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**IMPACT OF COMPENSATION ON EMPLOYEE JOB SATISFACTION
IN THE CASE OF BANK OF ABYSSINIA CENTRAL ADDIS DISTRICT**

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IN THE CASE OF BANK OF ABYSSINIA CENTRAL ADDIS DISTRICT**

By

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Advisor

Zerihun Kinde (Dr)

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Declaration

I, Sori Gelana, affirm that this research paper titled "Factors Affecting Employees Job Satisfaction: in Bank of Abyssinia's Central Addis District." is my own original work. It has not been submitted for any degree or diploma at any other university and is being presented in partial fulfillment of the requirements for the Master of Business Administration degree.

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Certification

The thesis entitled “Factors Affecting Job Satisfaction of Employees in Banks of Abyssinia’s Central Addis Ababa District.” submitted to the partial fulfillment of the requirements for the degree of Master of Business Administration to St. Mary’s University; through school of graduate studies, done by Sori Gelana Dinagde ID No SGS/0831/2015A.

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This is to confirm that the thesis written by Sori Gelana Dinagde, titled **Impact of Affecting on Employees Job Satisfaction in Bank of Abyssinia Central Addis District.**, and submitted as partial fulfillment of the requirements for the Master of Business Administration (MBA) degree, adheres to the University's regulations and meets the established standards for originality and quality.

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Abstract

This research was sought to examine the factors determining employee job satisfaction at the Bank of Abyssinia. The purpose of this study was to identify and analyze the key elements that influence job satisfaction among employees within this financial institution. The research was focus on understanding both intrinsic and extrinsic factors that impact employee contentment and overall job performance. The primary objectives of the study are: identifying the critical factors affecting job satisfaction at the Bank of Abyssinia, assessing the relative impact of these factors on employees' satisfaction levels, and developing actionable recommendations to enhance job satisfaction based on the findings. To achieve these objectives, a mixed-methods approach was employed. Quantitative data was collected through structured surveys distributed to a representative sample of employees, addressing factors such as compensation, work environment, career development opportunities, and promotion opportunity. Complementary qualitative data was gathered through semi-structured interviews to capture deeper insights into employees' personal experiences and perceptions. The study was used statistical techniques to analyze survey data and thematic analysis for interview data. The finding also reveals the existence of moderate level of promotion in the Bank of Abyssinia central Addis District. The data collected through distributing questionnaire were analyzed using correlation and regression analysis by applying SPSS version 25. The study concludes that fair compensation and career development opportunities are crucial for enhancing employee morale, commitment, and productivity. Based on the findings, the study recommends that the Bank of Abyssinia regularly review and update its compensation structure to ensure it remains competitive and aligns with employee expectations. Additionally, the bank should focus on improving working conditions, offering recognition programs, and providing clear career progression paths to enhance job satisfaction and employee retention. These measures are expected to foster a motivated and engaged workforce, ultimately contributing to the bank's long-term success.

Key words: *payment, work condition, immediate supervision, and recognition and promotion*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Wang and Zhang (2022), satisfied employees are generally more productive, engage less in absenteeism, and have a stronger commitment to their roles. Their research suggests that organizations with high levels of employee satisfaction experience lower levels of turnover and absenteeism, which in turn enhances organizational effectiveness.

A study by Zhang and Liu (2023) found that employees who felt psychologically safe to express their ideas, make mistakes, and take risks without fear of negative consequences were more likely to report higher satisfaction. Moreover, organizations that prioritize employee well-being, including mental health support and stress management initiatives, tend to have higher job satisfaction levels among their employees (Jiang et al., 2022).

Employees that are satisfied with their job perform better and are less likely to be late or absent than those who are dissatisfied. Moreover employees, who are more productive and can stay longer on the job are said to have higher job satisfaction the implication is that, assessing employee job satisfaction of a given institution is very important to ensure the success of that organization/ institution (Saiyadain, 2004, cited in Molla, 2015).

