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DEPARTMENT OF MANAGEMENT

THE EFFECT OF EMPLOYEE COMPENSATION ON JOB SATISFACTION

A CASE STUDY ON MOHA SOFT DRINKS SHARE COMPANY

**A MASTERS THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT IN
PARTIAL FULFILMENT OF MASTERS OF BUSINESS ADMINISTRATION**

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October , 2021

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Table of Contents

ACRONYMS.....	IX
ABSTRACT.....	X
CHAPTER ONE	
INTRODUCTION	1
1.1. Background of the study	1
1.2 Statement of the Problem	3
1.3 Specific research questions	4
1.4 .Research hypothesis	5
1.5 Study objective.....	5
1.5.1 General Objective	5
1.5.2 Specific Objectives	5
1.6 Significance of the study	6
.1.7 Scope of the Study.....	6
1.8. Limitations of the Research.....	6
1.9 Organization of the Study	6
1.10 Definition of terms	7
CHAPTER TWO	
LITERATURE REVIEW	8
2.1Introduction	8
2.2Theoretical review.....	9
2.2.1 The compensation theory.....	9
2.2.3 Job Satisfaction.....	13
2.2.4 The Concept of Job Satisfaction.....	14
2.2.5 Compensation links to Job Satisfaction.....	15
2.2.6 Compensation management as related to employee job satisfaction	15
2.3 Empirical Review	16_Toc97023643
2.3.1 Effect of Total compensation on Job satisfaction.....	16
2.3.2. Effect of direct compensation on Job satisfaction.....	17
2.3.3. Effect of indirect compensation on Job satisfaction and organizational	17
commitment.....	17
2.5 Summary of literature and Knowledge gap.....	17
2.5 Conceptual Framework	19

CHAPTER THREE

METHODOLOGY OF THE STUDY	20
3.1. Research Approach	20
3.2. Research design.....	20
3.3. Research method	21
3.4. Sources of Data	21
3.5. Population.....	21
3.5.1. Sample Size and Sampling Technique	21
3.6. Data Gathering Tools	22
3.6.1 Measurement of variables of the study.....	22
3.6.2 Questionnaires	22
3.7. Method of Data Analysis.....	23
3.8 Reliability and Validity	24
3.9. Ethical consideration	24

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS	25
4.1. Introduction	25
4.2. Demographic data of respondents	25
4.3 Assumptions of multiple regression.....	27
4.3.1 Linearity assumption	27
4.3.2 Normality assumption.....	28
4.3.3 Homoscedasticity.....	28
4.3.4 Multicollonearity assumption	28
4.3. Descriptive Analysis Results.....	29
4.3.1 Central Tendency Measurement Test	29
4.4 Correlation analysis.....	30
4.5 Regression Analysis	32
4.5.1 Multiple regression analysis	33
4.5.2 Linearity test	34
4.5.3 Normality test	34
4.5.4. Homoscedasticity.....	35
4.6 The beta coefficients in the regression results are interpreted as follows.....	39

CHAPTER 5

DISCUSSION	42
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5.1 Job satisfaction	42
5.2 Individual factors of job satisfaction	42
5.2.1 Gender	42
5.2.2 Age.....	42
5.2.3 Educational background	42
5.2.4 Position	43
5.2.5 Experience and job satisfaction	43
5.3 Environmental factors of job satisfaction.....	43
5.3.3 Job related Incentives	43
5.3.4 Effect of payment	44
5.3.5 Promotion opportunity.....	44
5.3.6 Recognition.....	45
CHAPTER SIX	
SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATION	46
6.1. Summary of Findings	46
6.2. Conclusion.....	47
6.3. Recommendations	48
REFERENCE.....	50
APPENDIX.....	54

List of tables

Table 3. 1 Reliability and Validity of test Data	24
Table 4. 1 Demographic data of respondents.....	26
Table 4. 2 Collinearity statistics.....	29
Table 4. 3 Central tendency Measurement Test (descriptive statics)	30
Table 4. 4 Correlation analysis	31
Table 4. 5 multiple regression of standardized and unstandardized coefficients	33
Table 4. 6 Model summary	36
Table 4. 7 one way ANOVA.....	37
Table 4. 8 Linear regression coefficient	38

List of Figures

Figure 1 Expectation incentive pattern	10
Figure 2 conceptual frame work	19
Figure 3 Histogram of regression	35
Figure 4 scatterplot	36

ACRONYMS

BP	Basic pay
PP	Premium pay
JI	Job related Incentives
FB	Fringe benefits
L	Leaves
HI	Health and life insurance
RT	Retirement and termination benefits
WB	Welfare benefits
P	Payment
PO	Promotion opportunity
R	Recognition
JS	Job satisfaction
SRS	Simple random sample
SPSS	Statistical Package for Social Science
NOVA	Analysis of Variance

ABSTRACT

The purpose of this document is to examine the effects of employee compensation (i.e. pay, fringe benefits, vacations, life and health insurance, retirement and leave benefits, rank advancement, and social benefits) on job satisfaction in Moha soft drink sc. This study uses descriptive research design quantitative research design with a quantitative research approach. The data used for this study comes from primary and secondary data sources. The target group for this study is all MOHA Soft Drinks Company employees at the Tekele Hymanot branch. A simple random sample (SRS) and a sample of 164 respondents selected from the branch of the soft drink company MOHA Tekele Hymanot were used. The data to be collected with the data collection instrument were presented in tabular form and analyzed using SPSS percentages, mean values and standard deviations in accordance with the objectives of the study. In this study, 175 participants were asked to complete the questionnaires, of which 164 participants completed the questionnaire and returned it with a response rate of 93.71%. The results of the study show that there is a transparent and fair promotion system for all employees within the same company. The study concluded that satisfaction with job is important element for motivation and performance of employees. Depends on the finding of the research the researcher concluded that the basic pay, premium pay, incentives, fringe benefits, leave related benefits, health and insurance, the retirement and termination benefits, and employee welfare benefits all are, have less impact on job satisfaction in the company o that the management of the company need hard work to full fill the employee job satisfaction. The study recommended that the company maintain its strength in its rational and fair payment system; the work environment must also continue to be improved to make it more pleasant for employees and to motivate them more strongly. The study also recommends that future research be directed at examining how variables such as work-life balance, organizational commitment, supervisor support, and the job itself can influence job satisfaction and extend the reach to other industries Private.

Key Words: Compensation Mechanism, Employee Job Satisfaction, Employee Benefits

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Compensation is the combination of all cash incentives and the combination of fringe benefits that an employee receives from a company and represents the total compensation of an individual employee (Jeanette et al., 2013). The compensation structure includes items such as retirement plans, health insurance, life insurance, disability insurance, paid vacations, flexible hours, and educational support, to name a few. These benefits have been shown to tie the employee to the employer's organization and lead to a strong correlation between compensation benefits and organizational commitment (Shaw et al., 2005).

Direct compensation refers to monetary benefits such as basic salary, housing rent allowance, travel expense, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, and so on. They are given at a set time and at a set interval. Indirect compensation refers to non-monetary benefits that are offered and provided to employees in exchange for a service they provide to the company. Leave policies, overtime policies, car policies, hospitalization policies, insurance policies, leave travel assistance limits, retirement benefits, and vacation homes are among them.

Job satisfaction refers to an employee's attitude toward a work environment that fits their needs and values, as well as the individual's reaction to such environment (Saha, 2016). Researchers have focused in job satisfaction and its impact on many organizational elements from the inception of the scientific management approach, which has maintained until recently (Hao et al., 2016). Job satisfaction is mainly focused with a person's reaction to their job or specific aspects of it, such as salary, supervision, and working conditions. As a result, work satisfaction has been linked to an employee's desire to quit smoking, and HR policies have been regarded as the strongest predictors of organizational commitment (Holtom et al. , 2008; Vandenberghe and Tremblay, 2008).

Job satisfaction, along with some other factors such as stress, motivation, decision-making processes, and talents, is an indicator of individual workplace behavior. "Work satisfaction is one of the individual factors that directly influences job performance and organizational commitment," according to Colcuitt, Lepin, and Wesson (2011). Compensation is the sum of all cash incentives and fringe perks that an employee receives from an organization. Prayoga and Achmad (2017) examined the impact of compensation on job satisfaction and performance, and also the impact of

compensation on employee performance. The results show that compensation affect the employee satisfaction and performance. Employee satisfaction can have an impact on the impact of pay on performance. Compensation was considered good in the study, and it was found that it can boost employee satisfaction and performance. Huo and Boxall are a couple (2018)in addition, the study examined at how instrumental work values affect the link between human resource practices and employee well-being as assessed by job satisfaction. Labor instrumentalism reduces the positive effect of training on job satisfaction whereas the creating a positive effect of wages on job satisfaction, according the research results.

Compensation may be classified as intrinsic or extrinsic, financial or non-financial, and direct or indirect benefits, which all significantly influence satisfaction and, ultimately, work engagement (Shortland, 2018). Compensation plays a significant role in the relationship between the benefits a business gives and the employees who are attracted to compensation for working for the firm and those who will stay with the company (Devonish, 2018).). High rewards lead to higher work satisfaction, job involvement, and company loyalty, hence generous prizes and incentives tend to keep individuals (Onget al., 2014). Employee commitment plays a critical role in inspiring them to pursue new opportunities inside the organization.

Locke (1976) described job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". When employees are satisfied they are motivated to work and are more productive, so management need information on employee job satisfaction in order to make sound decisions, in both preventing and solving employee problems. Lack of Job satisfaction may lead to increased absenteeism, turnover, and the undesirable behaviors, so employers should develop satisfaction among their employees.

Shrivastava and Purang, (2009) state that job satisfaction is an important aspect of great corporate success and a satisfied employee is more committed to work and conversely dissatisfaction can lead to a major drawback on a company's production as workers are less committed to work (Whitehill & Takezawa, 1968). Job dissatisfaction is the major contributor to low employee performance, company productivity and brain drain as shown by various researches that preceded this study. Empirical studies show the importance of job satisfaction and different consequences of this important work attitude. Budhwar and Debrah, (2001) emphasize that job satisfaction

Due to this, our research focused on the direct and indirect compensation fringe benefits, vacations, life and health insurance, retirement and leave benefits and social benefits effect on job satisfaction

Furthermore, this research assessed how factors of total compensation impact job satisfaction in the workplace using a theoretical framework based on equality theory. As a result, the main dimensions of total compensation that lead to various reactions among employees' job satisfaction are also examined in this study.

1.2 Statement of the Problem

Employees can perform additional tasks based on performance appraisals which have an impact on increasing compensation (David, 2009) . The Human Resources Manager is responsible for creating a work system and ensuring that the compensation given by employees is fair both internally and externally (Martocchio, 2017). In previous research conducted by Saputri (2018), it was concluded that there was a relationship. positive and significant between compensation and employee performance in the company. Furthermore, following previous research from Siddiqi, Tahmeem (2018) states that compensation has an effect on job satisfaction as well as employee performance.

If the compensation is given appropriately, employees will get job satisfaction and will be motivated to achieve organizational goals. Marcus (2017) greater job involvement will increase better work performance and increase job satisfaction. In previous research conducted by Sukidi, Wajdi (2016) that compensation affects job satisfaction and employee performance, and job satisfaction affects employee performance

Job satisfaction is an assessment, feeling or attitude of a person or employee towards his work and relationship with the work environment, type of work, compensation, relationships between colleagues, social relations at work and so forth. Job satisfaction is the fulfillment of several desires and needs through work or work activities. Each employee will have a different measure of job satisfaction between employees with each other. Job satisfaction varies due to differences in social Advances in Economics, Business and Management Research, volume 64 472 status in society (Priyono, 2010).

The definition given by Eyupoglu (2017) is "a pleasant or positive emotional state resulting from an assessment of one's work experience", perhaps one of the most widely used definitions in the literature on job satisfaction. However, geographically, it can be said that job satisfaction is an affective reaction to work that results from the comparison of the actual results of a person with the desired results. Job satisfaction is a pleasant or positive emotional state that results from a job

assessment or work experience. In other words, job satisfaction is an employee's positive or negative emotional evaluation of the extent to which he is satisfied with his job (Bayarçelik, 2016).

Organizations want workers who are psychologically engaged to their job both now and in the future (Bakker et al., 2011). However, several challenges like as technological innovations, demographic variables (e.g. gender difficulties), and family issues have changed the nature of labor and organization (eg 2018; Pradhan, 2016; Saha, 2016). As a result, in this ever-changing work and organizational context, it's critical to consider how employees' attachments or relationship to work change (van Rossenberget al., 2018)

Many studies have looked at the influence of human resource management practices on work satisfaction in a variety of industries (Devonish, 2018; Hao et al., 2016; Chang et al., 2016; Moritz, 2014; Saleem and Saleem, 2014; Meisler, 2014). However, most of the study focuses on demographic or personal factors that affect work satisfaction as well (Visanh&Xu, 2018; Saha, 2016; BoothKewley et al., 2017). Only a few empirical researches have looked at how gender alone affect job satisfaction in this area (Hao et al., 2016; Chang et al., 2016; Thomas and Nagalingappa, 2012). This study use both demographic and social factor which affect job satisfaction.

Several studies have also looked into the role of work satisfaction in mediating the link between employee compensation (such as salaries, fringe benefits, vacations, insurance, retirement, and social benefits) and organizational engagement in manufacturing (Chan and Ao, 2018; Saha, 2016; Mustapha and Zakaria, 2013; Saeed et al., 2013). Different pay schemes have an impact on work satisfaction, which impacts employee engagement, according to empirical findings (Saha, 2016; Kuvaas, 2006). As a result, it's reasonable to believe that job satisfaction might operate as a mediating variable in the relationship between remuneration systems and employee job satisfaction.

