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The Effect of Employee Reward on Employee Retention:

The Case of John Snow, Inc. (JSI), Ethiopia

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STATEMENT OF DECLARATION

I, Gabriella Sirak, hereby declare that the project work entitled “The Effect of Employee Reward on Employee Retention: The Case of John Snow, Inc. (JSI), Ethiopia” is an original work, and all sources of material used for the work have been duly acknowledged.

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ABSTRACT

This study explores the effect of employee reward on employee retention. More specifically, this study investigates the impact of salary, promotion, meaningful work, and responsibility on employee retention. The study is conducted in JSI, an international NGO with more than 40 years of experience in Ethiopia. The data was collected from 85 employees working at JSI Ethiopia's Addis Ababa offices and samples were drawn using a systematic random sampling method. This research is a quantitative study and explanatory and descriptive in its design. Regression analysis has been used to test the cause-and-effect relationship between employee reward and employee retention. Descriptive statistics like mean and standard deviation are employed to assess the practice of employee reward and employee retention issues in JSI. With a sig value of .000, the research indicates the model is statistically significant in envisaging salary, promotion, meaningful work, and responsibility. With an R square value of 0.703, the findings reveal that salary and responsibility have a statistically significant and positive effect on employee retention, whereas promotion and meaningful work demonstrated no statistically significant effect on retention. It is recommended that JSI consider adopting a comprehensive approach to employee retention by enhancing its monetary packages and incorporating intrinsic rewards like responsibility to strengthen its efforts in employee retention.

Keywords: Employee Reward, Employee Retention, Intrinsic Reward, Extrinsic Reward

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Employee retention is a crucial element for organizational success, and numerous studies have investigated strategies and factors influencing this area. Employee rewards play a crucial role in attracting, motivating, and retaining employees within organizations. In today's competitive business landscape, employee retention has become a significant concern for organizations across various sectors. High turnover rates can result in increased recruitment and training costs, loss of institutional knowledge, and decreased productivity. To address these challenges, organizations are increasingly focusing on implementing effective reward management strategies to enhance employee retention (Armstrong & Brown, 2018).

Employee retention is a critical issue for NGOs, which often operate in challenging environments and face high staff turnover rates. Retaining skilled and experienced staff is crucial for the continuity of projects, the delivery of services, and the overall effectiveness of the organization. Despite the high remuneration offered by NGOs, they still face significant challenges in retaining key talent. This highlights the need for effective employee reward to enhance employee satisfaction, motivation, and loyalty, thereby improving retention rates. (Nakiyimba, 2020).

The strategic goal of reward management, according to (Armstrong, Murlis, 2007), is to create and put into place the incentive policies, procedures, and practices necessary to help the firm achieve its business objectives. Positive results that are obtained as a result of an employee's performance are known as rewards. These awards correspond with the objectives of the company. Rewards are frequently given to employees who assist an organization in achieving one of its objectives.

Prior studies have stressed the significance of matching employee expectations and requirements with reward schemes. Numerous forms of rewards, such as cash incentives, non-cash recognition, and intrinsic motivators, have been studied for their effects on commitment and motivation among employees. The purpose of this research is to add to the body of knowledge by investigating the connection between employee retention and reward management strategies. Using an extensive analysis of multiple studies and primary data collection, this research aims to provide empirical recommendations for companies seeking to design and implement incentive schemes that enhance staff retention.

1.2. Background of the Organization

John Snow, Inc., hereinafter referred to as JSI, is a global non-profit organization committed to enhancing the well-being of individuals and communities worldwide, with a focus on health, education, and socio-economic equity. With a rich history spanning 45 years, JSI is a well-known player in the global public health sector. Collaborating with government agencies, the private sector, and local non-profit and civil society organizations, JSI identifies and implements solutions to address public health and healthcare challenges. These partnerships aim to contribute to the enhancement of health systems, making them more accessible, equitable, and of higher quality, consequently leading to improved health outcomes.

Since 1994, JSI has been partnering with the Ministry of Health (MOH) in Ethiopia to expand healthcare access for all by supporting every level of the health system. Over the years, JSI has managed more than 60 health projects in Ethiopia. There are currently more than 300 staff members working at JSI Ethiopia.

JSI's programs in Ethiopia primarily focus on enhancing the quality and utilization of reproductive, maternal, and child health services. Many of its programs strengthen the health system by improving the quality and use of reproductive, maternal, and child health services. For instance, JSI's USAID Quality Healthcare Activity (QHA) sustains the gains of the USAID Transform: Primary Health Care project (2017–2022), which prevented mortality among 1.4 million children under the age of 5 and more than 85,000 mothers. (JSI, 2023).

In addition, JSI's efforts in Ethiopia are also supported by the Bill & Melinda Gates Foundation (BMGF), which shares a commitment to improving reproductive, maternal, and child health. Projects such as the Improve Primary Health Care Service Delivery and Strengthening Service Delivery, funded by BMGF, provide comprehensive and customized assistance to primary health settings, building upon the progress achieved through previous initiatives like the Last 10 Kilometers (L10K) and Universal Immunization projects, also funded by BMGF. (JSI, 2023).

JSI has been working to transform digital health and data utilization, aiming to revolutionize health information systems for better data tracking, analysis, and usability. JSI works closely with the MOH to support Ethiopia's Information Revolution, which aims to digitize the entire health system. Projects like the USAID Digital Health Activity, the BMGF-funded Data Use Partnership, the Children's Investment Fund Foundation-funded Electronic Community Health Information System, and the Mastercard Wellness Pass project all contribute to this ambitious goal.

In addition to digital health initiatives, JSI is actively involved in strengthening Ethiopia's supply chain through projects such as the BMGF-funded Immunization Collaborative Supply Planning Strengthening initiative.

Recognizing the critical importance of routine immunization and new vaccine introductions, JSI implements projects like the Gavi-funded Targeted Country Assistance project, which focuses on vaccinating under-immunized children. In response to the COVID-19 pandemic, JSI's Gavi-funded COVID-19 Vaccine Delivery Support and the USAID MOMENTUM – Routine Immunization Transformation and Equity projects provide direct technical assistance to the MOH, supporting improved COVID-19 vaccination planning and coordination efforts.

Overall, JSI's contributions in Ethiopia span a wide range of initiatives that encompass health system strengthening, data utilization, digital health, supply chain improvement, and vaccination programs. Through these collaborative efforts, JSI strives to make a lasting positive impact on the health and well-being of the Ethiopian population.

1.3.Statement of the Problem

Employees are the most important asset to any organization. Forward-thinking organizations understand the importance of recognizing and appreciating their employees. They recognize that the success of any company hinges on its workforce and, as a result, are dedicated to offering competitive compensation, rewarding benefits, and fostering positive work environments. When a company values and nurtures its employees, it not only thrives but also reaps the rewards of a motivated and dedicated workforce (Forbes, 2019).

Employee turnover is 50–75% higher than what businesses have historically experienced, according to (Gartner, 2022). In addition, compared to the pre-pandemic period, the time needed to fill open posts has increased by 18%. This presents a problem for managers who are overworked and have to spend a lot of time looking for new employees in a competitive and expensive employment market. Managers may find it difficult to motivate staff members and effect

significant change if they don't put a renewed emphasis on employee retention. Leaders must respond and offer the assistance required to help managers hold onto their talent and yet get the intended outcomes.

There are wide variations in how businesses approach rewards, and there is no consensus on what constitutes an effective or inefficient reward system (Armstrong & Brown, 2006). Non-governmental organizations (NGOs) offer both monetary and non-monetary packages. Because they provide opportunities for career advancement in a supportive work environment, these benefits help retain people longer (Phillips & Connell, 2005). Rewards are used in NGOs, as they are in all organizations, to draw in top talent, improve the organization's financial performance, keep high performers on staff, boost employee engagement, improve the organization's financial performance, aid in performance differentiation, strengthen the organization's employment brand, raise customer satisfaction, and strengthen the governance of all HR-related initiatives (Armstrong & Brown, 2006).

Despite concerted efforts to tackle turnover, numerous organizations continue to struggle with this challenging issue. In particular, NGOs face intense competition, prompting many nonprofits to adopt strategies aimed at retaining their employees. The objective of this study is to examine the impact of employee reward on employee retention, using JSI as a case study. This study aims to provide evidence-based recommendations for JSI, and potentially to other NGOs, to design and implement effective reward strategies that foster enhanced employee retention.

1.4. Research Questions

This research aims to answer the following questions based on findings and observed literature:

- Does salary affect retention?

- Does promotion affect retention?
- Does working on meaningful work affect retention?
- Does the level of responsibility affect retention?

1.5.Objective of the Study

1.5.1. General Objective

The general objective of this study is to examine the effect of employee reward on employee retention in the context of not-for-profits by using JSI as a case study.

