

Addis Ababa University
School of Commerce
Department of Human Resource Management

**THE IMPACT OF REWARD AND BENEFIT ON EMPLOYEE
RETENTION: IN THE CASE OF
COMMERCIAL BANK OF ETHIOPIA**

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Declaration

I, Mekdelawit Adane, declare that this research work is my original work and it contains no material previously published by another person or material which has been accepted for the award of any other degree of the university. All source of material used for the study have been duly acknowledged.

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Appendix A: Questionnaire designed for Commercial Bank of Ethiopia employees

List of Acronyms or key words

CBE.....Commercial Bank of Ethiopia

NBE.....National Bank of Ethiopia

HR.....Human Resource

HRM.....Human Resource Management

SPSS.....Statistical Packages for Social Science

Abstract

Researches have been undertaken by which they focused on achieving organizational goals through employees and little emphasis has been given to employee's needs of reward and benefit that will make them stay in an organization. The purpose of this research was to determine the impacts of reward and benefit in employee retention in the Commercial Bank of Ethiopia. As a competitive advantage in every organization, employees need to be satisfied with the packages of reward and benefit for them to stay in the organization. Questionnaires were distributed for a sample population of 180 employees of the bank in order to find out results that describe the entire employees at the Commercial Bank of Ethiopia about their stand on selected rewards and benefits the bank offers i.e. payment (salary, bonus and increments), personal security(medical facilities, insurances, compensation on layoffs), learning and development(trainings, carrier developments), working environment(communications, suggestions and grievances, culture and emotional climate), financial assistance(mortgage loans, car loans and personal loans) to reach at their current status of staying in the organization. The findings show that employee needs on payments and financial assistance which took dominance as a factor of affecting employee retention in banking industry are not satisfied while more elements in the personal security, learning and development and working environment are more or less being met. It is recommended that the organization should continually review the reward and benefit practices to ensure alignment with the potential impact of changes in the macro environment and make different requirements of employees as a factor that will help retain experienced and talented employees.

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Organizations always try to work on their different techniques in order to maintain their skilled and talented employees. Employee retention is a process by which employees are expected to stay in the organization with their willingness for the maximum period of time. Every organization invests time and money in hiring new employee, make them a corporate ready material and bring them at same level with the existing employees. The organization is completely at a loss when these employees leave their job once they are fully trained and completely adjusted to the job. Rewards and benefits are in general direct and cash or indirect and non-cash compensation paid to an employee for the job done in an organization. Schuler and Jackson, (2006) define retention as everything an employer does to encourage qualified and productive employees to continue working for the organization. Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term Chaminade, (2007). The retention of employees has become a leading challenge faced by many organizations worldwide.

Similarly, According to Mayfield, (2008) retention of valuable employees is one of the most significant issues confronting leaders. Retention of talented employees by employers is imperative because the organization's competitive advantage is often dependent on the specialized knowledge and skills possessed by these employees Schreuder and Theron (2001). According to Accenture (2001) study on high performance issue find that organization strategy regarding employee retention primarily started from US, Europe and Asia. Given the mobility nature of talented employees, retaining them becomes a matter of concern to employers since, in the view of Buckingham (2000), their leaving means a loss to the organization of its intellectual capital or intangible assets.

Commercial Bank of Ethiopia is one of a state owned bank in Ethiopia established in 1942. It was legally established as a share company in 1963 taking over the commercial banking activities of the state bank of Ethiopia. In 1974, CBE merged with the privately owned Addis

Ababa Bank. Since its establishment the commercial bank of Ethiopia has been playing significant roles in the development of the country and being Pioneer to introduce modern banking to the country.

It has more than 1148 branches all around the country as of December, 2016 (source; published CBE magazine December, 2016). It is established with the basis of the Bank's business operation under Monetary and Banking Proclamation No. 83/1994, Licensing and Supervision of Banking Business Proclamation No. 84/1994, Banking Business Proclamation No 592/2008, and the various directives of the National Bank of Ethiopia (NBE).The Bank has a process -oriented corporate structure and each process headed by a process owner.

In today's competitive banking environment the CBE as a government financial institution needs to put too much emphasis in retaining skilled and experienced employees. While competing for customers with a direct contact with employees, the later needs to be motivated and benefited by the organization in order for them to reflect their commitment to the customers they are serving. The major goal of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time. According to Antomioni, (1999), "The amount of effort people are willing to put in their work depends on the degree to which they feel their motivational needs will be satisfied.

Employee retention is becoming a major factor that affects the banking sector through losing talented and experienced employees to others in the industry. So organizations are now a day's developing various reward and benefit strategies and practices to make sure that these skilled employees are not only attracted and get hired but also they are fully exploited and retained for the longer survival of the organization in the industry it is operating in.

Researches have suggested several factors affecting employee retention, from those benefits and rewards practices in an organization play a vital role in keeping them motivated and staying longer in the organization. Employee retention is more important as hiring as it increases turnover expenses, spending on orientation, trainings cost of replacing old and experienced employees.

Reward is something that is offered by the organization to the workers in response of their performance contribution which are expected by the worker Agarwal, (1998). Reducing employee turnover is a strategic and very important issue. No business can enjoy and sustain the success until it deals with the problem of employee turnover efficiently and successfully Ongori, (2008). Turnover has negative effects on productivity, product and service quality, and profitability. The cost involved in hiring new employee is high and finding skilled employees can be difficult Boyens, (2007) Cappelli (2008), believes that retaining the organization's valuable employees can be more expensive than employing a new one.

Strategic human resource management theory has showed the correlation between high investment in human resource systems and employee turnover intention, which resulted in a significantly negative relation Arthur, (1994), Guthrie, (2001), Batt, (2002). In the past, scholars have pointed out, from different views, that pay and benefits are important factors which affect employee turnover intention.

Keeping the best people closest to the organization's core competencies, leaders said, is important as they must selectively identify and retain the people who are essential to their 'going forward' business model.

The leaders interviewed believe that in good economic times and bad they must retain the people who perform and have competencies and skills that match the business' core talent needs. In this regard employee benefits and rewards have considerable and important foundation in retaining these employees as others are looking forward to have them in their organizations.

The compensation system that an organization offers to its employees play an important role in determining the commitment levels of employees and their retention. According to Willis (2001), compensation is one of the crucial issues as far as attracting and keeping talent in the organizations. Therefore wages influence the attraction and retention of the workforce Parker & Wright, (2001).

Changes in employee benefits and rewards packages in same industry and working environment have a direct effect on employee's stay in one organization. As there are many different banks in Ethiopia the packages used to retain employees of the commercial bank of Ethiopia needs to be very competent on improving and coping up with the current pay system.

1.2. Statement of the Problem

Relating the reward and benefit policies and procedures with an effective retention strategy will have a positive impact on organizational success. Retaining key and desirable employees in an organization has become challenging in a banking industry where demands for these valuable human assets is becoming fiercely competitive. Therefore an organization trying to compete in this environment needs to make appropriate rewards and benefits strategies to make employees satisfied and loyal to the organization.

Having to implement poor techniques of rewards and benefits in an organization leads to a long term endangerment and consequences of not being able to attract or retain good employees that would be valuable to the company.

People are an organization's most critical asset because outstanding people give an organization a competitive advantage Kaye & Jordan, (2005). In every organization especially in the current banking environment it becomes difficult to make employees stay with the organization even with applying an attractive rewards and benefits practices. Employees need to be satisfied in order for them to put on their full effort and act as a competitive advantage. According to Watson, (1994) business has come to realize that a motivated and satisfied workforce can deliver powerfully to the bottom line. Satisfied employees are deemed to be an effective labor force and become an important asset for the organization's effectiveness (Masri, 2009).

