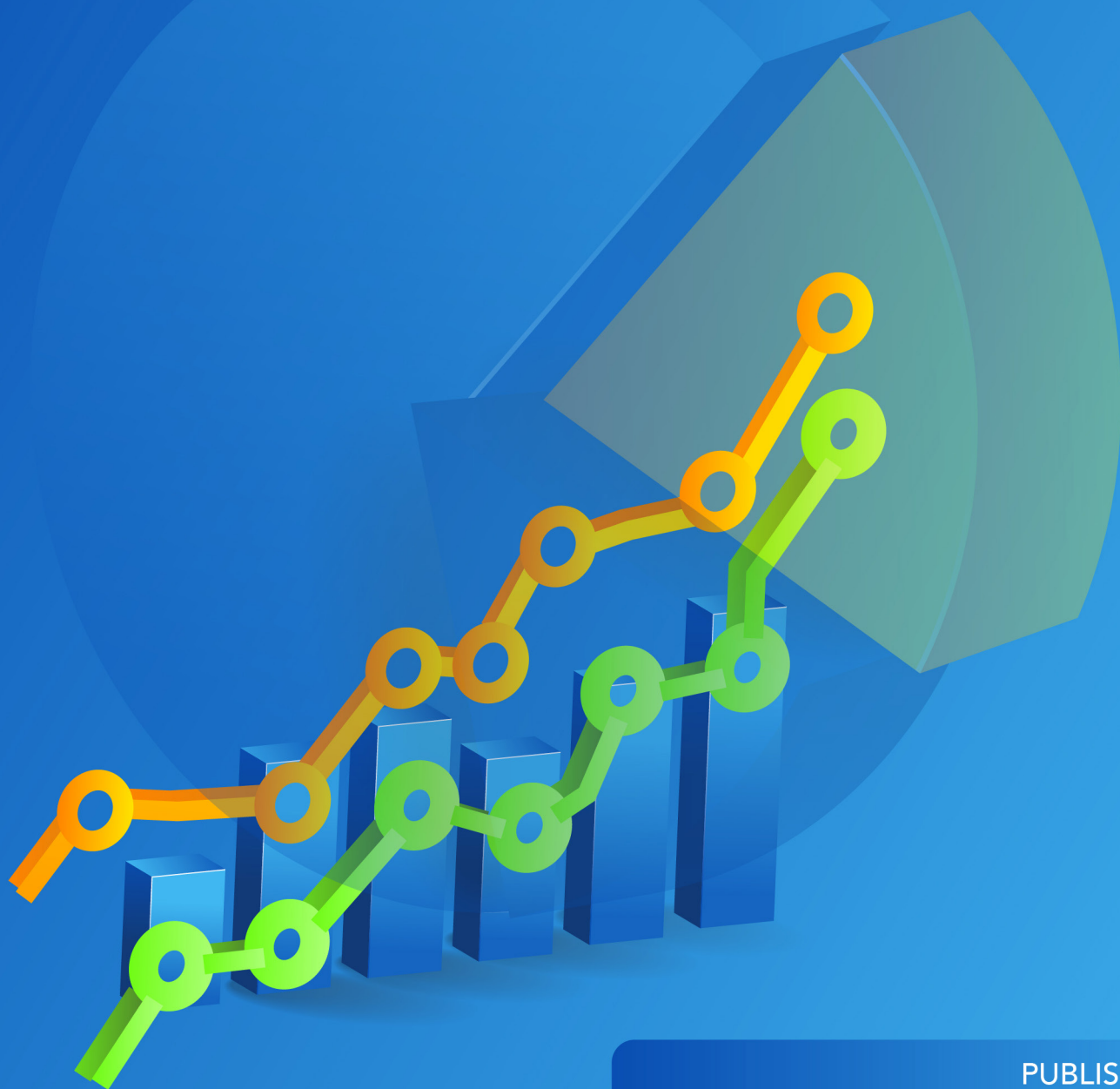


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## Navigating Employee Retention: The Importance of Compensation in Phnom Penh's Private Companies, Cambodia

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### ABSTRACT

This research addresses the critical issue of employee retention in private companies in Phnom Penh, Cambodia, specifically focusing on compensation practices. The study employs quantitative and qualitative methods, utilizing a cross-sectional approach to collect data from a sample of 335 employees. The findings reveal that many employees view their compensation package as a key factor influencing their decision to remain with their current company. However, a substantial proportion of employees expressed dissatisfaction or neutrality towards their compensation packages, signaling potential areas for improvement. The research contributes to a deeper understanding of employee preferences regarding compensation packages, thereby aiding businesses in enhancing job satisfaction and loyalty. Furthermore, the study offers practical recommendations for improving compensation practices, including enhancing transparency, conducting regular market analyses, addressing employee concerns, reassessing compensation strategies, investing in employee satisfaction, and considering employee feedback. In essence, this research comprehensively analyzes compensation practices and their impact on employee retention, offering valuable insights and actionable recommendations for private companies in Phnom Penh, Cambodia.