It should be noted, however, that none of these studies looked at the role of compensation as a mediating factor in work satisfaction in Ethiopia. Does pay fringe benefits, vacations, life and health insurance, retirement and leave benefits and social benefits on job satisfaction in the Tekele Hymanot branch of the MOHA SC for soft drinks. What role does work satisfaction play in the relationship between pay structures?

1.3 Specific research questions

Based on the above identified research gaps, the following specific research questions were devised;

- ❖ Does job related incentive like basic pay, Premium pay have effect on job satisfaction?
- ❖ Do Fringe benefits like leave have effect on job satisfaction?

- ❖ Does health and life insurance have effect on o job satisfaction?
- ❖ Does Retirement and Termination benefits have effect on job satisfaction?
- ❖ Do Employee welfare benefits have effect on job satisfaction?
- ❖ Does Recognition and promotion have effect on job satisfaction?

1.4 .Research hypothesis

- Basic pay level have positive effect on job satisfaction
- Premium pay level have positive effect on job satisfaction
- Job related Incentives have positive effect on job satisfaction
- Fringe benefits have positive effect on job satisfaction
- leaves have positive effect on job satisfaction
- health and life insurance have positive effect on o job satisfaction
- Retirement and Termination benefits have positive effect on job satisfaction
- Employee welfare benefits have positive effect on job satisfaction
- Effect of payment on Job satisfaction have positive effect on job satisfaction
- Recognition have positive effect on job satisfaction
- Employee promotion have positive effect on job satisfaction

1.5 Study objective

1.5.1 General Objective

The general objective of this study is to examine the impact of employee compensation mechanism on job satisfaction.

1.5.2 Specific Objectives

More specifically, the study has the following specific objectives;

- To investigate job related incentive like basic pay, Premium pay have effect on job satisfaction
- To examine the effect of fringe benefits on job satisfaction
- To determine the effect of leaves on job satisfaction
- To investigate the effect of health and life insurance on job satisfaction
- To assess the effect of retirement and termination benefits have effect on job satisfaction
- To examine the effect of employee welfare benefits have effect on job satisfaction
- To assess the effect of recognition on job satisfaction

- To examine the effect of employee promotion on job satisfaction

1.6 Significance of the study

The findings of this study will be significant in a variety of ways. To begin, the study will attempt to determine the level of employee satisfaction with various components of compensation. Based on the findings, the report will include some conclusions and will send a signal to the company's Finance and Human Resource Management to take remedial action in order to improve employee satisfaction and, as a result, company productivity.

Second, the research will aid concerned authorities and departments of multinational corporations by providing them with a concrete study on the potential of a compensation system to improve company performance and maintain employee job satisfaction; in particular, the MOHA soft drinks TekeleHymanot branch office.

Finally, it will allow the researcher to gain extensive experience of pay mechanism impacts on employee satisfaction. Finally, it may be useful in providing extra document-based information to multinational corporations and researchers interested in future study on related topics

1.7 Scope of the Study

The scope of this study was limited to examining the effects of remuneration mechanisms on job satisfaction and in the case of MOHA-Soft drinks S.C. Branch of Tekele Hymanot. Salary levels, fringe benefits, health and life insurance, retirement and termination benefits, vacations, rank promotion, and employee well-being were used as determinants of job satisfaction

1.8. Limitations of the Research

The limitation of this study was the covering area it cover only the teklehymanot branch of Moha soft drink s.c and shortage of time to prepare the and analyzed the collected data and the other limitation is shortage of money

1.9 Organization of the Study

Structure of the study This research was divided into five chapters; Chapter one deals with the introductory parts that include the background to the study, the problem statement, the objective of the study, the scope of the study, the limitations of the study, and the importance of the study. Chapter two discusses the literature review on the impact of employee compensation on job

satisfaction. Chapter three discusses the proposed study methodology, which includes the research design, target population and sampling methods, data sources, and survey methods used in the study, data sources and collection methods. Chapter four was consists of data presentation, data analysis and data interpretation. The final chapter five provides summary of findings, conclusion and recommendations

1.10 Definition of terms

Compensation: money that is paid to someone in exchange for something that has been lost or damaged or for some problem

Job satisfaction: a feeling of fulfillment or enjoyment that a person derives from their job

Incentives are: a thing that motivates or encourages someone to do something.

Fringe benefits: an extra benefit supplementing an employee's money wage or salary, for example a company car, private healthcare

Health insurance: is Health insurance is designed to pay for medical treatment, drugs, and preventative check-ups for you and others covered under your plan.

Life insurance: is provides a cash sum to your loved ones if you die during the length of the policy.

Retirement: the action or fact of leaving one's job and ceasing to work

Termination of employment: refers to the end of an employee's work with a company

Welfare benefits: are to government-sponsored assistance programs for individuals and families in need, including programs as health care assistance, food stamps, and Unemployment compensation

Payment: the action or process of paying someone or something or of being paid

Promotion: position, responsibilities, status, and benefits mean the ascension of an employee to higher ranks. It involves an increase in, salary

Recognition: is the act of publicly acknowledging your people for who they are and what they do.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

There has been extensive coverage in research and studies that associate employee compensation with employee satisfaction. Human resource management practices including compensation may give a competitive edge to one corporation over its rivals (Schuler and MacMillan 2004). Thomas E. Catanzaro (2001) described the effects of compensation on employee satisfaction in his article Compensation and motivation. He found that compensation has a profound impact on employee motivation. He also discussed various compensation factors, including intrinsic and extrinsic factors, and their potential impact on employee satisfaction.

Wright and Barney (2007) say that human resources should not be neglected, as they can provide a competitive advantage to the company. Therefore, they must be managed with the same importance as the rest of the company's functions.

(Huselid, 2005) has emphasized that the application of high performance work practices, i. H. Comprehensive employee recruitment,

Incentive compensation and performance management, extensive employee training and engagement programs, certainly increase employee skills, increase employee satisfaction, and reduce fluctuations. The significant and positive correlation between compensation structure and employee satisfaction (Chang, 2006) indicates that compensation is an important function in human management. If the design and management of a compensation system are appropriate, enterprises will be able to attract the talents they require, satisfy their employees and thus keep the talents they have

There is need to define the two constructs/ variables used in this study, before measuring the impact of compensation on worker's attraction. These are dependent and independent variables, which are compensation packages and job satisfaction.

2.2 Theoretical review

2.2.1 The compensation theory

2.2.1.1 Equity Theory

Equity theory suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return-contribution ratio compares to others inside and outside the organization, determine how fair they perceive their employment relationship to be (Adams, 1963). Perceptions of inequity are expected to cause employees to take actions to restore equity. Unfortunately, some such actions (e.g., quitting or lack of cooperation) may not be helpful to the organization. Two recent empirical studies provide good examples of the types of counterproductive behaviors that can occur as a result of perceived inequity.

In the first study, Greenberg (1990) examined how an organization communicated pay cuts to its employees and the effects on theft rates and perceived equity. Two organization units received 15% across-the-board pay cuts. A third unit received no pay cut and served as a control group. The reasons for the pay cuts were communicated in different ways to the two pay-cut groups. In the "adequate explanation" pay-cut group, management provided a significant degree of information to explain its reasons for the pay cut, and also expressed significant remorse. In contrast, the "inadequate explanation" group received much less information and no indication of remorse. The control group received no pay cut (and thus no explanation). The control group and the two pay-cut groups began with the same theft rates and equity perceptions. After the pay cut, the theft rate was 54% higher in the adequate explanation group than in the control group. However, in the "inadequate explanation" condition, the theft rate was 141% than in the control group. In this case, communication had a large, independent effect on employees' attitudes and behaviors.

Cowherd and Levine (1992) used a sample 102 business units in 41 corporations to examine whether the size of the pay differential between lower-level employees and top management had any impact on product quality. Cowherd and Levine suggest that individuals often compare their pay to that of people higher in the organization structure. If lower-level employees feel inequitably treated, they may seek to reduce their effort to achieve equity. Quality, in their study, was defined as customer perceptions of the quality of goods and services.

They hypothesized that extra role, or citizenship behaviors, such as freely offering to help others, following the spirit rather than letter of rules, and correcting errors that would ordinarily escape notice, would be less likely when pay differentials between hourly and top managerial employees

were large. Their results supported this hypothesis, suggesting that Employees may use other comparisons standards also, such as their previous or expected future jobs or cost of living. organizations need to take care that they not forget the potential adverse motivational consequences of executive pay for the motivation of other employees.

2.2.1.2 Expectancy Theories

Fromm's theory of expectation argues that an employee's behavior will be affected by three important variables: 1. Expectation (E) refers to incentives that have a certain intensity to motivate employees to work towards the chosen goal 2. The tool value (I), when the desired level of performance is achieved, obtains the subjective probability of the required reward, the individual's judgment or the estimated reward; 3. The reward premium (V), refers to the target after the reward obtained in the minds of the relative value of the size of the parties. The motivation of a person to make a certain behavior (incentive intensity) is the product of E, I, V three variables, that is, $M = E \times I \times V$. The expected incentive mode is shown in Figure below

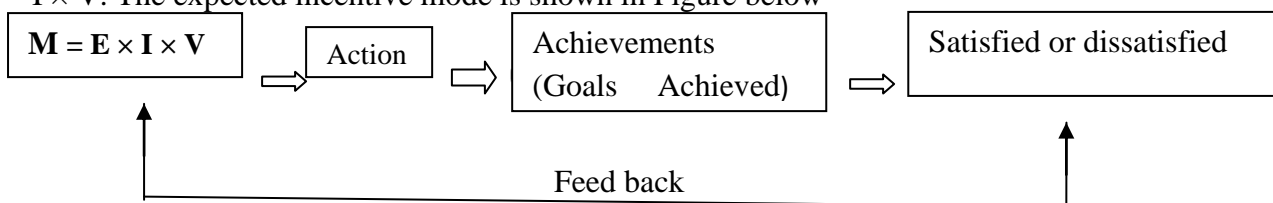


Figure 1 Expectation incentive pattern

The expectation theory suggests that the intensity of a behavioral bias depends on the desired intensity of the individual's outcome of a behavior and the attraction of the result to the actor. When employees think that hard work can get a good performance evaluation results, and good performance evaluation results can bring the need to meet the needs of the return, he will tend to pay more effort. Therefore, from the expectation theory we can draw the assumption that raising the level of remuneration resulting from the corresponding performance level will enhance the employee's motivation to improve performance. A large number of empirical studies have also confirmed the positive link between performance pay and performance (Jenk-ins, 1998)

2.2.1.3 Agency Theory

The agency theory focuses on the divergent interests and goals of the company and the way that employee remuneration can be used to align these interests and goals. Employers and employees are the two of a business unit, the former assuming the role of principals and the latter the role of agents. The remuneration payable to employees is the agency cost. It is natural that the employees expect high agency costs while the employers seek to minimize it. The agency theory says that the principle must choose a contracting scheme that helps align the interest of the agents with the

principal's own interests. These contracts can be classified as either behavior-oriented (e.g. merit pay) or outcome oriented (e.g. stock option schemes, profit sharing and commission).

At the first sight, outcome-oriented contracts seem to be the obvious solution. As profits go up, rewards also increase. Remuneration falls when profits go down.

When leading people in an organization, the manager must first meet the needs of the employees compensation, by definition, means all cash payments and all property rather than financial payments to remunerate employees. Compensation refers to all forms of financial performance and tangible services and benefits that employees receive as part of an employment relationship (Singh, 2007). Market prices; Provide incentives for employees to improve their performance; Make sure that benefits packages are profitable and motivate employees, and make sure that all policies and programs related to compensation comply with government requirements (Hamel, 2008).

2.2.2.1 What is Compensation mechanism?

Compensation, by definition, means all cash payments and all assets that are used in lieu of finances to reward employees. Compensation is one of the human resource management functions that deal with any type of reward that people receive in exchange for performing organizational tasks.

According to Bratton and Gold (2007: p. 360), "reward" refers to any financial, non-financial and psychological payment that the organization makes to employees in exchange for the work they have done. An organization must make three main decisions about the monetary reward, how much to pay, who to pay for, and how much to pay. Monetary reward should be emphasized as part of the overall employment relationship Thang (2004) suggests, "Compensation and reward can be powerful tools for getting efforts from the employees to fulfill the organizations goals

Rewards can be divided into financial and non-financial rewards and different strategies can be adopted for the allocation of rewards (Armstrong 2010, 267). The rewarding has many different systems to follow. The financial rewards can be base pay, and performance related pay. Base pay is determined with internal and external rates that are the form of job evaluation and market rates and it is expressed with relation to a certain period i.e. Year, month and week. The levels of pay are agreed with individual agreements or with collective agreements with labor unions (Armstrong 2010, 275).

Compensation refers not only to extrinsic rewards such as salary and benefits, but also to intrinsic rewards such as the achievement of personal goals, recognition, autonomy, promotion and more demanding job opportunities (Carrell et al., 1995, p. 498). Job evaluation is used for systematic job evaluation and assignment to pay groups. Standard evaluation methods include ranking, ranking,

point and factor comparison. Compensation management is one of the central pillars of personnel management (HRM). It deals with the formulation and implementation of strategies and guidelines designed to reward people fairly, equitably and consistently according to their value to the organization (Armstrong, bn, l2005)

Armstrong and Brown (2005) postulate that compensation management is an integral part of the human resource management approach to leadership and, as such, supports the achievement of business objectives and is strategic in the sense that it addresses issues across the board. long-term related to employee appreciation for what they want to achieve; Therefore, it is integrated with other human resource management functions.