As it is becoming a competition achieving a vision of becoming world class bank by the year 2025, the commercial bank of Ethiopia needs even to be competitive with that of the private banks available in the country first. In achieving this goal the bank needs to compete in the industry through applying different techniques that also needs the human resources. As the human resource is the reason to reach at the vision point of every organization, the commercial bank of Ethiopia should try to keep these employees with skills and experience to stay with it as a competitive advantage.

As the bank industry in recent years becoming a highly competitive environment in hiring talented and skilled employees they are also competing with each other with these employees to make them stay longer in the company through different kinds of benefits and rewards packages.

With this regard now days the commercial bank of Ethiopia is facing a bigger question on answering these needs of employees so as to maintain and compete in the industry.

Retaining these talented and skilled employees who will perform their best as they are satisfied with organizations human resource practices, rewards and benefits being the major aspects will have a significant effect on organizational survival in competitive environment like the banking industry where customers are choosing to be treated like a king. The reward and benefit packages in an organization can be perceived in different ways with employees working in different position, so building employee commitment and decreasing the turnover rates needs identifying this differences and making a benefit and reward strategy suitable for the talented and skilled employees.

Due to the changing market that has emerged, employees are becoming less committed to their organizations. As this has become difficult for the banking industry as well, the commercial bank of Ethiopia is also facing this problem as it has been proven with the turnover rate which is being increasing every business year. Hence investigating the impact of existing rewards and benefits in CBE is a potential area for research. Implementing an effective retention strategy is sometimes complicated as employees needs to stay motivated and stay longer in the company differs from one another and an organization's limited resource to meet all the requirements of the workforce. The researcher investigates how rewards and benefits impact employee retention in the Commercial bank of Ethiopia.

1.3. Research Objectives

1.3.1. General Objective

The general objective of the research is to study how rewards and benefits have an impact on employee retention in the case of Commercial Bank of Ethiopia.

1.3.2. Specific Objectives

- To examine the level of employee retention in Commercial Bank of Ethiopia.
- To find out the impact of employees reward on retention.
- To find out the impact of employees benefit on retention.
- To examine the effects of working environment and employee development on employee retention.

1.4. Research Questions

- What is the level of employee retention in CBE?
- What is the effect of reward on employee retention in CBE?
- What is the effect of benefit on employee retention in CBE?
- What are the effects of working environment and employee development on employee retention in CBE?

1.5. Significance of the Study

The study on impact of reward and benefit on employee retention provides different information on how the rewards and benefits policy and procedure aspect of an organization human resource management has an impact on retaining employees. It also provides basic data about which rewarding and benefit practices has more impact on employees working in the Commercial bank of Ethiopia. It also shows how rewards and benefits have a direct relation on motivating and retaining employees. Some findings and updated data of the study will provide as a reference, source of information, benefits academicians and other practitioners as a documented research for future studies intended to be made in the area.

It contributes to the bank as a means of information on where it is standing when it comes to paying rewards and providing benefits as opposed to competitors in order to retain talented and good employees.

It also provides the bank with information on the reward and benefit needs of employees. This study also has a benefit for academicians and other practitioners as a documented study. Furthermore the findings of this study help provide information on how to manage and implement the reward and benefit policies and procedures and work on its employee retention strategy.

1.6. Limitation of the study

This study has a number of limitations:

- All findings are based on the information provided by the respondents, and are subject to the potential bias and prejudice of the people involved.
- The scope of the study is restricted to the study of employees in CBE Addis Ababa one district (South Addis Ababa district).
- As such, the findings may change if the study were to be applied to a different area, demographic landscape or economy.

1.7. Scope of the Study

Employee retention can be influenced with different variables; however this study only focuses on impacts of benefit and reward on employee retention. This study is only conducted on Commercial bank of Ethiopia as it is difficult to work through all banks that work in the industry. The research focus on this government bank, with more than 1000 branches, head office, and 15 district offices and different facilitating offices while limiting the study to the selected sample of the south district in Addis Ababa.

It is under the control of government financial institutions which can make the employee management different than private banks. The data is collected from employees of the Commercial Bank of Ethiopia working in selected branches and district office located in Addis Ababa which is the primary focus of the study. On this study retention factors of reward and benefit that influence employees to stay in the organization are considered.

1.8. Organization of the study

This paper is organized with five chapters that include chapter one with contents of background of the study, statement of the problem, research questions, objectives of the study, significance of the study, limitation of the study and scope of the study. Chapter two has Review of related literature, Theoretical Literature Review, Empirical Studies and Conceptual Framework. Chapter three includes Study area, Research design, Research approach, Population and sample design, Sample size determination and sampling techniques, Methods of data collection, Sources of data, Data analysis methods and Ethical considerations. Chapter four includes Respondent's demographic information, Descriptive analysis of variables, Reliability and validity test, Correlation and Linear regression analysis. Chapter five with Summary and findings, conclusions, recommendation and suggestions for future researchers.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature Review

In this chapter a theoretical literature and related views of various authors and previous researches done are reviewed, key concepts under this study and other causes will be assessed.

2.2. Introduction

2.1.1. Rewards and Benefits

Rewards are something that is offered by the organization to the worker in response of their performance and contributions which are expected by the workers (Agarwal, 1998). Rewards can be in the form of intrinsic (recognition/ certificate etc) or extrinsic (cash/ bonuses etc). Rewards are very important for enduring impression on employees and support their perception on their value to the organization Silbert, (2005). Some researchers argue that on the company side competitive reward package is a strong commitment and also build strong commitment on the workers side. The way people are paid affects the quality of their work, their attitude towards customers, and their willingness to be flexible and learn new skills Milkovich, Gerhart, & Hannon, (1991). Pay may be one way workers measure whether the time they spend and the effort they put into working are worthwhile Ryan & Sagas, (2009).

Reward management has a strategic significance by contributing towards organization's business goals by means of reward policies, processes, and practices to support its implementation Armstrong and Murlis, (2007). A reward packages in an organization will have a positive impact on employee behavior and performance if applied effectively.

Benefits are arrangements made for employees by their employers in order to enhance their well-being. They are part of the total reward package where it is added to their pay. Benefits can be

categorized into main areas as voluntary benefits, financial assistance, personal needs and security and company cars.

Employee benefits provide for personal needs of employees and they are considered as a means of increasing their commitment to the organization and a demonstration that the employers value their well-being. Organizations offering their employees with the total remuneration package can achieve a competitive advantage of retaining talented employees as opposed to other organizations in the industry that don't provide an employee benefits to their workers.

2.1.2. Payments

Salaries are a form of payment from an employer to an employee for a work performed. Base pay should be value-added and competitive with the market in general, for which it is common to use individual rates, ranges, spot rates and broadband. When setting pay levels, ability to pay is paramount, supported by an examination of market rates, which may also be rates must be equitable and competitive. Equitable and competitive pay is seen as a key requirement if key talent is to be recruited and should be retained. It plays an important role as the company must get it right in order to compete for and retain key talents.

2.1.3. Learning and Development

Developing an opportunity for increasing skills and employability is one of the reward methods of work place learning. Learning can be intentional and planned, aimed at training employees by supporting, structuring and monitoring their learning on the job. It is a continuous part of the job by which they develop knowledge and skills while dealing with challenges that happens with everyday work. Since learning and development opportunities appear crucial for the retention of talented employees Arnold, (2005), Hytter, (2007), Walker, (2001), an organization must establish a supportive learning and working climate. Learning and development is considered as a core organization strategy influencing both employee retention and human capital growth.

