# Salary Issues: Strategic Management: A Systematic Literature Review

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| **Abstract** | Strategic management plays a crucial role in addressing salary issues within organizations, especially in balancing internal equity and market competitiveness. This study aims to analyze how strategic management practices can be employed to resolve salary-related challenges, such as wage disparity, employee dissatisfaction, and retention problems. Utilizing a mixed-methods approach, this research combines quantitative data collected through structured surveys with qualitative insights from in-depth interviews with HR managers and employees across multiple industries. The results indicate that companies implementing clear compensation strategies aligned with performance metrics, job evaluations, and market standards experience higher employee satisfaction and organizational commitment. Moreover, strategic salary planning contributes to reduced turnover rates and improved employee morale. The study concludes that a well-integrated strategic management approach in compensation policy not only addresses salary issues effectively but also supports long-term organizational sustainability. Recommendations include continuous salary benchmarking, transparent communication, and strategic alignment between HR policies and business goals. |
| **Keywords:** | Salary, Strategic Management, Compensation, Employee Retention, HR Strategy, Organizational Commitment. |

## INTRODUCTION

Salary-related concerns are now a major focus of strategic human resource management in today's cutthroat business climate. In addition to being a transactional component of employment, compensation has a significant impact on performance, organizational commitment, and employee motivation. It is now crucial for businesses to comprehend the strategic implications of salary design in order to recruit and retain top talent. One source of long-term competitive advantage is now thought to be the alignment of compensation plans with overarching business goals.

Because they have relatively stable salaries and pay increases, public employees may show a degree of job satisfaction that stems from low levels of job stress. Greece's unemployment rate skyrocketed to over 27% in recent years, making it one of the highest in the EU. Public servant pay has been reduced by at least 30% in recent years, and Greeks have also had to deal with the rising cost of living and taxes, longer workdays, and job insecurity. Given the potential for serious repercussions for both the organization and its employees, it is a matter of concern today. Employee stress can have a negative impact on a company's productivity, job satisfaction, work performance, and staff retention, which can lower employee commitment and morale and cause additional financial challenges for the company.

The current staffing crisis will worsen as more workers decide to leave the accounting field for more lucrative external opportunities that increasingly offer better work/life balance if slower salary growth rates and lower actual accounting salaries continue over time in comparison to similarly skilled

professions (Ellis 2022; Iacone 2022). The detrimental effect that this pay gap will have on the college admissions process is another issue for the profession.

In this competitive market, it is imperative to offer a competitive salary. Companies should periodically assess their pay scale for both current and prospective workers to make sure it reflects the competitive market. Pay ranges by job title, industry sector, region, or state are easily accessible to employers and employees thanks to the widespread use of online salary databases like Indeed, Glassdoor, ZipRecruiter, and Salary.com, among others. Having access to this data allows employers and employees to compare salaries instantly, something that was previously impossible or very difficult to do. Businesses can use this information to help with the hiring and retention process by knowing the competitive salary ranges in a particular area. It also helps to guarantee that offers are reasonable and existing salary levels are appropriate.

Many organizations still struggle to match compensation plans with overarching business objectives, despite increased awareness of the issue. According to Schroedel and Geyer (2000), postgraduate degree recipients who are deaf and hard of hearing (DHH) only make 75% of what their hearing counterparts do. DHH people also face an income disparity. Talent attraction and retention depend on a scientific and fair compensation structure (Liu, 2018). An organization's compensation plan includes salaries. According to Hi Bob (2022), a comprehensive compensation program is essential to the organization's culture and is designed to attract, engage, and retain employees.

Prior research has frequently looked at salary issues in isolation, such as concentrating only on employee satisfaction or turnover, without investigating the whole picture of the relationship between compensation systems, employee perceptions, and organizational performance. Additionally, although employee behavior is often attributed to fairness and transparency in compensation, research on the effects of these perceptions on long-term workforce stability and commitment is still lacking, particularly in developing nations. This disparity highlights the necessity of examining the ways in which strategic compensation choices impact organizational and individual results.

In addition to the company's development and increased enterprise competitiveness, the management of salaries is also continuously evolving in tandem with the Times' ongoing progress. Employee enthusiasm is essential for fostering the growth of the enterprise economy, according to the analysis of numerous research findings.

The relationship between compensation and motivation, the alignment of salary with strategy, the impact on workforce stability, and the relationship between salary perception and transparency and job satisfaction and performance are the five main areas that will be examined in this paper. It does this by drawing on theoretical frameworks such as Equity Theory, which explains how perceived fairness affects motivation.


