



**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS**

**EFFECTS OF COMPENSATION AND BENEFIT
PACKAGES ON EMPLOYEE TURNOVER AND JOB
SATISFACTION: THE CASE OF WEGAGEN BANK S.C.**

**BY
HABTAMU GEREMEW**

**MAY, 2020
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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ADVISOR: MISGANAW SOLOMON (PhD)

MAY, 2020

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DECLARATION

I, the undersigned, declare that this thesis is my original work prepared under the guidance of Misganaw Solomon (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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MAY, 2020

ENDORSEMENT

This Thesis has been submitted to St. Mary's University for examination with my approval as a university advisor.

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ABSTRACT

The purpose of this research was to assess the effects of compensation and benefit package on employees' turnover and job satisfaction at Wegagen Bank, Addis Ababa, Ethiopia. To achieve this objective, both qualitative and quantitative data were collected from 91 employees who were selected using simple random sampling technique. Questionnaires and interviews were used to collect data from employees of Wegagen Bank working in the Head office. Once the data were collected, they were coded, edited, and analyzed. The major findings indicated that in Wegagen Bank there are different compensation packages such as salary, transport allowance, hardship allowance, telephone allowance, etc. The bank is good at providing annual leave. However, it is weak in the following benefit packages: providing food and beverage to its employee, establishing employee clubs and implementing weak talent management practices, this means the existence of ineffective, redundant and not carrier related training practices. On the other hand, there are different other major problems. Employees do not participate in compensation and benefit decision-making process. Additionally, poor work environment and work culture prevail at the bank. These all may decrease job satisfaction and increase staff turnover. It can then be concluded that most of the respondents were not satisfied with the existing compensation and benefit packages because of the aforementioned reasons. Finally, the all findings lead to the thought that Wegagen Bank S.C. has to review its current compensation and benefit package in order to retain employees for long period of time (decrease turnover) and increase their job satisfaction.

KEY WORDS: Compensation, Benefit package, Turnover, Job satisfaction and Wegagen Bank S.C.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Thompson (2019) quoted Leonard (nd) defining compensation as payment which includes wages, salaries, bonuses and commission structures. The main returns of compensation and benefit packages includes; attracting top talent, improved productivity and profitability, and increased employee motivation, loyalty and job satisfaction.

Sudiardhita et al (2018) argued that compensation is a reward received by someone for his hard work either in the form of money or in the form of other rewards that make the person feel pleased with the work that has been achieved. It is given to workers as a means to attain organizational goals that include: extrinsic aspects in the form; salary and wages, benefits, incentives and additional income, as well as intrinsic aspects of the form; responsibilities, challenges and the nature of the work, abilities, skills and growth of personal qualities.

According to Ivancevich (2007) compensation should reflect the value of a job. Compensation designed generally for the benefit of the corporation and workers. The interest of the company with the compensation is to gain a greater job performance. While the interests of employees for the compensation received that is able to meet the needs and desires and become household economic security. The purpose of compensation is to make an appropriate reward system for employees and employers, the desired outcome is a worker who is tied to his job and motivated to do a good job for the worker.

Similarly, Rahman and Syahrizal (2018) argued that Compensation is a motivation for workers to work as best as they can. Appropriate compensation suitable with responsibility will also increase the sense of responsible on the task given to the workers. Also satisfactory salary can retain an employee to stay loyal to the company or organization. Compensation for worker is a form of appreciation given to employee for their contribution to achieve company goal.

Mabaso and Dlamini (2017) argued that a remuneration package is one of the most significant factors that pressure people to take up employment and stay with organizations. Rewards should be on a par with industry norms. Proper sector research should be conducted regularly to determine what others are offering and adjust salaries accordingly. Additionally, in order to pull towards and keep talent, it should be organized to pay salaries that are correspondent or better than others in the labor market. According to the survey report conducted by the Society for Human Resource Management (2012), it was found that compensation and benefits are regularly among the top three factors affecting employee job satisfaction.

Sudarno et al. (2016) argued that Compensation must be attractive to workers, able to compete with other companies, in accordance with the size of the responsibilities undertaken or the level of complexity of work and can stimulate employees to better accomplishment because of value of proper or higher rewards. The size of the compensation received by workers will result in different employee job satisfaction levels. If the compensation received for the work done increases, the employee job satisfaction will also increase. A good compensation system, in addition to being fair and worthy, should be more attractive, competitive and motivating.

Danish (2010) concluded that “the periodical salary increments, allowances , bonuses, fringe benefits and other compensations keeps the workers morale high and makes them more motivated.’’

The researcher heard so many complaints from the employees that indicate the employees low job satisfaction, which is more related with the Wegagen Bank S.C. compensation. In Wegagen Bank S.C., there is most of the time 15% annual salary increment and bonus payment offer in the form of double salary. But, still there is a high turnover rate whose figure increased from 206 in 2017 to 235 in 2018 and 256 in 2019 (Human Resource Management 2020). This implied that a gap exists between what the employees want and the Bank practices. This problem needs to get good solutions. Accordingly, the researcher wants to assess the effect of compensation and benefit packages on employee turnover and job satisfaction level in the case of Wegagen Bank S.C.

1.2 Background of the organization

As Wegagen Bank S.C. Website www.wegagen.com(2019) states, Wegagen Bank S.C. was established on June 11, 1997. It came into being and contributed to a sustainable economic development by raising an initial capital of Birr 30 million. As of June 30, 2016, the paid up

capital of the Bank reached Birr 1.8 billion. The number of Shareholders is now 2,349. Wegagen Bank is governed by the Board of Directors consisting of a Chairperson, a Vice Chairperson and seven Directors. The overall management is entrusted to the management team which comprises the President/Chief Executive Officer, who is appointed by the Board of Directors, four Vice-Presidents and sixteen Directors as well as Manager of Engineering Service.

According to Wegagen Bank Website indicated above, Wegagen Bank's vision is to be the one among the ten most reputable and competent Bank in Africa by the year 2025 and also it states the following core values: -Honesty, Integrity and Loyalty, Service Excellence, Professionalism, Equal Employment Opportunity, Learning and Innovation, Social Responsiveness, Respect and Dignity.

Wegagen Bank Reward and Retention Division internal document states that currently Wegagen Bank has a network of 382 branches of which 163 are in Addis Ababa and the remaining 219 are located in regional cities and towns of the country. To expand its service coverage, the Bank keeps on opening additional branches both in Addis Ababa and regional towns. In addition to this, the document states that as of January 1, 2020, the numbers of employees of the Bank have been 4788.

1.3 Statement of the problem

Compensation and benefit packages can affect turnover and job satisfaction. Weldeyohannes (2016) stated that unsatisfactory salary has impact on turnover intention. This in other words means the lower compensation, the higher the employees' intention to leave an organization, which can increase the employees' turnover rate. Suptamin, Nimran and Utami (2012) concluded that the relationship between compensation and job satisfaction was positive where the higher compensation received by employees, the higher the job satisfaction felt by employees. According to the society for Human Resource Management (2008) job satisfaction survey, 92 percent of employees stated that compensation held some level of importance. As www.Iedunote.com (nd) stated, the positive fourth effect of job satisfaction was; high employee retention is possible if employees are happy. This indicates that job satisfaction has a direct effect on employee retention. In other words, low level of employees' job satisfaction can increase employees' turnover. From the explanation above; we can conclude that satisfactory compensation can retain an employee to stay loyal to the organization by increasing their satisfaction level.

At Wegagen Bank S.C compensation and benefit package have been given to employees up to 15% annual increment on the salary. But from the researcher's experience and insight, there is no significant change on employees' job satisfaction and turnover rate. That is what the data at the Human Resources Department shows. Staff turnover is becoming a problem to the Bank and there needs to be solutions to retain the staff. The researcher read complains of employees from the exit interview that indicates higher employees turnover existed due to the Bank's low compensation and benefit packages. In the other hand, The researcher heard so many complaints from the employees that indicate the employees low job satisfaction, which is more related with the Wegagen Bank S.C. compensation. These problems have impact on employees' productivity.

These study asses the current effect of compensation and benefit package on Wegagen Bank S.C on employees' turnover and job satisfaction. Thus, this study begins from the understanding of the need to effectively administer the effect of Compensation and Benefit Packages on employees' turnover and job Satisfaction and turnover at Wegagen Bank S.C.

1.4 Research Questions

- What compensation and benefit packages has Wegagen Bank S.C. put in place?
- How competent enough are Wegagen Bank's compensation and benefit packages?
- To what extent do compensation and benefit packages contribute to employees' turnover in Wegagen Bank S.C
- To what extent do compensation and benefit packages contribute to employees' job satisfaction in Wegagen Bank S.C

1.5 Objectives of the Study

1.5.1 General Objective

The general objective of this research is to assess the Compensation and Benefit Package effect on employees' turnover and job satisfaction Wegagen Bank S.C.