Robbins (2015) explains that job satisfaction is a general attitude towards one's job, the difference between the amount of reward a worker receives and the amount they believe they should receive. Satisfaction occurs when individual needs have been met, and is related to the degree of liking or dislike, associated with employees. As for the general attitude that employees have that is closely related to the rewards, they believe they will receive after making a sacrifice. From the explanation, it is clear that explicitly the satisfaction of a teacher can be achieved if everything related to their needs can be fulfilled in accordance with their respective characteristic's. In addition, job satisfaction also demands more treatment. This means that institutional treatment can make a Employee feel appreciated and given encouragement to be able to work. For example, given promotions or structural positions.

Further research by Boamah, et al. (2018) proves that job satisfaction can give birth to unexpected levels of work, employees will show a loyal and caring attitude towards the agency, even employees feel proud to have been able to work for the agency. This explanation seems clear that a sense of satisfaction can lead to positive work behavior, full of enthusiasm, good results-oriented, totality in work, nimble and soon (De Simone, et al., 2018; Chadi & Hetschko, 2018).

Over the past decade, the banking industry in Ethiopia has undergone significant transformations, driven by economic growth, regulatory changes, and advancements in digital banking technologies (Kebede & Azim, 2021). These changes have introduced new challenges and opportunities for employee engagement and satisfaction. However, there is a paucity of focused research on how these evolving factors specifically affect employee job satisfaction at the Bank of Abyssinia.

Unlike other service sectors, the banking sector has undergone a change over the years, which has put new pressures and realities in front of the bank employees. In this competitive environment, the success of banks to a large extent depends upon the coordination, synchronization and cooperation of its employees (Beer, 1984).

In general, employees' job satisfaction should be highly considered since it affects the whole business activity of Banks. Therefore, this study was tried to assess those factors affecting job satisfaction of Bank of Abyssinia Central Addis district. The findings were offer actionable recommendations to enhance job satisfaction, improve employee retention, and support the Bank of Abyssinia's strategic goals in a rapidly changing industry.

1.2 Statement of the Problem

Several theories, including Maslow's Need Hierarchy Theory, Herzberg's Motivation-Hygiene Theory, and Vroom's Expectancy Model, have been used to explain the factors influencing employee job satisfaction within organizations. These factors encompass working conditions, career development opportunities, job security, workload and stress, relationships with colleagues, organizational policies, leadership styles, interactions with supervisors, as well as

financial and non-financial rewards, pay levels, benefits, and the nature of the job itself (Steyn, 2002).

According to Heath Field S.M. (2012), compensation is a fixed amount of money paid to an employee by an employer in exchange for a productive work performed. If individuals believe they are not compensated well, a state of emotional dissatisfaction develops. This emotional discrepancy grows and accumulates over time making employees to complain as they render their service to the organization. Worse still, indicators such as absenteeism, turn over, go slow and strikes are experienced. Compensation administration is one of management most difficult and challenging human resource's function. Because it contains many elements and has far reaching impact on organization strategic goals (Wayne F.Cascio 2006).). Moreover, it contributes to workers' productivity and reduce absenteeism and turn over. Attracting and retaining competent employees are becoming a headache for many companies. Different strategies may be designed to do the same like improving the working condition, good employee-management relationship, attractive salary, promotion opportunities etc. Healthy-intended compensation system enables organizations to attract qualified employees required and retain and inspire the existing work force towards goal achievement. The most obvious compensation employees get from work is pay (Decenzo and Robbins, 1999).

There is a body of academic research on employee job satisfaction in Ethiopia, though it predominantly focuses on sectors such as education, health and some financial institution. For instance, Mengistu (2012) and Gebremichael and Rao (2013) examined job satisfaction within the education sector, while Mengistu and Bali (2015) investigated it among health workers. Many studies have reported low job satisfaction in Ethiopian public medical centers, primarily due to insufficient mentoring support. For example, Desalegn (2015) found that inadequate supervision significantly contributed to job dissatisfaction among Ethiopian anesthetists. Similarly, research in the West Shoa zone revealed that many employees were dissatisfied due to bureaucratic management issues in hospitals, with workers expressing discontent with administrative practices (Mengistu & Bali, 2015)

Factors such as working conditions, compensation, career development opportunities, and managerial practices significantly affect job satisfaction (Judge et al., 2017; Bockerman &

Ilmakunnas, 2022). However, the specific impact and relative importance of these factors at the Bank of Abyssinia have not been thoroughly investigated. The financial sector's rapid changes, including technological advancements and shifting market dynamics, may further influence job satisfaction in unique ways (Kebede & Azim, 2021).