### INTRODUCTION

Compensation is widely regarded as one of the most essential aspects determining employee retention in an organization. It is a well-established fact that employees are the backbone of any organization. Hence, retaining talented and efficient employees is crucial for the organization's success. The Cambodian job market has undergone significant changes in the past decade, with an increasing number of organizations offering higher compensation packages to attract and retain top talent. Despite these changes, many organizations still struggle to retain their employees due to various factors. In Cambodia, retaining skilled employees has become a significant challenge for organizations due to the intense competition in the market. It has become increasingly challenging to keep talented and skilled employees who can be easily enticed by better job opportunities or higher salaries. The importance of employee retention is widely recognized by businesses operating in Cambodia. Consequently, employee retention is a key component in the success of private companies, especially in Cambodia, where there is a high demand for skilled labor. Thus, this study investigates the importance of compensation in employee retention within private companies in Phnom Penh, Cambodia. Specifically, it will examine employees' current compensation packages, assess their satisfaction levels, and explore their experiences and perspectives regarding their compensation.

### Research Question and Objective

#### Research Question

To what extent do compensation practices contribute to

employee retention in private companies in Phnom Penh, Cambodia?

#### Research Objective

To analyze the importance of compensation practices in influencing employee retention in private companies in Phnom Penh, Cambodia, based on employees' perceptions and experiences.

#### Significance of Research

This research is of significant value as it addresses a critical issue faced by private companies in Phnom Penh, Cambodia - employee retention. By focusing on compensation practices, the study provides valuable insights that can assist companies in enhancing their retention strategies. It contributes to a deeper understanding of employee preferences regarding compensation packages, enabling businesses to tailor their compensation strategies to better align with the needs and expectations of their employees, thereby enhancing job satisfaction and loyalty.

### LITERATURE REVIEW

#### Compensation

Compensation refers to all forms of financial benefits that employees receive from an employer in exchange for their work. It includes base pay, bonuses, benefits, and other incentives (Kishore, P., Das, K., & Mohapatra, P., 2014). Salary and earnings, benefits, bonuses, and other extras are all considered forms of employee compensation. Pay that employee regularly earn for their labor is referred to as their salary or wages. Retirement plans, insurance,

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and different kinds of leave are indicators of benefits. Bonuses are extra money given out when objectives are met or surpassed. Other benefits may include professional development opportunities, flexible work hours, on-site parking, lunches provided by the firm, and more (Sorn *et al.*, 2023).

### Employee Retention

Employee retention pertains to the proportion of employees that an organization manages to keep. The term “retention” is commonly used when discussing employee turnover; however, they are not entirely interchangeable. Retention concentrates on enhancing the contentment of current employees by offering growth possibilities, challenges, and incentives, such as bonuses and compensation that inspire the most skilled workers to remain with the company. Turnover, on the other hand, is an inevitable aspect of any business, brought about by various factors, including involuntary and voluntary ones (Ruth Mayhew, 2017). Employee retention refers to an employer’s potential to keep best personnel (Jennifer Herrify, 2023).

### Overview of Cambodia

#### Cambodia’s Economy

Cambodia’s economy grew at an average annual rate of 7.7 percent between 1998 and 2019, making it one of the fastest-growing economies in the world. The economic growth for 2023 is projected to reach 5.2 percent after recovering from Covid-19 pandemic (World bank, 2023).

#### Cambodian’s Population

According to the World Factbook by the Central Intelligence Agency, Cambodia’s population is estimated to be 16,891,245 in 2023 (1.04% growth rate). Most of the population is concentrated in Southeast Asia, notably in and around the capital city of Phnom Penh. The United Nations Population Fund also provided data on Cambodia’s population: The total Cambodian population in 2023 was 16.9 million. Most, 65% were in the age group of 15 to 64 (CIA, 2023).

#### Labor Market in Cambodia

The Cambodia Labour Force Survey (CLFS) report summarized the employment and unemployment status of the working age population. The report provided decent work indicators related to employment and unemployment, working conditions, social protection, and recruitment cost of migration. The working age population (aged 15 years and over) was about 11.5 million (73.2% of the total population), of whom 6.1 million (53.1%) were females and 5.4 million (46.9%) were males. The report further added that the total working-age population, 68.5% (or 7.9 million people) were classified as employed, 0.8% (or 97,687) were unemployed, and 30.7% (or 3.5 million) were not in the labour force at the time the survey was conducted (ILO, 2019).

