external factors used for examining the effect on employee's intentions relevant to turnover (Vizano et al., 2021). The study is unique in nature since it is using three variables of interest such as Factors contributing in the development of construct of compensation, turnover intentions as an outcome of compensation system and compensation system itself (Lyons & Bandura, 2021). These variables further consisted on the element such as for factors, internal and external factors have been considered where external factors consisted on Competition, inflation and economic conditions, Government Legislations, Labor market conditions and Technological changes. Similarly, the internal factors are consisting on collective bargaining, ability of an organization to afford or pay, corporate culture, labor union and C & B (Compensation & Benefits) committee.

The second factor of compensation is also established through two categories i.e. non- financial (responsibility, recognition, work/life balance, autonomy, career opportunities, opportunity to use and develop skills) and financial compensation (contingent pay, base pay, medical allowance, and variable pay). The said factors are further effecting on employee's turnover (Malik et al., 2021). Based upon the arguments and shortlisting of the unattended construct, the study's objective is to find out the impact of internal and external factors on compensation policy. Moreover, to find out the impact of external and internal factors on turnover intentions and to investigate the impact of financial and non- financial compensation on turnover intention of employee (Lyons & Bandura, 2021).

The study is important in the current scenario where organizations are striving for gaining the competitive edge and for the purpose have more focus on valuable resource i.e. human resource (Malik et al., 2021). In line with the context the study is offering several implications for telecom sector related organization's top management, since it is assisting them to formulate and implement the compensation policies. Further, the study is providing a significant enhancement in the literature related to the compensation policies and turnover intentions by categorizing and summarizing internal and external factors which have been identified as the important for the formulation of compensation policy (Malik et al., 2021). This study will be useful for both researchers and the organization practitioners to gain the maximum output from the employees and gain the required performance (market performance and financial performance).

2. Literature Review

2.1 Compensation

Well-designed reward system of an organization plays pivotal role in achievement of strategic objective of an organization (Schuler & MacMillan, 1984). It has been widely accepted that human resource functions i.e. Staffing (Tsaour & Lin, 2004), orientation (Wanous & Reichers, 2001) training and development (Tannenbaum & Yukl, 1992), career and personal growth (Robitschek & Cook, 1999), compensation (Gupta & Shaw, 2014) and performance evaluation (Rynes, Gerhart, & Parks, 2005) are

important for the organization in prediction employee's attitude and their behavior. Compensation or reward is considered as one of best tool to predictor employee behavior as corporate strategy is significant predictor of pay administration policies and pay package.

Many researchers found compensation in literature as attitudinal (Tremblay, Sire, & Balkin, 2000), decisional (Dube & Freeman, 2010; Groves, 1973) and behavioral components (Gerhart, Minkoff, & Olsen, 1995). But very less consideration paid to discover the actual reasons what brings deviations to the compensation system. Compensation is very important and crucial component of employee-employer relationship. It has also been identified as important component which is used in determining why people work better than others in an organization (Cascio, 2003). Compensation policies are mostly affected by internal and external factor (Armstrong & Murlis, 2007). To satisfy, motivate and retain employees for this purpose manager, researchers and HR professional trying to search new paradigms (Burke & Hsieh, 2006). To improve the organizational performance they are continuously developing new compensation strategies which are aligned with business strategies (Appelbaum & Mackenzie, 1996).

Extensive literature is available which signifies the positive relationship among compensation practices and organizational performance (John, 2006). Compensation is also measure with behavioral outcomes of employees i.e. turnover, satisfaction, motivation and commitment (Delaney & Huselid, 1996). Compensation model has been describe by many researchers i.e. (Armstrong & Murlis, 2005; Cascio, 2003; Milkovich & Newman, 2005). Armstrong and Murlis, (2005) defined compensation with two dimensions known as relational and transactional rewards. Where transactional rewards are including different types of pay e.g. contingent pay, base pay, medical allowance, variable pay, and benefits. On the other hand, relational reward talks about employee's recognition, provision of job autonomy, provide opportunities to employee for using their skills and provide career growth. (Cascio, 2003) in his model of compensation separated it into financial and non-financial components.