2.1.4. Work Environment

Working environment can be influenced with core values of an organization which is the most important thing for creating favorable work environment. It can also be influenced with leadership style of the organization which will build a constructive and supportive relationship

between themselves and members of their team. Work environment is considered one of the most important factors in employee retention Zeytinoglu&Dento, (2005). Work environment characteristics in services sector are different from production sector, because services sector directly deal with consumers / clients Normann, (1986). The interaction depends on the kind of job or business, which in banking sector it happens to be more interactions with customers. The interaction between employees and client / consumer move from physical to Psychological dimension. Psychological work environment consist of work load, decision, support, stressors, latitude and decision etc. It is much important to know and recognize the emerging needs of employees and provide good work environment as required to keep the employees committed with organization.

According to Ramlall (2003), people strive to work and to stay in those corporation that provide good and positive work environment, where they feel that they are being valued and making difference. By which employees of such organizations are always pushing the organization forward to its vision. Research conducted by ASID find that physical & work environment play pivotal role in employee's decision whether to leave the job or stay and is considered as a major factor in employee retention.

2.1.5. Personal Security

It includes some of the voluntary benefits an organization offers the employees which may include health care, insurance covers, sick pay and career counseling. Investing on employees' health and wellness is beneficial for organizations that intent to retain healthy workforce.

2.1.6. Financial Assistance

This benefit type can take the form of company loans, season tickets, mortgage assistance and relocation package. Various studies emphasize that money; benefits and different forms of compensation can help attract, retain and motivate employees and help achieve organizational goals Barber & Bretz, (2000); Chiu, Wai-Mei., & Li-Ping,(2001).

2.1.7. Retention

Employees may look for opportunities elsewhere if they have doubts of the fairness of employer dealings with employees towards the distribution of the reward and benefit packages. Giving fair and competitive rewards and benefits is a better choice for employers for the reason that employee replacement costs much higher than expenditure incurred on retaining them. There has been several research conducted to examine retention strategies in different organization. An organization which understands employees' need and aligns organizational goals accordingly would not face turnover difficulties.

Retention management is defined as “the ability to hold onto those employees you want to keep, for longer than your competitors” (Johnson, 2000). Retention factors incorporating the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty, and commitment Boomer Authority, (2009).

Employee turnover has been considered a very expensive cost incurred with every organization. Rewards and benefits are one way to reduce the turnover rates which in return increase employee retention through increasing employee commitment and engagement in the organization. Strategies to influence employee attitude have a positive impact on their performance enhancing their commitment levels.

This would in turn reduce organization's cost and help them achieve their objectives efficiently. Retention is more of a management problem than employees because of the costs associated with it. Chew and Chan (2008) argued that managers face two significant ongoing organizational issues, namely, eliciting the commitment of employees and retention. If employees are committed to an organization, they are less likely to leave or be absent and may also display other behaviors which are valuable to the organization Maurer &Lippstreu (2008). Even a single demotivated core employee in an organization can lead to low productivity in the organization Gandhi, (2010). To be effective, managers need to understand what motivates employees within the context of the roles they perform (Lindner, 1998).

Kaye and Jordan, (2005) indicate that managers must stop guessing what it is that keeps their stars home and happy -managers must not assume all employees want the same thing, such as pay or promotion. A variety of factors motivate people at work, some are motivated with tangible, such as money, and others are motivated with intangible, such as a sense of achievement, recognition Spector, (2003) and some may be attracted with company's benefit packages.

Every organization deals with the issue having to retain skilled and experienced employees for the sake of its survival. Failure to motivate employees with different techniques of human resource practices will lead to organizations being dragged down to low productivity and negative effect on service delivery. Though that is the primary aim of every organization, it has become very challenging for employers and managers to put in effective retaining strategies because of the fast growing opportunities for high performing employees.

Phillips and Connell (2002) state that employee retention involves being sensitive to employees' needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005) include career growth and development, competitive compensation benefits, opportunities for training and supportive management. With rewards and benefits being the major motivational techniques that will work more on employee retention there are other types of methods that makes employees leave the organization, this includes lack of interesting work; lack of job security; lack of promotion and inadequate training and development opportunities, amongst others.

Research studies highlighted the linkage between rewards and employee retention Watson Wyatt, (1999); Tower Perrin ,(2003); Mercer,(2003) and give insights into what workers want to do, their words about the rewards and their feeling regarding the work and reward matter.

It is paramount to retain talent employees. Taylor, (2002) addresses the importance of employee retention as mentioned below.

- There are several new job opportunities; however there is shortage of talent employees.
- There is an increase in getting skilled employees. This makes it critically important to hold on to the talent employees.

- With the aging workforce, their retirement takes away the experience they carry. New employees can replace them not the knowledge of the leaving employees.
- Most of the jobs require adequate knowledge along with skill.
- New work culture demands more flexibility, which makes employees less committed and involved.

Similar are the views of other theorists expressing a need for HR practices to match with the organization's culture to gain competitive advantage. Having right employees for the right job will create committed and involved employees keeping turnover rates to the minimal, resulting in high guest satisfaction, customer loyalty and high service level Dawson and Abbot, (2009). Reasons for high turnover may also include demographics of employees and demanding nature of business.

The cost of turnover is not limited to monetary losses, it may also lead to customer dissatisfaction, low employee morale, employee productivity effecting over all organization's performance Verma, (2013).

The organization believes that even with an uncertain economy, the best employees have options. They believe in retaining talent employee Fisher, (2008). As an initiative to retain talent employees, organizations are now going towards voluntary benefits which help employers to increase employee's salary Lovewell, (2010). Some interesting findings about employee benefits by Weathington and Jones, (2006) suggests that when offered both monetary and non-monetary benefits for employees, what works best depends upon the employer and employee relationship.

Before implementing retention strategies in the area of rewards and benefits, organizations need to consider whether these strategies match individual needs of employees and whether they are likely to have an intended effect of increasing employee retention.

Both employee rewards and benefits alone are no longer considered as a strong retention strategy; they have to match with employee's expectations. To remain competitive with their retention strategies, organizations are shifting their employees' needs of rewards and benefits prior to their employee-cost. Sufficient enough compensation and reward packages improve employee motivation, productivity and increases their stay with the organization by leading it to better organizational performance and being a competitive advantage.

Research shows that pay levels and pay satisfaction are modest predictors of employee turnover Griffeth, Hom, & Gaertner, (2000). The compensation levels of employees in an organization should be comparable with those offered by others in the industry.

Competitive compensation and benefits increase employee job satisfaction and simultaneously reduce the attractiveness of alternative job offers Allen, (2010). Review on related literature of this title also acknowledges that successful organizations share a fundamental philosophy of valuing and investing in their employees Maguire, (1995); Annand, (1997) and managing retention of promising employees is considered as fundamental means of achieving competitive advantage amongst organization walker, (2001).

Organization utilizes extensive range of human resource management factors influence in employee commitment and retention Stein, (2000); Beck, (2001); Clarke, (2001); Parker and Wright, (2001)

2.2 Empirical Studies

Rice, McFarlin, and Bennett (1989) find that workers' satisfaction is a function of what they perceive their contributions and job requirements are and what they should receive in return; this is confirmed by Chelladurai, (2006). If they feel that their efforts and contributions exceed the rewards from the organization and the job, especially in pay, dissatisfaction may occur. Ryan & Sagas, (2009) which may in return lead to increased turnover.