1.5.2. Specific Objectives

- To assess the employee reward and retention practices at JSI.
- To test the effect of salary on employee retention by JSI.
- To investigate the effect of promotion on employee retention by JSI.
- To examine the effect of meaningful work on employee retention by JSI.
- To explore the effect of responsibility on employee retention by JSI.

1.6.Significance of the Study

These days, organizations—both for-profit and non-profit—are quite concerned about the cost of employee turnover. Even smaller organizations are compelled to designate staff to handle regular staff resignations and recruitment operations due to financial constraints, which require NGOs to allocate substantial sums of money. Most employees in these companies are subjected to low productivity in terms of both amount and quality of labor because of the high turnover rate. (Khan, Shahzadi, 2022).

This study lies in its potential to contribute to both theoretical understanding and practical implications for JSI and its efforts to enhance employee retention. This study aims to expand the existing body of knowledge on the relationship between employee reward and retention. By investigating the specific context of JSI Ethiopia, this study aims to provide insights into how these practices operate in a unique organizational setting. The findings will contribute to the broader literature on human resource management, particularly in the nonprofit sector. Furthermore, this study's results will offer valuable guidance to JSI in designing and implementing effective reward strategies to improve employee retention. By identifying the most impactful types of rewards and considering contextual factors, the study will provide evidence-based recommendations for enhancing employee engagement and enhancing employee retention.

1.7.Scope of the Study

This study's objective is to investigate how reward management strategies affect employee retention in the context of JSI. The study will especially look into the connection between reward categories – salary and wage, promotion, meaningful work, and responsibility – and how they affect the retention of employees.

The study will be carried out within JSI only. The research will be geographically restricted to JSI's offices in Addis Ababa, Ethiopia, with limited access granted to staff members outside of Addis as a result of time and resource constraints.

Although the results may have wider ramifications for the organization's whole Ethiopian offices, the primary focus of this study is on Addis Ababa. Additionally, JSI is the main subject of this study, nevertheless, other NGOs and nonprofit organizations in the industry may find use for the conclusions and suggestions made in it.

1.8.Limitation of the Study

Although this research provides valuable insights into employee reward and employee retention, it is crucial to acknowledge certain limitations. The findings may not apply to staff members outside the context of Addis Ababa, limiting the generalizability of the results.

This research is restricted by limitations in time, funds, and data accessibility and thus will only focus on one not-for-profit company – JSI. Additionally, only offices from the Addis Ababa branches will be included in this study.

The study's comprehensiveness may be constrained by these limitations, which have the potential to impact the scope and depth of the analysis. If the study had encompassed a broader range of regional offices and NGOs, the results would have been more generalizable and impactful in terms of their implications.

1.9.Organization of the Study

There are five chapters in this research. The topic is introduced in the first chapter. The second chapter delves further into the body of research on the topic of the study. In chapter three, the research strategy and methodology employed in this study are described. The data gathered for the study is analyzed and interpreted in Chapter four. Chapter five concludes by summarizing the major discoveries, making inferences from them, and providing recommendations.

1.10. Definition of Key Terms

Reward Management Practices:

Employee reward refer to the strategies, policies, and processes implemented by organizations to design and administer various types of rewards to employees. These rewards may include financial

incentives, non-financial recognition, and intrinsic motivators aimed at attracting, motivating, and retaining employees. (Armstrong, M., Brown, D., 2018).

Employee Retention:

Employee retention refers to the ability of an organization to retain its employees over a period of time. It involves creating a work environment that fosters job satisfaction, engagement, and loyalty, thereby reducing employee turnover and increasing the longevity of employment. (Opatha, 2016).

Turnover Intentions:

Turnover intentions refer to employee's current contemplation of quitting their job, serving as a valuable predictor of future turnover (International Journal of Data Science and Analytics, 2022).

Extrinsic Reward:

Extrinsic rewards are external and palpable incentives offered by organizations to either motivate or entice individuals. Predominantly based on accomplishing distinct tasks or reaching set targets, these awards usually hinge. Salaries, bonus payments, advancements in position, and acclaim, along with other social or material acknowledgments serve as instances of such extrinsic rewards. (Cameron, Pierce, 2002).

Intrinsic Reward:

Intrinsic rewards refer to the internal satisfaction, fulfillment, or enjoyment that individuals derive from engaging in a particular activity or task. These rewards are inherent to the activity itself and arise from the individual's sense of accomplishment, personal growth, or the meaningfulness of the work (Deci, Ryan, 2000).

CHAPTER TWO

2. Review of Related Literature

In the agile business landscape, a company's ability to successfully implement employee retention initiatives is a complex subject. This is one of the most fundamental requirements for successful management.

The conceptual framework of the study will be developed using this chapter as a foundation. This literature review's main goal is twofold. It starts by looking at the main ideas, theories, and models that support the subject of interest to create a theoretical framework. Analyzing the existing literature allows us to pinpoint the theoretical stances and conceptual underpinnings that guide our investigation. The comprehension, analysis, and interpretation of the research findings will be guided by this theoretical framework. The second goal of this evaluation of the literature is to critically assess and summarize academic papers and empirical research that have approached the subject from different perspectives.

2.1.Theoretical Literature Review

2.1.1. Overview of Employee Reward and Employee Retention

Employee retention, the ability of an organization to retain its workforce, has become a critical metric in today's competitive business landscape. High turnover rates can have a significant negative impact on a company's financial performance, operational efficiency, and overall competitive advantage. Research by (Allen, Bennet, 1997), indicates that high turnover disrupts team dynamics, leads to lost knowledge and expertise, and hinders productivity.

High employee turnover can be a significant financial burden for organizations. It can cost up to six times the annual wage to replace a paid employee (SHRM, 2019). This emphasizes the value of employee retention plans and the critical role that reward management procedures play in maintaining motivated and engaged staff members.

Conversely, retaining employees offers multiple benefits. Tenured employees possess greater institutional knowledge and experience, leading to higher productivity and fewer errors as demonstrated by (PwC, 2017). Additionally, experienced employees are better equipped to handle complex tasks, mentor new hires, and contribute to a more positive and collaborative work environment (Hesketh, Neal, 2002).

Employee retention is closely linked to employee engagement, which refers to an employee's cognitive, emotional, and behavioral commitment to their organization (Saks, 2010). Employee retention can also indirectly impact customer satisfaction. Employees with a deeper understanding of the company's products and services are better equipped to provide excellent customer support (Reichheld, 2003). Additionally, employee loyalty fosters customer loyalty. When employees feel valued and committed to the organization, they are more likely to provide exceptional customer service, leading to higher satisfaction and retention rates.

(Ghosh, 2013) emphasized employee retention is perceived as a practice aimed at sustaining an efficient workforce while meeting operational needs (Yousuf, Siddqui, 2018). It is noted that employee retention efforts should not solely rely on monetary rewards but should also consider non-financial benefits, convenience, and organizational commitment (Naalu, 2021).

Retention is a voluntary move by an organization to create an environment that engages key employees for the long term (Chaminade, 2007). It refers to the ability to hold on to those

employees you want to keep for long and deny your competitors the benefit of their goodness (Johnson, 2000). Key employees include those who are top performers, have high potential, or are in critical jobs. The main purpose of retention is to prevent the loss of key employees from the organization as this could have an adverse effect on productivity and service delivery.

A strong company culture is another key factor influencing employee retention. (Leapstone, 2023), suggests that positive workplace cultures foster a sense of belonging, purpose, and shared values. Employees who feel valued, respected, and supported by their colleagues and leaders are less likely to seek employment elsewhere. This emphasizes the importance of fostering open communication, collaboration, and a growth mindset within the organization.

Research suggests a strong positive correlation between effective reward management and employee retention. Studies (Lawler, 1990) demonstrate that employees who are financially and non-financially rewarded are less likely to leave their organizations. Competitive compensation packages, combined with recognition programs and growth opportunities, can create a sense of security and satisfaction, leading employees to stay with the company for the long term.

Reward management encompasses a range of practices designed to recognize and compensate employees for their contributions. Rewards are the reason people search for and get engaged in work (Armstrong; Maicibi, 2007). Employee rewards are all the employer's available tools that may be used to attract, motivate, satisfy, and retain employees. These practices can be financial, such as competitive salaries, bonuses, and profit-sharing plans (Armstrong & Murlis, 2017). Additionally, non-financial rewards can be powerful motivators, including opportunities for professional development, flexible work arrangements, and public recognition (McGregor, 1960).

When employees feel their efforts are valued and rewarded fairly, they are more likely to be satisfied and engaged in their work (Beer; Huselid, 1998).

However, a one-size-fits-all approach to rewards may not be optimal. (Deci; Ryan, 2000) emphasizes the importance of understanding individual employee preferences. Some employees may be highly motivated by financial rewards, while others may value recognition or opportunities for professional development more. Tailoring reward programs to cater to diverse preferences can enhance their effectiveness in retaining talent.