Previous researches examines that compensation policy affects employee intentions to quit (Benson, 2006; Ongori, 2007; Sirole, 1998), satisfaction (Igalens & Roussel, 1999; Kahneman & Thaler, 1991; Scarpello, Huber, & Vandenberg, 1988), performance (Baker, Jensen, & Murphy, 1988; Connelly, Tihanyi, Crook, & Gangloff, 2014), behavior (Milkovich, 1987; Oldham, Kulik, Ambrose, Stepina, & Brand, 1986) and motivation (Igalens & Roussel, 1999). Contemporary organizations are trying their level best to offer best compensation offering to their employees to satisfy, motivate and retain employees.

Competitive world requires different strategies to compete but with a single and static policy survival is not possible. Employers need to revisit there strategies if they want to survive for a longer period of time with efficacy. Now the question is which strategy and component of compensation firm choose to influence particular desired behavior (Barkema & Gomez-Mejia, 1998). Organizations are putting all of their resources and efforts to keep their employees satisfied and motivated. Despite of these efforts organizations are unable to retain their employees. Changing needs of employees and employers could be the reason of such behaviors (Schiemann, 1987).

2.2 Turnover Intentions

Companies are pretending that their employees are the core assets, but when the hard time comes it employees who are victimized in the shape of layoffs. Employees in an organization are having the faith that due to bad decisions and low performance, employees will be responsible for low performance rather to top management (Cascio, 2003). Such negative perception of an employee

towards organization can causes employee displeasure (Trevino & Youngblood, 1990), create less motivation (Adler & Borys, 1996) and disengagement. To work under such a fiend behavior of management is quite difficult for employees and they quit organization when get other opportunity. Losing valued employees in such a manner affect the overall functioning and performance of organizations. (McElroy, Morrow, & Rude, 2001).

Turnover intention is the most explored area in behavioral research *(Koys, 2001; Mobley, 1977; Mobley, Griffeth, Hand, & Meglino, 1979; Porter & Steers, 1973). Now a day's in competitive and dynamic environment one of the most important asset of the organizations is human capital. For the survival of firms it is imperative to identify the reasons and root causes due to which employees are having turnover intentions (Ongori, 2007). Management of all the organization has understood the importance of their employees and they are trying to reduce such intentions to improve performance. (Meier & Hicklin, 2008). To survive and take competitive advantage the organizations must retain its valuable employees (Pfeffer, 1995).

Due to the importance of human capital and the cost associated with turnover, companies place great focus on turnover problems (Hinkin & Tracey, 2000). There are numerous costs associated with employee turnover i.e. hiring new employee, training new employee and labor and fringe benefits (Kacmar, Andrews, Van Rooy, Steilberg, & Cerrone, 2006). Companies who are focusing on turnover issues are saving huge amount of money. So it is imperative to the companies to find out why employee wants to leave the company.

Compensation is used to reduce turnover intentions (Singh & Loncar, 2010). Numerous researcher found relationship between compensation and turnover intentions (Lacity, Iyer, & Rudramuniyaiah, 2008; Vandenberghe & Tremblay, 2008) and found negative relationship between compensation and turnover intentions. Most of previous studies measure the relationship between compensation and turnover intentions but failed to identify the required elements or potential contributors which can affect decisions related to compensation practices prevailing in the organization.