### Understanding Compensation and Employee Retention in Cambodia

Cambodians do not typically work more than 48 hours per week. For any employees who work more than eight hours per day or 48 hours per week, they are eligible for overtime payments. Standard overtime rates are 1.5x (150%) an employee’s regular hourly wage. If an employee works overtime at night, on a Sunday, or a designated holiday, they are entitled to overtime rates that 2x (200%) their regular hourly wage. Employers may not request employees to work more than two hours of overtime per day (Horizons, n.d). The standard workweek in Cambodia is 6 days per week, with 8 hours per day, or 48 hours per week. Employees must get at least one full day (24 hours) off per week, typically on Sunday. Enterprises have the right to limit the work hours, as long as they adhere to the stipulated law. The lunch break can last from 30 minutes to 1 hour, depending on the business requirements. The maximum number of overtime hours per day is 2 hours. Therefore, the maximum number of hours a person should be employed per day is 10 hours. Public holidays in Cambodia are paid leave, and employees receive 1.5 days of annual leave for each month of company service. Women who have worked for a firm for at least a year are eligible for maternity leave. Full-time employees get 1.5 days of annual leave per month, but many organizations allow employees to take their leaves in the first year. Employees who work fewer than 48 hours per week are considered part-timers and are entitled to yearly leave in proportion to their employment. So, an employee working 24 hours per week must be given at least nine days of paid leave annually. Official paid holidays and sick leave are not counted as paid annual leave. Expectant mothers are entitled to 90 days of maternity leave with pay after one year of continuous service. After returning from maternity leave, they are only expected to perform light work. Mothers who breastfeed their children during working hours are entitled to one hour per day. This time can be divided into two periods of thirty minutes each. Sick leave with pay: According to the Arbitration Council and several Prakas, every company must establish internal policies for giving employees paid sick time when they present certification from authorized and legally recognized doctors confirming their illness. The pay scale for sick leave depends on the duration of sick leave: Employees who take one-month sick leave will be paid 100% of the salary, 60% of the salary for taking sick leave from 2 to 3 months and employees who take sick leave more than 4 months have no wages. Sick leave without pay: Each employee has a right to sick leave. The Labor Law is generally silent on sick leave, other than requiring a company to suspend a contract for up to six months in case of illness. In other words, the company must keep a sick employee’s job open for at least six months without compensation. Social insurance, work injury, survivors’ pension, temporary disability benefit, constant-attendance allowance, permanent disability pension is paid

depending on the severity of the disability and the length of hospitalization. Medical and rehabilitation services are also provided (Usama, 2022). Seniority Payment: All employees with an unlimited duration contract (UDC) are entitled to receive ongoing seniority payments. The amount of the seniority payment is equal to 15 days of the employee's wages and other benefits per year.

Employers must pay the seniority payment to employees in two installments:

- An additional 7.5 days' worth of their wage in June of each year.
- An additional 7.5 days' worth of their wage in December of each year.

A new employee is entitled to a full installment of the seniority payment (being equal to 7.5 days of wages and benefits) if the employee worked for at least one month in the applicable period (being from January to June, or July to December) (Remote, n.d).

According to the 'HRINC Consulting Annual Compensation Surveys', the average turnover rate among large companies in Cambodia is around 19 percent. This indicated that high rates of employee turnover can lead to low employee retention rates. Retaining employees and managing HR in Cambodia is a significant challenge for private companies. The most common reasons for an employee initiating separation with the company in Cambodia are better salary and compensation offered, move to another company in the same industry, and employee offered a higher position which the company could not provide (Ses Socheata & Nil Keorachana, n.d).

### Elements Influencing Employee Retention

A study on factors affecting employee retention of private companies in Cambodia using Delphi Method exhibited that the experts agreed that there are five factors greatly affecting employee retention of private companies in Cambodia: compensation; promotion-opportunity and growth; work environment; training and development; and work-life balance. Furthermore, the findings suggested that private companies in Cambodia could improve employee retention by focusing on these five factors. For example, they could offer competitive compensation packages, provide opportunities for growth and promotion within the company, create a positive work environment, invest in training and development for their employees, and support work-life balance (Ramon Macaraig Jr *et al.*, 2023). The factors affecting employee retention in the banking sector, specifically focusing on curriculum development, employee capacity building, lifelong learning, career development, and career success. The results indicated that curriculum development, employee capacity building, lifelong learning, career development, and career success are critical factors influencing employee retention in the banking sector in Cambodia. Lifelong learning of employees has a positive influence on both employee career success and employee retention. The research findings contributed to understanding the importance of employee training

and development in enhancing employee retention in the banking sector. Organizations should consider these factors to retain talented employees and reduce turnover rates (Sovannara *et al.*, 2023).