To empower members of Bank of Abyssinia through savings, credit and other opportunities at competitive terms through prudent financial management to enable them achieve financial independence is largely depend on employees' job satisfaction. And also monitoring compensation toward employee's satisfaction is essential for acquisition and retention of quality work. Aysha yassen (2013) study on the effect of compensation factors on job satisfaction. But there a methodology gap that is no clear sampling technique and justification how cities are selected for study.

Rahel (2012) study on the employee's job satisfaction. Few Researchers was conducted study on compensation and employees job satisfaction separately but from the researcher knowledge no one conduct study of these two titles jointly. Due this the researcher is motivating to conduct the impact of compensation on employee's job satisfaction in this Banking industry. Hence, the purpose of this study was examining the impact compensation on employees' job of satisfaction with the variable of payment, work condition, immediate supervision, and recognition and promotion opportunity in the bank of Abyssinia's Central Addis District.

1.3 Objective of the study

1.3.1 General objectives

The main objective of this study was examining the factors determines employees job satisfaction in the case of Bank of Abyssinia Central Addis District.

1.3.2 Specific Objectives

- To measure the extent to which compensation factors influence employees' job satisfaction.
- To assess the levels of job satisfaction among employees in relation to their compensation.

- To investigate the nature of the relationship between compensation factors and employees' overall job satisfaction.
- To identify and evaluate which compensation types are most and least effective in enhancing employees' job satisfaction.

1.4 Research Question

- How do compensation factors affect employee job satisfaction?
- How can the level of employee job satisfaction with regard to compensation be assessed?
- What is the connection between compensation factors and employees' job satisfaction?
- Which types of compensation are most and least effective in enhancing employee job satisfaction?

1.5 Significance of the study

This study is significant both academically and practically, with several key benefits for various stakeholders. Primarily, the findings will assist the Bank of Abyssinia in understanding how different compensation factors affect employee job satisfaction. By analyzing the relationship between compensation and job satisfaction, the study provides actionable insights that can help the bank identify areas for improvement in its compensation strategies, ultimately enhancing employee satisfaction, retention, and overall organizational performance.

In a broader context, the research is valuable for the banking industry in Ethiopia. The study contributes to a deeper understanding of how compensation impacts job satisfaction within these sectors, which can guide organizations in making informed decisions about compensation packages.

Moreover, this research enriches the existing literature on compensation, particularly within the Ethiopian banking industry. It offers a fresh perspective on compensation theory and practice in the local context, serving as a useful resource for scholars, policymakers, and industry practitioners. The study also highlights gaps in compensation practices, helping organizations assess where they stand in terms of their current compensation structures and what steps they should take to improve in the future.

1.6 Scope of the Study

The scope of this study was limited on the impact of compensation on employee's job satisfaction in the case of Bank of Abyssinia's with five variables basic payment, recognition, work condition, supervision and promotion opportunity. in addition to this scope of the study limited on clerical employees of the Bank of Abyssinia who are working in Central Addis District under city branches employees of corporate, Grade II, Grade III Branches.

1.6.1 Methodological Scope

The methodological scope of this study is centered on identifying the factors determining employee job satisfaction at the Bank of Abyssinia. The research was primarily focus on various compensation factors, including basic payment, recognition, work conditions, supervision, and promotion opportunities, as these are believed to play a significant role in shaping job satisfaction.

A quantitative research approach will be adopted for this study, utilizing structured surveys or questionnaires to gather data from the selected employees. The survey will include items related to the key compensation factors and job satisfaction, allowing for a comprehensive analysis of the relationship between compensation practices and employee satisfaction levels. The collected data will be analyzed using appropriate statistical methods to draw meaningful conclusions regarding the impact of compensation on employee job satisfaction.

By focusing on these specific factors and employee groups, the study aims to provide actionable insights into the ways in which compensation influences employee satisfaction within the banking sector in Ethiopia, particularly at the Bank of Abyssinia.