3. Conceptual Framework

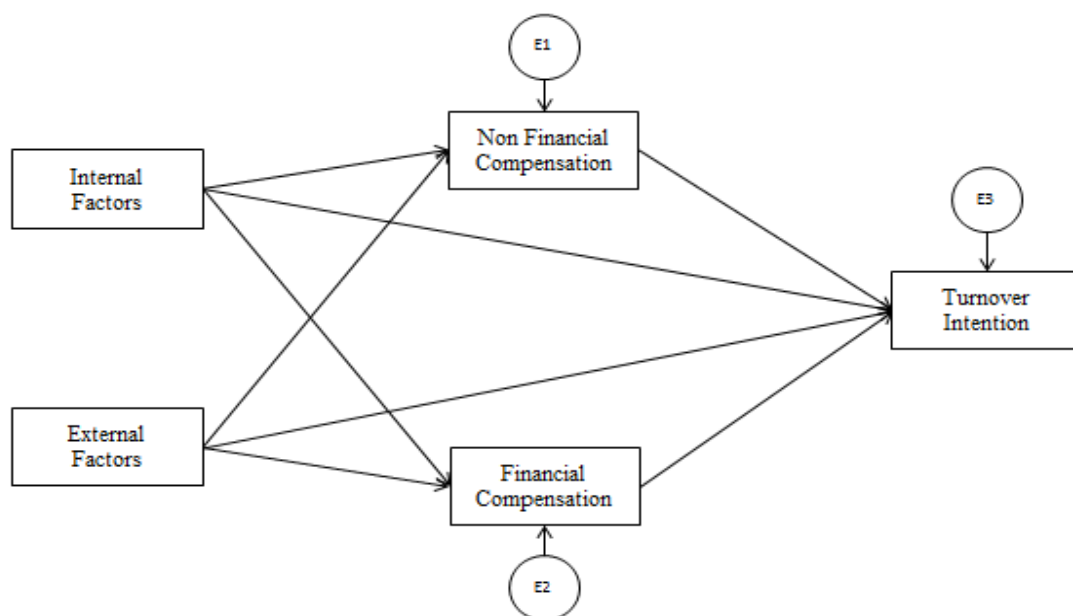


Figure I: Conceptual Framework

- H₁: External factors are closely relating with both (financial and non-financial decisions related to compensation):
- H₂: Internal factors are closely relating with both (financial and non-financial decisions related to compensation)
- H₃: There is a negative association between compensation policy decisions and turnover intentions.
- H₄: Internal and external factors are negatively significant with turnover intentions.
- H₅: Compensation policy decisions mediates between internal organizational factors and turnover intentions.

4. Methodology

This study incorporated the triangular approach to investigate the numerous factors of turnover intention through intervening impact of compensation policy decision. The current research adopted mixed methods for analyzing the data. The research objectives allows to adopt the mixed method and for the purpose in first stage qualitative and later on quantitative technique was adopted. Creswell 2003, Bussin and Huysamen 2004, used the same method for similar nature constructs.

4.1 Phase I: Qualitative Approach

The current study adopted exploratory study design with qualitative approach. For the purpose of data collection, interviews was conducted with experts of the field i.e. Human resource experts. The experts helped out for identification of the factors related to the policy decisions of compensation. They also identified the factors which can bring change in respective compensation policy. In line with the objectives of the study, a list of items have been produced with the help of published literature related to the fact. Based on that, population of the study were the employees working in Telecom sectors related organizations operating in Pakistan. Among all other sampling technique, current study considered Purposive sampling techniques.

In the first phase, non-structured and non-disguised measure was developed to identify the items of variables. This development contained with the questions which are close and open ended. Where questions which are Open ended display the opinion of experts concerning/ defining factors potentially distressing decisions related to compensation policy vis-à-vis close ended questions were consisted on a list affecting the compensation policy decision.

For the purpose of data collection, three designed questionnaires were distributed to six organizations working under the umbrella of telecom sector. In total, overall eighteen questionnaires were distributed in selected organizations for collecting the response. Due to proper guidance and explanation of questionnaire 100% response rate was found as all the questionnaires were received back from the organizations with no discrepancy. The analysis of the collected data provided foundation for identification of the potential factors which are affecting the decisions related to compensation policy.

4.2 2nd Phase: Quantitative Approach

After conducting and meeting the requirement of first phase, second phase was catered where quantitative approach was adopted. The model contained variables (independent, dependent and mediating) was tested quantitatively. Further each company has further nine different departments in their main structure. Human resource department was excluded at this quantitative phase because it was used in first phase of study. Secondly in this study, opinion of employees regarding internal and external factors and its subsequent impact on compensation policy was evaluated. Turnover intentions

were also measured from the same respondents to determine causality. Initially a sample of 740 was estimated and questionnaires were self-administrated. 645 employees finally provided their perception on this issue. So the response rate in this study was about 87.16%.

4.3 Measuring instrument

There are total eleven factors identified using qualitative approaches for measurement of internal and external factors which converted into the form of questionnaire where instrument of Bussin, 2002 was used to collect the response related to decisions of compensation policy, to measure the turnover intentions, five item scale was self-developed based on Hunt, Osborn and Martin (1981). In this research descriptive statistics, CFA and SEM guidelines were used for data analysis. Structural equation models (SEMs) describe relationships between variables. SEM is a statistical technique which is used to test and estimate causal relationships by using a combination of statistical data and qualitative causal assumptions. (Golob, 2003; Lu et al., 2006).