Research has highlighted the influence of human resource practices, leader-member exchange, psychological contract fulfillment, and trade unions on employee retention behavior (Mohamed, 2014). Furthermore, studies have explored the efficacy of various retention strategies in reducing turnover rates, emphasizing the importance of tailoring strategies to specific employee profiles (Rombaut; Guerry, 2020). Motivational factors such as recognition, work-life balance, job characteristics, and financial rewards are crucial in influencing employee retention (Thompson; Muda, 2021).

Retention in some cases is measured by looking at employee turnover. When workers quit and need to be replaced, there is a turnover of staff. Service delivery is negatively impacted, and businesses incur significant costs when replacing current staff. Therefore, management must minimize the frequency of employee departures, especially for those who are critical to the company's operations. (Silverman, 2004)

A high turnover rate may be harmful to the productivity of the company. This may lead to a decline in clientele and business ties, and it may even put the accomplishment of corporate objectives in

jeopardy. High employee churn also undermines the organization by undervaluing the people who remain and failing to recognize their contributions (Maicibi, 2007).

The consequences of high employee turnover are far-reaching. (Allen; Bennet, 1997) indicates that turnover disrupts team dynamics, leading to lost knowledge transfer and hindering overall productivity. Additionally, (PwC, 2017) suggests that it can take up to two years for a new employee to reach the productivity level of a seasoned one. Furthermore, high turnover can damage customer relationships, as tenured employees with a deeper understanding of the company's products and services are better equipped to provide excellent customer support (Reichheld, 2003).

2.1.2. Strategic and Total Reward Systems

Strategic and total reward management systems offer a comprehensive approach to attracting, retaining, and motivating employees. Traditional employee rewards often focus on standardized compensation packages and benefits. However, in today's competitive talent market, organizations recognize the need for a more strategic approach. Strategic reward management emphasizes aligning reward practices with the organization's overall business strategy and employee needs (CIPD, 2023). This ensures that rewards not only attract and retain talent but also motivate desired behaviors and contribute to achieving organizational goals (Bratton; Gold, 2017).

Components of Strategic Reward Management

Internal Alignment: Effective reward systems ensure internal equity by offering compensation and benefits that are competitive within the industry and fair across different job roles within the organization (Armstrong; Murlis, 2017).

External Competitiveness: Organizations need to stay competitive in the market by offering attractive compensation packages that are comparable to what similar companies offer for the same skill sets (Lawler, 1990).

Performance-Based Rewards: Linking rewards to individual and team performance outcomes incentivizes desired behaviors and motivates employees to achieve organizational goals (Niehaus, 2013).

Employee Value Proposition: Strategic reward management goes beyond just financial compensation. It encompasses the entire employee experience, including opportunities for growth, recognition programs, work-life balance initiatives, and a positive company culture (McGregor, 1960).

The Rise of Total Rewards

The concept of total rewards expands beyond traditional compensation and benefits. It encompasses all the tangible and intangible aspects of work that employees value (AIHR, 2023).

Base salary, variable pay, benefits, work-life balance, career development, work environment, recognition and appreciation are all elements of total reward (Leapstone, 2023).

The Advantages of Total Rewards

By offering a comprehensive total rewards package, organizations can be able to:

Attract Top Talent: A competitive and attractive total rewards package can significantly enhance an organization's employer brand and attract high-performing candidates (SHRM, 2021).

Improve Employee Engagement: A total rewards approach that caters to diverse employee needs and preferences can lead to higher levels of employee engagement, motivation, and satisfaction (Gallup, 2023).

Enhance Retention: When employees feel valued and rewarded for their contributions in multiple ways, they are more likely to stay with the organization and contribute to long-term success (Deci; Ryan, 2000).

2.1.3. Intrinsic and Extrinsic Reward Systems

Employee reward play a crucial role in enhancing employee retention within organizations. These practices encompass both intrinsic and extrinsic rewards. This section provides an overview of intrinsic and extrinsic reward management systems, highlighting their characteristics, effects on employee motivation and retention, and key considerations for effective implementation (Ramlall, S. J., 2004).

A. Intrinsic Reward Management:

Intrinsic rewards refer to the internal satisfaction, sense of accomplishment, and personal fulfillment that individuals derive from their work. These rewards are inherently tied to the nature of the job itself and are not contingent upon external factors or outcomes (Deci; Ryan, 2000). Examples of intrinsic rewards include opportunities for skill development, autonomy, challenging assignments, and a sense of purpose or meaningfulness in the work (Deci; Ryan, 2000).

Intrinsic reward management systems focus on creating a work environment that fosters intrinsic motivation and satisfaction. Research has shown that employees who experience high levels of intrinsic rewards tend to exhibit higher levels of job satisfaction, engagement, and retention (Hackman; Oldham, 1976).

B. Extrinsic Reward Management:

Extrinsic rewards are external and tangible incentives provided by organizations to motivate and reinforce desired behaviors. These rewards are contingent upon the completion of specific tasks, achievement of goals, or meeting performance targets. Examples of extrinsic rewards include monetary compensation, bonuses, promotions, recognition programs, and other tangible forms of acknowledgment (Cameron; Pierce, 2002).

Extrinsic reward management systems aim to align employee efforts and performance with organizational goals through the use of external incentives. While extrinsic rewards can positively influence employee motivation and retention, their long-term effects may vary depending on factors such as the degree of perceived fairness, transparency in reward allocation, and the presence of intrinsic motivation (Gerhart; Rynes, 2003).

Striking a balance between intrinsic and extrinsic rewards is essential for an effective reward management system. Research suggests that a combination of both types of rewards can lead to optimal outcomes in terms of employee motivation, satisfaction, and retention (Deci; Ryan, 2000). Organizations need to design reward systems that recognize and appreciate the importance of both intrinsic and extrinsic rewards in motivating and retaining employees.

2.1.4. Theories of Reward Management Systems

Expectancy Theory

One prominent theory that underpins reward management systems is the Expectancy Theory, proposed by (Vroom, 1964). According to this theory, employees' motivation to stay with an organization is influenced by their belief that their efforts will lead to desirable outcomes. Employees evaluate the relationship between their performance and the rewards they receive, as

well as the perceived probability that their efforts will result in those rewards. Several studies have supported the application of Expectancy Theory in the context of reward management and employee retention (Murlis, Bamberger, Smerek, 2008).

Equity Theory

Equity Theory, developed by (Adams, 1963), posits that employees compare their inputs (e.g., effort, skills) and outcomes (e.g., rewards) to those of others in the workplace. When employees perceive an inequity between their inputs and outcomes compared to their colleagues, it may lead to dissatisfaction and intentions to leave the organization. Employee rewards that ensure fairness and equity can enhance employee retention.

Social Exchange Theory

Social Exchange Theory emphasizes the reciprocal relationship between employees and organizations. According to this theory, employees consider the rewards they receive from the organization as part of a social exchange process. When employees perceive that the organization provides valuable rewards, they are more likely to reciprocate through increased commitment and loyalty, leading to higher retention rates. Social Exchange Theory has been widely examined in the context of reward management and employee retention (Allen, Shanock, 2013).

Reinforcement Theory

Reinforcement Theory, proposed by (Skinner, 1953), suggests that behavior is influenced by the consequences that follow it. In the context of reward management, positive reinforcement through rewards serves as a motivator for desired employee behaviors, including staying with the organization. Reinforcement Theory implies that well-designed reward systems can reinforce employee retention by positively reinforcing desired behaviors (Lawler, Jenkins, 1992).

Goal-Setting Theory

Goal-Setting Theory, developed by (Locke, Latham, 1990), suggests that specific and challenging goals lead to higher levels of motivation and performance. Employee rewards that align with goal-setting principles can enhance employee retention by setting clear expectations and providing tangible rewards for goal achievement. (Latham, Ernst, 2006).

Two-Factor Theory

The Two-Factor Theory, proposed by (Herzberg, 1959), distinguishes between hygiene factors and motivators in the workplace. Hygiene factors, such as salary, job security, and working conditions, are associated with job dissatisfaction when they are absent or perceived as inadequate. On the other hand, motivators, such as recognition, growth opportunities, and achievement, contribute to job satisfaction and motivation. Employee reward that address both hygiene factors and motivators can positively impact employee retention. (Herzberg, Mausner, Snyderman, 1959).

Maslow's Need Theory

Maslow's Need Theory proposes a hierarchy of human needs, including physiological needs, safety needs, social needs, esteem needs, and self-actualization needs. According to this theory, employees' motivation is influenced by the degree to which these needs are satisfied. Employee reward that address multiple levels of the hierarchy can contribute to employee satisfaction and retention (Ramlall, 2004).

2.2. Empirical Literature Review

Numerous studies have examined the relationship between employee reward and employee retention in various industries.