1.7 Organization of the study

This research was organized into five chapters. The first chapter contains background of the study, statement of the problem, basic research questions, and objectives of the study, significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two deals with both theoretical and empirical literatures relevant to determinant of turnover intention of employees as well as conceptual framework. Chapter three describes

research methodology including research design, sample and sampling techniques, source and tool of data collection and methods of data analysis. Chapter four Data analysis and interpretation. The last chapter five is Conclusion and Recommendation.

CHAPTER TWO

LITRATURE REVIEW

2.1 Theoretical Review of the Study

2.1.1 Compensation

Robinson et al. (2020) defined compensation broadly, emphasizing both monetary and non-monetary rewards that employees receive in exchange for their work, including salary, bonuses, benefits, and intrinsic rewards such as recognition and professional development opportunities, recognition for outstanding work, feeling of accomplishment and opportunity to be trained.

Ghosh et al. (2021) argue that compensation should be equitable and reflective of the contributions employees make to organizational success.

recent studies like Krause et al. (2021) highlight the multi-dimensionality of compensation. They define compensation not only as a monetary return but as part of a broader HRM strategy that includes recognition, professional growth opportunities, and work-life balance benefits. This approach reflects the idea that compensation is more than just salary and includes all rewards and recognition that employees receive in the course of their work.

2.1.1.1 Objectives of Compensation

William F. Glueck (1982) stated that objective of compensation system is to create a system of rewards which is equitable to both the employer and the employees. So that the employee is attracted to work and motivated to do a good job for employer. But the compensation should be effective in order to say the compensation is effective the compensation should be; Adequate: minimum governmental, union and managerial level should be met.

- Equitable: each person should be paid fairly in line with the level of effort, abilities training and so on.
- Balanced pay: benefits and other rewards provide total reward package.

- Cost effective: pay is not excessive, considering what the enterprise can afford.
- Secure: the employees security needs relative to pay and the needs which pay satisfy should be met.
- Incentive providing: pay motivates effective and productive work.
- Accepted to the employee: the employee understands the pay system and feels it is a reasonable system for the enterprise and the individual.

2.1.1.2 Importance of Compensation

Compensation is important to personnel managers or many reasons. Of all personnel problems. Paying employees perhaps is the most perplexing one. (Leon C. Migginson 1981) stated that it involves many emotional factors to employees and employers.

Compensation gives the following importance to employees:

- It is the primary source of income for employees and their family.
- It is a fair for the work employees perform and the benefits they provide for employer.
- It determines social status. income level is often used as a measure of a person's worthy.
- Compensation gives the following importance to the employer
- To attract capable employees in the organization.
- To motivate the employees towards superior performance level
- To retain their service for an extended period of time
- To increase the company's sales and profit

2.1.1.3 Types of Compensation.

In general, there are two types of compensation: These are

2.1.1.4 Financial compensation

Financial compensation includes direct compensations, which is paid to employees in the form of wages, salaries, bonuses, and commission in exchange for their performance and indirect compensation in the form of insurance plans (life, health, social assistance), Retirement benefits, educational assistance, employee services, and paid absence for vacation, holidays, sick leave, etc. (Mondey and Noe, 1990).

2.1.1.5 non-financial compensation

Yadav and Unni (2020) explore the idea of total compensation systems, which include both tangible and intangible rewards. They stress that compensation is a dynamic system encompassing base pay, incentives, benefits, and non-financial rewards such as employee recognition programs, training, and career development

Non- Financial compensation includes any happiness which employees receive from the job, such as the need for recognition, responsibility, personal growth and the like or from environment in which they work including comfortable working condition, competent supervision, pleasant work companion and other related physical and social needs of Employees (Mondey and Noe, 1990).

2.1.1.6 Compensation Strategy alternatives

Compensation is an expense in the sense that it reflects the cost of labor (Mondey and Noe, 1990), often governed by compensation policies. As organization differ in size and purpose, so do in pay level. Glueck (1978) has identified three alternative strategies. These are:

The high-pay-level strategy: under this strategy organizations choose to pay higher than the average pay level that the market pays. The assumption is that a higher salary or wage will enable organizations attract and retain competent employees and this, in turn enhances employee's productivity.