1.5.2 Specific Objectives

The specific objectives were the following:

- To find out the compensation and benefit packages put in place at the bank

- To identify whether compensation and benefit packages are real factors contributing to employee turnover in Wegagen Bank S.C
- To suggest possible solutions that can minimize turnover
- To examine the effect of compensation and benefit package on the employees' job satisfaction.
- To suggest possible solutions that can increase job satisfaction.

1.6 Significance of the study

This research will assess the Compensation and Benefit package effect on job satisfaction. Wile (nd, para 1) argued that when compensation and benefit package decreases turnover will increases. Salisu et.al (2015) indicates that compensation has a positive effect on job satisfaction. Based on this literature for this study compensation and benefit package is independent variable. In other hand, turnover and job satisfaction are dependent variables. This study will not asses only the direct effect of compensation and benefit package on job satisfaction like the above literature but it will also uniquely asses the indirect effect. Therefore, by assessing the effect this study will identify good points which can help Wegagen Bank S.C to increase employees' job satisfaction.

Additionally, the key quality that makes this study unique is that as the researcher observed, the former studies which were done in Wegagen Bank were focused only on the assessment of the outside market, in order to revise the employee's salary and benefit package. But this study will gives concentration on the assessment of the internal factors within the company which are related with the Compensation and Benefit Packages of the Wegagen Bank, which would contribute toward increasing the employees' job satisfaction level and decreasing employees' turnover.

In addition to the above, the study will contribute the following.

- It will help to improve the Benefit policy.
- It will help other researchers conducting a study under the same subject to make use of this study as a source of reference.

Finally, the researcher hoped that the Bank might appreciate and use some of the recommendation as appropriate for its purpose.

1.7 Delimitation (scope of the Study)

The target group of this research will be workers of Wegagen Bank S.C who are working in Head office because of difficulties to take the whole population for conducting the research. This study will focus on Human Resource Directorate, Finance Directorate, Legal Service Directorate, Branch Operation Directorate, Marketing Directorate and International Banking Directorate.

1.8 Limitations

From 133 respondents, 91 of them filled in the questionnaire and emailed their responses to the researcher. But the remaining distributed questionnaires were not collected because employees were not in office due to the corona virus. Additionally, some other employees were not willing to take hard copies for fear of getting infected with the virus through exchange of paper. This has compromised the representativeness of the respondents.

1.9 Organization of the study

This study is organized in 5 Chapters. The first chapter consists of Background of the Study, Background of the organization, Statement of the problem, Research Questions, Research objective, Significance of the study, scope and limitation of the study and also organization of the study. The second chapter deals with review of related literature. The third chapter deals with methodology of the study. In the fourth chapter data are analyzed and discussed. The fifth chapter provides the conclusion and recommendation parts of the findings of the Study.

CHAPTER TWO

LITERATURE REVIEW

In this chapter, existing literature regarding compensation and benefit packages are reviewed. The following points are discussed: definition of compensation and benefit package, types of employee compensation, types of employee benefits, steps to consider when designing benefits plans, definition and types of turnover, definition and importance of job satisfaction, factors impacting job satisfaction and also measures of job satisfaction. In addition to these, different scholars' attitude regarding to the concept are inscribed below.

2.1 Definition of Compensation and Benefit package

Different scholars have defined compensation and benefit packages in different ways. Kappel (2018) defined compensation as the total cash and non-cash payments given to workers in exchange for their effort in business. Jones (2018) defines employee benefits package as a set of non-wage compensation that supplements an employee's salary. It is typically one of the biggest operating costs for businesses with workers. Mark(2019) argued that compensation refers to pay or the exchange in monetary terms of the work performed by the worker and is paid by the owner. This can be in the form of wages, salary or tips. Benefits refer to the exchange in value to the workers as part of their packages for the work that has been performed. In other words, benefits do not involve money but are presented in form of value. However, there are also other key factors that differentiate compensation from benefits.

There are diverse types of benefit packages and employees have the opportunity to prefer benefit packages that suit their needs. Some benefits are required by law and these include sick and holiday pay as well as unemployment compensation. On the other hand, workers can choose their desired benefit packages from the following: vacation, health insurance, company housing, subsidized meals as well as educational funding for children. In some cases, benefits depend on one's level within the company.

Table 2 1 The difference between Compensation and Benefits

Compensation	Benefits
Monetary value	Non-monetary value

Compensation is performance based	Benefits are not performance based but membership based
Employees cannot determine their compensation	Employees can determine their benefit packages and are entitled to them
In piece-rate compensation plan, pay determined by contribution made	No benefits at all
Meant to attract as well as to retain talented workers.	Meant to motivate as well as to improve welfare of employees
Pay offered on weekly, fortnight as well as monthly basis	Benefits can come separate from actual pay earned by the employee

Mark (2019, Para 15)

2.2 Types of compensation

There are diverse types of compensation packages for different workers depending on their nature of work (Mark 2019). These include the following;

Basic compensation

Some companies put forward basic salaries as compensation to their workers. People who belong to the similar grade get equal basic pay.

Performance related compensation

There are diverse types of compensation plans and some are performance based. For example, pay can be adjusted to mirror some performance measure and that can be individual productivity, work group or departmental productivity.

Piece-rate compensation plan

Some companies present their workers compensation that is based on piece- rate plans where they do not acquire a base salary and are only paid for what they have produced. This is also known as commission based compensation in other circles.

Compensation schedule

Some companies calculate the pay for their workers on an hourly basis. Aspects such as experience as well as levels of qualifications are mainly used to determine the compensation rate for each

employee within the organization. Some companies prefer to pay their workers on monthly basis while others can choose either weekly or fortnight payment days.

2.3 Types of employee benefits

Employee Happiness Index (2019) distinguishes 4 categories of employee benefits; Benefits at work, Benefits for health, Benefits for financial security and way of life benefits. Each benefit type is discussed in detail in the following sections.

2.3.1 Benefits at work

Employee Happiness Index (2019) identified the following benefits as “working hours & leave, skills development, food & beverage, and employee clubs, activities & gifts.”

Working hours & leave

Flexitime (Flexible hour’s schedule that allows workers to alter workday start and finish times) gives workers the possibility to decide about their working hours and/or the location they want to work from. Other examples include additional holidays and, one of the other benefits employees value most. Flexible hours and the possibility to work from home remain important benefits for employees.

Skills development

Rapid technological developments and the fact that people change jobs more often make skills development more important too. Skills development, however, is not just an important benefit for (younger) employees. It is also essential for organizations if they want to remain competitive.

Food & Beverage

Employee Happiness Index already mentioned the meal vouchers in France. Other benefits that fall into this category include free lunches, fruit, and coffee.

Employee clubs, activities & gifts

There are heaps of possibilities when it comes to this category: knitting clubs, running groups, (video) game nights, Secret Santa's, anniversary gifts, etc.

2.3.2 Benefits for health

Health and wellness

More and more companies have employee wellness programs. The possibilities are endless and examples of employee wellness programs vary from a simple gym membership to full suite solutions that include physical, mental and financial wellness.

Healthcare

Healthcare benefits also come in different shapes and sizes. Physiotherapy and chiropractic sessions can be considered, for instance, but sometimes fertility treatments and psychological support can also be included.

2.3.3 Benefits for financial security

Cautero (2019) argued that to put it simply, financial security means having adequate money to fund your lifestyle, as well as work toward your financial goals. Financial security means different things to different people. To some, it may mean having enough money to cover all your bills, save for retirement and then have some left over. To others, it may mean earning a six- or seven-figure income, maintaining a robust investment portfolio and owning several real estate properties. Regardless of your interpretation of what it means to be financially secure, it's likely on your long-term list of financial goals to achieve financial security.

2.3.4 Way of life benefits

Way of life benefits consists of work-life balance and mobility.

Work-life balance

Heathfield(2019) argued that achieving a work-life balance is a daily challenge. It can be tough to make time for family, friends, community participation, spirituality, personal growth, self-care, and other personal activities, in addition to the demands of the workplace. Work-life balance is a

concept that describes the prototype of splitting one's time and energy between work and other important aspects of their life.

Nassiuma (2018) stated that work life balance had weak and negative correlation with all the indices of employee turnover (attrition, resignation and Dismissal). This implies that there was a statistically significant but negative relationship between work life balance and employee turnover. Implying that work life balance may not be the only determinant of labor turnover. When one does not balance employees' life with work schedule there is likelihood that employees will leave the job.

Glass (nd) argued that acknowledging each employee's efforts to strike a balance allows you to be part of the solution. Job satisfaction typically increases with improved life balance, which in turn increases employee loyalty, creativity and productivity.

Wedgwood (2019) identified the following four reasons why work-life balance is important for your people and your organization: Fewer health problems, more engagement, less “burnouts” and more mindfulness.

Fluke (2017) identified the following 11 creative strategies to improve employee work-life balance: Provide flex hours including seasonal hours, Allow employees to work from home, Less rigid lunch schedules, Provide laptops and equipment to make working from anywhere possible, Have a conducive office setup, Encourage social activities, Team-building exercises, Workplace volunteering, Allow for payroll giving, Offer perk and Have an open-door policy.