(Bamberger, 2014) examined the impact of employee reward on employee retention in NGOs operating in developing countries. The research found that competitive salary packages, performance-based incentives, and opportunities for career development positively influenced employee retention. The study aimed to understand how different reward strategies influenced employee retention within this specific context. The research findings indicated that competitive salary packages were important in attracting and retaining talented individuals. Performance-based incentives, such as bonuses or recognition for achieving specific targets, were also found to enhance employee retention by providing a sense of achievement and motivation. Additionally, opportunities for career development, such as training programs or promotions, were identified as crucial factors in retaining employees within NGOs. The study highlighted the significance of aligning employee rewards with the unique needs and motivations of employees in the non-profit sector.

In another study conducted by (Skinner, 2014), it was found that non-monetary rewards, such as recognition, empowerment, and work-life balance initiatives, significantly contributed to employee retention. The research highlighted the importance of a holistic approach to reward management, recognizing that monetary incentives alone may not be sufficient to retain employees. Recognition, such as praise, awards, or public acknowledgment of employees' contributions, was found to increase job satisfaction and foster a sense of appreciation, leading to higher retention. Empowerment, which involved granting employees autonomy and decision-making authority in their roles, was identified as a crucial factor in employee retention. Work-life balance initiatives, such as flexible work arrangements or support for personal well-being, also positively influenced retention by promoting a positive work-life integration. The study

emphasized the importance of considering both monetary and non-monetary rewards to create a comprehensive reward management strategy that addresses employees' diverse needs.

A study conducted by (Orajaka, 2021) investigated the impact of variable payment on employee retention and its effect on the performance of selected organizations in Southeast Nigeria. The findings revealed a significant and strong positive association between variable payment and employee retention in public universities. The analysis further indicated a strong positive relationship in the overall system. These results suggest that variable payment and employee retention exert a positive and influential effect on organizational performance within the chosen study areas. The study recommends broader implementation for the study areas, academic purposes, and research endeavors, and to gain insights into the influence of variable payment and employee retention on organizational practices and performance, particularly in public universities and beyond.

Furthermore, a study by (Patnaik, Sapre, 2016) investigated the role of intrinsic rewards in employee retention within Indian NGOs. The research revealed that factors such as meaningful work, job satisfaction, and the opportunity for personal growth and development significantly influenced employee retention. This finding underlines the importance of considering intrinsic rewards, in addition to extrinsic rewards, when designing effective reward management strategies. The findings indicated that employees who found their work meaningful and aligned with their values were more likely to stay with the organization. Job satisfaction, which encompassed factors such as a positive work environment, supportive colleagues, and fulfilling tasks, was found to significantly influence employee retention. Furthermore, opportunities for personal growth and development, such as training programs or career advancement prospects, were identified as critical factors that contributed to employee retention. The study highlighted the importance of

nurturing intrinsic rewards alongside extrinsic rewards to create a motivating and fulfilling work environment that encourages employee loyalty.

Another study conducted by (Rotich, 2020) revealed that employee rewards account for 66.3% of the variation in employee retention within telecommunication firms. There was a significant and positive relationship observed between employee reward and employee retention ($\beta_1=0.751$, $p<0.05$), indicating that an increase in employee reward leads to an increase in employee retention within telecommunication firms. The study concludes that there is a strong connection between employee reward and retention in the telecommunication industry. Effective reward management has a substantial impact on employee performance, indicating that the more efficiently an organization manages its rewards, the better employees are likely to perform. The study recommends that employers should prioritize non-monetary rewards, such as shorter working weeks and improved work-life balance, to prevent employee fatigue and monotony resulting from routine tasks.

2.3. Conceptual Framework and Formulation of Hypothesis

2.3.1. Conceptual Framework

Based on the existing theories in the literature the research formulated a research framework as shown below.

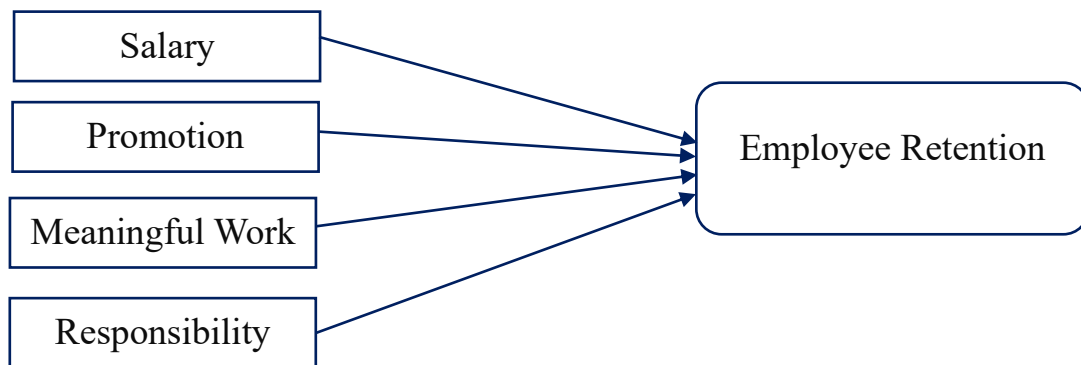


Figure 1: Conceptual Framework of the Study (developed from literature review)

2.3.2. Formulation of Hypothesis

Based on the above conceptual framework, the following hypotheses are forwarded:

H1: The effect of salary on employee retention is statistically significant and positive.

H2: The effect of promotion on employee retention is statistically significant and positive.

H3: The effect of meaningful work on employee retention is statistically significant and positive.

H4: The effect of responsibility on employee retention is statistically significant and positive.

CHAPTER THREE

3. Research Methodology

This study's primary goal is to evaluate the effect of employee reward on employee retention, examining the case of JSI Ethiopia. Following the conceptual framework from the literature done above, the research methods used for the study are covered in this chapter. It provides information about the population, sample size, sampling strategies, data analysis methods, validity, and reliability in addition to the research design and instrument.

3.1. Research Design and Approach

Research design methodologies can be classified into four categories: exploratory, descriptive, explanatory, and experimental (Creswell, 2017). According to (Neuman, 2014), The goal of explanatory study is to identify the fundamental causes and contributing elements of a phenomena or relationship. It aims to explain why and how particular variables are related to one another, going beyond merely describing or witnessing an event. In addition to determining the frequency and correlation between variables, descriptive research is utilized to explain a phenomenon (Nassaji, 2015).

An explanatory research approach is used with the objective of establishing the cause-and-effect relationship between the variables i.e. employee reward and retention. Moreover, to assess the existing level of employee reward and retention practices, a descriptive design has been implemented.

The study is carried out utilizing quantitative methodology to fulfill the goal of the research design.

3.2.Data Source and Data Collection Method

Primary data was used in the study where respondents were surveyed using a closed-ended questionnaire to gather information.

3.3.Study Variables

In this study, we examined the effect of employee reward on employee retention within the case of JSI Ethiopia.

The independent study variable – employee reward– will be seen from the angles of salary, promotion, meaningful work, and responsibility. Salary refers to the monetary compensation provided to employees, including base pay, bonuses, and other financial incentives (Milkovich, Newman, 2021). Promotion represents the advancement opportunities offered to employees based on their performance and potential for growth within the organization (Breaugh, Starke, 2000). Meaningful work refers to the extent to which employees perceive their tasks and responsibilities as valuable, purposeful, and aligned with their values (Wrzesniewski, Dutton, 2001). Responsibility refers to the level of autonomy, decision-making authority, and accountability assigned to employees within their roles (Kim, Beehr, 2020).

Employee retention is the dependent variable and is measured by the length of time employees remain with the organization (Griffeth, Hom, Gaertner, 2000). By investigating the influence of salary, promotion, meaningful work, and responsibility on employee retention, this study aims to contribute to our understanding of the employee reward that can enhance employee retention in JSI Ethiopia.

3.4.Target Population and Sampling Design

3.4.1. The Target Population

The target population represents the group of individuals who possess the characteristics of interest and are the focus of the study (Creswell, 2014). The target population for this research study consists of employees, ranging from juniors to management staff, working in JSI, Ethiopia, Addis Ababa offices.

3.4.2. Sampling Design

Sampling is the process of choosing a certain number of individuals from a specific group to serve as a representative sample of the community (Pandey, Mishra, 2015). Creating a statistically representative sample is the main objective of sampling to provide conclusions that can be applied to the full population (Majid, 2018). The sampling strategy should consider the goal of the study to produce accurate and trustworthy data. Sampling makes detailed research possible by reducing costs, time, and material requirements (Pandey, Mishra, 2015).

Given that the study's population exhibits relatively homogeneous traits and has comparable perspectives regarding the subject matter, a systematic random sampling technique has been employed to select respondents who are willing and expected to provide pertinent information.

3.5.Sampling Frame and Sample Size Determination

The sampling frame serves as a list or database from which the sample will be drawn (Gill, Johnson, Rea, 2014). It ensures that all potential participants from the target population have an equal chance of being included in the sample. It is very difficult to study the whole population especially when the population size is very large.

For this study, the sampling frame consisted of 135 employees who are working in the Addis Ababa offices.