Bergmann and Grahn (1994) find that well designed employee benefit packages are effective tools for attracting, motivating and retaining government employees.

Today, the essence of having reward system for employees in organizations are to meet three objectives which are to attract the right people for the right job, to retain the best employee by appreciating their contribution towards organizational profit and to motivate employees to perform best to their ability Shields, (2009). Mark Murphy, author of *The Deadly Sins of Employee Retention* and CEO of Leadership IQ, a Washington D.C.-based executive education firm mentions that motivation in the form of bonuses, office parties, alone cannot help organizations to improve employee retention. There is a need for setting foundation by attracting right people, by allowing employee a margin of error in the assigned task which helps them in

building trust and confidence towards the organization. And finally building a nice rapport with employees leaving so that need be they consider coming back to the organization Spiro, (2010).

According to Ponn-kekana et al. (2005), some of the reasons for employee turnover include lack of promotion, insufficient pay, work overload, and some other motivation related issues such as opportunities for training and development, job insecurity and a lack of recognition of good performance. Dess and Shaw (2001) argue that turnover incurs significant cost, both in terms of direct costs (replacement, recruitment and selection, temporary staff, management time) and indirect costs (morale, pressure on remaining employees, costs of learning, product/service quality, organizational memory and the loss of social capital).

There have been several researches done on role of performance appraisal, career progression, work life balance, training and development, compensation and benefits as retention strategy, however, big question is does these help to retain talented employees? Talking about one of the most successful restaurant chains, McDonalds, a very simple retention strategy made them the winners of the Grand prix prize for having the most effective reward strategy aligned with one of the organizations goals to achieve employee retention. The employee benefit program of the group is designed to attract, retain and engage talent employees who with their string performance will help the organization accomplish its goals and objectives.

Many studies have been conducted on employee motivation affecting employee retention, Owusu T, (2012) conducted research on the effects of motivation on employee performance of commercial bank in Ghana and the researcher used salary, fringed benefits, promotion, and loans as motivational factors. Michael S., (2008) conducted study on using motivational strategy as an answer for employee retention and turnover in both public and private sector organizations in South Africa and the researchers used training and development, recognition, reward, a competitive salary package and job security as motivational factors. Pessaran D. and Tavakoli S. (2011) conducted research on identifying the employees' motivation of Parsian hotels in Tehran and the study used salary, security, working condition, status, achievement, recognition, growth and advancement, work itself and responsibility as motivational factors.

Organizations that are more committed to their workers typically made more investment as compared to similar organization in progressive human resource practices like education,

training and development and reward packages Arthur, (1994); Huselid, (1995). Luna-Arocas and Camps, (2008) believe that maintaining a stable workforce is one of the key sources of sustainable competitive advantage for organizations. Employee retention is an important issue for any organization in order to reach at their achievements.

Human resource management plays a vital role in employee retention which in return comes to what has been offered and what is being expected from employees as a retention strategy. Researchers find that human resource practices of benefits and rewards seem to have the biggest impact on employee retention. Also there happens to be different expectations on the needs of employees and how to retain them the impacts of rewards and benefits, job security, training and development, supervisors support culture, work environment and organization justice can help reduce absenteeism, employee retention and better quality work Meyer and Allen,(1991); Solomon,(1992); Snell and Dean (1992); Arthur, (1994).

Empirical studies Kinnear and Sutherland, (2001); Meudell and Rodham, (1998); Maertz and Griffeth, (2004) have indicated that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were key motivational variables that influenced their retention in the organizations. Therefore this implies that management in the commercial bank of Ethiopia who are responsible for retaining employees should not only depend on intrinsic variables rather, a combination of both intrinsic and extrinsic variables should be taken in to account as an effective retention strategy. Today, the essence of having reward system for employees in organizations are to meet three objectives which are to attract the right people for the right job, to retain the best employee by appreciating their contribution towards organizational profit and to motivate employees to perform best to their ability Shields, (2009).

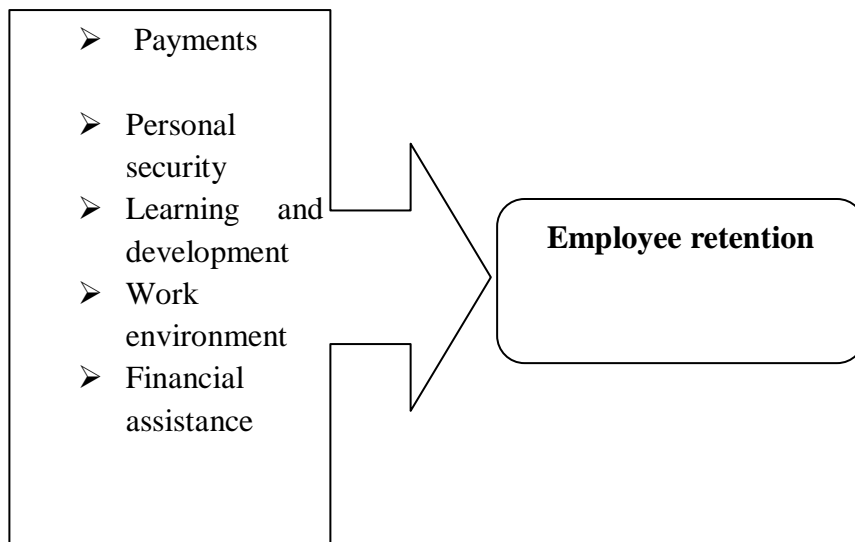
A lot of research has been conducted on the role of human resource policies in mitigating voluntary turnover, and in each of the studies, the conclusion is that Human Resource policies go a long way to affect employee retention. Memon et al. (2010), identified that appropriate and proficient organizational policies and Human Resource practices geared towards employee retention will stimulate employee satisfaction and performance. They argue that organizations that put in place practices like effective and equitable compensation structure, appropriate promotional scales, an enhance development and training opportunities will motivate their

employees to stay. Sutherland (2004), further explains that proficiently planned and well-executed employee retention program will significantly enhance productivity and reduce employee turnover expenditures.

The organization believes that even with an uncertain economy, the best employees have options. They believe in retaining talent employee Fisher, (2008). As an initiative to retain talent employees, organizations are now going towards voluntary benefits which help employers to increase employee's salary Lovewell, (2010). Some interesting findings about employee benefits by Weathington and Jones, (2006) suggests that when offered both monetarily and non-monetarily benefits for employees, what works best depends upon the employer and employee relationship.

2.3 Conceptual Framework

Based on the overall review of related literatures, the following conceptual model study is developed. The model shows the co-relation between variables (independent) that will affect employee retention (dependent) variable.



Independent variables **Dependent variable**

Figure 2-1 Conceptual framework

(Source, own)

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Study Area

The commercial bank of Ethiopia operates its services in different areas of the country. With this regard the bank has 15 district offices with each district there are different branches in the area. In the city of Addis Ababa there are 4 districts namely north, south, east and west. The study will only cover the south district.

3.2 Research Design

As the research is all about implicating the impact of rewards and benefits on employee retention, one time data collection with a descriptive research design of showing various phenomena's connected to individuals, situations or events is applied. This design helps on the secondary data in order to describe a few aspects of clearly structured problems related to employee retention and the impacts of the reward and benefit on them. The explanatory research design is helpful in aiming to develop some suggestive ideas on the area by collecting as much information as possible concerning a specific problem. This information is gathered from the questionnaire and the interdependence among variables of dependent and independent is explained.