Mobility

Marsh & McLennan (2019) stated that worker mobility is a topic that has taken on a whole new meaning as more and more businesses have gone global. Workers today are commonly asked to take coursework in company locations away from home - either in another state or in another country. These kinds of opportunities are seen as benefits by many employees who enjoy both experiencing new cultures and the multi-cultural exposure.

2.4 Steps to consider when designing benefits plans

White and Hagel (2016) explained that beyond traditional health-care plans and pensions, employees now expect a broader choice of benefits that reflect their changing needs and lifestyles. Meeting these expectations gives employers an opportunity to differentiate themselves in a competitive market for talent.

Watson (2016) identified five steps to update company benefits plan. The steps are the following; First, Line up the benefit strategy with business objectives. Revisit the strategy regularly to make sure it evolves as regulations and worker requirements change, while still supporting business priorities. Second, aim for global consistency with local relevance. Cultural differences among locations can be accommodated as long as they are in keeping with the strategic commonalities that support the company's original principles. Third, offer core security and increase worker choice. Health cover, life insurance, and pension are among the core benefits that provide employees with financial security and should be available to all. Once these fundamentals are taken care of, employers can offer a selection of add-ons for individuals to choose from. The options could be tailored to the individual's career stage, caring responsibilities, or personal aspirations. Fourth, Teach workers about the benefits program. Explain how it fits in with the company's goals and rewards policy to boost worker appreciation and understanding and, ultimately, the value of the program to the company. Finally, Deliver high-performing programs. Design best practices based on research into employee behavior. Improve administrative efficiency. Use technology to enhance cost-effective delivery of the program. Use data and claim analytics to support decision-making. Establish quality standards for insurance products.

2.5 Definition of Turnover

Mayhew (2019) argued that Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to human resources practitioners. Although different types of turnover exist, the general definition is that turnover occurs when the employment relationship ends. Turnover and attrition – terms that are sometimes used

interchangeably or together when describing the departure of an employee – are different. Attrition generally refers to the end of the employment relationship due to retirement, job elimination or employee death, and is distinguishable from turnover because when attrition occurs, the position is not filled with a new employee.

2.6 Types of Turnovers

2.6.1 Involuntary Employee Turnover

Mayhew (2019) stated that layoffs could also be taken as involuntary terminations, though layoff procedures usually are handled differently from termination. Some layoffs have certain federal and state provisions that aren't afforded to employees who are fired because of performance or policy violations. Worker termination for poor job performance, absenteeism or violation of workplace policies is called involuntary turnover – also referred to as termination, firing or discharge. It's involuntary because it wasn't the workers' decision to leave the company.

2.6.2 Voluntary Employee Turnover

Mayhew (2019) also identified when worker leaves the company of his/her own interest, it is called voluntary termination. Workers give a number of reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area or dealing with a personal matter that makes it impossible to work.

2.6.3 Desirable and Undesirable Turnover

Seidel (2019) argued that turnover often has a negative implication, yet turnover is not always a negative event. For example, desirable turnover occurs an employee whose performance falls below the company's expectations is replaced by someone whose performance meets or exceeds expectations. It's desirable because poor job performance, absenteeism and tardiness are costly replacing a poor player with a worker who does his job can improve the company's profitability. Desirable turnover occurs when replacing workers infuses new talent and skills, which can give an organization a competitive advantage. Conversely, undesirable turnover means the company is losing workers whose performance, skills and qualifications are valuable resources.

2.7 Basic Turnover Calculations

Turnover calculations are helpful to determine hiring costs, training requirements or estimating staff time devoted to recruitment activities. Employee turnover calculations may also factor in different types of turnover, such as involuntary and voluntary, or even more specific reasons why employees leave, such as poor performance, absenteeism or employees accepting new jobs elsewhere.

Basic turnover calculations are relatively simple. If one company employs 100 workers and 15 workers are fired or quit, your turnover is 15 percent. The majority organizations use more detailed calculations to decide what underlies turnover. Assume five employees leave in January, one worker leaves in May and four workers leave in November. Your annual turnover rate is 10 percent, and your average monthly turnover is 8.3 percent.

Seidel (2019) argued that there is no magic number for a healthy employee turnover rate, but comparing your rate to the average for your industry is a way to start when evaluating its healthiness. Turnover from employees leaving willingly averages 25 to 30 percent in the hospitality industry and runs about 9 percent in the banking and finance field, a rate that halved between 2013 and 2017. Figures fluctuate dramatically based on compensation, industry specific opportunities and the health of the overall economy.

2.8 Definition of Job Satisfaction

Human Resources Terms (nd) explained that job satisfaction is defined as the extent to which an employee feels self-motivated, content & satisfied with his/her job. Job satisfaction happens when an employee feels he or she is having job stability, career growth and a comfortable work life balance. This implies that the employee is having satisfaction at job as the work meets the expectations of the individual.

Gibson et al. (1996) stated that job satisfaction is the thoughts that persons have about their job. This results from their view of their work, based on work environment factors, such as the style of supervision, policies and procedures, affiliate working groups, working conditions and additional benefits.

2.8.1 Importance of Job Satisfaction

www.Iedunote.com (nd) states that a satisfied employee is always important for an organization as he/she aims to deliver the best of their capability. Every employee wants a strong career growth and work life balance at workplace. If an employee feels happy with their company & work, they look to give back to the company with all their efforts. Importance of job satisfaction can be seen from two perspectives i.e. from employee and employer perspectives.

The positive four effects of job satisfaction are; First, more efficiency of workers of workplace if they are satisfied with their job. Second, higher worker loyalty leads to more commitment. Third, Job satisfaction of workers eventually results in higher profits for companies. Fourth, high employee retention is possible if employees are happy.

2.8.2 Factors impacting job satisfaction

According to As'ad (2004) the factors that influence job satisfaction are classified into four. Psychological factors are factors which include interest, attitudes toward work, talents and skills. Social factors are linked to social contact both among workers, with employers, or workers of different types of work. Physical factors refer to the physical situation of the work environment and the physical situation of the employee, including the type of work, the working time and the rest period, work equipment, the condition of the room, temperature, lighting, air exchange, employee health conditions, etc. Financial factor is a factor associated to worker guarantee and welfare covering system and amount of salary, social security, allowances, facilities provided, promotion and so on. To improve staff retention and satisfaction levels of employees, an organization should take these various factors while putting in place compensation and benefit packages.

Everett (1995) suggests that responsible employees ask themselves the following questions:

- When have I come closest to expressing my full potential in a work situation?
- What did it look like?
- What aspects of the workplace were most supportive?
- What aspects of the work itself were most satisfying?
- What did I learn from that experience that could be applied to the present situation?

For the employee to answer these questions, job satisfaction must be fully deployed within the organization. Listed in the above section are numerous aspects that organizations can utilize to help increase satisfaction. In addition to these aspects, organizations must also consider the needs of the employee. For example, an employee, who is a great asset to the company as he or she is highly educated and motivated, may have personal issues such as a child who requires daycare. As a remedy, organizations could allow flexible work arrangements such as telecommuting, which would create a win-win situation both for the employee and the organization.

Additionally, an organization should provide more opportunities for employees to help increase job satisfaction. Consequently, this would peak an interest in the employee, allowing him/her to take more pride in his or her work. Allowing married women the flexibility to work from home is another consideration. Although research might be difficult for job satisfaction theories, especially within the correlation field, there is just enough useful information to help employees and organizations become successful and enjoy their jobs, provided the right type of leadership is at the helm.

2.9 Measures of Job Satisfaction

Fields (2002) identified the following measures of job satisfaction:

Overall Job Satisfaction: Cammann, Fichman, Jenkins, and Klesh (1983) developed Overall Job Satisfaction measure as part of the Michigan Organizational Assessment Questionnaire (OAQ). In this measure three items are used to describe an employee's subjective response to working in the specific job and organization (Fields, 2002, p. 20).

Job Descriptive Index (JDI) - This was originally developed by Smith, Kendall, and Hulin (1969). There are 72 items in this index which assess five facets of job satisfaction which includes: the work, pay, promotions, supervision and co-workers. Through the combination of ratings of satisfaction with the facets, a composite measure of job satisfaction is determined.

Global Job Satisfaction - Warr, Cook, and Wall (1979) developed this measure which includes 15 items to determine overall job satisfaction. Two sub-scales are used for extrinsic and intrinsic aspects of the job.

Job Satisfaction Relative to Expectations - Bacharach, Bamberger, and Conley (1991) developed this measure. It assesses the degree “of agreement between the perceived quality of broad aspects of a job and employee expectations” (Fields, 2002, p. 6).