Bob & Anyebe, (2003) view compensation management as the foundation of a well-articulated philosophy: A set of beliefs and guiding principles that align with the organization's values, which recognizes the fact that human resource management, is at stake. Armstrong (2005) says in his own analysis that compensation management is about developing a positive employment relationship and a psychological contract that takes a general compensation approach that recognizes that there are several ways that people can be compensated.

2.2.2.2 Components of Compensation

Executive compensation systems generally have four components, including salaries, bonuses, incentives, and long-term benefits. Total compensation includes all forms of cash compensation (e.g., base salary, shift differences, overtime, waiting pay, bonuses, commissions, etc.) and the dollar value of the benefits package sponsored by the employer (eg, medical and dental insurance, short-term paid vacation, old-age benefit, life insurance).

According to Singh (2007), remuneration is generally divided into direct and indirect components. The term direct compensation is used to describe financial compensation, usually in cash, and includes items such as basic compensation, parental leave allowance, overtime pay, shift allowance, incentives, bonuses, profit sharing and commissions, etc. Indirect payments or salary supplements or supplementary benefits refer to services such as provident fund, pension fund, medical and health insurance, as well as sick leave and other benefits and discounts.

Total Compensation refers to all forms of pay or rewards going to employees as a result of their employment and can be broken down into three categories: Such as Base Pay, Performance Pay and Indirect Pay (Long, 2006). Although base pay remains the largest, most readily quantified component in most pay systems, indirect pay, often referred to as "benefits" constitutes a significant

and increasing expenditure for many organizations. The term indirect pay acknowledges that benefits are an integral and significant part of total compensation for most organizations and should be considered a component of employee pay in the same way as base pay and performance pay.

According to (Long 2006) averaging anywhere from 10 to 40% of a given organization's total compensation, indirect pay can be any employee related expenditure not included in base or performance pay that is a gain to the employee. The six main categories of indirect pay are as follows: 1. Benefits mandated by law, including employer contributions to the Pension Plan, Employment Insurance, and the Workplace Safety and Insurance Board; 2. Deferred income plans, commonly known as retirement or retirement plans; 3. Health-related benefits, such as life, medical, dental, or disability insurance; 4. Pay for time not worked, such as vacations and vacations; 5. Employee services, ranging from employee assistance programs to catering services; 6. Various benefits ranging from supplying agency vehicles to purchasing discounts on agency products or services.

The law requires certain elements of indirect compensation, such as: For example: social security, unemployment benefit and disability pension. Other indirect elements are in the hands of the employer and can be excellent opportunities to provide benefits to the workers as well as the employer.

2.2.3 Job Satisfaction

Job satisfaction is one of the main concerns of organizations, as it affects business results, such as employee performance and productivity, absenteeism and turnover (Onukwube, 2012). Most of the employees take pride in their various jobs (Onukwube, 2012) because they are satisfied. In fact, workers show high levels of job satisfaction and low turnover motivation when the characteristics of their work meet their needs (Bright, 2008).

Job satisfaction of "employees" leads to fluctuations and absenteeism. Therefore, it is very important that employees retain employees in their workplace for their job satisfaction (Robbins, 2003). Employee satisfaction has a major impact on the overall productivity and profitability of the company. Employees with high job satisfaction care about the quality of their work, are more committed to the organization, and are more productive.

Employees' expectations of a compensation plan are that it be fair and equitable, that it offers them tangible reward based on their skills, and that it provides them with recognition and sustenance. Worner (2001) found that job satisfaction has seven facets, in which work itself means how much

work makes sense for people, the salary people are paid, opportunities for promotion for people, and recognition.

2.2.4 The Concept of Job Satisfaction

Locke (2006) defined job satisfaction as "Job satisfaction is actually a pleasant and exciting emotional state that someone gets at work and an employee's general attitude towards work."

Job satisfaction is important to reduce the turnover rate and increase motivation. Previous studies have shown that there are different tools to manage job satisfaction, such as pay, recognition, career opportunities, and meaningful work (Mathauer et al., 2006). People become more engaged and productive in their work when they are happier (AlHussami, 2008). Satisfaction and dissatisfaction depend not only on the job, but also on the employee's expectations about the job (Hussami, 2008).

Job satisfaction is considered the most important element of the organization. To be successful, an organization must keep its employees happy (Wubuli, 2009).

Job satisfaction is an important factor in private companies for better performance. Job satisfaction is actually a combination of job role, job responsibility, incentives, and rewards. Job satisfaction is a combination of extrinsic and intrinsic job satisfaction. Extrinsic job satisfaction includes all external factors such as communication style, managerial collaboration, salary, and working conditions, while intrinsic job satisfaction includes the type of work the employee performs and the tasks considered by the employee. If the employee is satisfied, they will perform well in the workplace.

The main components of job satisfaction are the attitude towards the work group; general working conditions; Attitude towards the company; Cash benefits; and attitude towards supervision. Health, age, level of aspiration, social status, and political and social activities are other factors that contribute to job satisfaction (Byars& Rue, 2004, p. 321).

Dipboye et al. (2004) categorized the theory of job satisfaction into three: dual factor theory, comparative theories, and cognitive theories. The two or two factor theory tried to show how job satisfaction is influenced by intrinsic factors such as responsibility and performance. This supports the claim that the most important conditions or determinants of job satisfaction are intrinsic factors (Borzaga and Tortia, 2006; Ellickson, 2002; Kim, 2004, Wright and Davis, 2003). This conclusion of some authors such as Herzberg is misleading and fashionable, since the premise and the result of any responsibility and performance of a task is extrinsic factors (rewards) as such, which should be given priority to non-intrinsic factors. Therefore, job dissatisfaction is influenced by extrinsic factors such as salary and working conditions. Comparative theories cover concepts like need and value, meaning

that workers measure what they expect from their work and compare it to how it meets their needs and value.

2.2.5 Compensation links to Job Satisfaction

It has been established in several studies that job related factors, such as pay, recognition, Meaningful work, career opportunities, job security influence job satisfaction (Pouliakas and Ioannis, 2010); if the work is difficult, boring or risky it is (Skalli, et al. 2008); if the work is fascinating, prestigious or demanding (De Jonge and Wilmar, 2008); and if the work implies little freedom for workers, leave room for skills learning, it allows one to find oneself to perform to obtain something of value (Bockerman and Ilmakunnas 2009; Clark 2008; Linz 2003)..

However, the importance of wages and performance in meeting an employee's economic needs can never be overstated, since the employee receives wages and benefits in their employment relationship; This statement was supported by all of the job satisfaction authors in their statement on determining employee job satisfaction in companies where they wrote similar things like pay, recognition, promotion, meaningful work, self-employment, and supervision.

All of these determinants of job satisfaction can be determined by critical examination that are very important to job satisfaction. There is a significant correlation between salary / reward and employee job satisfaction (Nelson, 2008).According to Armstrong and Murlis (2006), reward is a means by which various needs of workers are met. These dissatisfied workers often reduce morale and productivity (Garrett, 2003). Job satisfaction could be increased by increasing autonomy, reducing stress and, most importantly, increasing the compensation package (Whitt, 2006).

2.2.6 Compensation management as related to employee job satisfaction

It is important for a company to recognize what so satisfied the employees with the services are offered. According to (Singh, 2007), individual satisfaction with compensation depends in part on what is expected and how much is received. A sense of satisfaction or dissatisfaction arises when people compare the nature of their professional skills, education, effort, and performance (input) to a combination of extrinsic and intrinsic compensation they receive (output).

Employee satisfaction has always been a key issue for managers and companies because it has various effects on productivity. It affects the willingness of employees to do their job, how much effort they will put in, and how well they will do it. The employer has a responsibility to ensure the satisfaction of all of its employees. Employee satisfaction not only enhances the productivity, but also increases the quality of work. Satisfied employees are likely to be more enthusiastic to work,

productive and committed to the company, therefore, a sensible company makes its effort in attracting high caliber of person and to retain them, and continuously reward them for keeping and bringing more business for the company (Becker and Gerhart, 2006).

According to Branham (2005)), "Gallup studies" also show companies with higher employee satisfaction: 86 percent higher customer ratings, 76 percent more success in reducing sales, 70 percent more profitability, and 78 percent better safety records. Employees who do a good job supporting the company may not be compensated for their efforts.

Employers who choose to pay less know that these workers work hard for minimum wage and compensate these employers accordingly (Timpe, 2006). At the same time, the same employers pay more to other workers who are unwilling to work for minimal pay. This inequality in remuneration generates dissatisfaction, since the hardworking worker eventually realizes that he is not being paid fairly for his work and looks for another company that appreciates his work.

Employee satisfaction is affected by comparisons with other people in similar jobs and organizations. In effect employees compare their own input/output ratio with that of others (Singh, 2007). It is necessary for a company to perceive as to what employees feel, think, desire along with discovering how the workforce commitment can be increased. With amplifying employee devotion, business outcomes can be improved, productivity can be enhanced, commitment can get intensified and attrition rate can take a dip. According to (Lin 2002), the factors of employee satisfaction include pay welfare and the working environment.

Chang (2006) indicated that the factors of employee satisfaction include internal marketing, gender, educational background, seniority and compensation.

2.3 Empirical Review

Empirical review mainly focus on research based on observation, experiments and verifiable evidence for these study different researches done by different researchers were reviewed

2.3.1 Effect of Total compensation on Job satisfaction

Many previous studies used a direct effects model to examine the relationship between job satisfaction using different samples, such as 621 employees from various sectors in Belgium (Caroline et al., 2015), 327 employees from a social work organization (Jonathan et al., 2010), 214 individual from 22 non-profit organizations in a Midwestern State of the USA (Hyenjin et al., 2012) and 730 employees from retail sectors (Miguel et al., 2014). These studies found that the ability of

managers to appropriately provide what employees want in the working environment had been an important determinant of job satisfaction (Caroline et al., 2015; Jonathan et al., 2010; Hyenjin et al., 2012; Miguel et al., 2014). Thus, it was hypothesized that: There is a positive effect of compensation on job satisfaction.

2.3.2. Effect of direct compensation on Job satisfaction

Several recent studies were conducted using a direct effects model to research direct compensation on job satisfaction based on different samples, such as perceptions of 434 graduate and postgraduate distance learning students (Enache et al., 2013), 337 bank employees from private and public banks in Kerala, India (Elizerberth&Zakkariya, 2015), 352 nurses form private hospital in Damascus, Syria (Ali & William, 2014) and 180 critical nurses from three hospitals in Amman, Jordan (Ahmad et al., 2012). These studies found that the ability of an organization's administrator to provide employees' direct compensation had been an important determinant of job satisfaction (Enache et al., 2013; Elizerberth&Zakkariya, 2015; Ali & William, 2014; Ahmad et al., 2012). Thus, it was hypothesized that: There is a positive effect of direct compensation on job satisfaction.

2.3.3. Effect of indirect compensation on Job satisfaction and organizational commitment.

Further extant studies used a direct effects model to examine the relationship between indirect compensation on Job satisfaction using different samples, such as 108 managers of four and five stars hotels in the Aegean region of Turkey (Ebru et al., 2010), 418 police officers from Korean National Police Agency (Matthew et al., 2012), 547 members of Institute of Certified Public Accountants of Uganda (ICPAU) (Samuel &Twaha, 2014) and 200 fresh graduates in Malaysia who has been employed for less than two years (Mazuki et al., 2011). These studies found that the ability of organization's administrator to properly design and administer a job-related and working environment that provides indirect compensation to the employees had increased employee's commitment to the organization (Ebru et al., 2010; Matthew et al., 2012; Samuel &Twaha, 2014; Mazuki et al., 2011). Thus, it was hypothesized that H1b: There is a positive effect of direct compensation on job satisfaction.

2.5 Summary of literature and Knowledge gap

Job satisfaction is an important factor in private companies for better performance. Job satisfaction is a combination of job roles, job responsibility, incentives, and rewards. Job satisfaction is a combination of extrinsic and intrinsic job satisfaction. Extrinsic job satisfaction includes all external

factors such as communication style, managerial collaboration, salary, and working conditions, while intrinsic job satisfaction includes the type of work the employee performs and the tasks considered by the employee. If the employee is satisfied, they will perform well in the workplace.

The main components of job satisfaction are the attitude towards the workgroup; general working conditions; Attitude towards the company; Cash benefits; and attitude towards supervision. Health, age, level of aspiration, social status, and political and social activities are other factors that contribute to job satisfaction (Byars& Rue, 2004, p. 321). A company needs to recognize what so satisfied the employees with the services are offered. According to (Singh, 2007), individual satisfaction with compensation depends in part on what is expected and how much is received. A sense of satisfaction or dissatisfaction arises when people compare the nature of their professional skills, education, effort, and performance (input) to a combination of extrinsic and intrinsic compensation they receive (output).

Compensation is the combination of all cash incentives and the combination of fringe benefits that an employee receives from a company and represents the total compensation of an individual employee (Jeanette et al., 2013). The compensation structure includes items such as retirement plans, health insurance, life insurance, disability insurance, paid vacations, paid vacations, flexible hours, and educational support, to name a few. These benefits have been shown to tie the employee to the employer's organization and lead to a strong correlation between compensation benefits (Shaw et al., 2005).

Job satisfaction becomes very important for a company in creating the continuity of the company. Employee organizational commitment to the company shows the desire of employees to stay and work and devote themselves to the company. Employee job satisfaction also reflects the extent to which an employee identifies himself in the company, employee involvement in the company, and the desire not to leave the company. Job satisfaction is the loyalty of an individual to the organization "(Schermerhorn et al, 2011). That means that the higher one's satisfied , the higher the level of pride being a member of the organization because the stronger he or she identifies with the organization.