3.3 Research Approach

In this research a quantitative research approaches were implemented. The quantitative approach is a research by which it is formalized and highly structured in a way that is presented in numerical form. In studying some specific variables and investigating a number of objects, the quantitative approach help make some universal generalizations. Data is measured by statistical methods, since information is transformed into numerical data and easily be presented in figure.

In this study the variables are measured in statistical methods by transforming the data collected into numerical data and comparing different aspects of rewards and benefits techniques that affect employee retention and easily presented in figure.

3.4 Population and Sample Design

From all available banks in Ethiopia the research only focuses on the publicly owned bank called the commercial bank of Ethiopia. From the total employees of 1993 professionals, 485 clerical and 287 admin staffs in south district, the research is narrowed down to a sample sized figure of 189 employees who are considered as the target population. In order to gain the data from these employees the research is applied using a stratified random sampling so as to get different perspectives of how employees perceive the impact of reward and benefit in their stay at the bank. It also helps identify the different approaches of these HR practices which are applied to different employees. From these sample groups, respondents are identified through three categories of the management group and professionals and clerical staffs.

3.5 Sample Size Determination and Sampling Techniques

For sample size determination we can use the following formula following Israel (1992). This formula is used because it gives maximum sample size and it is the most conservative sample size.

$$n = \frac{z^2 pq N}{e^2(N-1) + z^2 pq}$$

Where, n=sample size

N=no. of employees in the study 2,765

p= proportion

e= is the desired level of precision (e=7%)

z= the value of standard vitiata at a given level of significance to be read from statistical table (z=1.96 for 95% confidence level).

$$n = \frac{(1.96)^2 (0.5)(0.5)2765}{(0.07)^2(2765-1) + (1.96)^2(0.5) (0.5)}$$

$$n = 189$$

In order to estimate the proportion (p), one method in the absence of additional information is to take p=0.5 and q=1-p as proportions. Therefore following the above sampling techniques and using the sample size determination formula a total of 189 employees are going to be proposed to be selected randomly for the study.

3.6 Methods of Data Collection

Data is gathered with the technique of distributing questionnaires to branch employees in south district branches. This questionnaire is distributed to answer the five factors incorporated with employee retention. These factors include payments, personal security, learning and development, working environment and financial assistance the outcome being employee retention. It is designed to bring relevant information from the respondents of this questionnaire. Retention questions were adopted from Chew (2004), research made at 8 Australian organizations which assessed the influence of HRM practices on employee retention. Questionnaires concerning the independent variables are adopted from different researchers worked in the area were the reliability and validity has been checked on the study.

3.7 Sources of Data

Primary and secondary sources of data are used in this research. Primary data includes the questionnaires while in the secondary data, data include books, previous researches on the area, journals and articles. Reliability and validity of questionnaire is tested and the internal consistencies of items are measured using Cronbach's alpha technique. According to Raigama

(2010), Cronbach Alpha is a measure for the internal consistencies of the items that together cover the specific factor.

Cronbach's alpha

Reliability Statistics for Each Variable

Table 3-1 Cronbach's Alpha

	Cronbach's alpha
Payment	.867
personal security	.850
learning and development	.764
working environment	.899
financial assistance	.746
Retention	.812

3.8 Data Analysis Methods

Data gathered from the questionnaire are analyzed with the help of SPSS version 20 (statistical package for social science) descriptive statistics is applied for summarizing the data of respondents on their demographic information of age, gender, educational status, service year in terms of frequency percentage distribution table, mean, correlation and standard deviation. Regression and correlation techniques were applied for explaining the relation among variables. Reliable sources of respondents, related questions of the study as per the literature review were applied in order to come up with better results.

3.9 Ethical considerations

During data collection, respondents were informed as to why the data would be collected. They were informed about the objectives and methods of the study, were reassured that it would be anonymous keeping the informants confidential. Accordingly, respondents provided their response voluntarily.

CHAPTER FOUR

4. DATA PRESENTATION AND INTERPRETATION

As mentioned in the earlier chapter, questionnaires were developed and distributed for 189 randomly selected branch employees of the Commercial Bank of Ethiopia in south district. This chapter discusses the results of the quantitative phase of this research on the focus areas. This will provide how the different HR practices of the bank affect retention in this government bank. The questionnaire was designed to cover the functions that are been applied in the CBE as benefits and reward practices, these includes payments, personal security, learning and development, working environment and financial assistance. From the sample size of 189 questionnaires, 180 respondents have returned and properly filled the distributed questionnaire. Based on which the responses would indicate their significance of the factors on employee retention. It will help to clearly identify which key human resource practices relate to employee retention on this public organization.

4.1 Respondent's Demographic Information Summary

The questionnaire has two parts by which the first part is about the demographic questions of respondents including information of gender, age, educational attainment, service year(experience in the bank) and their current position. As per the questionnaires filled by these respondents, the following demographic information is summarized below.

4.1.1 Demographic Information of Respondents

Table 4-1 Demographic Information

	Bio data	Frequency	Valid percent	Cumulative percent
Gender	Male	77	42.8	42.8
	Female	103	57.2	100
	Total	180	100	
Age	Under 25	11	6.1	6.1
	25-35 years	148	82.2	88.3
	36-45 years	16	8.9	97.2
	46 and above	5	2.8	100
	Total	180	100	
Educational attainment	Bachelor degree	155	86.1	86.1
	Masters degree	25	13.9	100
	Total	180	100	
Service year	Less than a year	1	.6	.6
	1-3 years	35	19.4	20.0
	4-6 years	91	50.6	70.6
	More than 6 years	53	29.4	100

	Total	180	100	
Position	Clerical	10	5.6	5.6
	Professional	133	73.9	79.4
	Managerial	37	20.6	100
	Total	180	100	

Source: own survey, 2017

As shown in table 4-1 from the total respondents 77 (42.8%) were male and the remaining 103 (57.2%) were female. This implies that majority of respondents who filled this questionnaire were female.

The age category of the above respondents shows that 11(6.1%) were under the age of 25, 148(82.2%) were between the ages of 25 and 35, 16(8.9%) between 36 and 45 and 5(2.8%) were included in the ages of 46 and above. This shows that the bank is working mostly with the productive age groups of 25-35.

As indicated in the above table the educational attainment of the respondents were 155(86.1%) with Bachelor Degree and the rest 25(13.9%) have got Masters Degree. Which implies the bank has majority of its employees having first degree and above.

From the above table we can see that from all respondents 10(5.6%) were clerical staffs, 133(73.9%) professionals and 37(20.6%) managerial staffs filled the questionnaire. In the bank's category of clerical; secretaries and HR clerk, professionals; officers, experts and analysts and in managerial; CSM, branch managers and team leaders are included. This infers professional employees are in greater number in branch areas of the bank followed by managerial and clerical positions.

4.2 Descriptive Analysis of variables

The range for the response was one to five with one being strongly agree, two agree, three neutral, four disagree and five represents strongly disagree on the factors.

Table 4-2 Descriptive Analysis of Payment

	Mean	Std. Deviation
I feel that the payments am receiving is sufficient enough to support my life style.	4.01	.855
I feel satisfied with the salary increments i am receiving every year.	4.04	.720
The CBE pays fairly as compared to others in the industry.	2.82	1.009
I feel satisfied with the amount of annual payment of bonus given by the management.	2.28	1.129
I feel the CBE pay scale considers market value of each professional.	3.00	1.168
Average mean	3.23	

Source: own survey, 2017

As table 4-2 indicates a minimum mean of 2.28 and maximum 4.04 and a total mean of 3.23 was shown. From this responses one can infer that respondents are leaning towards disagree on the payments made by CBE. They feel satisfied with the annual bonus payment while they disagree on the increments and the payment supporting their life style. Participants feel indifferent for the CBE considering pay scales of professionals in the market value.