Minnesota Satisfaction Questionnaire - The long form of this survey is made up of 100 questions based on 20 sub-scales which measure satisfaction with “ability, utilization, achievement, activity, advancement, authority, company policies and practices, compensation, co-workers, creativity, independence, moral values, recognition, responsibility, security, social service, social status, supervision-human relations, supervision-technical variety, and working conditions” (Fields, 2002, p. 7).

Job in General Scale - This measure was developed by Ironson, Smith, Brannick, Gibson and Paul (1989). It consists of 18 items which describe global job satisfaction and can be used in conjunction with the JDI, which assesses satisfaction with five job facets.

Job Satisfaction Survey - This was developed by Spector (1985) and contains 36 items based on nine job facets. The job facets include pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work and communication.

Job Satisfaction Index - Schriesheim and Tsue, (1980) developed this measure. It consists of six items that form an index what determines overall job satisfaction.

Job Diagnostic Survey - Hackman and Oldham (1974) developed this survey which measures both overall and specific facets of job satisfaction. Schult ML. (2013) states that the Job Diagnostic Survey Questionnaire (JDS) intend to (a) diagnose existing jobs to decide if and how these might be redesigned to get better worker’s motivation, satisfaction, and productivity and (b) evaluate the effects.

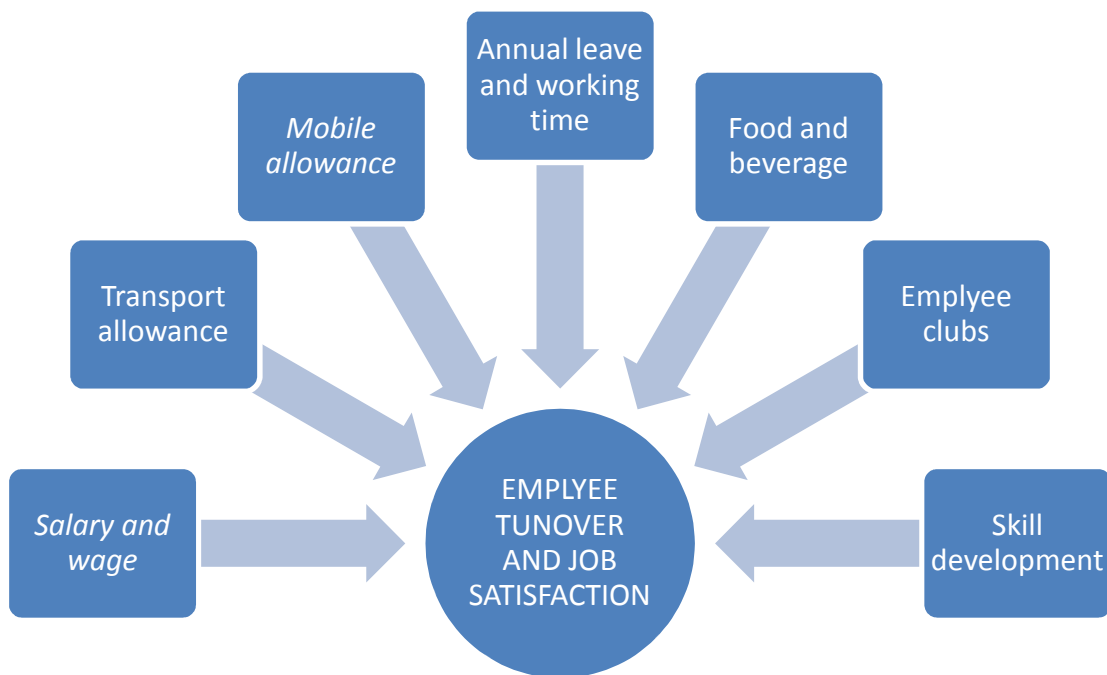
Career Satisfaction - Greenhaus, Parasuraman, and Wormley (1990) developed this measure. This is a measure of career success as opposed to job satisfaction.

The different measures of job satisfaction stated above helps any company knows the job satisfaction level of its employees.

Summary

Literature regarding compensation and benefit package well reviewed above. Different scholars' attitude regarding the concept shows that compensation and benefit package have direct relation with job satisfaction. This means when company compensation and benefit package increases the employees' job satisfaction will also increase. In other hand, employees' job satisfactions have indirect relation with turnover. This means when employees' job satisfaction decrease the employees' turnover will increase.

2. 10 Conceptual framework



Different factors contribute to the increase in employee job satisfaction. Compensation and Benefit packages are among the contributing factors that can positively or negatively affect employees' turnover and job satisfaction.

An organization is supposed to put in place compensation and benefit packages that can have positive impact on employees to ensure its sustainability and the quality of its services. These

compensation and benefit packages may vary from organization to organization depending on its nature and resources. The more an organization pays due attention to such basic compensation and benefit packages, the better positioned it may be in terms of improving their satisfaction level and reducing employees' turnover.

In this paper, the following compensation and benefit packages were studied as having impact on Wegagen Bank's employees' turnover and job satisfaction. These are Salary and wage, Transport allowance, Mobile allowance, annual leave, providing food and beverage to employee, establishing employee clubs and skill development practices. These factors influence the two dependent variables: Employee turnover and job satisfaction.

2.11 Theoretical framework

The researcher selected different theories in order to describe the relationship between the independent variable and dependent variables of this study. That means how does compensation and benefit package affects turnover and job satisfaction. Those theories are the following:-

Rahman and Syahrizal (2018) argued that satisfactory salary can retain an employee to stay loyal to the company or organization. Compensation for worker is a form of appreciation given to employee for their contribution to achieve company goal.

Mark (2019) stated that compensation helps organizations to attract as well as to retain talented workers (decrease turnover).

Wile (nd, para 1) argued that when compensation and benefit package decreases turnover will increase.

Salisu et.al (2015) indicates that compensation has a positive effect on job satisfaction of workers.

Sudarno et al. (2016) argued that the size of the compensation received by workers will result in different employee job satisfaction levels. If the compensation received for the work done increases, the employee job satisfaction will also increase. A good compensation system, in addition to being fair and worthy, should be more attractive, competitive and motivating.

According to the survey report conducted by the Society for Human Resource Management (2012), it was found that compensation and benefits are regularly among the top three factors affecting employee job satisfaction.

From the explanations above, we can conclude compensation and benefit package can directly affect employees' turnover and job satisfaction. Accordingly, Wegagen Bank S.C compensation and benefit package affects the employee turnover and job satisfaction. This means based on the above interpretations, the existence of non-equitable compensation and benefit package with other similar banks and unsatisfactory compensation and benefit package increased turnover and decreased the Wegagen Bank S.C. employees' job satisfaction.

CHAPTER THREE

RESEARCH METHDODOLOGY

In this chapter, the type of research design and approach, population of the study, sample size and sampling techniques, sources of data, data collection tools, data collection procedures, data analysis method and ethical considerations that were applied on the study are explained.

3.1. Research Design and Approach

The core objective of this research was to assess the compensation and benefit package effects on employees' turnover rate and job satisfaction level in Wegagen Bank S.C. In order to assess the effect of compensation and benefit package, this study used descriptive research design. According to, McCombes (2019) descriptive research aims to accurately and systematically describe a population, situation or phenomenon. It can answer what, when, where, when and how questions, but not why questions. Therefore, this study used descriptive design to address the what, when, where, when and how questions articulated in Chapter One. Both quantitative and qualitative research approaches were employed in order to offset the bias of a single set of data.

3.2. Population and Sampling Technique

3.2.1 Population

The population of the study was employees of Wegagen Bank working at the Head Office. The total number of employees considered as population of the study was 200. The employees were considered from the six directorates. These included HRM, Finance, International Banking, Branch Operation, Legal Service and Marketing. Representatives were considered from all divisions. This was hoped to have enabled employees of the Bank at all divisions' voice their opinions, making the data representative.

3.2.2 Sample Size and Sampling Techniques

Yamane's (1997) Statistical Formula adopted by Mitiku (2017) is used to calculate sample size for this study as illustrated below.

$$n = N/N (e)^2 + 1$$

Where n = sample size

N = population of the study

e = % level of significance or margin of tolerable error. The researcher was considered 5% level of significance or margin of tolerable error and the confidential level is 95%. By computing the sample size of the population using the above formula, the sample size of who receive questionnaires to the study was 133. i.e.

$$n = \frac{200}{200(.05)^2 + 1} = 133$$

The sample of the total population was stratified on the basis of each department. Hence, the sample size representing the number of each team who received questionnaires were divided into strata and were calculated using this simple formula $X = n(p)/N$ (Mitiku,2017).

$$X = n(p) / N$$

Where X = sample size in each department

n = total sample size of the study who receives questionnaires

P = population size of the department in each stratum excluding the department leaders

N = total population of the study excluding the department leaders P

Table 3 1Sample size distribution

No	Name of directorates	P	N	N	X=n (p) /N	X
1	HRM	35	133	200	$X=133*35/200$	23
2	Finance	33	133	200	$X=133*33/200$	22
3	International Banking	33	133	200	$X=133*33/200$	22
4	Branch Operation	33	133	200	$X=133* 33/200$	22

5	Legal Service	33	133	200	$X=133*33/200$	22
6	Marketing	33	133	200	$X=133*33/200$	22
	Total	200	798	1200	$X=798*200/1200$	133

Source: author (2020)

As per the above plan, 133 respondents were requested to fill in the questionnaires, which were distributed to the selected sample, before the COVID-19 Pandemic occurred in Ethiopia. Data collection was affected by the Pandemic as directive which demanded people to stay home and keep social and physical distancing.