5. Demographic Analysis

Table 1 shows the result of demographic analysis. Among the respondents 78% were males and 22% were females which showed that majority of respondents were male. It can be concluded from results that in telecom sector most of the employees are male while population of female employee is very less. The age of the respondents were 27.4 percent between 24-29 years of age, 54.6 percent were between 29-34 years of age, 14.5 were between 35-39 years of age and only 3.5 percent were above the age of 40 years. The statistics showed that majority of the respondents were between the ages of 24 to 34.

Table 1: Demographic analysis

		Frequency	Percentage
Gender	Male	503	78
	Female	142	22
Age	24-29	177	27.4
	29-34	352	54.6
	35-39	94	14.5
	40 and above	23	3.5
Qualification	Intermediate	35	5.5
	Bachelor	201	31.1
	Masters	362	56.1
	Masters of Philosophy	47	7.3
Experience	3 years	232	36
	5 years	181	28
	7 years	142	22
	More than 7 years	90	14
Marital Status	Married	411	63.7
	Unmarried	234	36.3

Demographics regarding education showed that 5.5 percent respondents were intermediate, 31.1 were bachelor, 56.1 were masters and 7.3 were M Phil qualified. These results revealed that majority of telecom employees have bachelor and master degree holders. Demographics regarding experience showed that 36 percent of respondents have experience of 3 years, 28 percent of respondents have

experience of 5 years, 22 percent of the respondents have experience of 7 years and only 14 percent of the respondents have experience of more than 7 years. Demographics regarding marital status showed that 63.7 percent respondents are married and 36.3 percent respondents are unmarried. Data is normal and linear which is verified using drawing graphs and diagrams and reliable as verified from the Cronbach alpha values are more the threshold level of 0.70.

Table 2: Reliability analysis of constructs

Sr. #	Dimensions	Number of Items	Cronbach's Alpha
1	Financial Compensation	5	0.81
2	External Factors	6	0.84
3	Internal Factors	5	0.88
4	Non-Financial Compensation	6	0.85
5	Turnover Intentions	5	0.81
6	Overall Questionnaire	27	0.87

5.1 Measurement Model of Financial Compensation

Table No 3 is displaying the CFA's estimates related to Financial Compensation. This variable covers with five items and tested for confirmation. All the selected and considered items are confirmed and reasonably measure financial compensation as suggested by the range of p- values. Result confirms first question is most important item of financial compensation because it's estimated value 0.983(t-statistic 28.967). So, the construct is considerable for measuring identified variable. Second item related to Financial compensation estimated 0.568(t-statistic 20.392) which is least as compared to other items in this factor.

Table 3: Model Estimates and Fitness

Item	Parameter	Standard Error	T-Statistic	P- Value		Fitness Standard	Values	Level
						χ^2	41.40	
1	0.983	0.034	28.97	0.000		d.f	14	
2	0.568	0.028	20.39	0.000		P-value	0.000	
3	0.744	0.029	25.65	0.000		$\chi^2 / d.f$	2.957	≤ 3.00
4	0.729	0.031	23.83	0.000		GFI	0.890	$\geq .900$
5	0.770	0.030	25.70	0.000		AGFI	0.910	$\geq .900$
						RMSEA	0.050	≤ 0.08

Table 3 illustrates the results of Goodness of Fit measures. Chi- square/ degree of freedom value is < 3 , i.e. 2.957, which is providing a support for model. On the other hand, GFI value is $0.89 < 0.90$ is also supporting the estimated model. Other value of RMSEA was also observed and revealed that current estimated model is having RMSEA= 0.05 which is considerably less from the recommended value i.e. .080 which is showing the strong model fitness.

5.2 Measurement Model of External Factors

For external factors table 4 was produced which is suggesting estimates of CFA External Factors. The items included for the measurement were 6 and after conducting necessary analysis, it has been

identified that all items are validating the link with external factors. Result shows that second question is the most important item of this factor because it's estimated value 0.889(t-statistic 24.714) which is high as compared to others variables. Fourth item of external factor for the organization has estimate parameter value 0.717 (t-statistic 27.116) which is least as compared to other items in this factor.