The sample for this study was derived from employees working only in the Addis Ababa offices. The company employs over 300 people throughout Ethiopia and 135 within the Addis offices. The sample size calculation formula is adopted from (Kothari, 2004).

$$n = N / 1 + (N * (e)^2) \text{ where,}$$

Where:

n = sample size to be determined

N = population of interest (300)

e = error margin (0.05)

1 = constant value

$$n = 135 / 1 + (135 * (0.05)^2) = 135 / 1.625$$

$$n \approx 85$$

Thus 85 sample respondents were taken from JSI Ethiopia, Addis Ababa offices using systematic random sampling method.

3.6. Data Analysis Methodology

The process of data analysis involves multiple stages, such as category definition, raw data coding, results tabulation, and statistical inference using SPSS version 25. According to (Pandey, Mishra, 2015), data analysis is a method for characterizing data, creating measuring scales, and producing empirical correlations between data.

Regression analysis techniques and descriptive statistics have been used in this study to analyze the data. Regression analysis is a statistical technique that deals with the creation of a mathematical model that illustrates the relationship between variables and may be used to predict the values of the dependent variable given the values of the separate and distinct variable (Kothari, 2004).

Descriptive statistics was employed to provide a summary and description of the variables under study. On the other hand, regression analysis was utilized to examine the cause-and-effect relationship between variables.

Multiple regression model:

$$R = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e.$$

Where,

R= Employee Retention

β_1 , β_2 , β_3 , and β_4 are coefficients

β_0 = constant

e = error term

X1 = salary dimension of employee reward

X2= promotion dimension of employee reward

X3 = meaningful work dimension of employee reward

X4 = responsibility dimension of employee reward

3.7. Ethical Considerations

The term ethics encompasses both a way of life and social guidelines that dictate appropriate behavior, distinguishing between acceptable and unacceptable actions (Shah, 2011). Ethics establishes expectations for conduct in specific situations based on societal norms. In conducting this research, utmost care has been taken to address ethical considerations throughout all stages of the study. The respondents have been provided with informed consent, ensuring they are fully aware of the research objectives. The confidentiality of the respondents has been strictly maintained. The researcher also upheld academic integrity by avoiding plagiarism and appropriately acknowledging all sources of materials used in the study.

3.8. Reliability and Validity Measurement

Research methodologies such as validity and reliability are employed to assess the precision of measurement scales. The validity of the instruments used in this study has been well-established. Standard measurement and pre-tested items were employed to ensure the validity of the data collection tools. Additionally, a dedicated research advisor was consulted throughout the construction of the paper, providing valuable feedback and guidance to maintain the validity of the research. Moreover, area experts from JSI, where the study was conducted, were actively involved in the process.

Cronbach's alpha is a reliability coefficient frequently employed to assess the internal consistency or reliability of a psychometric test score within a sample of individuals. Cronbach's alpha ranges from 0 to 1, with higher values indicating greater internal consistency. A value of 0.70 or higher is generally considered acceptable, although higher thresholds, such as 0.80 or 0.90, may be preferred depending on the context and purpose of the measurement (Tavakol, 2011).

In this study, Cronbach's alpha is used to test the instrument's reliability while employing the Likert scale. The table below displays each item's Cronbach's alpha result from the questionnaire, indicating that consistent and reliable data had been used.

Reliability Statistics		
Variables	Cronbach's Alpha	N of Items
EmployeeRetention	.899	7
Salary	.865	4
Promotion	.786	5
MeaningfulWork	.811	5
Responsibility	.853	4

Table 1: Cronbach's Alpha Values

CHAPTER FOUR

4. Data Analysis and Interpretation

4.1.Introduction

The objective of this chapter is to analyze the results of the questionnaire survey that was given to JSI Ethiopia workers. The findings presentation and the discussions that follow are the two main sections of this section. These are supported by evidence from pertinent literature and incorporate findings gleaned from the respondents. This section is structured according to the following framework:

Respondent Profile: The demographic nature of the survey respondents is shown and examined in this subsection.

Analysis of Questionnaire Data: In this step, relevant insights are extracted by carefully examining and interpreting the data that was gathered from the surveys.

4.2.Response Rate

The purpose of this study was to The Effect of Employee reward on Employee Retention: The Case of John Snow, Inc. (JSI), Ethiopia, and employees at the offices in Addis Ababa provided the data. In light of this, the survey was sent to 100 employees, out of which 85 of them replied, translating to a response rate of approximately 85%. According to (AAPOR, 2009), a response rate of 60% or higher is often considered a reasonable threshold for survey research.

4.3. Profile of Respondents

All the necessary information for this study was gathered from employees of JSI Ethiopia, Addis Ababa offices. The employees range from junior to senior and from different departments. A total of 85 employees have filled out the survey.

Characteristics of Respondents	Categories	Frequency	Percent
Gender	Female	43	50.6
	Male	42	49.4
Age	< 21 years	1	1.2
	From 21 – 30	41	48.2
	From 31 – 40	27	31.8
	From 41 – 50	9	10.6
	From 51 – 65	7	8.2
Education	Diploma	2	2.4
	Bachelor's degree	48	56.5
	Master's degree	33	38.8
	PhD	2	2.4

Position	Junior	12	14.1
	Mid-level	44	51.8
	Senior	29	34.1
Work experience	< 2years	9	10.6
	From 3 – 8 years	39	45.9
	From 9 – 14years	25	29.4
	From 15 – 20years	9	10.6
	>21years	3	3.5
Salary range	<ETB 10,000	2	2.4
	ETB 11,000 – 50,000	40	47.1
	ETB 50,000 – 100,000	23	27.1
	> ETB 100,000	20	23.5

Table 2: Demographic Characteristics of Respondents

This indicates that the survey had a nearly equal representation of male (49.4%) and female (50.6%) respondents. When considering age, the majority of respondents fell within the age range of 21 to 30 years (48.2%). Significant proportions were also reported in the age groups of 31 to 40 years (31.8%) and 41 to 50 years (10.6%), and a smaller percentage of respondents were distributed across the age groups of less than 21 years (1.2%) and 51 to 65 years (8.2%).

The majority of respondents held a Bachelor's degree (56.5%), while a significant proportion of respondents had a Master's degree (38.8%) and a smaller percentage of respondents had a Diploma (2.4%) or a Ph.D. (2.4%).

The respondents' positions varied, with 14.1% classified as Junior, 51.8% as Mid-level, and 34.1% as Senior indicating that the respondents are from various positions which aided in gathering data from different perspectives.

The highest proportion of respondents had work experience in the range of 3 to 8 years (45.9%), where substantial percentages of respondents were distributed across the work experience categories of 9 to 14 years (29.4%) and 15 to 20 years (10.6%). Further, a smaller percentage of respondents had either less than 2 years (10.6%) or more than 21 years (3.5%) of work experience.

The majority of respondents fell into the salary range of ETB 11,000 to 50,000 (47.1%). Significant proportions were also reported in the salary ranges of ETB 50,000 to 100,000 (27.1%) and above ETB 100,000 (23.5%). A smaller percentage of respondents reported a salary range below ETB 10,000 (2.4%).

4.4. Findings of Descriptive Statistics

	Mean	Std. Deviation	N
Salary	3.11	1.00	85
Promotion	3.12	0.98	85
Meaningful Work	3.16	1.00	85

Responsibility	3.35	0.99	85
Employee Retention	3.12	1.01	85

Table 3: Findings of Descriptive Statistics

The mean and standard deviation are descriptive statistics that provide information about the central tendency and variability of a dataset, respectively (Newbold, Carlson, Throne, 2013).

The findings of an examination of employee retention are shown in the table above, which offers insights into several aspects influencing retention. The average score for staff retention is 3.12, with a standard deviation of 1.01.

When the individual variables are examined, it can be seen that the participants' scores are greater than the mean for each variable. For example, the average salary score is 3.11. In terms of salary satisfaction, the standard deviation of 1.00 indicates reasonably consistent results.

In a similar vein, the average score for promotion is 3.12, higher than the mean. The standard deviation of 0.98, which shows a comparatively small range of responses about promotion satisfaction, lends more credence to this.

With a mean score of 3.16 for meaningful work and 3.35 for responsibility, employee perceptions of meaningful work and responsibility are constant, as evidenced by the standard deviations of 1.00 and 0.99 for these components, respectively.

Having said this, it can be seen that JSI has yet to work on employee retention from the angles of salary, promotion, meaningful work, and responsibility as can be seen from the mean results. As adopted from (Terano, 2015), the five-point Likert Scale rating is interpreted as follows:

Scale	Range Value	Interpretation
5	4.50 – 5	Strongly Agree
4	3.50 – 4.49	Agree
3	2.50 – 3.49	Neutral
2	1.50 – 2.49	Disagree
1	1.00 – 1.49	Strongly Disagree

The mean values for all variables fall in the *neutral* range and hence indicate that there is room for JSI to work more on its initiatives toward employee retention.

In summary, the descriptive statistics provide an initial understanding of the variables related to employee retention. To explore the relationship between these variables in greater detail, further analysis is presented in the next section.

