

**INCENTIVES AND NON MANDATORY BENEFITS OF
SELECTED MANUFACTURING COMPANIES IN
CAVITE; EFFECTS ON EMPLOYEE RETENTION**

THESIS

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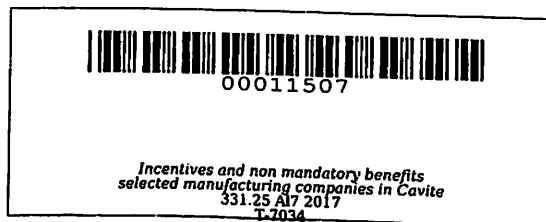
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**INCENTIVES AND NON MANDATORY BENEFITS OF SELECTED
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EFFECTS ON EMPLOYEE RETENTION**

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ABSTRACT

ALONZO, RIA ELLA C., JARILLAS, CLARENZ G. and ROGACION, RHIZA JOY D. Incentives and Non Mandatory Benefits of Selected Manufacturing Companies in Cavite: Effects on Employee Retention. Undergraduate Thesis. Bachelor of Science in Business Management, major in Human Resource Development Management. Cavite State University, Indang, Cavite. May 2017. Adviser: Ms. Mailah M. Ulep.

This study was carried out to determine the relationship between employee retention and incentive schemes and non mandatory benefits in selected manufacturing companies in Cavite. Specifically, it aimed to determine the company profile of selected manufacturing companies in Cavite; determine the socioeconomic profile of employees in selected manufacturing companies in Cavite; determine the incentives and non mandatory benefits provided to employees of selected manufacturing companies in Cavite; determine the factors and their degree of influence on the choice and design of incentives and non mandatory benefits in selected manufacturing companies in Cavite; determine how do employees of selected manufacturing companies perceive the incentives and non mandatory benefits extended to them; determine if the socioeconomic factors affect employees' preference in terms of incentives and non mandatory benefits they desire; determine the level of employee retention in selected manufacturing companies in Cavite; and determine the likelihood of the employees to stay in the company in reference to incentives and non mandatory benefits.

The participants of the study were 257 employees of selected manufacturing companies in Cavite. The researchers gathered data from three different types of manufacturing industries. The metal, fast moving consumer goods and electronics industry. Four-point Likert scale was also used to determine how the incentive schemes

and non mandatory benefits were perceived by the employees. Four-point Likert scale was also used to determine the factors that affect the choice and design of the incentive schemes and non mandatory benefits. Simple linear regression was used to determine the relationship between employee retention and incentive schemes and non mandatory benefits.

Findings of the study show that incentives and non mandatory benefits have no effect on employee retention but it has a positive contribution on employees' intention to stay. Employees perceived the incentives positively, meaning they found them as motivating. For the non mandatory benefits, participants perceived them as important, meaning employees perceived them as beneficial. Almost all of the employees were most likely to choose the incentives and benefits that would be most beneficial to their family. Also, gender, age and length of service affect the incentives and non-mandatory benefits that an employee desires; and lastly, the quantity of the incentives and non-mandatory benefits do not affect the employees' intention to stay however, quality does.

In addition to the findings of the study, based on the interview of the researchers with the HR representatives from the selected manufacturing companies, their target retention rate was 100 % but since they cannot meet the target retention rate every year, 97 % would be acceptable.

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INTRODUCTION

An employee plays a vital role in an organization. They are the one who enable the business to run, operate and produce quality products and services for the customers. Without employees, businesses cannot operate, thus they cannot earn any money or profit which may result to company shut down.

Employee retention refers to the various policies and practices which encourage the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joinee, make him or her a corporate ready material and bring him at par with the existing employees. The organization is left at a loss when employees leave their jobs once they are fully trained. Employee retention takes into account the various measures taken by the management so that an individual stays in an organization for a maximum period of time.

According to Brenner (2010), an employee benefit is a program that plays an integral part of an investment in human capital. Benefits are very important in the sense