Table 4-3 Descriptive Analysis of Personal Security

	Mean	Std. Deviation
I feel secured in my present job.	2.28	1.129
I feel there are sufficient types of benefits.	2.34	.922
I am satisfied with the availability of medical facilities.	2.86	.926
The personal security at the CBE is attractive compared to others in the industry.	2.51	.875
Compensation paid for workers during layoffs or during any accidents occurring within the company are satisfactory.	3.12	1.032
Average mean	2.62	

Source: own survey, 2017

In personal security analysis indicated in the above table, a maximum and minimum mean of 3.12 and 2.28 respectively and a total mean of 2.62 was drawn. As the table shows employees feel secured in their job and they also feel satisfied with that of benefits of medical facilities and insurance policies included in the personal security packages. They also feel it is attractive compared to others in the industry. In compensation payments during layoffs or during accidents respondents feel the payments don't even relate to their expectations.

Table 4-4 Descriptive Analysis of Learning and Development

	Mean	Std. Deviation
When employees arrive from training, supervisors encourage them to share what they have learned with other employees.	2.48	.972
I feel there are opportunities for further education and training.	2.75	1.046
My organization links training and development with our company business strategy.	2.40	.875
My organization has full-fledged training and development department with our company business strategy.	3.34	1.010

Organization provides scope for better career development plans.	2.34	.922
The organization provides me opportunities to advance and improve my performance.	3.18	1.260
Average mean	2.75	

Source: own survey, 2017

The above table shows a maximum and minimum mean of 3.34 and 2.34 and total mean of 2.75 of respondents' feelings towards the learning and development in the CBE. From this it can be referred that the organization provides a better carrier development plan for employees and training and development is more or less linked to the company's business strategies. In providing trainings the organization lacks full-fledged training and development department and assures that employees are provided with opportunities to advance and improve their performances. Participants respond on opportunities of further education and training and sharing of their experiences on the training shows they are more or less moderate.

Table 4-5 Descriptive Analysis of Working Environment

	Mean	Std. Deviation
The work environment is comfortable.	4.16	.922
Communication systems in the organization are considered good.	3.94	.792
Employees are treated with due respect.	2.82	1.009
Employee's suggestion and grievance are considered.	4.01	.855
There is fair treatment of employees.	3.00	1.168
The working environment is open and trustworthy.	4.03	1.189
There are better co-ordination among coworkers.	2.34	.922

Working relationship between top management and their subordinates are satisfying.	3.18	1.260
The culture and emotional climate of the company is generally positive and supportive.	2.51	.875
I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings by the upper administration.	3.12	1.032
Employees are allowed to take responsibility and authority.	2.72	.872
Organization recognizes human value and culture.	2.27	.843
Average mean	3.18	

Source: own survey, 2017

In working environment analysis a maximum mean of 4.16 and minimum 2.34 and average mean 3.18 was shown in the table above. The respondents mostly don't feel comfortable in the working environment in CBE while they are satisfied with the due respect treatment they receive by working in the organization. Suggestions and grievances are not fairly and well considered. There is a better co-ordination among coworkers of the bank. The banks also recognize employee's human value and culture and have a positive and supportive climate.

Table 4-6 Descriptive Analysis of Financial Analysis

	Mean	Std. Deviation
I feel that the policy of car loan is satisfying.	2.97	.948
I feel that the policy on housing mortgage is fair as compared to the others in the industry.	4.16	.922
Benefits regarding personal loans in the organization are satisfying.	2.28	1.129
Average mean	3.14	

Source: own survey, 2017

The table above shows that employees of Commercial Bank of Ethiopia in their current financial assistance of the bank consider benefits regarding personal loans more or less satisfying. However the car loan is thought-out as neutral in way that majority of the bank’s employees has not considered owning a car. Meanwhile, housing mortgage is felt very low compared to other banks offering to their employees.

Table 4-7 Descriptive Analysis of Retention

	Mean	Std. Deviation
I am currently considering leaving the organization.	2.806	.9636
I have started to look for other jobs.	2.82	1.009
I plan to work at my present job as long as possible.	2.29	.895
I plan to stay in this job for at least 2-3 years.	3.00	1.168
I will most certainly work for a new job in the near future.	3.32	1.372
Average mean	2.85	

Source: own survey, 2017

The above table indicates a minimum and maximum mean of 2.29 and 3.32 and total of 2.85. Employees are currently considering leaving the organization and looking for other jobs while others plan to work in CBE as long as possible. Some feel indifferent on staying at the CBE for 2 to 3 years.

4.3 Reliability and Validity test

The reliability analysis is a test for making sure the respondents’ answers were consistent to all measuring items and the degree to which an instrument measures the same way each time it is applied under the same condition and same subject. It shows that the degree that items are independent measures of the same concept; they will correlate to each other. For this study reliability was tested by calculating Cronbach’s alpha which in total has resulted in 0.94. As per Nunnally (1978) recommendation a minimum level the Cronbach’s alpha is 70% and for this study reliability was able to be assured.

Validity indicates the degree to which an instrument measures what it's supposed to measure (Kothari, 2004). In designing and ensuring the reliability of this questionnaire; clarity, length and wording of the question have been checked.

4.4 Correlation

Correlation is a technique for investigating the relationship between two quantitative, continuous variables. Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. Correlation in this study shows the positive relation between the independent variables; payment, personal security, learning and development, working environment and financial assistance with the dependent variable retention.

The value of the coefficient (r) ranges from -1 to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variables. If $r = 0$ there is no relationship between the variables and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between +1 and 0 or between 0 and -1, the different scholars have proposed different interpretations with slight difference. For this study Bartz (1999) is applied for describing the strength of association among variables as mentioned in Table below.

Table 4-8 Interpretation of r Value

Value of r	Description
0.80 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very low

Source: Bartz ,1999

Table 4-9 Correlation

Correlations							
		Payment	personal security	learning and development	working environment	financial assistance	retention
Payment	Pearson Correlation	1	.768**	.731**	.785**	.793**	.804**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
personal security	Pearson Correlation	.768**	1	.692**	.842**	.728**	.761**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
learning and development	Pearson Correlation	.731**	.692**	1	.725**	.587**	.631**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
working environment	Pearson Correlation	.785**	.842**	.725**	1	.631**	.828**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
financial assistance	Pearson Correlation	.793**	.728**	.587**	.631**	1	.596**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
Retention	Pearson Correlation	.804**	.761**	.631**	.828**	.596**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: own survey, 2017

As it can be seen in the above table, the pearson correlation r has a value ranging from .596 to .828 which shows that the factors (independent variables) have moderate to very strong and significantly positive relation with the dependent variable (employee retention) with $r > .5$ and $p < 0.01$ for all variables it is clear that all variables significantly affect employee retention. This implies that an increase or decrease in any of the variables has similar impact on employee retention. Payment variable shows r value of .804 which is more than 8 and shows a very high correlation with the dependent variable employee retention. Increasing payments for employees also increases employee retention. Personal security's r value of .761 shows a strong correlation with that of employee retention. As per this relation providing better personal security packages is directly linked to retaining employees. Learning and development as indicated in the above table has r value .631 which refers to strong relation with the dependent variable. Improving the learning and development in the organization will have a strong impact on employee retention. The working environment variable r value .828 indicates very high relation with employee retention. Making the working environment favorable to employees will similarly make them stay at the organization. Financial assistance is moderately related to employee retention with r value of .596. Increasing this variable will more or less help in retaining employees.