### The Role of Compensation in Employee Retention

Compensation has a significant influence on employee retention in banking institutions in Dar es Salaam, Tanzania. Specifically, the attribute of fair salary was found to be the most valued compensation attribute contributing significantly towards employee retention. The study recommended that bank managers develop and implement retention policies that contemplate fair salaries and pay great attention to right retention policies in order to improve retention of employees (Hanai, A. E., & Pallangyo, W. A., 2020). Bonuses for the Lunar New Year holiday have a positive effect on employee retention. Employees perceive bonuses as a form of recognition and appreciation, leading to increased job satisfaction and organizational commitment. Hence, the role of bonuses as a form of compensation is crucial when considering strategies to boost employee retention. This research provides valuable insights for companies seeking to improve employee retention through the implementation of strategic bonus schemes that are sensitive to cultural and seasonal contexts (Do *et al.*, 2023).

## METHODOLOGY

### Research Design

This study used a mix of quantitative and qualitative methods to gather and examine data from private company employees in Phnom Penh, Cambodia. It employed a cross-sectional approach, collecting data from a sample of employees at a single point in time.

### Sample Collection

The sample size for this research was initially targeted at 350, based on the availability and willingness of employees to participate in the survey. However, a total of 335 respondents successfully submitted and returned their responses for this research. Participants were selected using a convenience sampling method, which is a non-probability sampling method used in research. In this research, the convenience sampling consisted of employees currently working in private companies in Phnom Penh Capital City, Cambodia. These employees were invited to voluntarily take part in the survey.

### Data Sources

Primary data was collected by conducting a survey targeting employees at private companies in Phnom Penh, Cambodia. An online questionnaire was utilized for this survey, and it was disseminated through various channels including social media and individual as well as group messaging platforms, inviting employees to participate. The secondary data sources for this research included journal articles, reports, other scholarly sources, official websites, and other relevant online sources.

### Data Collection

The data collection process for this research involved an online survey questionnaire. The questionnaire was designed using Google Forms and was available in both Khmer and English. Khmer is the official language of Cambodia, and English is a widely spoken foreign language in Cambodia. Participants received a link to the survey through social media and individual and group messaging platforms. The survey questionnaire consisted of a mix of open-ended and closed-ended questions to collect both qualitative and quantitative data.

### Data Analysis

The collected data was analyzed using statistical software IBM Statistical Package for Social Sciences 27.0.1 (SPSS). The study focused on using descriptive statistics to summarize and describe the main features of the data. In addition to using descriptive statistics, multiple response analysis was also conducted for questions that allowed respondents to choose more than one answer. This analysis was used to understand the patterns and trends within the various responses. Narrative summaries were also written to provide an overview of the main patterns and trends in the data and highlight any interesting or important results. Overall, these approaches ensured that the results were easy to understand for both academic and non-academic audiences, allowing for easier interpretation and practical insights that could be easily applied in the workplace.

### Research Limitations and Delimitations

This study's focus on Phnom Penh's private sector may not reflect Cambodia's entire business environment. The online survey method and convenience sampling could introduce bias and limit the findings' applicability. The sample size and representativeness might be affected by the employees' availability and willingness to participate.

### RESULTS AND DISCUSSION

The provided data represented a frequency distribution of various types of employee compensation. With a total of 2590 responses from a sample size of 335, the data revealed that each individual could select more than one type of compensation, resulting in multiple responses per individual. This accounted for the discrepancy between the total responses and the sample size. It was also the reason why the percentages exceeded 100%, a common occurrence in surveys allowing multiple selections.