4.5. Correlation Analysis

Correlations					
	Salary	Promotion	Meaningful Work	Responsibility	Employee Retention

Salary	Pearson Correlation	1	.731**	.550**	.473**	.722**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	85	85	85	85	85
Promotion	Pearson Correlation	.731**	1	.566**	.516**	.678**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	85	85	85	85	85
Meaningful Work	Pearson Correlation	.550**	.566**	1	.775**	.694**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	85	85	85	85	85
Responsibility	Pearson Correlation	.473**	.516**	.775**	1	.696**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	85	85	85	85	85

EmployeeRetention	Pearson Correlation	.722**	.678**	.694**	.696**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	85	85	85	85	85

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4: Correlation Matrix

This section presents the relationships between the independent variables: salary, promotion, meaningful work, and responsibility, and the dependent variable: employee retention. The correlations are measured using the Pearson correlation coefficient, which ranges from -1 to 1, where values closer to 1 indicate a stronger positive relationship. According to (Montgomery, Runger, 2011), Pearson correlation coefficient is a measure of the linear relationship between two variables. It quantifies the strength and direction of the association between the variables. The coefficient ranges from -1 to +1, where -1 indicates a perfect negative correlation, +1 indicates a perfect positive correlation, and 0 indicates no linear correlation. A p-value below a predetermined significance level (often 0.05) suggests that the observed correlation is statistically significant, indicating that the relationship between the variables is unlikely to be due to random chance (Newbold, Carlson, Throne, 2013).

Salary and Employee Retention:

There is a strong positive correlation between salary and employee retention ($r = 0.722$, $p < 0.01$).

This suggests that higher salaries are associated with higher levels of employee retention, meaning that employees who are more satisfied with their salaries are more likely to stay with the organization.

Promotion and Employee Retention:

There is a positive correlation between promotion and employee retention ($r = 0.678, p < 0.01$).

This implies that employees who perceive better promotion opportunities are more likely to exhibit higher levels of retention. Opportunities for growth and advancement play a significant role in employee retention.

Meaningful Work and Employee Retention:

There is a positive correlation between meaningful work and employee retention ($r = 0.694, p < 0.01$). This indicates that when employees perceive their work as meaningful and fulfilling, they are more likely to exhibit higher levels of retention. Engaging employees in meaningful tasks and providing a sense of purpose can positively impact their decision to stay with the organization.

Responsibility and Employee Retention:

There is a positive correlation between responsibility and employee retention ($r = 0.696, p < 0.01$).

This suggests that when employees feel a sense of responsibility in their roles, they are more likely to have higher levels of retention. Empowering employees with responsibilities and decision-making authority can foster a sense of ownership and commitment.

4.6. Pre-regression Tests

4.6.1. Collinearity Analysis

Multicollinearity occurs when there is a strong correlation between two or more predictors in a regression model. In cases of perfect collinearity, it becomes impossible to obtain unique estimates of the regression coefficients because there are infinite combinations of coefficients that would produce equally good results.

One method to detect multicollinearity is by examining the correlation matrix of the predictor variables using the variance inflation factor (VIF) and tolerance statistic in the regression model's collinearity statistics (Field, 2009).

The tolerance statistic measures the amount of variability in an independent variable that is not explained by the other independent variables. On the other hand, the VIF is the inverse of the tolerance value (i.e., 1 divided by the tolerance value) and serves as another measure of multicollinearity (Hair et al., 2010). A high tolerance value is desirable, indicating a minimal degree of multicollinearity, while a low tolerance value indicates high collinearity. A commonly used threshold is a tolerance value above 0.10 but less than 1, and a VIF value below 10 (Hair et al., 2010).

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		

Salary	0.438	2.284
Promotion	0.42	2.378
Meaningful Work	0.35	2.86
Responsibility	0.39	2.561
Dependent Variable: EmployeeRetention		

Table 5: Collinearity Statistics

4.6.2. Normality Test

The normality test is performed to assess whether the error term has a normal distribution. In this investigation, plots of normal probability and a histogram were used to visually analyze the data. It can be seen from Figures 2 and 3 that the residuals follow a normal distribution.

Despite a small skewness, the residuals' histogram shows a mostly symmetrical distribution. As such, this skewness satisfies the condition for normality because it does not greatly vary from a normal distribution. It can be said that the assumption is satisfied.

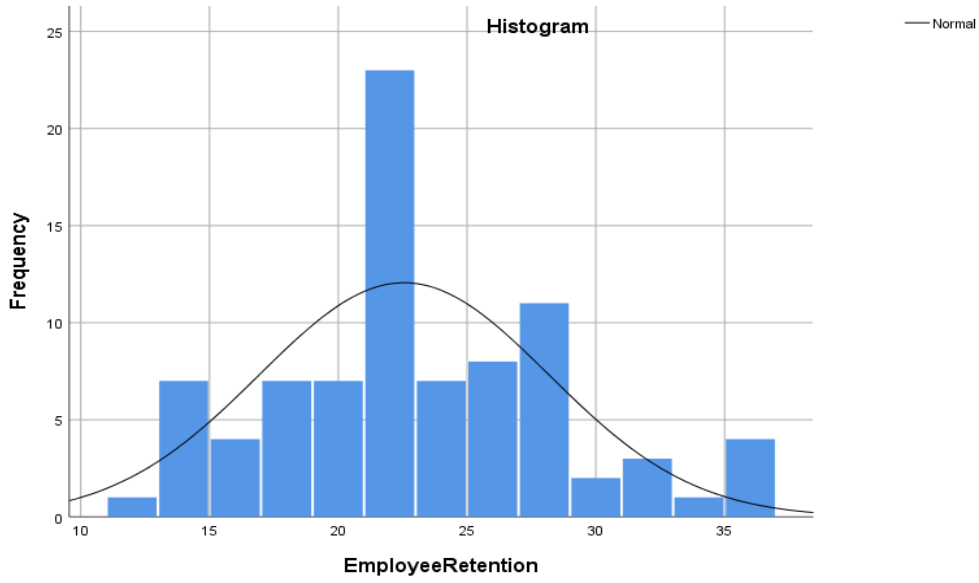


Figure 2: Normality Assumption Measure

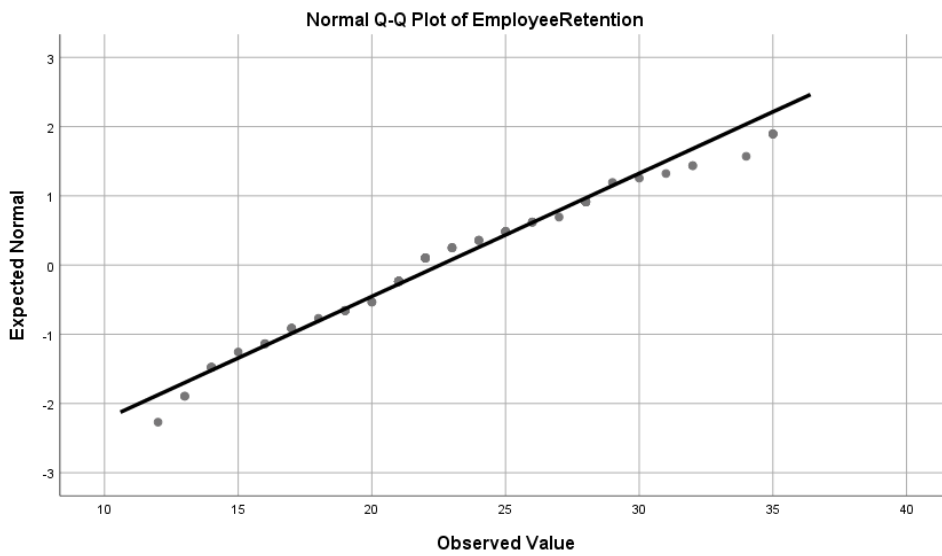


Figure 3: Normal Plot of Employee Retention

4.7. Regression Analysis

The primary goal of this study is to determine the effect of employee reward on employee retention, where the independent variables in question are salary, promotion, meaningful work, and responsibility. This section will further explore the relationship between the dependent and independent variables by using standard multiple regression analysis.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839 ^a	0.703	0.688	3.139
a. Predictors: (Constant), Responsibility, Salary, Promotion, MeaningfulWork				

Table 6: Regression Summary

The performance of the regression model is summarized in the Model Summary table. With a R Square value of 0.703, the independent variables in the model can account for 70.3% of the variability in the dependent variable. This indicates that there is a significant correlation between the dependent variable, employee retention, and the predictors – salary, promotion, meaningful work, and responsibility.