Table 4: Model Estimates and Fitness

Item	Parameter	Standard Error	T-Statistic	P- Value		Fitness Standard	Values	Level
						χ^2	32.41	
1	0.764	0.028	27.53	0.000		d.f	12	
2	0.889	0.036	24.71	0.000		p-value	0	
3	0.822	0.032	25.96	0.000		χ^2 /d.f	2.87	≤ 3.00
4	0.717	0.026	27.12	0.000		GFI	0.9	$\geq .900$
5	0.838	0.028	29.51	0.000		AGFI	0.92	$\geq .900$
6	0.771	0.034	22.75	0.000		RMSEA	0.078	≤ 0.08

In above table Chi- square/ degree of freedom value is < 3 , GFI is 0.90, and AGFI value is 0.91, which supports our estimated model. RMSEA is 0.078 that is close to 0.08 but less than .08. All the values are according to the range and External factor can be measured on the basis of these selected 6 items.

5.3 Measurement Model of Internal Organizational Factors

Internal factors related results also produced and presented in Table 5, which is showing estimates of CFA for Internal Factors. This factor with 5 items has been tested for confirmation. All items are confirmed for this factor and reasonably measure Internal Factors because all p- values are significant. Result shows that fourth question is the most important item of Internal Factors because it's estimated value 0.969 (t-statistic 0.029) which is high as compared to others variables. So it is most important for the factor. Second item of Internal Factors has estimate parameter value 0.630 (t-statistic 19.981) which is least as compared to other items in this factor.

Table 5: Model Estimates and Fitness

Item	Parameter	Standard Error	T-Statistic	P- Value		Fitness Standard	Values	Level
						χ^2	39.4	
1	0.743	0.031	23.73	0.000		d.f	10	
2	0.630	0.032	19.98	0.000		p-value	0.08	
3	0.599	0.025	23.87	0.000		χ^2 /d.f	3.94	≤ 3.00
4	0.969	0.029	32.88	0.000		GFI	0.91	$\geq .900$
5	0.681	0.033	30.90	0.000		AGFI	0.88	$\geq .900$
						RMSEA	0.07	≤ 0.08

Table 5 Measures the Goodness of Fit of Model Recommended value of (χ^2 /d.f) for internal factors and value is not less than 3. In this case, the value of (χ^2 /d.f) is 3.94 that is greater than 3. So it does not support our estimated model. GFI value is 0.91 which is higher to recommended value 0.90 but AGFI value is 0.88, which is less than prescribed value. In this model, the value of RMSEA is 0.07

that is less than .08. So RMSEA is also supported to fitted model. Here two methods are supportive but other two are not. But literature has shown that if one main criteria is fulfilled that factor can be used and processed further. It means this factor can be measured on the basis of these selected 5 items.

5.4 Measurement Model of Non-Financial Compensation Decisions

This Table 6 shows the estimates of confirmatory factor analysis of Non-financial compensation. This factor with 6 items has been tested for confirmation. All items are confirmed for this factor and reasonably measure this factor of Non-Financial because all p- values are significant. Result shows that second question is the most important item of Non-financial compensation because it’s estimated value 0.713(t-statistic 21.263) which is high as compared to others variables. So it is most important for the factor. First item of Non-financial compensation has estimate parameter value 0.574 (t-statistic 18.417) which is least as compared to other items in this factor.

Table 6: Model Estimates and Fitness

Item	Parameter	Standard Error	T-Statistic	P- Value		Fitness Standard	Values	Level
						χ^2	40.1	
1	0.574	0.031	18.42	0.000		d.f	14	
2	0.713	0.034	21.26	0.000		p-value	0	
3	0.687	0.025	27.25	0.000		$\chi^2 /d.f$	2.870	≤ 3.00
4	0.645	0.025	25.47	0.000		GFI	0.940	$\geq .900$
5	0.710	0.032	22.05	0.000		AGFI	0.910	$\geq .900$
6	0.703	0.029	24.54	0.000		RMSEA	0.079	≤ 0.08

In table 6 factor measurement all goodness of fit criteria were fulfilled as ($\chi^2/d.f$) is less than 3, GFI and AGFI are greater than 0.9 which supports our estimated model. RMSEA is also less than .08. In this model, the value of RMSEA is 0.079 that is less than .08. So RMSEA is also supported to fitted model. This factor can be measured on the basis of these confirmed set of questions.