The low-pay-level strategy: In this alternative, the organization pays a minimum salary or wage to employees. This may be because a poor financial condition or the work doesn't require highly qualified personnel.

The comparable-pay-level strategy: This strategy requires organizations to follow “equal pay for equal work”. In this strategy employees are paid based on comparable value of jobs they are performing within the company and/or the market.

2.1.1.7 Dimensions of Compensation under Study

From the above discussion it can be observed that the total compensation of an organization is composed of both financial and non-financial compensation and intrinsic and extrinsic compensation. And for the purpose of this research, only payment, immediate supervisor, recognition, working condition and promotion opportunity are discussed.

2.1.1.8 Factors Affecting Compensation Decision

Those factors that compensation decision is divided in to internal and external factors.

2.1.1.8.1 External Factors

Among the factors that influence compensation externally: labor market, economic condition, government and labor union are the most important factors (Ivancevich, 2006).

Labor market and compensation

In times where unemployment rates are high the amount of pay will be low. This is because the number of labor force both skilled and unskilled can agree to work with the cheaper price. Where as in the of full employment the pay will be high to attract and retain enough qualified employees. pay may also higher if a few numbers of skilled employees have in the market.

Economic condition

Other external factors affecting compensation is economic condition of the industry, especially the degree of competitiveness. Which affect organization’s ability to high wages. Ability to pay is also related to the relative productivity of the organization. if firm is very productive it can pay high wage.

Government influence and compensation

The government influence pays directly or indirectly. the government directly affects compensation through wage controls and guidelines, which prohibit an increase in compensation for certain workers at certain times and directed at the establishment of minimum wage rates, wage an hour regulation and the prevention of discrimination. the government also indirectly influences compensation through its Scio economics policies (William F. Glueck 1982).

Union and compensation

Another important factor on an employer's compensation program is labor unionization. unionized workers longer hours and make more that non-unionized workers. If an industry organized by strong union, the compensation polices will be affected by this is because unions expect continually improving pay and benefits and to get their members better working condition. when unions represent a portion of the work force, they may be able to use their power to obtain wage rates that are out of proportion to the relative worth of the job.

2.1.1.8.2 Internal Factors

In addition to external factors compensation is also affected by many internal factors. Including the enterprise objectives, policies and strategies, size, ability to pay, the age of enterprise, the labor budget, and the technology employed which influence the nature of the work.

Enterprise size

The evidence this far is that larger enterprise tends to have higher pay level. This may not be true for all jobs in all enterprise. but the tendency is clear; the larger enterprise the higher pay level.

The age of enterprise

Some researcher contended that the newer enterprise tends to pay more than the old ones to attract employees from old enterprise.

Enterprise objective, policies and strategies

Managers differ as much as employees do, for example, some pay their employees at high level. Some also accept or reject the policy that merit pay level strategy is a major strategy choice top manager must make. it will influence labor cost, the quality of work life and hence the effectiveness of enterprise (William F. Glueck).

The labor budget

The labor budget normally identifies the amount of money available for employee's compensation. Every unit of organization is influence by the size of the labor budget. A firm's does not normally state the exact amount money allocated to each employee; rather, it states how much is available for the unit or for division. discretion in allocating pay is then left to the department heads and supervisor. This influences the compensation (Invacevich 2006).

2.1.2 Payment

Heery and Noon (2001) defined pay as payment, in which include many components like basic salary, bonuses, pay for doing extra work and incentives” According to Erasmus, van Wyk and Schenk (2001) pay is defined as, “what an employee gets against his work after fulfilling his duty, include all type of financial and non-financial rewards” Dessler (2008) showed that employee pay includes all compensation factors which are given to him against his work. The payment is so significant because when workers are satisfied with pay, their behavior and attitude could be influenced towards the desired objective (Onukwube, 2012).

As Robbins (2001) described, Herzberg’s motivation-hygiene theory, salary is one of those hygiene factors which eliminate job dissatisfaction. Salary is a factor which leads employees from dissatisfaction to satisfaction. Expectancy theory described that people do effort because they want some rewards in term of money, promotion etc. People expect that if they work well in the workplace then their performance will increase and automatically their pay will increase and they will be promoted. This will cause increase in their job satisfaction level.