4.5 Regression analysis

4.5.1 Assumption of Regressions

Normality Test

Numerically, the evaluation of normality in the data analysis began with explaining the skewness and kurtosis value of the elements of reward and benefit and retention. Skewness and kurtosis values greater than 1 and less than -1 are considered being abnormally disturbed (Gamst et al, 2008) . the table below summarizes the skewness and kurtosis values of the constructs. The values show the reward and benefit elements of payments, personal security, learning and

development, working environment and financial assistances are all below 1 and greater than -1 indicating that the data is normally distributed for these elements.

Table 4-10 Normality test

Descriptive Statistics				
	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Payments	.448	.179	1.627	.355
personal security	.422	.179	1.158	.355
Training and development	.234	.179	-.069	.355
work environment	.995	.179	-.519	.355
Financial assistance	.273	.179	3.684	.355
Retention	.034	.179	3.465	.355

Source: own survey, 2017

4.5.6. Multicollinearity test

No or little multicollinearity:- multicollinearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model (Pallant, 2005) multicollinearity in this study was tested using variance inflation factor(VIF) value and tolerance value. If tolerance value close to 1 and VIF value is around 1 and not more than ten, it can be concluded that there is no multicollinearity between independent variable in regression model.

Table 4-11 Multicollinearity test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	payment	.875	4.657
	personal security	.934	6.470
	learning and development	.982	7.497
	working environment	.984	7.512
	financial assistance	.841	3.112

a. Dependent Variable: retention

4.6 Linear Regression Analysis

Regression analysis for payment

Table 4-12 Regression Analysis of Payment Variable

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 ^a	.647	.645	.415

a. Predictors: (Constant), payment

Source: own survey, 2017

Table 4-13 ANOVA Analysis of Payment Variable

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	56.276	1	56.276	326.144	.000 ^b
	Residual	30.714	178	.173		
	Total	86.989	179			

a. Dependent Variable: retention

b. Predictors: (Constant), payment

Source: own survey, 2017

As shown in the above table a coefficient r of 0.804(80.4%) implies the existence of a linear direct relationship between the above independent variable payment and dependent variable retention. The 64.5% variance in employee retention is explained by payment, $R=0.804$, $F=326.144$, $p<0.05$. The linear regression shows that there is a significant predictor, payment variable that has a direct and very high impact on retention.

Table 4-14 Regression Analysis of Personal Security Variable

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761 ^a	.579	.576	.454

a. Predictors: (Constant), personal security

Source: own survey, 2017

Table 4-15 ANOVA Analysis of Personal Security

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.345	1	50.345	244.555	.000 ^b
	Residual	36.644	178	.206		
	Total	86.989	179			

- a. Dependent Variable: retention
- b. Predictors: (Constant), personal security

Source: own survey, 2017

The tables indicates that a coefficient of $r = 0.761$ (76.1%) which shows the existence of a linear direct relation between the independent variable personal security and retention. The 57.9% variance in employee retention is explained by personal security, $R = 0.761$, $F = 244.555$, $p < 0.05$. The linear regression implies that there is a significant predictor that personal security is a variable that has a direct effect on retention.

Table 4-16 Regression Analysis of Learning and Development Variable

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 ^a	.398	.395	.542

- a. Predictors: (Constant), learning and development

Source: own survey, 2017

Table 4-17 ANOVA Analysis of Learning and Development Variable

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	34.646	1	34.646	117.818	.000 ^b
	Residual	52.343	178	.294		
	Total	86.989	179			

- a. Dependent Variable: retention
- b. Predictors: (Constant), learning and development

Source: own survey, 2017

From the above tables it can be referred a coefficient of $r = 0.631$ (63.1%) which implies that there exists a linear direct relation between the independent variable learning and development and employee retention. The 39.8% variance in employee retention is explained by learning and

development, $R=0.631$, $F=117.818$, $p<0.05$. The linear regression shows that there is a significant predictor and learning and development is one variable that has a direct effect on retention.

Table 4-18 Regression Analysis of Working Environment Variable

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 ^a	.685	.683	.392

a. Predictors: (Constant), working environment
Source: own survey, 2017

Table 4-19 ANOVA Analysis of Working Environment Variable

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	59.595	1	59.595	387.234	.000 ^b
	Residual	27.394	178	.154		
	Total	86.989	179			

a. Dependent Variable: retention
b. Predictors: (Constant), working environment

Source: own survey, 2017

The tables above shows that a coefficient of $r\ 0.828(82.8\%)$ which implies that there exists a linear direct relation between the independent variable working environment and employee retention. The 68.5% variance in employee retention is explained by payment, $R=0.828$, $F=387.234$, $p<0.05$. The linear regression shows that there is a significant predictor that working environment has a direct effect on retention.

Table 4-20 Regression Analysis of Financial Assistance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596 ^a	.355	.352	.561

a. Predictors: (Constant), financial assistance

Source: own survey, 2017

Table 4-21 ANOVA of Financial Assistance Variable

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.907	1	30.907	98.096	.000 ^b
	Residual	56.082	178	.315		
	Total	86.989	179			

a. Dependent Variable: retention

b. Predictors: (Constant), financial assistance

Source: own survey, 2017

The tables above shows that a coefficient of $r = 0.596$ (59.6%) which implies that there exists a linear direct relation between the independent variable financial assistance and employee retention. The 35.5% variance in employee retention is explained by personal security, $R = 0.596$ $F = 98.096$, $p < 0.05$. The linear regression shows that there is a significant predictor that financial assistance is a variable that has a direct effect on retention.

Table 4-22 Regression for all Variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873 ^a	.762	.755	.345

- a. Predictors: (Constant), financial assistance, learning and development, working environment, personal security, payment

Source: own survey, 2017

Table 4-23 ANOVA for all Variables

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	66.302	5	13.260	111.535	.000 ^b
	Residual	20.687	174	.119		
	Total	86.989	179			

- a. Dependent Variable: retention
 b. Predictors: (Constant), financial assistance, learning and development, working environment, personal security, payment

Source: own survey, 2017

The model analysis includes the independent variable (Payment, personal security, learning and development, working environment and financial assistance) and dependent variable (employee retention). As indicated in the above model summary and ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable, $R=.873$, adjusted $R\text{ square}=.762$, $F=111.535$ ($p=0.000$). An estimated 76.2% of total variation in the dependent variable, employee retention, is jointly explained by the predictors (independent variables), i.e., payment, personal security, learning and development, working environment and financial assistance. While 24.8% is explained by other factors.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and Findings

In reviewing the above findings the independent variables payments, personal security, learning and development, working environment and financial assistance were selected from the HR practices and their relation with that of employee retention was interpreted in quantitative form. From the above mentioned independent and dependent variables, the findings indicate that the independent variables of payment and working environment accounts more than the other independent variables in affecting employees stay at the CBE. The correlations between the variables were computed for the purpose of identifying the existence of relation between the selected human resource practices with that of employee retention. From the findings of the correlation test, moderate and very strong relation between the variables is shown as payment ($r=.804$, $p<0.01$), personal security ($r=.761$, $p<0.01$), learning and development ($r=.631$, $p<0.01$), working environment ($r=.828$, $p<0.01$), financial assistance ($r=.596$, $p<0.01$). The descriptive statistics were applied to show the mean and SD values of each variables, and the results indicate retention (mean=2.85 and SD=.697), payments (mean=3.23 and SD=.506), personal security (mean=2.64 and SD=.550), learning and development (mean=2.75 and SD=.571), working environment (mean=3.17 and SD=.595) and financial assistance (mean=3.14 and SD=.727). As the result shows most of the variables as per the responses of participants falls in between means of 2.64 and 3.23 which implies, employees moderately agree on their staying at the organization for the reasons of personal security and learning and development that the bank is offering and they feel dissatisfied on the other variables payment, working environment and financial assistance.