5.5 Measurement Model of Turnover Intentions

This table 7 shows the estimates of confirmatory factor analysis of Turnover Intentions. This factor with 5 items has been tested for confirmation. All items are confirmed for this factor and reasonably measure this factor of TOI because all p- values are significant. Result shows that second question is the most important item of TOI because it’s estimated value 0.894(t-statistic 33.690) which is high as compared to others variables. So it is most important for the factor. Fifth item of TOI has estimate parameter value 0.398 (t-statistic 18.489) which is least as compared to other items in this factor.

Table 7: Model Estimates and Fitness

Item	Parameter	Standard Error	T-Statistic	P- Value		Fitness Standard	Values	Level
						χ^2	38.18	
1	0.639	0.023	27.499	0.000		d.f	14	
2	0.894	0.027	33.690	0.000		p-value	0.094	
3	0.641	0.024	26.361	0.000		χ^2 /d.f	2.720	≤ 3.00
4	0.442	0.027	16.205	0.000		GFI	0.960	$\geq .900$
5	0.398	0.022	18.489	0.000		AGFI	0.940	$\geq .900$
						RMSEA	0.060	≤ 0.08

In table 7 factor measurement all goodness of fit criteria were fulfilled as (χ^2 /d.f) is less than 3, GFI and AGFI are greater than 0.9 which supports our estimated model. RMSEA is also less than .08. In this model, the value of RMSEA is 0.06 that is less than .08. So RMSEA is also supported to fitted model. This factor can be measured on the basis of these confirmed set of questions. The association between financial compensation and turnover intentions was found negative and significant ($r = -0.303^{**}$, $p < .01$) for telecom sectors employees of Pakistan as shown in table 9. These results support our hypothesis that financial compensation is negatively and significantly associated with turnover intentions.

Table 8: Correlations analysis of constructs

	INTERNAL	EXTERNAL	NON_FIN	FIN	TOI
INTERNAL	1.00				
EXTERNAL	.179**	1.00			
NON_FIN	.177**	.182**	1.00		
FIN	.215**	.171**	.118**	1.00	
TOI	-.399**	-.320**	-.356**	-.303**	1.00
** $p \leq 0.01$					

5.6 Structural Model of Empirical Analysis

This model has eight direct and indirect hypothesis and structural relations. Structure equation modeling has estimated the estimates for this model through generalized least square and maximum likelihood method of estimations. This table has four information for each hypothesis; estimate or parameter for relationship, standard error, Critical region (t-statistic) and p-value. First estimate (0.131) has shown that internal organizational factor has acceptable impact on the non-financial compensations in the organizations. Critical region or t-statistic value (3.829) that is calculated by using ratio of estimate over Standard error has shown that this relation is significant and strong in the model. P-value has also reported that results are highly significant at 0.05. Similarly external factors have also significant and positive impact on the financial and non-financial compensations. Other four relationships in the model are negative in directions.

As turnover intentions are negatively linked with external, internal, financial and non-financial compensations. All these four relationships have been estimated in the model with negative regression coefficients. It is also mentioned here that higher the value of t-statistic higher will be the significance

of that variable. It means relationship between internal organizational factors and turnover intentions is most significant path in this model. It also shows that internal organizational factor is most important predictor for turnover intentions. Non-financial factors got second most important position in this estimation table as its C.R value is -7.44. External factors have least but significant impact on financial compensations in the organizations.

Table 9: Structural Model for Final Analysis

	Estimate	S.E	C.R	P		Fitness Standard	Values	Level
NON_FIN INTERNAL	0.131	0.034	3.829	***				
FIN EXTERNAL	0.093	0.026	3.528	***		χ ²		
NON_FINEXTERNAL	0.121	0.030	3.982	***		d.f		
FIN INTERNAL	0.146	0.030	4.914	***		p-value		
TOI NON_FIN	-0.271	0.036	-7.444	***		χ ² /d.f	2.587	≤ 3.00
TOI FIN	-0.224	0.042	-5.350	***		GFI	0.998	≥ .900
TOI INTERNAL	-0.270	0.033	-8.273	***		AGFI	0.976	≥ .900
TOI EXTERNAL	-0.165	0.029	-5.723	***		RMSEA	0.050	≤ 0.08