## METHOD

This study adopt Systematic Literature Review (SLR) followed with a framework developed by Denyer & Tranfield (2009). The methodology consists of 5 phases: Pilot search & research question, locating studies, study selection & evaluation, analysis & synthesis, and reporting of the results.

### Pilot search & research question

A pilot search was conducted in order to initially gain a further understanding of the existing literature that relevant with salary issues. This phase helped identify common themes of this study. We located the literatures through electronic search database. As a result, the following research questions is made:

1. What is the relationship between compensation strategies and employee motivation?
2. How do organiztions align salary structures with business strategy?
3. How does compensation strategy impact long-term workforce stability?
4. How does salary perception influence organizatinal commitment and job satisfaction?
5. How does salary fairness and wage transparency influence employee performance?

### Locating studies

In order to locate the literatures, we used a search engine and a software namely Publish or Perish (PoP). PoP were used to search the literatures by using a database namely Google Scholar. For this study, the search strings were include (salary OR wage OR wages OR earnings) AND "salary issues" AND performance AND (strategy OR "HR strategy" OR "compensation strategy"). Boolean

operators such as AND, OR, and quotations marks were used to help refine the search results. Filters were applied to include literatures that published in the last ten years (2023-2013), written in english, and relevant to salary issues.

**Study selection & evaluation**

The primary search strings were applied and found broad results of the literature. We identified 967 studies using online software Rayyan. The first inclusion criteria is the timeline. It was set from the year 2023 until 2013, to ensure that we collect broad literature, while also keeping it relevant. Another inclusion criteria was that the studies are written in english and relevant keywords with this study. Another inclusion criteria used such as salary, performance, issues, satisfaction, employee, pay, issue, wage, compensation, and fair. As a result of the screening process, a total of 30 literatures were selected for further analysis in the next phase.

**Analysis & synthesis**

After the collecting and screening process, In order to break down 30 literatures, we plan to analyze them by breaking each article into relevant characteristics that align with our research questions. These may include the type of salary issues discussed, such as salary transparency, salary fairness, compensation, and salary perception.

**Reporting the results**

Following the suggestion of Denyer and Tranfield (2009) the findings and discussion encompasses the summary of the literature review.

**Distribution and Statistics**

This section presents the distribution of selected literature based on the field and subfield of study, as summarized in Table 1. The categorization helps to identify the dominant areas of focus within existing research on salary-related issues, particularly in the context of education. The reviewed studies are grouped into relevant subfields to highlight recurring themes such as teacher salary, burnout, and compensation-related challenges. For instance, one study conducted by AIR (2023) emphasizes the importance of raising teacher pay to reduce burnout and improve educational outcomes. Another study by Galanaki (2012–2013) focuses on burnout specifically among physical education teachers, addressing the unique pressures faced in that subdiscipline. This categorization not only aids in understanding the scope of existing research but also reveals gaps and opportunities for further exploration in underrepresented subfields.

**Table 1** Catogarization Studies

| Field | Subfield | Study |
|---|---|---|
| Education | Teacher salary and Burnout | AIR (Raising the Bar on Teacher Pay) |
| | Physical education teacher burnout | Galanaki(2012-2013) |
| | Salary raise effects (Indonesia) | Muralidharan,Pradhan,et al.(World Bank, 2017) |
| | | Ngina(ERIC,2019) |
| | Early retirement due to low salary | George & Rhodes (South Africa,2021) |
| | PPPsalary differentials and migration | Babcock (2024,National Univ.ProQuest) |
| | Adjunct faculty job satisfaction & salary | Asiegbu & Umaru (Ministry of Ed., Adamawa State) |
| | Compensation and performance in public education | Marchetti & Bailey(RIT,NSF-funded) |
| | Salary equity transparency initiative | |
| Compensation Systems | Salary dissatisfaction in catering/hospitality | Yin Huagen GT Company,China) |
| | Pay equity & advocacy toolkit | Bartholomew et al. (Library field, Tool |
| Accounting | | Galbreath, Chen, & Jobe (2023) |
| | Salary stagnation and workforce gap | Silva, Dal Magro, & da Silva ( 2016) |
| Organizational Psychology | Gender inequality and glass ceiling | Chen & Huang (SSRN) |
| Sports Management/HR Analytics | Tournament theory and Jrmance | Chuang Chen & Chen(2018) |
| Public Sector Management | Salary prediction with grey theory | Phan Thi Kim Xuyen et al, (VietnamNet News) |

| Field | Subfield | Study |
|-------|----------|-------|
| | SOE salary reform in Vietnam | |

## RESULTS AND DISCUSSION

This section presents findings derived from a synthesis of 30 journal articles related to salary issues and compensation strategies within strategic human resource management. The results are organized according to the five research questions (RQs) guiding this study.