These restrictions had impact on the size of data collected from respondents. From the target respondents, 91 of them filled the questionnaires and returned them to the researcher using email. But the remaining questionnaires were not collected due to the corona virus pandemic. Because of this virus most of the time employees were not in their offices. Additionally, some other employees were not willing to take hard copies for fear of contracting the virus. Accordingly, the analyzed questionnaires are smaller in number than the predetermined sample size in each department. The results are explained using the table below.

Table 3 2Actual sample size

Description		X	P
Name of directorates	HRM	23	25.3
	Finance	14	15.4
	Legal Service	10	11.0
	Marketing	4	4.4
	Branch operation	20	22.0
	International Banking	20	22.0
Total		91	100.0

Where X =Actual Sample size in each department

P = Percentage

As the table above shows, the actual number of collected questionnaires was 91 and the analyses were done based on the data that were received in full to ensure appropriate identification of the problem.

3.3 Sampling technique

The population in the above strata was relatively homogenous. After the strata were done for respondents of the questionnaire, then the study participants were selected through simple random sampling technique. By using random number tables, drew a sample from the sampling frame until the researcher finished drawing “n” size of the population. Six Division Managers from the directorates were considered for interviews.

3.4 Sources of data

The study was conducted based on primary data which were collected through questionnaire. The questionnaire contained relevant questions regarding compensation and benefit package, turnover and job satisfaction in the company under study. In the meantime, face-to-face interview was undertaken to get ideas that helped to assess the compensation and benefit package effect on staff turnover and job satisfaction.

3.5 Data collection tools

3.5.1 Questionnaire

The questionnaires involve two parts: section one of the questionnaire contained instruction and respondents’ personal information; section two of the questionnaire included variables which were thought to measure using Likert scale with five response categories, (strongly disagree, disagree, neutral, agree, and strongly agree).The questionnaires were distributed after the expected participants were selected and informed about the purpose of the research. The pre-testing (pilot testing) were done with the aim of cleansing the questionnaire so as to ensure that it was valid and reliable. Cooper and Schindler (2001) quoted in Githinji Angela (2014) claimed that is commonly done to become aware of any flaws in the research design. The questionnaire was tested before the final distribution.

Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Saunders, M., Lewis. P. and Thornhill, A.). To ensure face validity of measurement, the pilot was carried out by 10 respondents from the study population who are then excluded from the final study to get rid of biasness. Moreover, the pilot helped to check possible errors in the instrument. Based on the pilot study result, the researcher made some modification than he classified the questionnaire in two major sections: general information and employees' opinion regarding factors affecting job satisfaction. Hence, the researcher believed the instrument is valid.

Joppe (2000) was defined reliability as: the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. It is a measure of consistency over time and over similar samples. A reliable instrument for a piece of research will yield similar data from similar respondents over time. Consistency can be found in Cronbach's alpha, frequently referred to simply as the alpha coefficient of reliability (Louis C, Lawrence M and Keith M. 2007). According to the various authors Alpha coefficients greater than 0.90 are very highly reliable, 0.80 to 0.90 highly reliable, 0.7 to 0.79 reliable, and 0.60 to 0.69 marginally/minimally reliable and less than 0.60 unacceptable or low reliability. As a result, based on the researcher computation using SPSS, the Cronbach's coefficient Alpha value of this study were 0.919. This value depicts that the instruments were very highly reliable and able to support collection of data and for future analysis

3.5.2 Interview

In addition to collecting data through questionnaires, qualitative data collection technique, involving one-to-one interview was held with selected respondents. Semi-structured interview was used to obtain data for further clarity and credibility of the research with key personnel of the office who were selected based on purposive sampling. Division managers who work in the selected six directorates of the organization were interviewed. Before the interview, brief explanations were given to interviewees about the purpose of the interview and confidentiality of information. At the time of interview, the researcher took notes.

3.6 Data collection procedures

To get full support in administrating and collecting the data, first contact was made with the head office. Following this, respondents who filled out the questionnaire were identified. Then, the respondents were informed about the purpose of the study and how to complete the questionnaire. In addition, during the administration of the questionnaire, clearing up for some questions and interpretation were also given to the respondents so as to avoid confusions. Then the questionnaires were distributed to the respondents. The filled out questionnaires were collected. After that interview were conducted with the Division managers of the Bank. Finally, the collected data was coded, edited, and analyzed.

3.7 Data analysis

Schindler (2001) cited by Githinji Angela (2014) described data analysis as the process of editing and reducing amassed data to a convenient size, developing summaries, looking for patterns and using statistical methods. In order to ensure completeness and logical consistency of responses, data editing were carried out each day by the researcher. Identified mistakes and data gaps were corrected. Once editing the quantitative data was completed, the data were analyzed using quantitative techniques. The data which were collected by the researcher was analyzed with the help of the Statistical Package for Social Sciences (SPSS) and then the researcher produced the result. The researcher used descriptive statistics

As Mortensen (2019) stated the most common methods for analyzing semi-structured interviews is thematic analysis. A thematic analysis strives to identify patterns of themes in the interview data. One of the advantages of thematic analysis is that it is a flexible method. Therefore, this study used thematic analysis following six steps: familiarizing myself with the data, assigning preliminary codes to the data in order to describe the content, searching for patterns or themes in the codes across the different interviews, reviewing themes, defining and naming themes, and producing the report. The quantitative data were discussed using frequency and percentage. In other hand, the qualitative data were discussed by using terms.

3.8 Ethical Considerations

All the data obtained from the respondents were used only for the academic purpose. In addition to this, the researcher did not use findings of others without acknowledging. This means the researcher quoted ideas or cited the source to recognize the scholar who is the owner of the concept. Additionally, the researcher prepared his own original thesis without copying other researchers' thesis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

The general objective of this research was to assess the Compensation and Benefit Package effect on employees' turnover and job satisfaction level in Wegagen Bank S.C. Employees of Wegagen Bank S.C. working at the head office were considered as target population for this study. 91 respondents filled in the questionnaire and emailed their responses to the researcher.

This chapter presents analyses of the data. The survey included two major sections: general information and employees' opinion regarding factors affecting staff turnover and job satisfaction. The composite results regarding respondents' personal and specific information were calculated and presented using the tables below. The results of the qualitative data were analyzed in words. In view of that, the following discussions were made to indicate the results.

4.2 DESCRIPTIVE ANALYSIS

4.2.1 DEMOGRAPHIC PROFILE OF RESPONDENTS

Table 4.1 Demographic profile of respondents in terms of age, sex, education level, department, role and experience in the current position and total experience in the organization.

Characteristic		No	Percentage
Age	18-29	38	42
	30-39	41	45
	40-49	11	12
	>50	1	1
	Total	91	100
Sex	Male	58	63.7
	Female	33	36.3
	Total	91	100.0
Education level	Diploma	8	8.8
	Bachelors	61	67.0
	Masters	22	24.2

	Total	91	100.0
Department	HRM	23	25.3
	Finance	14	15.4
	Legal Service	10	11.0
	Marketing	4	4.4
	Branch operation	20	22.0
	International Banking	20	22.0
	Total	91	100.0
Role	Management Employee	18	19.8
	Non Management Employee	73	80.2
	Total	91	100.0
Experience in the Current position	1,-5	77	85
	6,-10	12	13
	>10	2	2
	Total	91	100.0
Total Experience in the organization	1,-5	50	55
	6,-10	21	23
	>10	20	22
	Total	91	100.0

Source: Researcher Computation Using SPSS, 2020

As can be seen in Table 4.1, out of 91 respondents, there is similar number of respondents who fall under the age category of 18-29(42%) and 30-39(45%), followed by the age group of 40-49(12%)` and greater than 50 years (1%). This result indicates that there is similar number of youth and young respondents.

In terms of sex, 63.7% are male and 36.3% are female. This shows the majority of the respondents are male.

In terms of education level, 67.0% of the respondents have Bachelor's Degree while 24.2% of the respondents have Master's and 8.8% of the respondents have Diploma. This shows the majority of the respondents are Bachelor's Degree holders, this result may indicates that most of the employees in the Bank are professionals.

Respondents come from different divisions which are called directorates. 25.3% are working in HRM, 15.4% are working in Finance, 11.0% are working in Legal Service, 4.4% are working in Marketing, and 22.0% working in Branch operation, and also 22.0% are working in International Banking.

Out of 91 respondents, 19.8% are management employees and 80.2% are non-management employees. This result shows that the majority of the respondents are non-management employees. This shows the majority of the respondents are non-management employees.