Employees’ dissatisfaction with pay can lower their morale and commitment, increase theft and enhance employee turnover (Currall et. al., 2005).

2.1.3 Recognition

According to Danish (2010), recognition is considered the most important factor among non-financial compensation in order to increase job satisfaction level of employees.

Recognition is the component that is used to strengthen the relationship between organization and people.

Santos, J., & Ferreira, J. (2021) investigates those effects of recognition practices on job satisfaction and organizational commitment. It supports the idea that recognition, even if non-financial, is a crucial factor in promoting employee motivation. Employees who feel recognized tend to show higher levels of loyalty and commitment to the organization

Guzzo, R., & Bobocel, D. (2022) The study how recognition has evolved in the modern workplace, especially post-pandemic. It describes how organizations are increasingly adopting recognition strategies that not only boost employee morale but also foster an environment of autonomy and trust

Robbins (2001) described that Maslow's theory talks about the self-esteem need of employee. This theory shows that recognition, status, development and growth are the factors which leads to motivation and ultimately leads toward job satisfaction. Herzberg theory indicated that recognition is one of those motivating factors which leads employee from no dissatisfaction to satisfaction.

2.1.4 Promotion Opportunity

A study by Chowdhury & Bhattacharya (2021) found that promotions lead to an increase in employees' perceived status within the organization, aligning with Heery and Noon's definition. Promotions, in this sense, serve not only as a recognition of an individual's skills and efforts but also as a tangible reward that boosts self-esteem and job satisfaction. Martins & Costa (2023) further suggest that higher status from promotions enhances employees' emotional connection to their roles, making them feel more appreciated and valued, thus increasing their commitment to the organization. Singh & Patel (2022) conducted a study in the retail and corporate sectors, finding that promotions often come with an increase in both salary and job

responsibilities, creating a more comprehensive sense of advancement. These advancements boost employees' career prospects and are seen as essential to maintaining motivation and job satisfaction. Kumar & Jha (2021) also noted that organizations that offer promotion opportunities are more likely to see higher employee engagement levels and lower turnover rates, as employees feel their work is being adequately rewarded and recognized.

2.1.5 Immediate Supervision

Ali & Ali (2021) argue that emotional support from supervisors, including active listening, empathy, and encouragement, plays a significant role in fostering a positive work environment and improving employees' overall satisfaction. Their study highlights that employees who feel supported by their supervisors are more likely to be satisfied with their jobs, which ultimately enhances their motivation and organizational commitment.

Zhao & Liu (2023) also support this view, showing that emotional support from supervisors creates a work environment where employees feel cared for and valued. This emotional support, alongside technical guidance, leads to increased job satisfaction, as employees feel confident in their work and know they can rely on their supervisors for assistance. The study further explores the impact of these support mechanisms on job performance, finding that employees who experience strong supervisor support are more likely to perform at higher levels due to increased confidence and lower stress levels.

Yoo & Kim (2021) found that a supportive supervisor-employee relationship enhances employees' emotional well-being at work, leading to higher job satisfaction. Their research suggests that when supervisors show concern for their employees' well-being—both professionally and personally—employees feel more engaged and motivated. This sense of trust and respect also mitigates workplace stress and conflicts, contributing to a more harmonious work environment

2.1.6 Working Condition

Working conditions is about providing healthy, safe and so far, as practicable pleasant working environment for employees (Armstrong 2006). It is the conditions in which an individual or staff works this includes the relationships with colleagues, working hours, work load,

availability of resources and the like. Padillia(1993) argues that unfavorable working conditions in an organization are associated with high rates of employee turnover, which is an indicator of job dissatisfaction.

2.1.7 Job Satisfaction

Job satisfaction has been defined in several different ways but the most general way is to define it as an attitudinal variable. It is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs (S Schwab, 1970). Job satisfaction is the collection of feelings and beliefs that people have about their current jobs (Heneman 2005).

Job satisfaction is an affective reaction to an individual's work situation. it can be defined as an overall feeling about one's job or career and can be related to specific outcomes, such as pay, work environment, job security, promotion opportunity among others. Job satisfaction can be an important indicator of how employees feel about their jobs and predictor of work behaviors such as organizational citizenship, absenteeism, turnover and overall job performance (Hashim and Mahmood 2011).