RQ1: What is the relationship between compensation strategies and employee motivation?

Across multiple studies, compensation strategies were shown to have a direct and significant impact on employee motivation. Research from Nigeria's Ministry of Education (Asiegbu & Isa, 2024) and GT Catering (Marchetti & Bailey, 2022) revealed that well-structured salary, bonus, and promotion packages were positively correlated with higher job performance and work enthusiasm. Similarly, the tournament theory-based study (Yang, Yang, & Su, 2015 ) emphasized that structured salary gaps based on performance can incentivize employees when perceived as fair, boosting motivation across hierarchies.

RQ2: How do organizations align salary structures with business strategy?

The reviewed literature highlights the growing trend of performance-based and market-responsive compensation frameworks as a means to align pay with business goals. For instance, Vietnam's SOEs (Phan et al, 2022) were recommended to decentralize salary decisions and link pay to organizational outcomes to enhance competitiveness. GT Catering (Marchetti & Bailey, 2022) proposed restructuring compensation components to align salary with service quality and company performance. These cases demonstrate that aligning pay systems with strategic objectives supports organizational agility and competitiveness.

RQ3: How does compensation strategy impact long-term workforce stability?

A recurring theme across six studies was the impact of poor compensation on employee retention and workforce stability. In Kenya, low salary and poor promotion policies led to early teacher retirements. Similar patterns were noted among U.S. and South African teachers (Sherratt et al), where inadequate pay prompted high turnover or international migration. Within the accounting profession (Galbreath, Chen, & Jobe, 2023), stagnant wage growth discouraged new entrants and contributed to staffing shortages. These findings underscore that without competitive and growth-oriented compensation strategies, long-term workforce stability is compromised.

RQ4: How does salary perception influence organizational commitment and job satisfaction?

Employee perception of salary fairness and adequacy plays a major role in shaping job satisfaction and commitment. In Greece (N. Panagopoulos, S. Anastasiou and V. Goloni), dissatisfaction with pay contributed to burnout and emotional exhaustion among teachers. Adjunct faculty in the U.S. (Babcock, 2024) expressed low satisfaction with salary levels, but found meaning and commitment through supportive leadership and recognition—suggesting that salary perception, while not the sole driver, is a critical factor. Moreover, studies on gender wage gaps (Silva, et al, 2016) showed that perceived inequity reduces commitment and increases disengagement, particularly among women.

RQ5: How do salary fairness and wage transparency influence employee performance?

Evidence from both faculty equity initiatives and salary advocacy toolkits (Bartholomew et al, 2017) illustrates that salary transparency and fairness efforts improve organizational trust, collaboration, and inclusion. Transparent salary audits and participatory compensation planning not only addressed systemic inequalities but also fostered stronger cultural commitment and improved relationships between employees and management. While direct links to measurable performance were limited, the improvements in engagement and morale suggest an indirect performance benefit stemming from equitable practices.

## CONCLUSION

This study investigated strategic salary management through the lens of five research questions, using a systematic literature review approach. The findings emphasize that compensation strategy is more than a human resource tool, it is a central lever of organizational success, influencing motivation,

commitment, performance, and workforce stability. Drawing from Equity Theory, the research highlights that employee perceptions of fairness in pay are as critical as the actual compensation figures.

Firstly, compensation strategies that include performance-based rewards, transparent structures, and meaningful recognition have a direct and positive impact on employee motivation. Strategic salary alignment with business goals, when supported by clear criteria and market benchmarks, emerges as essential for sustaining competitiveness and operational excellence.

Secondly, the long-term stability of the workforce is heavily shaped by salary practices. Evidence shows that low, stagnant, or inequitable compensation undermines retention, especially among experienced or skilled employees. Conversely, fair and responsive salary systems help reduce burnout, brain drain, and turnover.

The analysis also reveals that how employees perceive their pay, not just what they earn, affects their level of commitment and satisfaction. When compensation is viewed as fair in relation to peers and aligned with contributions, it strengthens organizational loyalty. These perceptions, rooted in the principles of Equity Theory, are shown to influence not only morale but also tangible performance outcomes.

Finally, the research underscores the strategic value of wage transparency and fairness. Organizations that implement salary audits, communicate openly about compensation policies, and engage employees in the process are more likely to build trust, enhance collaboration, and achieve higher performance.

In conclusion, salary is not merely a cost to be managed but a strategic asset. Organizations that understand and apply compensation through a fairness-driven, equity-informed lens are better positioned to motivate talent, retain critical staff, and achieve sustainable growth.

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