When we look at the current position, 85% falls under the category of 1-5 years, 13% falls under the 6-10 years category and 2% falls under the category of greater than 10 years. The average current position experience within a group is 3 years. This indicates that most of the time employees are working in the same position that means job rotation is not implemented properly. This may dissatisfy employees.

With regard to employees' experience in the organization, 55% falls under the 1-5 years, 23% falls under the 6-10 years and 22% fall greater than 10 years. This implies that majority of the employees leave the Bank after working a few years rather than staying in the Bank for a long time (more than five years).

4.2 FACTORS AFFECTING TURNOVER AND JOB SATISFACTION

Table4.2 Employee perception regarding factors affecting turnover and job satisfaction

Item	Note-1= Strongly agree, 2=Agree, 3= Moderately agree, 4= Disagree, 5=Strongly disagree									
	Strongly agree		Agree		Moderately agree		Disagree		Strongly disagree	
	No	%	No	%	No	%	No	%	No	%
1.Studying factors that affect employee turnover rate and job satisfaction	61	67.0	19	20.9	6	6.6	3	3.3	2	2.2

is important for employees.										
2. Studying factors that affect employee turnover rate and job satisfaction is important for Wegagen Bank S.C. and its management.	60	65.9	20	22	8	8.8	1	1.1	2	2.2
3. Most employees of Wegagen Bank S.C are familiar with the Banks compensation and benefit package plan design.	12	13.2	27	29.7	36	39.6	13	14.3	3	3.3
4. The current compensation and benefit package provides appropriate payment for the work related experience and qualification I	1	1.1	20	22	31	34.1	24	26.4	15	16.5

have.										
5. Compensation and benefit package of Wegagen Bank S.C is fair.	1	1.1	18	19.8	29	31.9	26	28.6	17	18.7
6. All employees of Wegagen Bank S.C participate in compensation and benefit package decision process.	2	2.2	3	3.3	19	20.9	35	38.5	32	35.2
7. The current compensation and benefit package is capable of attracting and retaining competent employees.	2	2.2	13	14.3	15	16.5	42	46.2	19	20.9
8. Wegagen Bank S.C has written compensation and benefit policy.	22	24.2	36	39.6	20	22	7	7.7	6	6.6

9. Wegagen Bank S.C periodically evaluates the effectiveness of compensation and benefit packages.	5	5.5	12	13.2	38	41.8	22	24.2	14	15.4
10. Adequacy of compensation to cope with the ongoing cost of living	-	-	10	11	32	35.2	32	35.2	17	18.7

Source: Researcher Computation Using SPSS, 2020

As the above table indicates the majority of respondents, 61(67.0%)and 19 (20.9%) strongly agreed and agreed respectively, with that studying factors that affect employee turnover rate and job satisfaction is important for employees but only 5 (5.5%) of them do not agree with the importance. This result shows that majority of the respondents agree with the idea that studying factors that affect employee turnover rate and job satisfaction is important for employees.

Similarly,60(65.9%) and 20(22%)of strongly agreed and agreed, respectively, that employee turnover rate and job satisfaction is important for Wegagen Bank S.C. and its management. Only 3 (3.3%) of them did not agree with the importance. This result shows that mass of the respondents agree with the idea that studying factors that affect employee turnover rate and job satisfaction is important for Wegagen Bank S.C. and its management. The above two similar ideas indicates that studying factors that affect employee turnover rate and job satisfaction is important for employees, Wegagen Bank S.C. and its management by increasing the job satisfaction level of the employees and decreasing the turnover rate of the Bank.

Regarding the familiarity of most employees of Wegagen Bank S.C. with the Banks compensation and benefit package plan design, 12(13.2%) and 27(29.7%) of the respondents, strongly agreed and agreed respectively that most employees are familiar with the Banks compensation and benefit package plan design while only 16(17.6%) of them did not agree that most employees of Wegagen Bank S.C with the Banks compensation and benefit package plan design. On the other hand,36(9.6) were neutral. The possible reason for this result may be the respondents get it difficult to say that most employees are familiar with the Bank's compensation and benefit package plan design. This means there is information gap related with the Bank's compensation and benefit package plan design. This may dissatisfy employees.

Concerning the issue that the current compensation and benefit package provides appropriate payment for the work related experience and qualification, 1(1.1) and 20(22)of the respondents strongly agree and agreed that the current compensation and benefit package provides appropriate payment for the work related experience and qualification employees have. Yet 39(42.9%) of the respondents did not agree that the current compensation and benefit package provides appropriate payment for the work related experience and qualification they have. This result shows many of the respondents' do not agree that the current compensation and benefit package provides appropriate payment for the work related experience and qualification they have. This indicates that they are dissatisfied with the compensation and benefit package. On the other hand, 31 (34.1) of the respondents were neutral. The possible reason for this result may be the respondents are not certain to say the current compensation and benefit package provides appropriate payment for the work related experience and qualification they have. This may increase the turnover rate.

Similarly, from the majority of the respondents, 1(1.1) and 18(19.8) of them respectively believed that the compensation and benefit package of Wegagen Bank S.C is fair but the others 43(47.3%) of them believed that the compensation and benefit package of Wegagen Bank S.C. is not fair. 29(31.9%) of the respondents preferred to be neutral. This result shows majority of the respondents do not believe that the compensation and benefit package of Wegagen Bank S.C. is not fair. This result may imply that majority of the respondents are dissatisfied with the compensation and benefit package. This may increase the turnover rate.

Asked about the decision-making process, only 2(2.2%) and 3(3.3%) of the respondents replied that the all employees of Wegagen Bank S.C participate in compensation and benefit decision-

making process. The others 67(73.7%) of the respondents complained that employees of Wegagen Bank S.C do not participate in compensation and benefit decision-making process. This result shows that not all employees of Wegagen Bank S.C. participate in compensation and benefit decision-making process. This might dissatisfy employees.

With regard to current compensation and benefit package's position to attract and retain competent employees, 2(2.2%) and 13(14.3%) of the respondents strongly agreed and agreed, respectively, that the current compensation and benefit package is capable of attracting and retaining competent employees. On the contrary, majority of the respondents 61(67.1%) did not agree that the current compensation and benefit package is capable of attracting and retaining competent employees. This result shows that the current compensation and benefit package is less likely to attract and retain competent employees. This may dissatisfy employees.

Regarding the Wegagen Bank S.C. written compensation and benefit policy,22(24.2%) and 36(39.6%)of the respondents strongly agreed and agreed, respectively that Wegagen Bank S.C. has a written compensation and benefit policy. While 13(36.6%) did not agree that Wegagen Bank S.C. has a written compensation and benefit policy. A significant number of respondents 20(22%) preferred to be neutral. This result shows that although Wegagen Bank S.C has written compensation and benefit policy, a good number of staff seems have lack of information about the written compensation and benefit policy of Wegagen Bank S.C. This condition may play a role to employees' job satisfaction and turnover.

Concerning the issue that Wegagen Bank S.C. periodically evaluates the effectiveness of compensation and benefit package, 5(5.5%) and 12(13.2%)of the respondents strongly agree and agreed that Wegagen Bank S.C periodically evaluates the effectiveness of compensation and benefit package. As big as 38(41.8%) of the respondents preferred to be neutral with that Wegagen Bank S.C periodically evaluates the effectiveness of compensation and benefit package. But,36(39.6) of the respondents demonstrated disagreement. This result shows that most of the employees believe that the Bank does not periodically evaluate the effectiveness of compensation and benefit package. But the all of the interviewees explained that Wegagen Bank S.C carries out research to assess the competitiveness annually. The information gap may dissatisfy employees and increase the turnover rate.

From the majority of the respondent groups, only 10(11%) of the respondents agreed the current compensation and benefit package of Wegagen Bank S.C is adequate to cope with the ongoing cost of living. 32(35.2) of the respondents preferred to be neutral about the idea that Wegagen Bank S.C is adequate to cope with the ongoing cost of living. A little more than half of the respondents 49(53.9%) did not agree with idea that current compensation and benefit package of Wegagen Bank S.C is adequate to cope with the ongoing cost of living. This result shows that the current compensation and benefit package of Wegagen Bank S.C. is not adequate to cope with the ongoing cost of living. This can dissatisfy employees and push them to look other similar Banks.

Table 4 3 Employees’ perception regarding current compensation of wegagen bank.