According to the Adjusted R Square value of 0.688, around 68.8% of the variation in the dependent variable can be explained by the model when its complexity is taken into account. The average difference between the observed values and the values the model predicts is shown by the standard error of the estimate value, which is at 3.139.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.146	4	42.037	47.411	.000 ^b
	Residual	73.541	80	.919		
	Total	241.687	84			
a. Dependent Variable: EmployeeRetention						
b. Predictors: (Constant), Responsibility, Salary, Promotion, MeaningfulWork						

Table 7: ANOVA

As the table indicates, the research shows the significance value is .000 which is less than 0.05. Thus, the model is statistically significant in envisaging salary, promotion, meaningful work, and responsibility.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.825	1.576		1.158	0.25
Salary	0.564	0.138	0.375	4.078	0.000
Promotion	0.185	0.115	0.151	1.609	0.111

Meaningful Work	0.203	0.138	0.151	1.466	0.146
Responsibility	0.531	0.16	0.323	3.319	0.001

Table 8: Coefficient of Determination

The effect of salary on employee retention is found to be significant ($P < 0.005$) and positive ($\beta = 0.375$). Therefore, supporting the initial hypothesis. This implies that the more employees are satisfied with their salaries, the better the employee retention of the company will be. More specifically, for every unit increase in salary, there is a 0.375 unit increase in employee retention.

This is because salary helps employees meet their financial needs and expectations. When employees receive fair pay, it can make them happier and more motivated in their jobs. This can make them more loyal and committed to the company (Gerhart, Becker, 1996). Previous research, such as (Bamberger, 2014), has examined the impact of employee rewards on retention within NGOs operating in developing countries and has found that competitive salary packages, performance-based incentives, and opportunities for career development positively influence employee retention by providing a sense of achievement and motivation among employees. Another study conducted by (Orajaka, 2021), revealed a significant and strong positive association between variable payment and employee retention.

The effect of responsibility on employee retention is found to be significant ($P < 0.005$) and positive ($\beta = 0.323$) in this study. This indicates that the employees have significant responsibilities and perform with autonomy, the better the retention within the company. For every unit increase in responsibility, there is a 0.323-unit increase in employee retention. This is due to the fact that employees have more responsibility and freedom to make decisions, it creates a positive workplace

where they feel important, involved, and satisfied. As a result, they are more likely to stay with the organization for a longer time (Judge, Simmons, 2010). Other studies, such as (Skinner, 2014), have found that non-monetary rewards, such as empowerment and work-life balance initiatives, significantly contributed to employee retention. The research highlighted the importance of a holistic approach to reward management, recognizing that monetary incentives alone may not be sufficient to retain employees. Empowerment, which involved granting employees autonomy and decision-making authority in their roles, was identified as a crucial factor in employee retention.

On the other hand, promotion and meaningful work, with a significance value of ($p = 0.111$) and ($p = 0.146$), respectively, do not have a statistically significant impact on employee retention. These findings, however, contradict with most of the existing literature that this study has gone through and thus require further investigation as to why this discrepancy has occurred.

4.8. Hypotheses Testing

Hypotheses	Analysis Used	Findings		Result
H1: The effect of salary on employee retention is statistically significant and positive.	Multiple Regression	$\beta = 0.375; p < .05$	Significant and Positive	Supported
H2: The effect of promotion on employee retention is statistically significant and positive.	Multiple Regression	$\beta = 0.151; p > .05$	Insignificant	Not supported
H3: The effect of meaningful work on employee retention is statistically significant and positive.	Multiple Regression	$\beta = 0.151; p > .05$	Insignificant	Not supported
H4: The effect of responsibility on employee retention is statistically significant and positive.	Multiple Regression	$\beta = 0.323; p < .05$	Significant and Positive	Supported

4.9.Revised and Final Model

Following the result, the regression model is revised as follows:

$$R = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e.$$

Where,

R= Employee Retention

β_1 and β_2 are coefficients.

β_0 = constant

e = error term

X1 = salary dimension of Employee Reward

X2= responsibility dimension of Employee Reward

CHAPTER FIVE

5. Summary of Major Findings, Conclusions, and Recommendations

This study aimed to investigate the effect of employee reward on employee retention in JSI Ethiopia. The study's main conclusions, recommendations, limitations, and ideas for additional research are presented in this chapter. As such, the conclusion drawn from the study and its findings are outlined in the first section of this chapter. This chapter's last section summarizes the conclusions and makes recommendations and suggestions for future research.

5.1. Summary of Major Findings

Employee retention is a critical component of organizational success, and employee rewards, including both financial and non-financial incentives, have been identified as playing a pivotal role in attracting, motivating, and retaining employees within the workplace. This study examines the impact of employee rewards on employee retention at JSI, an international NGO with over 40 years of experience in Ethiopia. Specifically, it investigates how salary, promotion, meaningful work, and responsibility affect employee retention. The study collected data from 85 employees at JSI's Addis Ababa offices, using a systematic random sampling method. It is quantitative research and explanatory in its design. Regression analysis was used to test the relationship between employee rewards and retention, while descriptive statistics like mean and standard deviation were employed to assess the current practices.

- The mean values for all variables – salary, promotion, meaningful work, responsibility, and retention – fall under the *neutral* range indicating there is room for growth for JSI regarding employee retention.

- The R square value in the regression model is 0.703 indicating that independent variables account for 70.3% of the variability in the dependent variable.
- **Salary ($\beta = 0.375$; $p=.000$):** The research revealed salary has a statistically significant and positive effect on employee retention. Higher salaries were associated with increased retention levels.
- **Promotion ($\beta = 0.151$; $p=.0111$):** The effect of promotion on employee retention was not statistically significant. Promotion opportunities did not have a significant impact on retention.
- **Meaningful Work ($\beta = 0.151$; $p=.146$):** The effect of meaningful work on employee retention was not statistically significant.
- **Responsibility ($\beta = 0.323$; $p=.001$):** Responsibility was found to have a significant and positive impact on employee retention. Empowering employees with responsibilities and a higher level of autonomy led to higher retention rates.

5.2. Conclusion

The study's findings underscore the critical importance of employee reward in enhancing employee retention within JSI Ethiopia. The results highlight the multifaceted nature of retention factors, emphasizing the significance of not only monetary rewards but also intrinsic motivators such as responsibility.

The research revealed a statistically significant and positive relationship between salary and employee retention. Higher salaries were associated with increased retention levels, indicating that competitive compensation packages are an essential component of effective retention strategies. In addition, responsibility had a significant and positive impact on employee retention, indicating

that empowering employees with autonomy, decision-making authority, and accountability fostered a sense of ownership and commitment, leading to higher retention rates.

5.3. Recommendations

Based on the research findings and insights gathered from the study on employee reward and employee retention within JSI Ethiopia, the following recommendations are proposed.

- It is strongly recommended that JSI prioritizes the enhancement of its monetary packages and actively strives to increase its competitiveness within the market. However, it should be noted that relying only on monetary incentives may not help achieve optimal results. The study points out the importance of incorporating intrinsic rewards into the retention strategy. In particular, responsibility emerges as the second most influential factor in fostering employee retention at JSI.
- When employees are given the freedom to work independently and are trusted with important responsibilities, it helps keep them in the company for a longer time. This is because they feel more confident and valued, which makes them loyal to the organization. JSI should consider implementing these kinds of incentives to improve employee retention.
- JSI should consider having a clearer and more structured career path and growth opportunities for its employees to create a sense of willingness to grow within the company which will in return enhance employee retention motivations.
- JSI should involve all employees, from junior to senior positions, in meaningful work that makes them feel like they are contributing to something important. This will create a sense of belonging and make employees feel valued and fulfilled. It will also help them

understand how they are making a positive impact, which can increase their motivation and job satisfaction.

- All in all, JSI should consider blending intrinsic and extrinsic efforts toward employee retention to yield better results.

5.4. Suggestions for Future Researchers

Future studies should aim to include a wider geographical representation beyond the Addis Ababa branches. This would help to capture a more diverse range of perspectives and potential variations in employee reward and employee retention across different locations. This study only explored the Addis Ababa offices of JSI Ethiopia limiting its generalizability.

In addition, based on existing research, promotions and meaningful work are generally found to have a positive and significant impact on employee retention. However, the findings of this study contradict the existing literature. Therefore, further research is needed to understand why this discrepancy occurred.

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Annex 1 – Questionnaire

Addis Ababa University
School of Commerce
Department of Business Leadership
Master’s Thesis Questionnaire

My name is Gabriella Sirak. I am currently a final year Master of Business Leadership Student at Addis Ababa University, School of Commerce.

This questionnaire is intended to collect primary data to be used for a thesis entitled “The Effect of Employee reward on Employee Retention: The Case of JSI Ethiopia” in partial fulfillment of the requirement for a Master of Arts Degree in Business Leadership.

This project is intended solely for academic purposes only. Rest assured that all responses provided will be treated with strict confidentiality and will be used exclusively for the purpose of this study. Your participation and valuable responses are highly appreciated, and I guarantee that your information will not be disclosed in any manner. Your sincere collaboration is kindly requested to ensure the successful completion of this study.

Thank you in advance for your cooperation!

P.S. Please note that this questionnaire is strictly confidential. You do not need to write your name.