In the regression analysis findings the significantly positive relation between the variables and employee retention has been ascertained through the adjusted r^2 values of payment=.645, personal security=.576, learning and development=.395, working environment=.683, financial assistance=.352 at a significant level of .000.

5.2 Conclusions

This study was conducted for the purpose of drawing conclusions on the impacts of reward and benefit in employee retention in the commercial bank of Ethiopia. As per the findings of this research the following conclusions were made.

- In regard with the findings, the research concludes that the independent variables; payment, personal security, learning and development, working environment and financial assistance all have a positive and significant impact on employees staying in the CBE.
- The level of employee retention as per the data found in the questionnaire, implies employees are on the level at which it can be concluded that they are considering leaving the organization if possible opportunity is on the way.
- From the reward variables it is concluded that employees of CBE give significantly high emphasis to the rewards offered in the organization for them to stay and work at CBE.
- Benefit variables of financial assistance and personal security play a vital role in employee retention through employees comparing the benefits offered in CBE with that of others in the industry and looking for opportunities to join an organization that offers more on personal security of medical insurances, compensations on accidents and layoffs and financial assistance of personal loans, mortgage loans and car loans. The CBE has rated moderately high on personal security and low on financial assistance which in return has made employees consider leaving the organization.
- Working environment in CBE is more or less satisfying on employee treatments with due respect, better coordination between co-workers and its culture and emotional climate being generally positive and supportive while employees feel dissatisfied with the CBE's handling employee grievances and suggestions and comfortableness of the work environment. As it was seen in the results, the working environment accounts more than 50% for employees leaving an organization. In learning and development employees of

the organization mostly agreed on CBE offering them better career development plans and feeling an opportunity for further education and training. From the above result learning and development has a moderate contribution as a means for employee retention.

5.3 Recommendations

Based on the results of the study the following recommendations are suggested for managements of the CBE in relation to the impacts of reward and benefit in employee retention. As it is became very costly to cover the impact of turnover.

- The CBE should redesign its salary scale and payment structure based on the inflation rate and market condition since it attributes more and elevates employee retention. And level of retention is strengthened mostly through improving this factor.
- Managements of the bank should regularly work through the rewards given to employees, as employees needs to grow and advance their life style is one of the objectives to achieve. Furthermore, the bank should be able to meet the needs of employees as one of the organization values includes employee satisfaction.
- CBE should develop a strategy towards the benefit packages of personal security and financial assistances for effectively implementing the areas of improvement pointed out by its employees to improve its profitability, competitiveness and sustaining in the industry. Making adjustments in the currently operating policy and procedures may help the bank retain experienced and talented employees.
- The CBE should revisit the existing working conditions and create conducive, exciting and attractive working atmosphere in order to retain employees and attract others to join the organization. And maintain on areas where employees appreciate more of the better coordination between co-workers and its culture and emotional climate being generally positive and supportive.
- The CBE should make the learning and development a priority for its employees as a means to achieve employee's needs of growing opportunity for future carrier and the organizations need of attaining the objectives set. It should be regularly revised and updated in order to allow employees to be more flexible and should be able to respond to the changing environmental demands.

5.4 Suggestions for Future Researchers

As this research only focus on the impact of rewards and benefits on employee retention in commercial bank of Ethiopia, future research studies need to be conducted on investigating other variables that have an impact on employee retention considering the banking industry as a whole to look for solutions in the area.

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APPENDIX

Addis Ababa University

School of Commerce

Post Graduate Studies

Masters of Human Resource Management

Dear Sir/Madam

This questionnaire has been designed to only collect information purely for academic purposes. Your participation in giving reliable information has a vital contribution for the success of this study. So, I respectfully request your kind cooperation in answering the questions honestly and rationally. I would like to assure you that the information you provide will be used for research purpose only and all responses will be treated in strict confidentiality.

- ❖ Please don't write your name.
- ❖ Please answer by putting “√” mark on the box with point which highly reflects your idea parallel to your choice.
- ❖ Information will be treated confidentially.
- ❖ Your honest & unbiased response will greatly contribute for the research to achieve its objectives.
- ❖ Please complete all items.

I would like to thank you in advance, for your sincere cooperation and valuable assistance for the success of this research!!

Part One: Demographic Question

1. Gender

Male

Female

2. Age

Under 25 years old

36-45 years old

25-35 years old

46 and above years old

3. Educational Attainment

Diploma

Master's Degree

Bachelor Degree

Other, please specify_____

4. For how long have you been employed in this company? (Tenure)

Less than a year

4 to 6 years

1 to 3 years

More than 6 years

5. Position in the Organization

Clerical

Professional

Managerial

Part Two: Questionnaire

Please put (√) mark against each question that indicate your level of agreement for each question.

1= Strongly Agree, 2 =Agree, 3= Neutral, 4= Disagree, 5=Strongly Disagree

S.NO	Research Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Payments		1	2	3	4	5
1	I feel that the payments am receiving is sufficient enough to support my life style.					
2	I feel satisfied with the salary increments I am receiving every year.					
3	The CBE pays fairly as compared to others in the industry.					
4	I feel satisfied with the amount of annual payment of bonus given by the management.					
5	I feel the CBE pay scale considers market value of each professional.					
Personal security		1	2	3	4	5
6	I feel secured in my present job.					
7	I feel there are sufficient types of benefits.					
8	I am satisfied with the availability of medical facilities.					
9	The personal security at the CBE is attractive compared to others in the industry.					
10	Compensation paid for workers during layoffs or during any accidents occurring within the company are satisfactory.					

S.NO	Research Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11	My job is secured as long as I achieve the target set.					
Learning and Development		1	2	3	4	5
12	When employees arrive from training, supervisors encourage them to share what they have learned with other employees.					
13	I feel there are opportunities for further education and training.					
14	My organization links training and development with our company business strategy.					
15	My organization has full-fledged training and development department manned with competent professionals.					
16	Organization provides scope for better career development plans.					
17	The organization provides me opportunities to advance and improve my performance					
Working environment						
18	The work Environment is Comfortable.					
19	Communication systems in the organization are considered good.					
20	Employees are treated with due respect.					
21	Employee's suggestions and grievances are considered.					
22	There is fair treatment of employees.					
23	The working environment is open & trustworthy.					
24	There are better co-ordination among coworkers.					
25	Working relationship between top management and their subordinates are satisfying.					
26	The culture and emotional climate of the company is generally positive and supportive.					

S.NO	Research Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
27	I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings by the upper administration.					
28	Employees are allowed to take responsibility and authority.					
29	Organization recognizes human values and culture.					
Financial assistance		1	2	3	4	5
30	I feel that the policy of car loan is satisfying.					
31	Benefits regarding personal loans in the organization are satisfying.					
32	I feel that the policy on Housing mortgage is fair as compared to the others in the industry.					
Employee Retention						
33	I am currently considering leaving the organization.					
34	I have started to look for other jobs.					
35	I plan to work at my present job as long as possible.					
36	I plan to stay in this job for at least 2-3 years.					
37	I will most certainly work for a new job in the near future.					

THANK YOU!!!