After the estimation of parameters and their significance, there is need to check the overall significance of model. There are many methods and criteria like; GFI, AGFI, RMSEA, CMIN/DF, CFI, AIC, BIC, NNI etc. which are used in testing the overall fitness of model for estimation of dependent variable. But majority of studies have used GFI, AGFI, RMSEA, CFI and CMIN/DF for goodness of fit of model. Here is the table which has the information about these criteria. This model has two rows; first row showed the calculated values for these criteria and second row for recommended values for this GFIs. As all calculated values of indices followed the recommended values so overall, the model fit was satisfactory and the structural model was estimated which showed reasonable fitness with following values of five indices in table 16: CMIN/DF = 2.587; GFI = 0.998; AGFI = 0.976; RMSEA = 0.05. In addition, results showed no critical problems of misfit and did not suggest any additions or eliminations of paths. Therefore, the fit of hypothesized model was found to be good.

6. Conclusion:

The analysis provides evidence for the companies that whenever the worker is not pleased with his/her compensation, turnover intentions are high. When a worker has such intentions the organization has to suffer different consequences, the first is the loss of that worker's competence and abilities, information and abilities; second low efficiency of the company, third is the financial effect of changing that personal and fourth is the effect on other worker's comfort. Current research concludes that compensation policies should be dynamic and helps to reduce the turnover intentions of employees. But the question is why a worker remains with the company, is a challenge for HR supervisors. Having understanding into those aspects most essential in identifying worker retention, devising appropriate compensation polices and considering internal and external factor while developing compensation plans for effective management. Taken together, the outcomes of this study indicate that financial and non-financial are most imperative retention aspect for both employees and organization as well. If we believe that the aim of retention principles is not only to maintain workers but also to maintain workers who are devoted and dedicated, then HR supervisors must also put more initiatives in retention principles and compensation practices in the organization.

In the present atmosphere the HR is also essential as the financial sources, technology, etc. So companies have to consider the HR because these are very essential for improvement of the company. And as the results of this research has shown that the better workplace, development of the career possibilities, benefits are more key elements that impact the retention of workers with organization; should be targeted and try to improve them. Therefore, this study could be used by HR supervisors as a structure depending on identifying which internal and external factors are affecting the compensation decisions and its impact on the turnover intentions of telecom sector employees of Pakistan. It would help them to design their compensation packages more effective which will fulfill the needs of their employees and it persuades to retain their valuable employees. As discussed in detail in literature, in contemporary organizations human capital is considered the most valuable asset. The organizations are keenly fulfilling the demands of their employees to keep them satisfy, motivated and committed. The previous researches confirmed that human resource practices are the best source for motivating the employees. Moreover, in the today's environment where technology advancement took place and change the traditional human resource to modern human resource where organizations are focusing on the extra role performance of its human resource rather to monitor their task performance. For motivation besides all other practices compensation related practices are showing its significant in organization sphere for motivation of employee. Because motivated and committed employees perform better than demotivated and dissatisfied employees. Such employees identified as the real asset of an organization and it has been identified that organization with such motivated workforce can survive better in competitive environment. In accumulation to offering a wide range of specific studies of compensation and turnover data in this review, this study concerns for policymakers as well as suggestions for the Department of Human Resource to enhance compensation principles and create techniques to decrease worker turnover.

Internal factors i.e. organization ability to pay, collective bargaining, corporate culture, compensation and benefits committee, labor union and external factors labor market conditions, legislation, competition, technology, inflation and economic conditions were identified which are affecting the compensation policy decisions. It is known now the telecom sector employees influenced by which internal and external factors utmost. The results are quite interesting specifically when there is a limited literature available on the fact that which factors are closely relating with internal and external factors as well as identify the link of these factors with turnover intentions of employee who are working in private telecom sector of Pakistan. The decision makers, policy makers and remuneration designers should consider these factors while designing compensation policies. Secondly the Connection of internal and external factors were also examines with turnover intentions. The decision makers, policy makers and remuneration designers most of the time ignore this connection of turnover with internal and external factors. This study suggests retaining employees they should consider internal and external factors as well while making retention strategies. Thirdly the impact of compensation on turnover intentions was measure in this research. It is found that both financial and non-financial component plays a pivotal role to retain employees. The decision makers, policy makers and remuneration designers should consider both type of compensation to retain their employees.

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