General Instructions

Please put a tick mark (✓) in the box which most closely represents your personal situation. Please mark one item only per question.

Part 1 – Demographic Information

1. Sex

Female Male

2. Age: Which of the following age categories do you belong to?

< 21 years From 21 – 30 From 31 – 40 From 41 – 50 From 51 – 65

3. Educational background

Diploma Bachelor’s degree Master’s degree PhD

4. Please indicate your position, in your organization

- Junior Mid-level Senior

5. Work experience in your organization.

- < 2years From 3 – 8 years From 9 – 14years From 15 – 20years >21years

6. Salary range

- <ETB 10,000 ETB 11,000 – 50,000 ETB 50,000 – 100,000 > ETB 100,000

Part 2 – General Questions: Reward System and Retention

Please rate the following statements from 1-5, where:

1 – Strongly Disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

no		1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly Agree)
	Salary					
7	I believe that my salary reflects my skills, qualifications, and performance.					
8	I feel that my salary is competitive compared to similar positions in other organizations.					
9	I am satisfied with the salary I receive in relation to my job responsibilities.					
10	There is a clear and transparent implementation of salary increment within the company.					

	Promotion					
11	There are clear criteria for promotions within my organization.					
12	I believe that promotions are fair and transparent in my organization.					
13	Promotion opportunities are based on merit and performance.					
14	There are viable promotion opportunities within the organization.					
15	The HR department is capable of implementing promotions.					
	Meaningful Work					
16	I find my work meaningful, fulfilling, and impactful.					
17	I feel that my organization values the importance of the work I do.					
18	I believe that my work contributes to the overall goals and objectives of the organization.					
19	I feel like I am creating an impact and serving the community.					
20	I am personally aligned with the organization's overall objective.					
	Responsibility					
21	I am given a sufficient level of responsibility in my role.					
22	I have the authority and decision-making power necessary to carry out my responsibilities effectively.					
23	I feel trusted and empowered to take ownership of my work.					

24	I am empowered to deliver my responsibilities autonomously.					
	Employee Retention					
25	I am satisfied with my job.					
26	I would recommend my office to friends/families.					
27	I actively seek opportunities for professional development and growth within the organization.					
28	I feel valued and appreciated as an employee in this organization.					
29	I intend to stay with my current organization for at least the next five years.					
30	The organization's employee reward play a significant role in my decision to stay with the organization.					
31	The organization's retention efforts positively influence my commitment and loyalty.					

Thank you for taking the time to participate in this study!

Annex 2 – SPSS Outputs

Frequencies

		Statistics					
		Gender	Age	Education	Position	Work experience	Salary range
N	Valid	85	85	85	85	85	85
	Missing	0	0	0	0	0	0

Descriptives

Descriptive Statistics			
	N	Mean	Std. Deviation
I believe that my salary reflects my skills, qualifications, and	85	3.09	1.098
I feel that my salary is competitive compared to similar positio	85	3.21	.977
I am satisfied with the salary I receive in relation to my job r	85	3.02	1.112
There is a clear and transparent implementation of salary increm	85	3.19	1.160
There are clear criteria for promotions within my organization#	85	3.20	1.044
I believe that promotions are fair and transparent in my organiz	85	3.07	.961
Promotion opportunities are based on merit and performance#	85	3.05	1.022
There are viable promotion opportunities within the organization	85	3.13	1.132

The HR department is capable of implementing promotions#	85	3.14	1.125
I find my work meaningful, fulfilling, and impactful#	85	3.27	1.073
I feel that my organization values the importance of the work I	85	3.25	1.022
I believe that my work contributes to the overall goals and obje	85	3.61	.940
I feel like I am creating an impact and serving the community#	85	3.53	.983
I am personally aligned with the organization's overall objectiv	85	3.44	.981
I am given a sufficient level of responsibility in my role#	85	3.44	1.017
I have the authority and decision-making power necessary to carr	85	3.42	.943
I feel trusted and empowered to take ownership of my work#	85	3.46	1.053
I am empowered to deliver my responsibilities autonomously#	85	3.48	.946
I am satisfied with my job#	85	3.16	.986
I would recommend my office to a friend/family#	85	3.33	1.117
I actively seek opportunities for professional development and g	85	3.55	.994

I feel valued and appreciated as an employee in this organization	85	3.25	1.034
I intend to stay with my current organization for at least the next 5 years	85	2.75	1.204
The organization is a good place to work	85	3.29	.998
The organization is a good place to learn	85	3.21	1.092
Valid N (listwise)	85		

Explore

Case Processing Summary

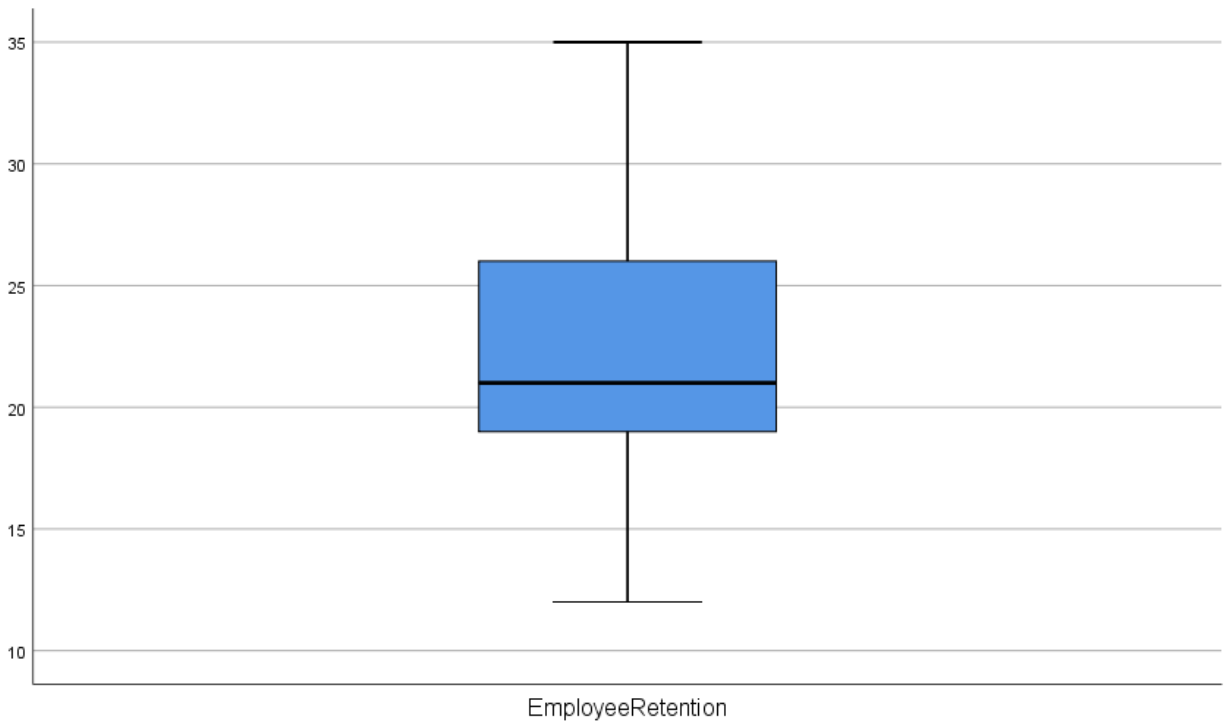
	Cases Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
EmployeeRetention	85	100.0%	0	0.0%	85	100.0%

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
EmployeeRetention	.116	85	.007	.965	85	.022

a. Lilliefors Significance Correction

EmployeeRetention



Regression

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Responsibility, Salary, Promotion, MeaningfulWork ^b	.	Enter

a. Dependent Variable: EmployeeRetention

b. All requested variables entered.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839 ^a	.703	.688	3.139

a. Predictors: (Constant), Responsibility, Salary, Promotion, MeaningfulWork

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.146	4	42.037	47.411	.000 ^b
	Residual	73.541	80	.919		
	Total	241.687	84			

a. Dependent Variable: EmployeeRetention

b. Predictors: (Constant), Responsibility, Salary, Promotion, MeaningfulWork

Coefficients ^a					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.825	1.576		1.158	.250		
	Salary	.564	.138	.375	4.078	.000	.438	2.284
	Promotion	.185	.115	.151	1.609	.111	.420	2.378
	MeaningfulWork	.203	.138	.151	1.466	.146	.350	2.860
	Responsibility	.531	.160	.323	3.319	.001	.390	2.561

a. Dependent Variable: EmployeeRetention

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Salary	Promotion	MeaningfulWo rk	Responsibility
1	1	4.878	1.000	.00	.00	.00	.00	.00
	2	.055	9.458	.17	.22	.16	.02	.06
	3	.034	11.979	.82	.01	.00	.10	.14
	4	.021	15.084	.00	.74	.84	.01	.00
	5	.012	19.822	.00	.03	.00	.87	.80

a. Dependent Variable: EmployeeRetention