The data revealed that 321 employees, accounting for 12.39% of the total responses and 95.82% of the sample, chose salary as their form of compensation. This suggested that the majority of employees received their compensation in the form of a salary. However, it was also worth noting that some employees might not have received a salary but instead received alternative benefits. Following salary, paid time off such as sick leave, holiday leave, and annual leave were the next most common forms of compensation. Sick leave was chosen by 286 employees,

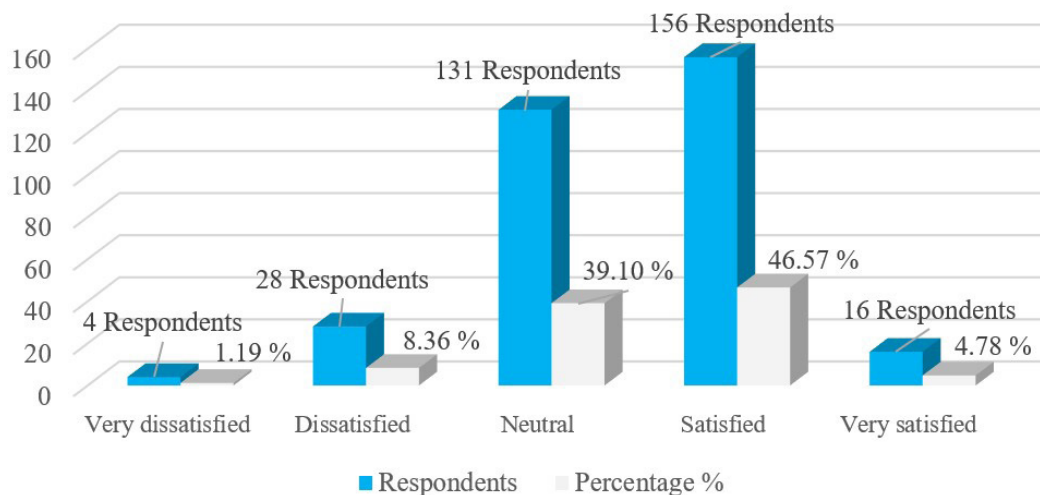
**Table 1:** Current compensation types received by employees

<b>Multiple Response Analysis</b>			
<b>Employee Compensation</b>	<b>Responses</b>		<b>Percent of Cases</b>
	<b>Sample (N)</b>	<b>Percent</b>	
Salary	321	12.39 %	95.82 %
Overtime Pay	165	6.37 %	49.25 %
Performance-based incentives	124	4.79 %	37.01 %
Seniority Pay	166	6.41 %	49.55 %
Bonus	140	5.41 %	41.79 %
Annual Leave	265	10.23 %	79.10 %
Holiday Leave	270	10.42 %	80.60 %
Sick Leave	286	11.04 %	85.37 %
Paternity Leave	64	2.47 %	19.10 %
Maternity Leave	84	3.24 %	25.07 %
Casual Leave	94	3.63 %	28.06 %
Bereavement Leave	90	3.47 %	26.87 %
National Social Security Fund (NSSF)	193	7.45 %	57.61 %
Life Insurance	114	4.40%	34.03 %
Dental Health	18	0.69 %	5.37 %
Eyes Care	20	0.77 %	5.97 %
Retirement Benefits	148	5.71 %	44.18 %
Other: Mental support	13	0.50 %	3.88 %
Other: Certificate Reward	15	0.58 %	4.48%
<b>Total</b>	<b>2590</b>	<b>100.00 %</b>	<b>773.13 %</b>

making up 11.04% of the total responses and 85.37% of the sample. Holiday leave was selected by 270 employees, representing 10.42% of the total responses and 80.60% of the sample. Annual leave was chosen by 265 employees, accounting for 10.23% of the total responses and 79.10% of the sample. These figures indicated that paid time off was a significant component of employee compensation, playing a significant role in promoting work-life balance among employees. Overtime pay and seniority pay were also common, with 165 and 166 responses respectively, each accounting for around 6.37% and 6.41% of the total responses and 49.25% and 49.55% of the sample. The National Social Security Fund (NSSF) was chosen by 193 employees, representing 7.45% of the total responses and 57.61% of the sample. These forms of compensation are what the employees reported receiving from their companies that are additional pay for extra work and recognition of their tenure at the company. Retirement benefits were received by 148 employees, making up 5.71% of the total responses and 44.18% of the sample. Bonuses were chosen by 140 employees, accounting for 5.41% of the total responses and 41.79% of the sample. Performance-based incentives were received by 124 employees, accounting for 4.79% of the total responses and 37.01% of the sample. Life insurance was part of the compensation for 114 employees, making up 4.40% of the total responses and 34.03% of the sample. These benefits indicated that employees received both immediate rewards, such as bonuses, and long-term security, such as retirement benefits and life insurance. Casual leave was selected by 94 employees, making up 3.63% of the total responses and 28.06% of the sample. Bereavement leave was chosen by 90 employees, accounting for 3.47% of