Whereas Robbins and Judge (2011) said that "Organizational commitment is the degree to which employees identify with a particular organization and its goals and wishes to maintain membership in the organization" (Newstroom, 2007). Many previous studies examined the relationship between job satisfaction and organizational commitment using different samples and

from different organization. However, it should be noted that none of these studies examined the particular mediating influence of compensation on job satisfaction in Ethiopia. Therefore, the purpose of this document is to examine the effects of employee compensation (i.e., compensation, fringe benefits, vacations, life and health insurance, retirement and leave benefits, rank advancement, and social benefits) on the job satisfaction in soft drinks MOHA SC in the branch of TekeleHymanot. Specifically, how does job satisfaction mediate the link between compensation structure and job satisfaction?

2.5 Conceptual Framework

Conceptual framework shows the potential link between the dependent and independent variables.

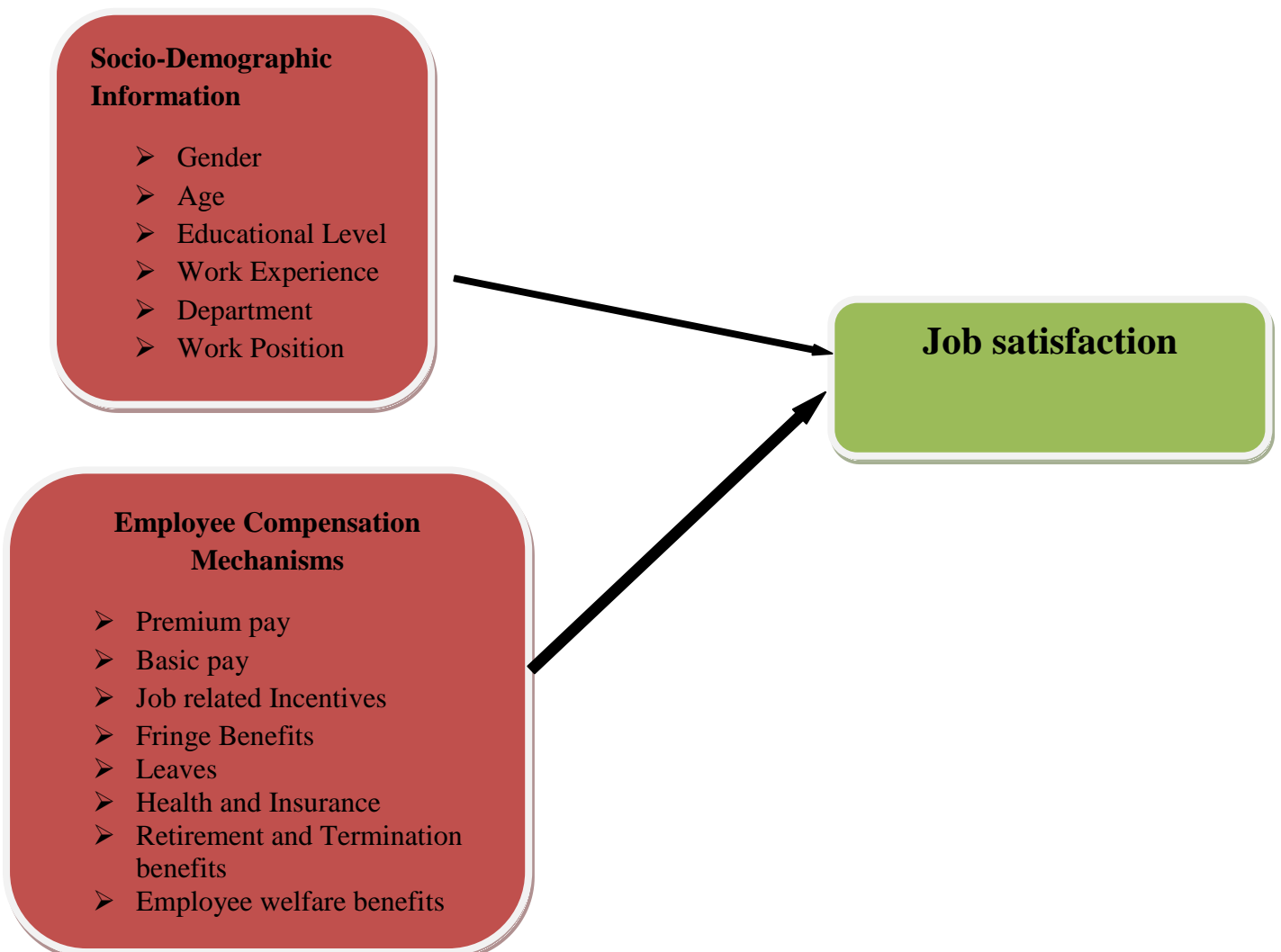


Figure 2. conceptual frame work

Source: researcher on construction based on the literature review

CHAPTER THREE

METHODOLOGY OF THE STUDY

This chapter presents the research approach, the research design, the research method, the sources of data, the study population, the sample size and sampling technique, the procedures of data collection, the data gathering tools, and methods of data analysis.

3.1. Research Approach

The study's overall objective is to see how employee compensation affects job satisfaction and the Moha Soft Drink Share Company's TekeleHymanot branch office. The researcher use descriptive research approach .Descriptive research can be either quantitative or qualitative. It can involve collections of quantitative information that can be tabulated along a continuum in numerical form, such as scores on a test or the number of times a person chooses to use a-certain feature. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984).

The goal of descriptive research is to describe a phenomenon and its characteristics. This research is more concerned with what rather than how or why something has happened. Therefore, observation and survey tools are often used to gather data (Gall, Gall, & Borg, 2007). In such research, the data may be collected qualitatively, but it is often analyzed quantitatively, using frequencies, percentages, averages, or other statistical analyses to determine relationships.

Descriptive research approach uses both quantitative and qualitative methods of data collection concurrently in order to best understand the phenomenon of interest (Creswell, 2003). This study employs both open-ended and closed-ended questioners. In conclusion, Descriptive research and data triangulation enable for interpretation of complex human experiences, beliefs, and behaviors. This approach was chosen because it was suited for the nature of the issue, which required a more thorough description and study of facts and views related to the present state of the situation, as well as the collection and unanalysis of data.

3.2. Research design

The plan of action philosophical assumption to specific methods is known as research design (Creswell and Plano,2007). The focus of this thesis is to see how employee salary affects work satisfaction at the Moha Soft Drink Share Company's TekeleHymanot branch. A descriptive research design was used for this purpose.

3.3. Research method

A method is a way of conducting research that is determined by the problem's nature (Singh,2006). The researcher used both quantitative and qualitative methods to reach this goal. With the data gained via open-ended questions, the qualitative technique was used as a supplement to the study.

3.4. Sources of Data

Primary and secondary data sources were employed to collect the data for this study. Structured questionnaires were used to obtain primary data from company employees. This research strategy was chosen because it allows for a full and comprehensive analysis of the study's primary questions. The secondary data source for this study is document analysis.

3.5. Population

According to Bryman (2004), a population is "the complete collection of persons, companies, plants, or objects that share one or more traits that are of interest to the study and are drowned by generalization." The participants in this study were all Moha Soft Drink Share Company TekeleHymanot branch office employees.

3.5.1. Sample Size and Sampling Technique

The target population of this study is all the employees of MOHA soft drinks share Company of TekeleHymanot branch office. A simple random sampling (SRS) was employed in the selection of the sample respondents from the employees who work at different job categories and levels in the company. The sample size was determined by using the formula of Yemane (1976). A 95% confidence level and $e = 0.05$ are assumed.

$$n = \frac{N}{1+N(e)^2} = n = \frac{310}{1+310(.05)^2} \approx 175$$

Where:

N = Total Population= 310

n = Sample Size = 175

e = Sample error = 0.05

And a sample of **164** respondents was selected randomly from MOHA soft drinks Company Tekele Haymanot branch office

3.6. Data Gathering Tools

Multiple data collection tools is used to triangulate the study findings and come up with a reasonable conclusion. Berg (2007) claims that researchers can get a better, more substantive image of reality by combining many lines of sight; open-ended and closed-ended questionnaires were utilized in this .

3.6.1 Measurement of variables of the study

To the variable basic pay, premium pay, fringe benefits, job relative incentive, welfare benefit and promotion opportunity a structured questionnaire was constructed by Abdulla (2009). It has 4, 5, 10,3and 10 items respectively with a 5 point scale ranging from strongly disagree to strongly agree To the variable Job satisfaction, health and insurance, retirement and recognition on job satisfaction a structured questionnaire was constructed by Hackman and Oldham (1975). It has 5, 10, 5,5and 5 items respectively with a 5 point scale ranging from strongly disagree to strongly agree

3.6.2 Questionnaires

Questionnaires are written forms that ask specific questions of all members of a sample group and allow respondents to respond at their leisure (Gall et al., 2007). In research, the questionnaire is the most widely used instrument. Data received via questionnaires is easier to evaluate and interpret than data obtained from verbal replies. In comparing to interviews, questionnaires provide more uniformity across measurement scenarios. Because the responders are given standard directions, each participant accurately responds the identical questions. The questionnaire design is simple (Haines, 2007). Questionnaires are considered to be more effective in collecting a large amount of data.from a large number of respondents in a relatively shorter time with the smallest quantity of cost.

As a result, questionnaires were prepared in English for top and middle-level employees and in Amharic for low-level employees and distributed to all participants in this study. There were two parts to the questionnaire. The first part looks into the individuals' basic backgrounds. The study's basic questions were answered in the second section, which also included closed-ended and open-ended question items. The questionnaire includes both open-ended and closed-ended questions to provide respondents the chance to freely share their feelings. The researcher prepared and approved point of view questions

3.7. Method of Data Analysis

Editing, coding, classification, and tabulation of acquired data are all part of data analysis. The newest version of SPSS was used to statistically evaluate the quantitative data gathered from the questioner (22 or more). Tables, charts, and graphs were used to present the data. To calculate the obtained data and deduce generalization, descriptive and inferential statistical methods were employed. As a result, descriptive statistics such as normality tests, collinearity tests, anova, and standard deviations were added. The qualitative data, which was obtained through an open-ended questionnaire was analyzed and interpreted using narration, thematic, and description techniques. The data also computed by regression analysis model

The following regression model was used to determine the variation or quantitative associations between the variables as follows:

By using the above table the following equation is formulated

$$JS = \beta_0 + \beta_1BP + \beta_2PP + \beta_3JI + \beta_4FB + \beta_5L + \beta_6HI + \beta_7RT + \beta_8WB + \beta_9P + \beta_{10}PO + \beta_{11}R + \varepsilon$$

Where

β_0 = variable coefficient of = -0.289

β_1 = variable coefficient of basic pay= BP= 0.074

β_2 = variable coefficient of premium pay= PP= 0.167

β_3 = variable coefficient of job related Incentives = JI= -0.035

β_4 = variable coefficient of fringe benefits = FB= 0.030

β_5 = variable coefficient of leaves =L= 0.032

β_6 = variable coefficient of health and life insurance=HI = 0.121

β_7 = variable coefficient of retirement and termination benefits=RT = 0.025

β_8 = variable coefficient of employee welfare benefits =WB= 0.232

β_9 = variable coefficient of effect of payment=P =.092

β_{10} = variable coefficient of promotion opportunity=PO = 0.134

β_{11} = variable coefficient of Recognition=R = 0.204

ε = standard error

JS = job satisfaction

3.8 Reliability and Validity

Reliability is concerned with the consistency or stability of the score that will be obtained from a measure or assessment across time and across settings or conditions, and it relates to the consistency or dependability of a measuring procedure (Marczyk, Demateo&Festinger: 2005). Cronbach's alpha was used to determine the internal consistency of objects. Cronbach Alpha is a measure of the internal consistency of the elements that collectively cover the specific factor, according to Raigama (2010). Scales with a coefficient alpha of 0.7, according to Zikmund et al. (2010), imply fair dependability.

Table 3. 1 Reliability and Validity of test Data

Variables	Cronbach's alpha	No of item
Bpay	0.709	4
Ppay	0.509	5
JPincentive	0.70	3
FBenefits	0.835	10
Leaves	0.748	5
HealthandInsurance	0.670	5
RetirementandTB	0.648	5
EWbebefits	0.884	10
EPonJStisfaction	0.725	5
EPOonJsatisfaction	0.843	10
Jsatisfaction	0.575	5

3.9. Ethical consideration

According to McMillan and Schumacher (2006), the researcher is morally accountable for the subject's rights and welfare by understanding professional rules, legal considerations, and ethical obligations. For the study to be effective, the researcher must gain both consent and authorization. By maximizing potential benefits and reducing potential hazards, the researcher safeguarded the participants' rights. It is critical that the researcher preserve the participants' privacy and ensure that the data is not misrepresented. Some questions were eliminated because they were irrelevant, while others were changed.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

This chapter presents the description of the sample population, analysis, and interpretation of the data based on the information obtained through the questionnaires and document analysis. It consists of two parts. The first part is concerned with the description of characteristics of the respondents whereas; the second part deals with the analysis and interpretation of the data. The purpose of this data was to explore the effect of employee compensation on job satisfaction and organizational commitment in moha soft drink Share Company, For this purpose, 181 employees were requested to fill the questionnaires, of which 164 respondents completed and returned the questionnaire with a response rate of 95.16%. According to Mugenda and Mugenda (2008), this response rate is far enough for analysis.