Item	Note-1= Strongly agree, 2=Agree, 3= Moderately agree, 4= Disagree, 5=Strongly disagree									
	Strongly agree		Agree		Moderately agree		Disagree		Strongly disagree	
	No	%	No	%	No	No	%	No	%	No
11.Wegagen Bank S.C compensation is equitable with other similar Banks			9	9.9	35	38.5	27	29.7	20	22
12. The current compensation is motivating for better performance	2	2.2	9	9.9	32	35.2	30	33	18	19.8
13. The amount of pay I currently receive is comparable to what I think it			15	16.5	26	28.6	31	34.1	19	20.9

should be.										
14. There is a pressing need to review the pay structure to improve employee efficiency.	16	17.6	32	35.2	21	23.1	14	15.4	8	8.8
15. I get annual increment based on my performance	10	11	21	23.1	23	25.3	19	20.9	18	19.8

Source: Researcher Computation Using SPSS, 2020

As the above table indicates, 9(9.9%) of the respondents agreed with the idea that Wegagen Bank S.C. compensation is equitable with other similar Banks whereas 47 (51.7%) of the respondents did not agree that Wegagen Bank S.C. compensation is equitable with other similar Banks. On the other hand,35(38.5%) of the respondents preferred to be neutral. This result implies that Wegagen Bank S.C.’s compensation is not equitable with other similar Banks. This condition may dissatisfy employees and increase the turnover rate.

Regarding the issue that the current compensation is motivating for better performance, 2(2.2%) and 9 (9.9%) of the respondents strongly agreed and agreed that the current compensation is motivating for better performance. A little more than half of the respondents 48(52.8%) did not agree. This may dissatisfy employees.

Concerning the amount of pay employees currently receive and its comparability, 15(16.5%) of the respondents agreed that the amount of pay that employees currently receive is comparable to what they think it should be. For the same question, more than half of the respondents 50(55%) did not

agree that employees currently receive comparable benefits. Similarly, 5 of the interviewees believe with the idea that the amount of pay employees currently receive is not making employees happy. This may be one of the causes for employees' dissatisfaction.

Of the respondents, 16(17.6%) and 32(35.2%) strongly agreed and agreed, respectively, that there is a pressing need to review the pay structure to improve employee efficiency. However, 22(24.4%) of the respondents did not agree that there is a pressing need to review the pay structure to improve employee efficiency. Almost a quarter of them 21(22.6) preferred to be neutral. This result indicates that there is a pressing need to review the pay structure to improve employee efficiency. Otherwise, it may dissatisfy employees.

About annual increment, 10(10.8%) and 21(22.6%) of the respondents strongly agreed and agreed that they get annual increment based on their performance whereas 37(40%) of the respondents did not agree. On the other hand, 23(24.7%) of the respondents preferred to be neutral. This may dissatisfy employees.

The open ended questions responses on the effect of Benefit package on turnover and job satisfaction are explained below.

First, employees stated their feeling about the issues related with Wegagen bank S.C benefit package. Accordingly, 5 of the respondents agreed that there is suitable annual leave and working time in the Bank. This implies that there is good condition related with annual leave and working time in the Bank which may increase the job satisfaction of employees.

On the other hand, 16 of the respondents stated that there is no any employee club. Also 17 of the respondents stated that the bank does not properly offer food and beverage to its employees. Additionally, related to this idea, one of the interviewee indicated that access to Cafeteria service is the main problem in the Bank which may dissatisfy employees.

Four of the respondents states that there is low benefit compared to other banks. In other hand, 2 of the respondents stated that the bank does not offer additional benefit packages like Gym and Day care to its employees which may decrease the job satisfaction of employees.

Ten respondents stated that ineffective, redundant and not carrier related training practices exist in the bank which will not help the employees to increase their productivity and affects the job

satisfaction of employees. Two of the respondents agreed that poor work environment and work culture prevail at the bank, which may be among the causes for employees' dissatisfaction.

In addition to the above points, the most common reasons for resignation are explained by the interviewees. Accordingly, four of the interviewees responded that the reason for staff resignation is working environment with weak personnel action (weak recruitment, promotion, demotion, transfer, etc). Three respondents aired their views that the weak succession plan and carrier management push employees to look at other similar banks and consider their decision to stay at the Bank or otherwise. Additionally, one of the respondents mentioned that nepotism during personnel action, this means sometimes managers select new employees based on blood relation rather than their ability. These problems may dissatisfy employees and increase the turnover rate.

Secondly, employees stated what they like to see improved in relation to the current Wegagen Bank's benefit packages. Accordingly, employees noted the following points; 15 of the respondents liked to see comparable benefit packages with other similar banks, Five of the interviewees indicated that improvements are need on work environment among the other motivating schemes with the implementation of performance based reward system, Three of the respondents expect better medical benefit and one respondent suggested supply of Gym and cafeteria service facilities.

4.2.1 Correlation analysis

The correlation analysis here shows the existed relation between variables.

Table 4.4 Compensation and benefit package of wegagen bank s.c. and employees job satisfaction.

		Compensation and benefit package of wegagen bank s.c is fair	The amount of pay I currently receive is comparable to what I think it should be.
	Sig. (2-tailed)		.002
	N	10	10
The amount of pay I currently receive is comparable to what I think it should be.	Pearson Correlation	.845	1
	Sig. (2-tailed)	.002	
	N	10	10

Source: Researcher Computation Using SPSS, 2020

As the above table indicates, the Pearson correlation .845 values proves that there is very strong relationship between the two variables; Compensation and Benefit package with Job satisfaction.

In other words, The above result shows that the issue “compensation and benefit package of wegagen bank S.C. is fair” which indicates the independent variable; compensation and benefit package has very strong relation with the issue “The amount of pay I currently receive is comparable to what I think it should be.” which indicates the dependent variable; Job satisfaction.

4.2.2 Regression analysis

The regression analysis here shows the cause and effect relationship between Role in the organization and I get annual increment based on my performance.

Table 4 5 Role in the organization and I get annual increment based on my performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.081a	.007	-.005	1.29329

a. Predictors: (Constant), Role in the organization

Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	.984	1	.984	.445b
	Residual	148.862	89	1.673	
	Total	149.846	90		

I get annual increment based on my performance

b. Predictors: (Constant), Role in the organization

As the above table indicates, the sig.445b value proves that: I get annual increment (independent variable) based on my performance has significant relation which indicates the independent variable with Role in the organization. This result indicates that the probability of getting annual increment based on employees' performance increases as the employees becomes management-employees'.

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std.	Beta	

		Error			
1	(Constant)	2.683	.628		.000
	Role in the organization	.261	.340	.081	.445

a. I get annual increment based on my performance

As the above table indicates, the constant 2.683 value proves that I get annual increment (independent variable) based on my performance is 2.7% significant, without: Role in the organization.

Table 4 6 Education level of respondents and The amount of pay I currently receive is Comparable to what I think it should be.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.174a	.030	.019	.99008

a. Predictors: (Constant), Education level of respondents

As the above table indicates, the R Square 0.03 value proves that the issue, the amount of pay I currently receives is comparable to what I think it should be. 3% explains Education level of respondents.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.713	1	2.713	2.768	.100b
	Residual	87.243	89	.980		
	Total	89.956	90			

a. The amount of pay I currently receive is comparable to what I think it should be

b. Predictors: (Constant), Education level of respondents

As the above table indicates, the sig 100bvalue proves that the amount of pay I currently receive is comparable to what I think it should be which indicates the independent variable has significant relation with: Education level of respondents. This result shows that the probability of getting comparable amount of pay increases as the employees' education level increases.

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.921	.417		7.001	.000
	Education level of respondents	.312	.188	.174	1.664	.100

a. The amount of pay I currently receive is comparable to what I think it should be

The above table indicates, the constant 2.921 value proves the amount of pay I currently receive (independent variable) is comparable to what I think it should be is 2.9% significant, without Education level of respondents.

Discussion part of the thesis

In this part, the researcher explained how the findings of this study, all about how compensation and benefit packages affect turnover and job satisfaction supports the different theories which was stated in the literature review

The current compensation and benefit package do not provides appropriate payment for the work related experience and qualification they have. This may increase the turnover rate. This result supports the result of Rahman and Syahrizal (2018), which argued that satisfactory salary can retain an employee to stay loyal to the company or organization. In other words, unsatisfactory salary does not retain employees (increases turnover).

Majority of the respondents do not believe that the compensation and benefit package of Wegagen Bank S.C. is not fair. This result may imply that majority of the respondents are dissatisfied with the compensation and benefit package. This may increase the turnover rate. Therefore, the result supports the result of Wile (nd, para 1), which argued that when compensation and benefit package decreases turnover will increases.

Compensation and benefit package of Wegagen Bank S.C. is not adequate for the employees to cope with the ongoing cost of living. This may negatively affect the employees' job satisfaction. This result supports the result of Sudarno et al. (2016) which argued that the size of the compensation received by workers will result in different employee job satisfaction levels.

5 of the interviewees believe with the idea that the amount of pay employees currently receive is not making employees happy. Therefore, the result supports the result of As'ad (2004), which argues that the factors that influence job satisfaction are classified into four. Among them Financial factor is a factor associated to worker guarantee and welfare covering system and amount of salary, social security, allowances, facilities provided, promotion and so on.