the total responses and 26.87% of the sample. Maternity leave was chosen by 84 employees, representing 3.24% of the total responses and 25.07% of the sample. Paternity leave was received by 64 employees, accounting for 2.47% of the total responses and 19.10% of the sample. These forms of compensation are flexible leave options, allowing employees to balance their professional responsibilities with personal obligations. The least common forms of compensation were eyes care, chosen by 20 employees (0.77% of responses, 5.97% of cases) and dental health, chosen by 18 employees (0.69% of responses, 5.37% of cases). Moreover, In the questionnaire, there was an option labeled “Other: (Please Specify)” for employees to provide their own responses. A significant portion of these responses were related to “Mental Support” and “Certificate Reward”. These responses were then categorized into two separate variables in SPSS for analysis. Specifically, the category “Other: Certificate Reward” was derived from responses related to certificate rewards. This category was selected by 15 employees, accounting for 0.58% of responses and 4.48% of cases. Similarly, the category “Other: Mental Support” was created from responses related to mental support. This category was chosen by 13 employees, accounting for 0.50% of responses and 3.88% of cases. This method of categorizing open-ended responses into specific variables is a common practice in data analysis, allowing for a more structured and simplified analysis of the data. While these forms of compensation were less common, they still represented important aspects of employee well-being and recognition.

Total Respondents (N)=335  
Total percentage (%)=100%



**Figure 1:** Employee Satisfaction with Current Compensation Package

The majority of the respondents, comprising 156 individuals (46.57%), expressed satisfaction with their compensation package. Additionally, 131 respondents (39.10%) reported a neutral stance. It's noteworthy that some employees expressed dissatisfaction, with a few even indicating that they were very dissatisfied. Although these numbers were smaller, they still represent

significant concerns for the company. Specifically, 28 respondents, accounting for 8.36% of the total, expressed dissatisfaction. Furthermore, 4 respondents, representing 1.19% of the total, were very dissatisfied. On the other hand, a mere 16 respondents, representing 4.78% of the total, expressed being very satisfied with their compensation package. These findings suggest

a potential risk area for the company. Although a majority of the respondents indicated satisfaction or high satisfaction with their compensation package, a significant proportion (nearly 50%) expressed neutral, dissatisfied, or very dissatisfied sentiments. This raises concerns as these employees may be considering leaving the organization due to their dissatisfaction with their compensation. The substantial percentage of neutral responses might indicate uncertainty or a lack of strong opinions regarding the compensation package. These employees have the potential to shift towards either satisfaction or dissatisfaction in the future, depending on changes in their compensation or their perception of it. It is crucial for the organization to take this feedback seriously and reassess their compensation strategies. To address these concerns, the organization should consider conducting further surveys or interviews to gain a deeper understanding of the specific aspects of the compensation package that dissatisfied employees find problematic. By doing so, they can make targeted improvements to enhance overall satisfaction and mitigate the risk of losing valuable employees. It is important to recognize that retaining satisfied employees is often more cost-effective than recruiting and training new ones. Therefore, investing in improving employee satisfaction

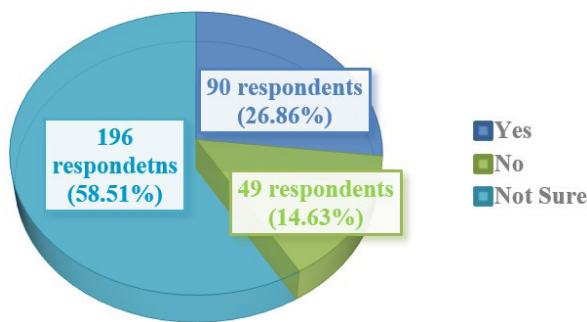
with their compensation can yield significant long-term benefits for the organization.

Total Respondents (N)=335

Total percentage (%)=100

The figure reveals that a significant proportion of respondents, 196 (58.51%), were uncertain about the competitiveness of their compensation packages. This uncertainty may arise from an insufficient understanding or lack of information regarding the market standards for compensation, as well as the specifics of their company's compensation policy. It implies that these employees might not perceive their compensation as being commensurate with their effort and sacrifice. Once these employees become aware of their compensation relative to the market, they might perceive their compensation as non-competitive or unfair, potentially leading them to consider leaving the organization for companies offering more competitive compensation. While 90 respondents (26.86%) believe their compensation is competitive, the presence of 49 respondents (14.63%) who do not share this belief is a serious concern. These respondents represent potential risks for employee turnover. The organization should proactively address these concerns. Conducting a thorough market analysis to ensure their compensation packages are indeed competitive, and improving communication about compensation packages could help reduce uncertainty and increase the perceived value of the compensation packages among employees. For those who perceive their compensation as non-competitive, the organization should investigate the specific concerns of these employees and consider necessary adjustments to retain these employees and prevent potential turnover.