4.2. Demographic data of respondents

This subsection provides background information about respondents from the company, from which the data was collected, Understanding the overview of the respondent's characteristics was important for further analysis of their responses. Hence, attempts were made to describe the background of the respondents which directly or indirectly related to the objectives of the study. Accordingly, the general demographic characteristics of the respondents in sex, age, educational qualification, work experience, and current position were analyzed and discussed in terms of frequencies and percentages as follows.

Table 4. 1 Demographic data of respondents

Variables	Frequency	Percentage	Cumulative Percentage
Age			
21-25	21	14.6	14.6
26-30	48	29.3	43.9
31-35	43	26.2	70.1
36-40	28	17.1	87.2
Over 40	21	12.8	100
Total	164	100	
Gender			
Male	114	69.5	69.5
Female	50	30.5	100
Total	164	100	
Educational Background			
Below Diploma	5	3.0	3.0
Diploma	88	53.7	56.7
BA/BSc. Degree	63	38.4	95.1
Master's Degree	8	4.9	100
Total	204	100	
Work Experience			
1-3 Years	15	9.1	9.1
4-6 Years	38	23.2	32.3
7-10 Years	58	35.4	67.7
11-15 Years	36	22.0	89.6
Over 15 Years	17	10.4	100
Total	204	100	
Employees' Department			
Finance	22	13.4	13.4
HRM	56	34.1	47.5
Marketing	32	19.5	67.0
Others	51	31.1	98.2
specify	3	1.8	100
Total	204	100	
Work Position			
Top Level	8	4.9	4.9
Middle Level	73	44.5	49.4
Lower Level	83	50.6	100
Total	204	100	

Source: Survey, 2021

As shown in table 4.1 from the total respondents the majority (55.5%) were the age between 26-35 this show that they are young and in working-age or in another way the minority (12.8%) of employee is the age above 40 the rest 14.% are the age between 21-25 and 17.1% are the age between 36-40 in another word majority of the employee are in productive age and also 69.5% of the company employee are male and the rest of 30.5% are female this show that the company is male-dominated according to the company character the gender ratio is expected when we come to the educational background 92.1% of the employee are diploma and degree holders the rest 3% employee under diploma and 4.9% employee are masters holders this show that the majority worker is educated and it has a positive effect on productivity.

As it is also shown in the table above work experience 9% of employee has 1-3 years' experience, 23.2% has 4-6 year, 35.4% of employee has 7-10 years' experience and 22.0% of employee has 11-15 years' experience, 10.4% employee has more than 15 years' experience respectively, this shows that 91% of employee has well experienced it also has a good impact on productivity It was also seen from the above table, relatively the majority of employees work in the HRM department (34.1%), followed by the others and marketing department, the rest 1.8% has a specific job. It is noted that most of the company's employees are hired internally in the HRM department.

Regarding the position of these employees, the majority of employees occupy the lower position that is 50.6%, and 44.5% of employees take the middle position the rest 4.9% are in higher managerial positions. This show that most of the company work done by the low-level workers

4.3 Assumptions of multiple regression

4.3.1 Linearity assumption

Multiple Regressions' primary assumption is that the relationship between the independent and dependent variables can be described by a straight line. Making scatterplots showing the relationship between each of our independent factors and our dependent variable is an easy approach to confirm this. The link between dependent and independent variables can only be accurately evaluated using standard multiple regression if the relationships are .Depending on the above graph the dependent and the independent variables are somewhat linear so this indicate the research does not violate linearity assumption

4.3.2 Normality assumption

There are various pieces of information that the researcher might use to test this hypothesis: Researchers may learn about normalcy by looking at data plots, skew, kurtosis, and P-P plots. A normal distribution has zero skewness, and any symmetric data should have a skewness close to zero. Negative skewness numbers show data that is skewed left, whereas positive skewness values suggest data that is slanted right. A skewness value of one or less than one indicates a highly skewed distribution. A strongly skewed value is between 0.5 and 1 or -0.5 and -1. The range of acceptability value of skewedness falls between -3 and 3. A value between -0.5 and 0.5 suggests that the distribution is sufficiently skewed between -1 and -1.5. And because the skewness values in the preceding research are between -1 and 1, it does not contradict the normalcy assumption.

4.3.3 Homoscedasticity

In a model, homoscedasticity indicates that the error is constant across the dependent variable's values. Making a scatterplot with the residuals versus the dependent variable is the easiest technique to check for homoscedasticity. Visual study of a plot of the standardized residuals (errors) by the regression standardized projected value can help confirm this assumption. This is an option in most current statistical software. In an ideal world, residuals would be randomly distributed about 0 (the horizontal line), resulting in a very uniform

4.3.4 Multicollinearity assumption

Multicollinearity occurs when the independent variables are highly linked ($r=0.8$ or more), making it impossible to separate the effects of the independents on the outcome variable. To put it another way, one of the predictor variables can almost completely predict another predictor variable. There are two basic approaches to check for multicollinearity: Values of the variance inflation factor (VIF) and correlation coefficient.

Simply throw all your predictor variables into a correlation matrix and search for coefficients with magnitudes of .80 or above to confirm it using correlation coefficients. In general, a VIF more than 4 or a tolerance less than 0.25 indicates the presence of multicollinearity, and further investigation is required. There is severe multicollinearity that has to be adjusted when VIF is greater than 10 or tolerance is less than 0.1.

Table 4. 2 Collinearity statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Bpay	.726	1.376
	Ppay	.660	1.515
	JPincentive	.571	1.750
	FBenefits	.520	1.922
	Leaves	.473	2.115
	HealthandInsurance	.352	2.842
	RetirementandTB	.529	1.890
	EWbebenefits	.683	1.464
	EPonJSatisfaction	.573	1.588
	EPOonJsatisfaction	.565	.084
	ERonJsatisfaction	.167	.130

The tolerance of the above table is >0.1 so multicollinearity not exist

4.3. Descriptive Analysis Results

4.3.1 Central Tendency Measurement Test

Majority of the variables are in moderate mean score that is 3.6 to 3.93 this show that the variable listed below have moderate impact on job satisfaction

Table 4. 3 Central tendency Measurement Test (descriptive statics)

	N	Mean	Std. Deviation
Bpay	164	3.5930	0.89740
Ppay	164	3.8634	0.64618
JPincentive	164	3.9004	0.80826
FBenefits	164	3.8835	0.67799
Leaves	164	3.9195	0.78724
HealthandInsurance	164	3.9232	0.68763
RetirementandTB	164	3.9256	0.68861
EWbebefits	164	3.8951	0.84140
EPonJStisfaction	164	3.6372	0.83152
EPOonJsatisfaction	164	3.7841	0.69246
ERonJsatisfaction	164	3.7656	0.67677
Jsatisfaction	164	3.8122	0.68845
Valid N (listwise)	164		

In table 4.2 above show that job incentive mean value (3.9),,leave mean value (3.92),health and insurance mean value(3.92),retreatment and termination benefit (3.93), have good relation with job satisfaction and premium pay(3.86),fringe benefit(3.88),employee welfare benefit(3.89) also have relatively good relation with job satisfaction the rest back pay(3,59),effect of payment (3.64),employee promotion opportunity(3.78)and recognition (3.76) has moderate relationship with that of job satisfaction

4.4 Correlation analysis

A correlation coefficient is a statistical tool used to summaries the relationship between number that falls between -1.00 and +1.00 (Welkowitz, Cohen, &Ewen, 2006). Morgan, Leech, Gloeckner, and Barrett (2004) stated that: -1.0 indicates perfect negative correlation, 0.0 indicate no correlation, and + 1.00 shows perfect positive correlation. To see the extent of each variable with the job satisfaction and other variables correlation analysis is used in these analyses, the mean scores for each dimension across the variables were used. Correlation analysis tell as there is relation or not between variables only, that means the relation between to variables is positive, negative or zero in other word it tell us the degree of association (magnitude of closeness) between two variables. Correlation never provides information on what is the relationship between them.

Table 4. 4 Correlation analysis

		Bpay	Ppay	JPincentive	FBenefits	Leaves	HealthandInsurance	RetirementandTB	EWbebenefits	EPonJStisfaction	EPOonJsatisfaction	ERonJsatisfaction	Jatisfaction
Bpay	Pearson Correlation Sig. (2-tailed) N	1 164											
Ppay	Pearson Correlation Sig. (2-tailed) N	.280** .000 164	1 164										
JPincentive	Pearson Correlation Sig. (2-tailed) N	.240** .002 164	.409** .000 164	1 164									
FBenefits	Pearson Correlation Sig. (2-tailed) N	.378** .000 164	.455** .000 164	.488** .000 164	1 164								
Leaves	Pearson Correlation Sig. (2-tailed) N	.366** .000 164	.377** .000 164	.347** .000 164	.502** .000 164	1 164							
HealthandInsurance	Pearson Correlation Sig. (2-tailed) N	.377** .000 164	.393** .000 164	.577** .000 164	.523** .000 164	.672** .000 164	1 164						
RetirementandTB	Pearson Correlation Sig. (2-tailed) N	.349** .000 164	.348** .000 164	.422** .000 164	.561** .000 164	.476** .000 164	.575** .000 164	1 164					
EWbebenefits	Pearson Correlation Sig. (2-tailed) N	.308** .000 164	.367** .000 164	.136 .084 164	.231** .003 164	.368** .000 164	.326** .000 164	.286** .000 164	1 164				
EPonJStisfaction	Pearson Correlation Sig. (2-tailed) N	.299** .000 164	.262** .001 164	.192* .014 164	.287** .000 164	.296** .000 164	.284** .000 164	.408** .000 164	.418** .000 164	1 164			
EPOonJsatisfaction	Pearson Correlation Sig. (2-tailed) N	.207** .008 164	.251** .001 164	.255** .001 164	.214** .006 164	.210** .007 164	.370** .000 164	.270** .000 164	.320** .000 164	.459** .000 164	1 164		
ERonJsatisfaction	Pearson Correlation Sig. (2-tailed) N	.266** .001 164	.266** .001 164	.218** .005 164	.195* .012 164	.198* .011 164	.337** .000 164	.241** .002 164	.282** .000 164	.399** .000 164	.906** .000 164	1 164	
Jatisfaction	Pearson Correlation Sig. (2-tailed) N	.411** .000 164	.470** .000 164	.291** .000 164	.378** .000 164	.430** .000 164	.491** .000 164	.410** .000 164	.578** .000 164	.498** .000 164	.573** .000 164	.565** .000 164	1 164

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

* . Correlation is significant at the 0.05 level (2-tailed).

In the above table 4.3 Basic pay have weak relation to premium pay, job incentive, employee promotion and employee recognition but it has moderate relationship with job satisfaction. And premium pay have weak relationship with payment ,employee promotion and employee recognition but it has moderate relation with (job incentive , fringe Benefits, Leaves, Health and Insurance Retirement and termination benefit, employee Welfare benefits, job satisfaction)and job incentive has strong correlation with health and insurance and weak relation with(Basic pay , premium pay, Job incentive ,employee Welfare benefits , employee promotion opportunity, employee recognition ,job satisfaction) and also it has moderate correlation with (Health and Insurance, Retirement and termination benefit ,payment and leave).

When we come to employee welfare benefits it has moderate correlation with (Basic pay , premium pay, Job incentive, job satisfaction) strong correlation with (Leaves, Health and Insurance, Retirement and termination benefit) and weak correlation with (employee Welfare benefits ,payment ,employee promotion opportunity, employee recognition, fringe Benefits).leave has strong correlation with (health and insurance, fringe Benefits) and weak relation with(employee promotion opportunity, employee recognition ,job satisfaction,) and also it has moderate correlation with (, Retirement and termination benefit , and leave payment basic pay , premium pay, Job incentive ,employee Welfare benefits,).

In the table above health and insurance has strong correlation with(Job incentive , fringe Benefits, Leaves, and Retirement and termination benefit) moderate correlation with(Basic pay , premium pay, employee Welfare benefits, employee promotion opportunity, employee recognition ,job satisfaction) and weak correlation with that of employee payment. And When we come to employee recognition it has moderate correlation with (Health and Insurance, employee payment) strong correlation with job satisfaction and weak correlation with (Basic pay , premium pay, Job incentive , fringe Benefits, Leaves, Retirement and termination benefit, employee Welfare benefits) and very strong correlation with employee promotion opportunity.

Job satisfaction has moderate correlation with (Basic pay, premium pay, fringe Benefits, Leaves, Health and Insurance Retirement and termination benefit, payment) strong correlation with (employee Welfare benefits, employee promotion opportunity, employee recognition) and weak correlation with Job incentive.

4.5 Regression Analysis

Regression analysis is a set of statically process for estimating the relationship between the dependent variable(the outcome or response variable) and the independent variable (predictors or explanatory variables (Dr. Mohamed Ahmed Zaid,2015) .Regression analysis is a reliable method of

identifying which variables have impact on a topic of interest. The process of performing a regression allows you to confidently determine which factors matter most, which factors can be ignored, and how these factors influence each other.

4.5.1 Multiple regression analysis

Multiple linear regressions (MLR) is a statistical technique that uses several explanatory variables to predict the outcome of a response variable. The goal of multiple linear regressions is to model the linear relationship between the explanatory (independent) variables and response (dependent) variables. (Hayes, 2021).and Multiple regression analysis applied to find out whether there was statistically significant relation between the dependent variable and the independent variable or not. Moreover, it helped to devise a formula that shows the relation between the dependent variable

(job satisfaction) and the independent variables (Basic pay , premium pay, Job incentive , fringe Benefits, Leaves, Health and Insurance Retirement and termination benefit, employee Welfare benefits ,payment ,employee promotion opportunity, and employee recognition) simultaneously to determine the effect of each component on job satisfaction, multiple regression analysis was computed. The result of the multiple regressions is presented as follows.