5 of the respondents agreed that there is suitable annual leave and working time in the Bank. This implies that there is good condition related with annual leave and working time in the Bank which may increase the job satisfaction of employees. In other hand, 17 of the respondents stated that the bank does not properly offer food and beverage to its employees. Additionally, related to this idea, one of the interviewee indicated that access to Cafeteria service is the main problem in the Bank which may dissatisfy employees. Therefore, these results supports the result of Society for Human Resource Management (2012), which stated that compensation and benefits are regularly among the top three factors affecting employee job satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

The aim of this research paper is to assess the compensation and benefit package effects on employee job satisfaction level at Wegagen Bank S.C. Head office. For this purpose a descriptive method of data analysis was employed. Respondents were selected using simple random sampling technique and findings were analyzed using frequency count and percentage. Thus based on the analysis and findings presented in the previous chapter, the following summary, conclusion and recommendation has been drawn.

5.1 SUMMARY

The major findings of this study are the following.

Studying factors that affect employee job satisfaction and turnover is important for employees, Wegagen Bank S.C., and its management.

In Wegagne Bank S.C., there are different compensation packages such as salary, transport allowance, hardship allowance, telephone allowance, etc.

Wegagen Bank S.C. has felt challenges of compensation and benefit package equitable with other similar Banks.

The current compensation and benefit package do not provides appropriate payment for the work related experience and qualification of the employees. This increased the turnover rate.

Although there is better annual leave and working time, the benefit package has the following problems: There is no any employee club. The bank does not properly offer food and beverage to its employees. There is low benefit compared to other banks. Similarly, the bank does not offer additional benefit packages like Gym and Day care to its employees which affect the job satisfaction of employees.

Ineffective, redundant and not carrier related training practices existed in the bank. Poor working environment and working culture existed in the bank.

The following are the most common reasons for resignation(reason that increase turnover);working environment, leadership style, the existence weak succession planning and carrier management, and weak personnel action (weak recruitment, promotion, demotion, transfer, etc.

The following improvement expectations are found out: better medical benefit, offer Gym and cafeteria services, implementation of performance based reward system, existence of good

working environment and culture, comfortable working environment, and comparable benefit packages with other similar banks.

5.2 CONCLUSION

Following the results of the study obtained through both open-ended and close-ended questionnaires and the interviews, the following effects of compensation and benefit packages on turnover rate and job satisfaction level.

Regarding the satisfaction level of respondents, most of the respondents are dissatisfied by their compensation they currently receive. This dissatisfaction increases the turnover rate.

On the other hand, the bank is in a good position in relation with annual leave and working time which may positively affects job satisfaction of employees.

It can then be concluded that most of benefit packages of the company are not satisfactory for the employees needs because of many reasons such as the bank's failure to properly offer food and beverage to its employees, no provision of employees' club and absence of facilities related to talent, and ineffectiveness, redundancy and unrelated carrier training practices. Additionally, there is also uncomfortable work environment and culture in the bank, which all may dissatisfy the employees and increases the turnover.

In particular, the study indicated that the current compensation and benefit package of Wegagen Bank S.C. is not adequate for the employees to cope with the ongoing cost of living. This may negatively affect the employees' job satisfaction.

All employees of Wegagne Bank S.C. do not participate in compensation and benefit decision process. This may dissatisfy employees.

In other hand, the Bank does not periodically evaluate the effectiveness of compensation and benefit package which may dissatisfy the employees and increases turnover.

Majority respondents get it difficult to say that most employees are familiar with the Bank's compensation and benefit package plan design. This result shows that there is information gap related with the Bank's compensation and benefit package plan design. This may dissatisfy employees.

Finally, these findings lead to the conclusion that the compensation and benefit package of Wegagen Bank S.C. is not fair. This challenge may increase employees' turnover and decrease the employees' job satisfaction.

5.3 RECOMMENDATION

In light of the above problems, the following recommendations were forwarded.

There is a pressing need to review the pay structure of Wegagen Bank S.C. in order to decrease employees' turnover and increase their job satisfaction.

It is recommendable that the bank starts providing food and beverage service to its employees and support employees to establish employee clubs in order to increase the employees' job satisfaction level.

The bank should improve its training practices, succession planning and carrier management process in order to retain employees and increase employee job satisfaction.

The bank is advised to offer additional benefit packages like Gym and Day care to its employees in order to increase their job satisfaction level.

The bank should make its work environment and culture comfortable in order to increase the employees' job satisfaction level

The Bank should work properly on the performance management process in order to make current compensation package motivating for better performance. Otherwise, the Bank could not decrease turnover and increase employees' job satisfaction.

The bank should work on giving the opportunity to all employees in order to participate in compensation and benefit decision-making process. This can increase the employees' job satisfaction.

The Bank should work hard on the compensation and benefit package to make that capable of attracting and retaining competent employees. This will increase the employees' job satisfaction and help the bank to get competent employees.

The Bank should periodically evaluate the effectiveness of compensation and benefit package. This will decrease turnover and increase employees' job satisfaction. Also it helps the Bank to get competent employees.

The Bank should work hard on the compensation and benefit package to make that fair. This will decrease turnover and increase the employees' job satisfaction.

Last but not least, all findings lead to the thought that Wegagen Bank S.C. has to review its current compensation and benefit package by taking in to consideration the above recommendations, in order to retain employees for long period of time (decrease turnover rate) and increase the employees' job satisfaction.

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APPENDIX I

ST.MARY'S UNIVERSITY

MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMET

QUESTIONNAIRE FOR EMPLOYEES

Dear Respondent:

The aim of this questionnaire is to gather data to assess the effect of compensation and benefit packages on turnover and job satisfaction in the case of Wegagen Bank S.C. Therefore, I kindly request your support to fill this questionnaire genuinely and I assure you that the data will be used solely for the intended academic purpose and will be kept strictly confidential.

Kindly follow the instructions and answer all questions. Thank you for your participation.

Part 1

Demographic Information: Please put a tick or complete the blank spaces as appropriate.

1. Age _____
2. Sex: _____
3. Education Level: Diploma____ Bachelors____ Masters____ Doctoral____
4. In which directorate are you working currently? HRM ____ Finance____ Legal Service ____
Marketing ____ Branch Operation ____ International Banking____
5. What is your role in the organization? Management Employee_____
Non-Management Employee_____
6. How long have you been in your current position? _____ Years
7. How long have you worked for this organization? _____ Years

Part 2: Factors affecting Turnover rate and Job satisfaction

Please indicate your level of agreement with the statements given below. 1= strongly agree, 2=agree, 3= moderately agree, 4= disagree, 5=strongly disagree

Item	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
2.1 General questions					
1. Studying factors that affect employee turnover rate and job satisfaction is important for employees.					
2. Studying factors that affect employee turnover rate and job satisfaction is important for Wegagen Bank S.C. and its management.					
3. Most employees of Wegagen Bank S.C are familiar with the Banks' Compensation and Benefit package plan design.					
4. The current compensation and benefit package provides appropriate payment for the work related experience and qualification I have.					
5. Compensation and benefit package of Wegagen Bank S.C is fair.					
6. The all Employees of Wegagen Bank S.C participate in compensation and benefit decision process.					
7. The current compensation and benefit package is capable of attracting and retaining competent employees.					
8. Wegagen Bank S.C. has a written compensation and benefit policy.					
9. Wegagen Bank S.C periodically evaluates the effectiveness of compensation and benefit packages.					
10. The current compensation and benefit package of Wegagen Bank S.C is adequate to cope with the ongoing cost of living.					
2.2 The effect of compensation on turnover and job satisfaction					
11. Wegagen Bank S.C compensation is equitable with other similar Banks.					

12. The current compensation package is motivating for better performance.					
13. The amount of pay I currently receive is comparable to what I think it should be.					
14. There is a pressing need to review the pay structure to improve employee efficiency.					
15. I get annual increment based on my performance.					

2.3 The effect of Benefit package on turnover and job satisfaction

1. How are you feeling about the current issues related to Wegagen Bank benefit package (Working hours & Leave, skills development, employee clubs, food & beverage)?

2. What would you like to see improved related to the current Wegagen Bank benefit package?

Thank you for your participation!

APPENDIX II
ST.MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS
MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMET

Interview Questions to Reward and Retention

The aim of this interview is to gather data to assess the effect of compensation and benefit packages on turnover and job satisfaction in the case of Wegagen Bank S.C. Therefore, I kindly request your support to give explanation on the following different questions.

1. Would you please explain to me the financial benefits that Wegagen Bank S.C provides to its employees?
2. Does Wegagen Bank S.C has a salary scale?
3. How often do you carry out research to assess the competitiveness of Wegagen Bank S.C’s remuneration system? If so please share with me your findings.
4. Do you believe financial benefits alone can motivate employees? If not, what other motivating schemes have you come up with?
5. How competitive do you think the current compensation and benefit package at Wegagen Bank S.C. to retain competent employees?
6. Do you believe the amount of pay employees currently receive make them happy?
7. How do employees participate in the development of compensation and benefit packages?
8. Would you please share with me the most common reasons for employees’ resignation?

Thank you!!