A typical 5-point Likert Scale, respondents were asked to rate their level of agreement with a statement on a scale of 1-5, where 1 represents 'Strongly disagree (SD)', 2 represents 'disagree (D)', 3 represents 'Neutral (NE)', 4 represents 'Agree (A)', and 5 represents 'Strongly Agree (SA)'.



**Figure 2:** Do employees believe their current compensation package is competitive compared to other private companies in Phnom Penh, Cambodia?

**Table 2:** A typical 5-point Likert Scale

Questions	1	2	3	4	5
	(SD)	(D)	(NE)	(A)	(SA)
Do you agree that your compensation package is important in your decision to stay with your current company?	1.19%	9.25%	36.72%	48.66%	4.18%
Respondents	4	31	123	163	14
Total (N)=355					
Do you agree that your current company has a fair system for determining employee compensation?	2.09%	16.72%	41.79%	35.52%	3.88%
Respondents	7	56	140	119	13
Total (N)=355					
Do you agree that compensation plays a vital role in retaining employees in your current company?	2.69%	9.85%	35.52%	42.09%	9.85%
Respondents	9	33	119	141	33
Total (N)=355					

The data from the table 2 represents the responses of 335 individuals to three different questions related to their compensation packages.

### First

“Do you agree that your compensation package is important in your decision to stay with your current company?” A majority of the respondents, 163 (48.66%), agree that their compensation package is important in their decision to stay with their current company. This is followed by 123 respondents (36.72%) who are neutral about the importance of their compensation package in their decision to stay. A smaller number of respondents, 31 (9.25%), disagree, while 4 respondents (1.19%) strongly disagree. Lastly, 14 respondents (4.18%) strongly agree that their compensation package is important in their decision to stay with their current company.

### Second

“Do you agree that your current company has a fair system for determining employee compensation?” The largest group of respondents, 140 (41.79%), are neutral about the fairness of their company’s system for determining employee compensation. This is followed by 119 respondents (35.52%) who agree that their company has a fair system. A significant number of respondents, 56 (16.72%), disagree, while 7 respondents (2.09%) strongly disagree. Lastly, 13 respondents (3.88%) strongly agree that their company has a fair system for determining employee compensation.

### Third

“Do you agree that compensation plays a vital role in retaining employees in your current company?” The largest group of respondents, 141 (42.09%), agree that compensation plays a vital role in retaining employees. This is followed by 119 respondents (35.52%) who are neutral about the role of compensation in employee retention. A smaller number of respondents, 33 (9.85%), disagree, while 9 respondents (2.69%) strongly disagree. Lastly, 33 respondents (9.85%) strongly agree that compensation plays a vital role in retaining employees.

In term of discussion, the first question indicates that employees who respond with agree or strongly agree view the compensation package as a key factor in their decision to remain with their current company. This positive response suggests that these employees find the compensation package acceptable and satisfying. However, those who respond with neutral, disagree, or strongly disagree likely feel that their compensation packages are inadequate and do not meet their needs. The second question shows that employees who responded neutrally are uncertain about the fairness of their compensation packages within the company’s system. In contrast, those who responded with agree or strongly agree feel that their compensation packages are distributed fairly. However, those who responded with disagree or strongly disagree express a sense of unfairness

in their compensation. This could be due to issues in the implementation of employee compensation, corruption within the company, labor exploitation, and other related problems. The third question indicates that a significant number of employees view compensation as crucial in retaining them in their current company, as shown by those who responded with agree or strongly agree. However, those who responded with disagree or strongly disagree feel that their compensation does not play a significant role in employee retention. This perception may arise from employers not adequately compensating for employees’ efforts, leading to an imbalance that leaves employees feeling unappreciated. Notably, a significant number of employees responded neutrally, indicating their uncertainty about the value of compensation to them. The high number of neutral responses across all three questions is a significant concern. These respondents are in an uncertain situation, unsure whether they agree or disagree. This uncertainty could lead to feelings of discomfort and a lack of connection with the company, which could subsequently increase the possibility of them leaving the company. The significant number of neutral and disagreeing respondents suggests that the company needs to reassess its compensation strategies and communication to ensure that employees feel valued and fairly compensated, which is essential for retaining talented personnel.