Table 4. 5 multiple regression of standardized and unstandardized coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.289	.293	.	-.987	.325
Bpay	.074	.046	.096	1.611	.109
Ppay	.167	.067	.156	2.500	.013
JPincentive	-.035	.057	-.041	-.612	.542
FBenefits	.030	.072	.030	.421	.674
Leaves	.032	.065	.036	.490	.625
HealthandInsurance	.121	.086	.121	1.409	.161
RetirementandTB	.025	.070	.025	.360	.720
EWbebenefits	.232	.050	.284	4.618	.000
EPonJSatisfaction	.092	.053	.111	1.738	.084
EPOonJsatisfaction	.134	.128	.135	1.043	.299

By seeing the above multiple regression of standardized and unstandardized coefficients table we can conclude that most of the variable (Basic pay , premium pay, fringe Benefits, Leaves, health and

insurance, Retirement and termination benefit, employee Welfare benefits, employee ,employee payment ,promotion opportunity, employee recognition) has positive relation with job satisfaction and job related incentive have negative relation with job satisfaction.

4.5.2 Linearity test

The degree to which changes in the dependent variable are correlated to changes in the independent variables is measured by the linearity test. When relationships between variables are constant and directly proportionate to each other, they are termed linear (Stevens, 2009; Tabachnick&Fidell, 2006). If this assumption is violated, the results of the study, such as R², regression coefficients, standard errors, and statistical significance, may be skewed, resulting in inaccurate or false population numbers (Osborne & Waters, 2002; Tabachnick&Fidell, 2006). According to Hox (1995), the analysis' findings will understate the underlying link between the two variables. the independent variables (predictor variables) and dependent variable if the relationship is not linear.

The linearity assumption may be evaluated visually by looking at residual graphs (Kivilu, 2003; Osborne & Waters, 2002; Stevens, 2009). A residual scatter plot is a graph that shows the standardized residuals on one axis and the anticipated values on the other (Stevens, 2009). The standardized residuals will scatter randomly around a horizontal line that depicts the standardized residuals equaling zero if the linearity condition is fulfilled (Stevens, 2009; Tabachnick&Fidell, 2006).

4.5.3 Normality test

The normality test is performed to see if sample data came from a population with a normally distributed dispersion (within some tolerance). Screening for normality is a critical initial step when completing a multiple regression since residuals are believed to be normally distributed (Stevens, 2009; Tabachnick&Fidell, 2006). Non-normal distributions that are skewed favorably or negatively, contain a lot of kurtosis, or have a number of extreme outliers can influence the findings of statistical tests. standard errors are skewed as a result of the data analysis (Osborne & Waters, 2002). A small sample size can actually enhance the severity of non-normality in a distribution, despite the fact that multiple regression is often thought to be highly resilient to violations of normality (Osborne & Waters, 2002). When the sample size is small, outliers may have a greater impact on the normal distribution, although standard errors for both skewness and kurtosis decrease with bigger samples, since slight departures from normality are more prevalent (Tabachnick&Fidell, 2006).

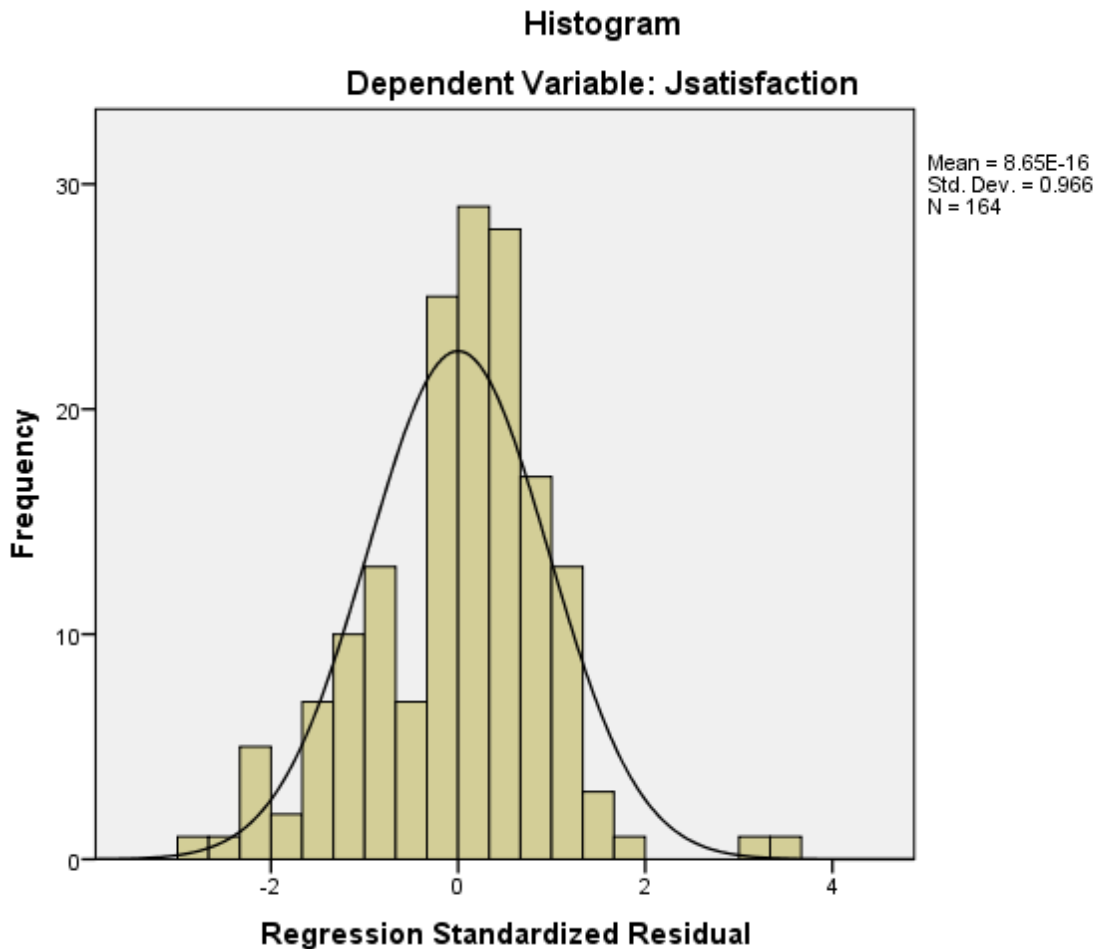


Figure 3 Histogram of regression

Depend on sleekness estimation (basic pay, health and insurance and retreatment and termination has the value between -1to- it is highly skewed ,the rest(, fringe Benefits, Leaves, premium pay, employee Welfare benefits, employee ,employee payment ,promotion opportunity, employee recognition) are skewed between -1 to -1.5 the rang of acceptance value of skewedness fall between -3 and 3.

4.5.4. Homoscedasticity

The homoscedasticity definition assumes that errors have the same variance at all levels of the independent variables (Osborne & Waters, 2002). This indicates that researchers believe that mistakes are distributed evenly from across variables (Keith, 2006). This is visible when all values of the predictor variable have the same variance around the regression line.

When homoscedasticity is excessive, it can skew the results and reduce overall analysis and statistical power, leading to a higher chance of Type I error, unreliable F-test results, and incorrect conclusions (Aguinis, Petersen, & Pierce, 1999; Osborne & Waters, 2002). To check for homoscedasticity, examine a plot of the standardized residuals vs the regression standardized

predicted value (Osborne & Waters, 2002). The approach for validating this assumption is to create scatter plots of residuals using independent variables using statistical software (Keith, 2006). In an ideal environment, residuals are uniformly distributed about zero (horizontal line).resulting in

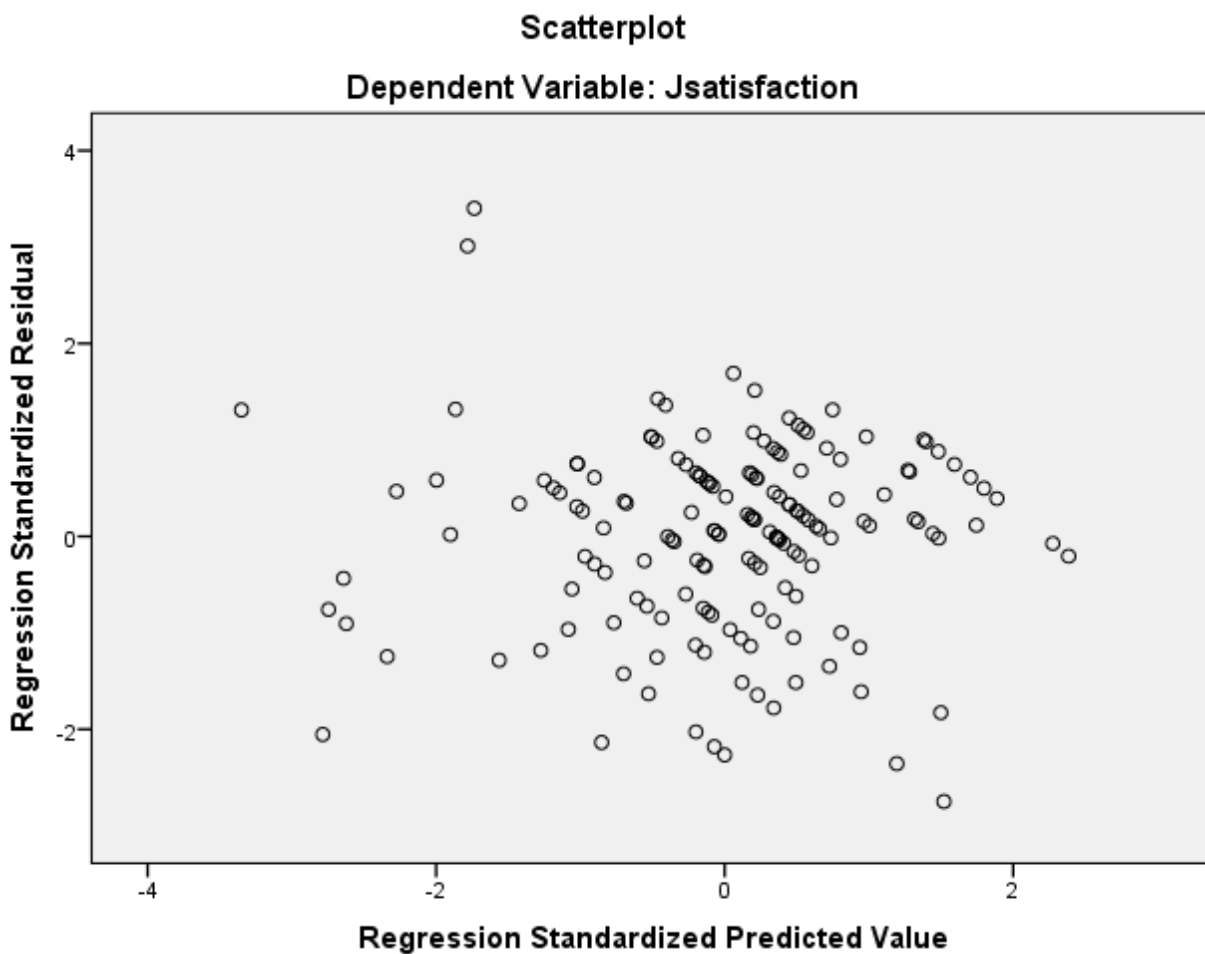


Figure 4 scatterplot

If the ratio of the largest variance to the smallest variance is 1.5 or below, the data is homoscedastic (<http://www.stasticshowto.com>).so the data of the above graph variance is below 1.5 this show that the data is homoscedastic

Table 4. 6 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.779 ^a	.608	.579	.44661	.608	21.394	11	152	.000	1.715

a. Predictors: (Constant), ERonJsatisfaction, FBenefits, EWbebefits, Bpay, JPincentive, EPonJStisfaction, Ppay, Leaves, RetirementandTB, HealthandInsurance, EPOonJsatisfaction

b. Dependent Variable: Jsatisfaction

when we see the above model summary of adjusted r square (R^2) has the value 0.579(57.9%) this show that the predicator recognition, fringe benefit ,welfare benefit, basic pay, premium pay, leave, health and insurance ,job incentive ,payment, retreatment and termination and promotion opportunity affect job satisfaction by 57.9% the reast 42% of employee satisfaction affected by other factors

Table 4. 7 one way ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.938	11	4.267	21.394	.000 ^b
	Residual	30.317	152	.199		
	Total	77.256	163			

a. Dependent Variable: J satisfaction

b. Predictors: (Constant), ERonJsatisfaction, FBenefits, EWbebefits, Bpay, JP incentive, EPonJStisfaction, Ppay, Leaves, RetirementandTB,HealthandInsurance, EPOonJsatisfaction

One way ANOVA table show that the significance of the variable and also the model from the thable 4.6 the model is significant it has a valu (.000) but when we come to the variables basic pay and welfare benefit are significant which has the valu(<0.05) the rest variable has the value (>0.05)

Table 4. 8 Linear regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.289	.293		-.987	.325		
	Bpay	.074	.046	.096	1.611	.109	.726	1.376
	Ppay	.167	.067	.156	2.500	.013	.660	1.515
	JPincentive	-.035	.057	-.041	-.612	.542	.571	1.750
	FBenefits	.030	.072	.030	.421	.674	.520	1.922
	Leaves	.032	.065	.036	.490	.625	.473	2.115
	HealthandInsuran ce	.121	.086	.121	1.409	.161	.352	2.842
	RetirementandTB	.025	.070	.025	.360	.720	.529	1.890
	EWbebenefits	.232	.050	.284	4.618	.000	.683	1.464
	EPonJStisfaction	.092	.053	.111	1.738	.084	.573	1.588
	EPOonJsatisfactio n	.134	.128	.135	1.043	.299	.565	.084
	ERonJsatisfaction	.204	.127	.201	1.614	.109	.167	.130

a. Dependent Variable: Jsatisfaction

The above table explain the linear regression coefficient results, the result show that except employee welfare benefits all the independent variables(Basic pay , premium pay, Job incentive , fringe Benefits, Leaves, Health and Insurance ,Retirement and termination benefit, ,payment ,employee promotion opportunity, employee recognition) have positive significant effect while employee welfare benefits has no significance effect demographic analysis result implies that all demographic variables (sex, age, educational background, position and experience,) have no significant effect on job satisfaction. The t statistics help in determining the significance of each variable in the model. The above t-test significance shows that all the variables except employee welfare benefit majority of the variables have less significance effect means($p > 0.05$) but premium pay have significance effect which at 95% confidence level ($p < 0.05$) . Therefore, the researcher concluded that all the variables have positive but less impact except premium pay and welfare benefit on job satisfaction.

4.6 The beta coefficients in the regression results are interpreted as follows.

- The value of the constant -0.289 is an estimate for the response value when all variables value equal zero.
- The beta coefficient of basic pay is ($\beta = 0.074$, $t = 1.611$) which indicates that by keeping other factors constant, 1 the basic pay change in one the job satisfaction change by (7.4%) basic pay has less impact on job satisfaction .So the alternative hypothesis (H1) that basic pay level have effect on job satisfaction was accepted.
- The beta coefficient value of the premium pay level is ($\beta = 0.167$, $t = 2.5$) which shows that by keeping other factors constant, one unit change in premium pay level has less(16.7%) impact on job satisfaction .Hence , the alternative hypothesis 2 Premium pay level have effect on job satisfaction was accepted.
- The beta coefficient value of Job related Incentives is ($\beta = -0.035$, $t = -0.612$) which shows that by keeping other factors constant, one unit change in Job related Incentives level has less negative (3.5%) impact on job satisfaction .Hence , the alternative hypothesis 3 Job related Incentives have effect on job satisfaction was not accepted.
- The beta coefficient value of the fringe benefits level is ($\beta = .030$, $t = 0.421$) which shows that by keeping other factors constant, one unit change in fringe benefits has less(3%) impact on job satisfaction .Hence , the alternative hypothesis 4 fringe benefits have effect on job satisfaction was accepted.
- The beta coefficient value of the leaves is ($\beta = 0.032$, $t = 0.490$) which shows that by keeping other factors constant, one unit change in leaves has less(3.2%) impact on job satisfaction .Hence , the alternative hypothesis 5 leaves have effect on job satisfaction was accepted.
- The beta coefficient value of the health and life insurance is ($\beta = 0.121$, $t = 1.409$) which shows that by keeping other factors constant, one unit change in fringe benefits has less(12.1%) impact on job satisfaction .Hence , the alternative hypothesis 6 health and life insurance have effect on o job satisfaction was accepted.
- The beta coefficient value of the retirement and termination level is ($\beta = 0.025$, $t = 0.360$) which shows that by keeping other factors constant, one unit change in retirement and termination benefits has less(2.5%) impact on job satisfaction .Hence , the alternative hypothesis 7 retirement and termination benefits have effect on job satisfaction was accepted.
- The beta coefficient value of employee welfare benefits is ($\beta = 0.232$, $t = 4.618$) which shows that by keeping other factors constant, one unit change in employee welfare benefits has less(23%) impact on job satisfaction .Hence , the alternative hypothesis 8 employee welfare benefits have effect on job satisfaction was accepted.

- The beta coefficient value of the effect of payment is ($\beta = 0.092$, $t = 1.738$) which shows that by keeping other factors constant, one unit change in effect of payment has less(9.2%) impact on job satisfaction .Hence , the alternative hypothesis 9 effect of payment on Job satisfaction have effect on job satisfaction was accepted.
- The beta coefficient value of promotion opportunity is ($\beta = 0.134$, $t = 1.043$) which shows that by keeping other factors constant, one unit change in promotion opportunity has less(13.4%) impact on job satisfaction .so , the alternative hypothesis 10 promotion opportunity have effect on job satisfaction was accepted.
- The beta coefficient value of recognition is ($\beta = 0.204$, $t = 1.614$) which shows that by keeping other factors constant, one unit change in recognition has less(20%) impact on job satisfaction .so the alternative hypothesis 11 recognition have effect on job satisfaction was accepted.

By using the above table the following equation is formulated

$$\begin{aligned}
 JS &= \beta_0 + \beta_1BP + \beta_2PP + \beta_3JI + \beta_4FB + \beta_5L + \beta_6HI + \beta_7RT + \beta_8WB + \beta_9P + \beta_{10}PO + \beta_{11}R + \varepsilon \\
 JS &= -0.289 + 0.074BP + 0.167PP - 0.035JI + 0.03FB + 0.032L + 0.121HI + 0.025RT + \\
 & 0.232WB + 0.092P + 0.134PO + 0.204R + \varepsilon
 \end{aligned}$$

Where

β_0 = variable coefficient of = -0.289

β_1 = variable coefficient of basic pay= BP= 0.074

β_2 = variable coefficient of premium pay= PP= 0.167

β_3 = variable coefficient of job related Incentives = JI= -0.035

β_4 = variable coefficient of fringe benefits = FB= 0.030

β_5 = variable coefficient of leaves =L= 0.032

β_6 = variable coefficient of health and life insurance=HI = 0.121

β_7 = variable coefficient of retirement and termination benefits=RT = 0.025

β_8 = variable coefficient of employee welfare benefits =WB= 0.232

β_9 = variable coefficient of effect of payment=P =.092

β_{10} = variable coefficient of promotion opportunity=PO = 0.134

β_{11} = variable coefficient of Recognition=R = 0.204

ϵ = standard error

JS = job satisfaction

CHAPTER FIVE

DISCUSSION

5.1 Job satisfaction

Job satisfaction is a critical issue in human resource management since dissatisfied employees are less likely to stay with a company for lengthy periods of time, resulting in additional expenses such as absenteeism and turnover, as well as the cost of training a new employee. Satisfaction is a transient state that arises in reaction to the intensity of demand stimulation from both within and outside each individual. According to Robins (2011), job satisfaction is a broad attitude toward one's work that reflects in the disparity between the number of awards workers receive and the level they feel they should earn. To stay potential employee in accompany the company must keep employee job satisfaction by using different compensation mechanism depend on conclusion drawn from the research the company has different compensation mechanize but the compensation packages does not managed well due to this the degree of employee satisfaction is less

5.2 Individual factors of job satisfaction

5.2.1 Gender

Employees' gender and race are key predictors of job satisfaction. Even if they work in the same employment, women are more likely to be pleased than their male counterparts. The aforementioned result also approved that 69.5 percent of the employees are male, indicating that the firm is male-dominated, and that employee satisfaction is low for all remuneration packages used in the organization. The gender ratio is predicted based on the company's nature. One's work that exemplifies

5.2.2 Age

Age is one of the factors affecting job satisfaction. Various studies carried out in this field have shown that job satisfaction tends to increase with age. That is older employees tend to report higher satisfaction, and younger employees say the lowest job satisfaction rate. From the above result the majority(55.5%) of the employee are the age between 26-36 this show that they are young and in working-age. But when we came to the conclusion the majority employee are not satisfied well this show that age has impact on with job satisfaction

5.2.3 Educational background

Education is a crucial driver of work happiness since it allows people to develop their personalities. Individual knowledge and the evaluation process are developed and improved via education. Because they possess tenacity, logic, and reasoning capability, highly educated personnel can

comprehend the issue and judge it constructively. When it comes to educational background, 92.1 percent of employees have a diploma or degree, with the remaining 3% having a diploma and 4.9 percent having a master's degree. This demonstrates that the majority of workers were educated and require more treatment and remuneration than the average worker.

5.2.4 Position

Higher-level employments are seen as respectable, revered, and providing opportunities for self-control. Employees who work in higher-level positions are more satisfied with their jobs than those who work in lower-level jobs, for example. When employees know they have an individualized plan, they are more likely to be satisfied with their jobs. Beyond the formal nature of appraisals, if there is a path for advancement, employees will be happier for longer(<http://arno.uvt.nl.com>). According to the aforementioned conclusion, the majority of workers (50.6 percent) work in lower roles, while 44.5 percent work in intermediate positions. The remaining 4.9 percent work in higher management positions and have a greater degree of responsibility also slight this implies that position has effect on job satisfaction

5.2.5 Experience and job satisfaction

Years of experience refers to the length of time an individual has worked for a certain company. Employees' years of experience, according to the study, are connected to their work happiness. The competence and skill of employees in their jobs is critical to their performance and success in the organization. Over the course of a year, the job holder's experience grows, resulting in a sense of contentment in his or her workplace. According to Fassil (2016), public employees who have worked in their current post for less than five years are more happy with their jobs than those who have worked for five years or more .The above finding also show 57.4% of the employee have working experience above 7 years due to that majority of the employee does not satisfy with the compensation of the company

5.3 Environmental factors of job satisfaction

5.3.3 Job related Incentives

According to Oshagbemi (2000), who conducted research on UK academics, there is a clear link between remuneration and work satisfaction. However, a study by Young et al. (1998) of public sector employees in the United Kingdom revealed no link between compensation and job satisfaction. This is a big source of concern for both employees and companies. For an employee, compensation is the most important factor in meeting their financial needs. Compensation is very

important because when employees are happy with their pay, their conduct and attitude may be altered in the direction of the intended goal.

In a study of UK academics, Oshagbemi (2000) revealed a robust link between remuneration and work satisfaction. However, in a study of public sector employees in the United Kingdom, Young et al. (1998) discovered no link between compensation and job satisfaction. Both employees and employers are concerned about this. Pay is extremely important to an employee in terms of meeting their financial needs. Compensation is extremely important because when employees are happy with their pay, their conduct and attitude may be affected toward the intended goal.

5.3.4 Effect of payment

Employee views of proper compensation and benefits are also connected to organizational success and work satisfaction (Edwards, 2008). While pay and benefits aren't the only reason employees are happy at work, research dating back more than 30 years (e.g., Gerhart, 1987) shows that pay and benefits have consistently ranked high on lists of job satisfaction factors that influence the desired outcome (at least according to how employees see themselves in their roles)..

Pay is frequently viewed by employees as a reflection of how management regards their contribution to the company. Fringe benefits are also important, although they do not have as much influence. In the workplace, does the above-mentioned employee job satisfaction necessitate consultation? The pay level has a beta coefficient of ($= 0.167$), indicating that when other factors are held constant, one unit change in pay has a lower (16.7 percent) impact on job satisfaction. Payment in the firm necessitates counseling. This conclusion is supported by the preceding findings on employee work satisfaction.

5.3.5 Promotion opportunity

Prospects for success several studies have indicated a strong correlation between job happiness and organizational promotion opportunities (Pergamit and Veum, 2009), which is backed up by Ellickson (2002), who discovered a strong link between job satisfaction and promotion opportunity in his research of a public employee. This claim was backed up by Bowen et al. (2008). According to Keiner and Kinicki, job happiness is a good thing (2001),

Job satisfaction is dependent on what an employee perceives as equality in his employment relationship, such as compensation, and has a substantial association with advancement. Satisfaction is a crucial component of total happiness. Promotions are a significant part of a worker's career and life, and they have an impact on others. Based on the findings, we may conclude that the company's promotion systems need revision. Promotion opportunity has a beta coefficient value of ($= 0.134$), indicating that it has a lower (13.4 percent) influence on work satisfaction. Consequently,

5.3.6 Recognition

Employees are rewarded by different positions in a company, and this process is known as recognition,” accords to one definition (Danish et al., 2010). Employees will be more driven by intrinsic benefits like recognition, advancement, feedback, and opportunities than by extrinsic rewards like money (Nel et al., 2001). According to Robbins, employees receive praise and a sense of belonging as members of the business (2001).

Based on findings, we may conclude that the company's recognition systems require additional work, as employees are dissatisfied with the current method, The beta coefficient value of recognition is ($\beta = 0.204$) which shows that recognition also have small impact on job satisfaction but it is better than the others (20%) impact on job satisfaction. generally the compensation system of the company does not fulfill the employee need so it must redefined

CHAPTER SIX

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATION

In this chapter, the study deals with a summary of the major finding of the study, the conclusion drawn from the finding, and the recommendations which the researcher suggest implemented by the company leaders and the employee

6.1. Summary of Findings

The researcher has come up with the following findings. The largest proportion of the employees 114(69.4%) was composed of males with an age group that belongs to a young and in working agen91(55.5%) group who are considered to be responsible and committed and eager for the duty they are assigned to work in. Most of them 151(89.1%) were found to have a diploma and first degree that is at least able to understand and explain clearly the association between reward practice of an organization and it has a positive effect on productivity as well as job satisfaction. The years of experience on the job is also found important because the employee exposure to different kinds of reward practices in the company and also has a good impact on productivity.