### CONCLUSION

The study provides valuable insights into the role of compensation in employee retention within private companies in Phnom Penh Capital City, Cambodia. The data reveals that a significant number of employees view their compensation package as a key factor influencing their decision to remain with their current employer. However, the study also reveals a substantial proportion of employees expressing dissatisfaction or neutrality towards their compensation packages, signaling potential areas for improvement. The findings suggest that while salary and paid time off are the most common forms of compensation, other benefits such as performance-based incentives, retirement benefits, and life insurance also play a crucial role in employee satisfaction. However, the presence of a significant number of employees who are uncertain about the competitiveness of their compensation packages and the fairness of the company’s compensation determining system indicates a need for improved communication and transparency. Moreover, the research emphasizes the necessity of acknowledging and addressing employee concerns about compensation. A notable percentage of employees expressed dissatisfaction or neutrality towards their compensation packages, which could potentially escalate turnover rates. Consequently, it is imperative for companies to reevaluate their compensation strategies to ensure they are competitive, equitable, and transparent. In conclusion, this study underscores the importance of a comprehensive and fair compensation package in

retaining employees. It calls for companies to continually reassess and improve their compensation strategies, taking into account the diverse needs and expectations of their employees. By doing so, companies can enhance employee satisfaction, foster loyalty, and ultimately, achieve better employee retention.

## RECOMMENDATIONS

Based on the findings, this research proposes the following actionable recommendations.

### Improve Transparency

Companies should strive to enhance transparency and communication about their compensation packages. This could alleviate uncertainty among employees and augment their perceived value of the compensation packages.

### Conduct Regular Market Analysis

Companies should undertake regular market analysis to ascertain that their compensation packages remain competitive. This could aid in retaining employees who might otherwise contemplate leaving for companies offering more competitive compensation.

### Address Employee Concerns

Companies should proactively address employee concerns about their compensation. This could entail conducting additional surveys or interviews to gain a more profound understanding of the specific aspects of the compensation package that employees find problematic.

### Reassess Compensation Strategies

Companies should reevaluate their compensation strategies to ensure they are fair and cater to the diverse needs of their employees. This could involve contemplating alternative forms of compensation, such as performance-based incentives, retirement benefits, and life insurance.

### Invest in Employee Satisfaction

Companies should invest in enhancing employee satisfaction with their compensation. This could involve implementing targeted improvements to boost overall satisfaction and mitigate the risk of losing valuable employees.

### Consider Employee Feedback

Companies should take employee feedback into account when reassessing their compensation strategies. Employees who are dissatisfied with their compensation could provide valuable insights into how the compensation packages could be improved.

### Future Research

There are several areas identified for future research

### Comparison Across Industries

Future research could also compare compensation

practices and their impact on employee retention across different industries. This could provide valuable insights into industry-specific trends and practices.

### Longitudinal Study

A longitudinal study tracking the same employees over time could provide insights into how changes in compensation impact employee retention and job satisfaction.

### Specific Aspects of Compensation Packages

Future research could delve deeper into the specific aspects of compensation packages that employees find most valuable. This could involve conducting surveys or interviews to gain a more profound understanding of employee preferences and expectations.

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**Annexures**  
**Survey Questionnaires**

1. What are your current compensations that you receive from your current company?  
Please carefully read the description and question. This question allows for multiple responses, meaning you may select more than one answer that applies to you. Additionally, you have the option to provide an open-ended response in the ‘Other (Please Specify)’ area where you can express your opinion or add any information not covered by the provided options.
2. How satisfied are you with your current compensation

Salary       Overtime pay       Performance-based incentives

Seniority Pay       Bonus       Paid Time Off (PTO): Annual Leave

Holiday Leave       Sick Leave       Paternity Leave

Maternity Leave       Casual Leave       Bereavement Leave

National Social Security Fund (NSSF)

Other health and Welfare benefits: Life Insurance       Dental Health

Eyes Care       Retirement benefits

Other (Please Specify) .....

package?  
Please carefully read the question and select the answer

that best applies to you. You may only select one answer.  
3. Do you believe your current compensation package

Very dissatisfied       Dissatisfied       Neutral       Satisfied

Very satisfied

is competitive compared to other private companies in Phnom Penh, Cambodia?  
Please carefully read each question and select the answer

that best applies to you. You may only select one answer.  
4. In a typical 5-point Likert scale, respondents are asked

Yes       No       Not Sure

to rate their level of agreement with a statement on a scale of 1-5, where 1 represents ‘Strongly disagree’, 2 represents ‘disagree’, 3 represents ‘Neutral (Neither agree nor disagree)’, 4 represents ‘Agree’, and 5 represents ‘Strongly Agree’.

Please carefully read the description and questions. Then select the answer that best applies to you. You may only choose one answer per question.

Questions	Statement				
	1	2	3	4	5
Do you agree that your compensation package is important in your decision to stay with your current company?					
Do you agree that your current company has a fair system for determining employee compensation?					
Do you agree that compensation plays a vital role in retaining employees in your current company?					