The study's employment status revealed that lower management positions own the majority of the company's shares156(95.1 percent), and the vast majority of employees are paid more than the average monthly pay, which has a beneficial influence of job satisfaction, but in this company the influence of basic pay is (7.4%) it is not significant .Workers are also compensated with an appealing premium payment system in the firm, which is judged to be fair and substantially greater than the competition company, but this payment is taxable, and employees are hesitant to accept it; the job-related incentive is also significantly lower (-3.5%) in the company so it need improvement because it motivates employee and if it is possible educational trip is included, the company provides fringe benefits to its employees that in turn return to job satisfaction and performance of the company

The company leave package is respectable, but employee yearly leave may expire owing to corporate problems, in which case the annual leave of an employee who has no substitute is converted to money. The business health and insurance package is beneficial for the employee, but it excludes the employee's family and does not treat the employee at the hospital of his or her choice. Employees were determined to be happy with the company's long-term and insurance plans. This demonstrates that the corporation is attempting to maintain employee engagement by providing a non-monetary reward, which is not within the expected range.

As required by law, the company preserves termination and retirement benefits, which serves as a guarantee of the company's success. The firm created an employee welfare benefit plan for employees, which engaged employees, reduced absenteeism, and improved corporate performance. As we see from the responses (23%) employee are satisfied so, the plan does not work as intended; it is more active on paper than on the ground. The decision-making style of the company's management assists employees in becoming productive and daring in their work. The organization recognizes senior and hardworking staff, which inspires them to work more, but there is opportunity for improvement.

The survey also found that there is only (13.4%) respondents accept there is a significant difference between employees within the same firm who have a transparent and fair promotion system; they think that promotion is extremely essential to them in order to increase their job motivation. However, the corporation has been shown to recognize its employees for their contributions and roles in their individual jobs by providing them with acknowledgment letters and spoken praise for completed duties.

In general, the majority of firm employees are dissatisfied with the company's compensation scheme. This might be because the stated rules and regulations do not reflect the company's actual experience. As a result, the majority of employees are dissatisfied.

6.2. Conclusion

Based on the major findings of the study, the researcher can conclude the following main points.

- Satisfaction with the job is an important element for motivation and performance of employees. All the predictor variables were the main issue of employees' job dissatisfaction in the company. Because the findings also show that the employees are paid more than an average monthly salary which will, in turn, is found to have a positive impact on their job but it does not work for all employee. Also employee paid with attractive premium payments system in the company is found to be fair and relatively higher than the competitor company But this payment is taxable and employee have hesitation.so it need company concern
- The leaves package of the company is respectable but sometimes employee annual leave is expired due to the company problem so the annual leave of an employee who has no substitution changed into money. there is a transparent and fair promotion system across the employees The company health and insurance package is respectable for the employee but it doesn't include employee family and also the employee does not treat with the hospital he/she chooses

- The basic pay, premium pay, incentives, fringe benefits, leave related benefits, health, and insurance, the retirement and termination benefits, and employee welfare benefits all are less significance as we see the finding ,so that the management of the company should work hard to increase the satisfaction level of the employees. The company maintains termination and retirement benefit as required by the laws and this is decreases absentees and guarantee for Company's performance and job satisfaction.
- The perception of the respondents towards the compensation mechanism is not correct they does not give credit for the company compensation system

6.3. Recommendations

Based on the findings and conclusions, recommendations for the development of a stronger compensations system were suggested. Employees anticipate a reward for their contribution, while employers want a value for money, and this is the starting point for compensation. As a result, while designing compensation, a balance should be struck so that each worker receive what he or she expects in terms of capacity to pay and value for money both for employers and employees. If the compensation offered is not competitive, it will be difficult for employees to stay with the firm if they obtain better compensation from competitors. Current employees may be interested in leveling the organization if they are aware that their payment scheme is not competitive. High staff turnover can result in higher recruitment and training costs for new workers, as well as the losing of some of the organization's accumulated knowledge.

- The researcher suggests the following recommendations based on the study's primary findings:
- The leaves package of the company is respectable but sometimes employee annual leave is expired due to the company problem so the annual leave of an employee who has no substitution changed into money. there is a transparent and fair promotion system across the employees The company health and insurance package is respectable for the employee but it doesn't include employee family and also the employee does not treat with the hospital
- Go beyond salary and perks to a full-fledged reward mindset—rewards are about much more than money. Employee happiness is solely based on monetary compensation. Other factors, such as gratitude and taking on greater responsibility, may be equally important. Employee happiness is highest when praise is given at company meetings, employees are promoted, and employees are more involved in decision-making.
- The company should continue to depend on its rational and fair reward structure as a sign of motivation. Aside from incentives, the employer should look into other compensation options, such as emergency benefits like promotion, recognition, and job autonomy. Other

employee remuneration systems, both intrinsic and extrinsic ways, should be devised to please its workers even more.

- Given that recognition is the company's primary pay method, the researcher strongly advises it to recognize its employees' contributions not just via a written acknowledgement but also through a spoken acknowledgement.
- The employee's family is covered by the health and insurance plan. This enhances productivity by attracting additional professionals.
- The company use different system(training) to clarify the compensation mechanism and how to implement in the company and ask feedback as well as improve the compensation system depend on the feedback

Future research will look at how factors including work-life balance, organizational commitment, supervisor support, and work affect job satisfaction, as well as expanding the study's scope to include additional private enterprises.

If the organization can execute these suggestions, they will reap the rewards of happier employees who are willing to put in more flexible effort to help their company succeed. Firms will gain an even greater competitive advantage over their competitors when this flexible effort is combined with enabling work conditions, allowing them to win in the talent market.

As a result, the organization's management should pay grate attention to pay, recognition, promotion opportunity, and recognition because most compensation schemes do not apply equally to all employees, and as a result, the majority of workers are dissatisfied.with the company's compensation platform. To remain competitive and attract potential employees, the compensation mechanism must be modified.

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APPENDIX

Addis Ababa University

College of Business and Economics

Masters of Business Administration

Questionnaires to be filled by officers

This questionnaire is prepared by MBA student of Addis Ababa University, college of business and economics. The objective of this questionnaire is to collect information concerning THE EFFECT OF EMPLOYEE COMPENSATION ON JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT: A CASE STUDY ON MOHA SOFT DRINKS SHARE COMPANY. You are kindly requested to complete this questionnaire sincerely and honestly. All information you provide will be kept with strict for academic purpose and will not be used for other purpose than the intended purpose.

General direction

- ✚ Please take a few minutes to complete this questionnaire
- ✚ Please answer the questions correctly and as accurate as possible
- ✚ Tick or Circle the correct answer in the boxes provided against the questions where provided.
- ✚ Write brief answers where explanation is required.
- ✚ You need not write your name on the questionnaire.

Abbreviations

SD Strongly Disagree for which response scores 1
DA Disagree for which response scores 2
N Neutral for which response scores 3
A Agree for which response scores 4
SA Strongly Agree for which response scores 5

SECTION A: Demographic Information

Gender: Male Female

Age: 21-25 26-30 31-35 36-40 Over 40

Educational Level: Below Diploma

Diploma

BA/BSc. Degree

Masters Degree

Above Masters Degree

Work Experience: 1-3 4-6 7-10 11-15 Over 15

Department which you're working:

Finance HRM Marketing Others Specify _____

Work Position: Top Level Middle Level Lower Level

Section B: Questionnaires

This survey asks questions about your company's compensation package you offer to your employees. If there is something that I have neglected to consider please don't hesitate to include or comment. Please check (√) that applies and answer open ended question under each heading.

1. Basic pay

<u>NO</u>	Items	SD	DA	N	A	SA
1	Pay increase directly linked to productivity in my company.					
2	My company provides employees with salary/wage increase to adjust the cost of living.					
3	Salaries paid in my company are better when compared to what employees could earn in another company doing the same job.					
4	Employees' detainment with my organization is highly depending up on the sound salary structure.					

What do you propose or suggest further ought to be included in your basic pay scheme?.....

2. Premium pay

NO	Items	SD	DA	N	A	SA
1	Night shift premiums are given in accordance to shift work pattern and it is are attractive and reasonable					
2	Employees receive overtime pay for hours worked in excess of standard hours in a work week with higher rate of payment than the standard rates.					
3	My company provides additional pay for performing hazardous duty or work involving physical hardship.					
4	Company pays additional compensation when they need employees' service on-call although they are not scheduled for duty on that day.					
5	Attractive additional pay is given to employees when they worked on any days other than my scheduled days of work like holiday worked, Sunday worked, standby duty, and the like.					

What do you propose or suggest further to include in your premium pay scheme?.....

.....

3. Job related Incentives

NO	Items	SD	DA	N	A	SA
1	Cash Bonuses are awarded besides regular wages as performance incentives to increase employee productivity.					
2	My company has profit sharing plan that award employees a percentage of company's profit.					
3	My company uses commission as incentive to increase employee productivity.					

What do you propose or suggest further to include in your incentive scheme?.....

.....

4. Fringe Benefits

NQ	Items	SD	DA	N	A	SA
1	Job-related education opportunities are provided and the reimbursement of the expenses is made by the Company.					
2	My company provides furnished house or house allowance to employees.					
3	When the employees are in business tour and traveling, such related expenses bear by the employees are reimbursed by the company.					
4	Executives are provided with fueled company car or petrol allowance to bear their travelling expenses.					
5	My company provides leave travel assistance to the employees and their family members when they are leaving to vacation.					
6	My company allows reimbursement of telephone and cellular phone expenses.					
7	My company provides discount rates of the company products purchased by the employees.					
8	My company provides transport facilities.					
9	Company provides work wear to its employees at different level according to their work pattern.					
10	Company provides loan to their employees with the lower rate of interest to meet their additional financial needs.					

5. Leaves

NQ	Items	SD	DA	N	A	SA
1	Company considers employees personal problem and duly granted annual leave.					
2	Company provides female employees with adequate paid maternity leave.					
3	My company provides sick leave as per the norms and in certain genuine cases sick leave is extended beyond the standard days till employees get cure.					
4	Employees are permitted time off from work to attend for their higher studies class.					

5	In my company there is a provision of encashment of annual leave which are not used by the employees and payment is made at the end of the year.					
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What do you propose or suggest further including in your leave benefits?.....

6. Health and Insurance

NO	Items	SD	DA	N	A	SA
1	Employees are provided continuation of salary during work related disability in our company.					
2	My company covers life insurance for all employees with the reasonable contribution from their monthly salary/wage.					
3	Employees' medical insurance is sponsored by our company.					
4	Medical bills with reasonable amounts are imbruted for all employees in my company.					
5	Women employees are not engaged in arduous or harmful to their health.					

What do you propose or suggest further to include in your health and insurance benefits?.....

7. Retirement and Termination benefits

NO.	Items	SD	DA	N	A	SA
1	My company employs defined contribution pension plan and offers at the time of retirement as regard to company policy.					
2	Severance pay is granted to employees up on termination of employment based on length of service.					
3	There is provident fund scheme in addition to pension plan in our company.					
4	My company has an extension of medical benefits and					

	Insurance continuance offer to retirees.					
5	Funeral expenses are covered when company employee dies.					

What do you propose or suggest further to include in your retirement and termination benefits?.....

8. Employee welfare benefits

No		SD	DA	N	A	SA
1	There are subsidized meals in our company cafeteria.					
2	Company provides to its employees library facilities with good collection of books, journals, newspapers etc. to upgrade their knowledge.					
3	Employees have the opportunity at the end of the work day or hour to participate in their personal hobbies and interests as there are recreational provisions like Gym, swimming pool, indoors and out door games.					
4	Company invites family get together by arranging office parties, picnics, sports, cultural events etc.					
5	We have company sponsored services to help employees with personal problems that affect job performance (stress, substance abuse, family problems, etc.).					

What do you propose or suggest further including in your employee welfare benefits?.....

9. Effect of payment on job satisfaction

No	Items	SD	DA	N	A	SA
1	My salary adequately meets my needs and I am motivated and satisfied with my current job.					
2	The fringe benefits provided to me by company motivated me to work harder.					
3	My salary is compatible with my job and I am satisfied with my current pay.					

4	My basic pay is compatible to other people in other industries with the same level and experience.					
5	Leave benefits provided with my company is motivated me to be satisfied on job.					
6	Health and insurance benefits provide by company is motivated to work hard and I am satisfied.					
7	Company welfare benefits are satisfied employees on their job.					
8	I like doing the things I do at work. Then it motivates me to work hard.					
9	Company management decisions making style help me to be productive and courage to do a job.					
10	Senior and hard-working employees receive recognition from the company, this motivate me to work hard					

10. Employee promotion opportunity

No		SD	DA	N	A	SA
1	Those who do well in job stand fair chance of being promoted. Then am motivated and satisfied on my job.					
2	Management decision planning emphasizes on developing my careers.					
3	Company rules and regulations give rooms for promotion opportunity. This has direct relationship to my job satisfaction.					
4	Those who working for long years has got promotion then it motivated me to work harder.					
5	Those working harder are getting the chance of higher Status					

11. Recognition Job satisfaction

No	Items	SD	DA	N	A	SA
1	Company management is open minded and polite towards employees and employees are committed on their job.					
2	Some of working conditions are enjoyable and meaningful then employees are committed on their job.					
3	Company rules and regulations are safe for employees the most of employees are committed on their job.					
4	There is room to participate on company decision making process then it motivates me to work hard.					
5	Many of company procedures make good job simple, this motivates employees to work hard.					
6	I enjoy working with my co-workers it motivates me to work hard.					
7	The support of my supervisor is meaningful, and motivates me.					
8	Company information flow process encourages working hard and forced me always on job.					
9	Those who work hard are having getting the chance of prizes.					
10	Company rule and regulations considers family life					

12. Job satisfaction

No		SD	DA	N	A	SA
1	I am generally satisfied with my organization					
2	Management tries their best to ensure that employees will not leave from the company					
3	When the compensation increased, my satisfaction on job is increasing					
4	The company compensation system is closely related with					
5	I am satisfied on company recognition and reward system					

Thank you!