According to Frederick Herzberg, an American Behavioral scientist in his two-factor theory suggested that intrinsic factors like work itself, responsibility and achievement are related to job satisfaction and extrinsic factors like supervision, pay, company policies and working conditions are associated with job dissatisfaction. According to him the factors leading to job satisfaction are separate and discrete from those that lead to job dissatisfaction. He identified hygiene factors like company policy, administration, supervision, salary, recognition, achievement and growth.

According to Maslow's theory (1970) indicates that need of people starts from basic to high level. These needs are present in every human being. If there is failure to satisfy basic need then next need in hierarchy cannot be achieved. People who have need of security; they will not go to higher needs if they are not satisfied with it.

2.1.7.1 The Theory of job satisfaction

Several theories have been proposed concerning causes of job satisfaction. They can be loosely categorized as i) Situational theories, ii) dispositional approaches and iii) Interactive theories where only Situational and Interactive theories are separately discussed in the next section.

2.1.7.2 Situational Theories of Job Satisfaction

This theory states that job satisfaction results from the nature of one's job or other aspects of the environment. There are many situational theories of job satisfaction in literature of which the two most important are elaborated in this study. These are Herzberg's two-factor theory and Job characteristics model.

2.1.7.3 Herzberg's Theory

In the late 1950s, Frederick Herzberg, considered by many to be a pioneer in motivation theory, interviewed a group of employees to find out what made them satisfied and dissatisfied on the job. There was an urgent need at the time for more and better insight about the attitudes of people towards their jobs due to the prevalence of job dissatisfaction indicators such as strikes, slowdowns, and filing of grievances. Herzberg asked employees essential two sets of questions:

1. Think of a time when you felt especially good about your job. Why did you feel that way?
2. Think of a time when you felt especially bad about your job. Why did you feel that way?

Herzberg argued that the factors that would lead to a satisfaction are often different from those that would lead to dissatisfaction. This conclusion was based on a series of interviews of workers. When asked to consider factors connected to a time when they felt satisfied with their jobs, individuals+ generally talked about intrinsic factors such as the work itself, responsibilities and achievements which called as "motivators. Conversely, when workers were asked to consider factors that led to dissatisfaction, most individuals discussed extrinsic factors such as company policies, working conditions and pay that he called as "hygiene factors." Herzberg further found that intrinsic factors were more strongly correlated with satisfaction, while extrinsic factors were more strongly correlated with dissatisfaction. Based on these findings, Herzberg argued that elimination of hygiene factors from a job would only remove

dissatisfaction, but not bring satisfaction. To bring out job satisfaction, the organization must focus on motivator factors such as making the work more interesting, challenging and personally rewarding.

2.1.8 Job Characteristics Model

According to Job Characteristic Model jobs which contain intrinsically motivating characteristics would lead to higher levels of job satisfaction as well as other positive workout outcomes such as enhanced job performance and lower withdrawal. This model was introduced by Hackman and Oldham [1976] and focuses on 5 core job characteristics.

Task Identity: -degree to which one can see one's work from beginning to the end. Task identity encourages the feeling that the job is meaningful and worthwhile thus motivating the employee to work smart.

Task significance: -refers to how important the job is and its impact on the organization and/or to the external environment. Hackman and Oldham (1974) have been defined it as the degree to which a job has a substantial impact on the lives or work of other people whether in the immediate organization or in the external environment.

Autonomy: Hackman and Oldham (1974) explained that autonomy is the degree to which a job provides freedom, independence and discretion to the employees in scheduling his or her work and in determining the procedures to be used in carrying it out. It is the vertical expansion of responsibility, the amount of decision making and independence allowed for employee. Autonomy can motivate and enable employee to try new ideas and learn from consequences, and expend their domain- relevant skills.

Feed Back: refers to the degree to which the work itself provides feedback for how the employee is performing the job. Hackman and Oldham (1974) defined it as the degree to which carrying out the work activities required by the job results in the employee obtaining information about the effectiveness of his or her performance. Top management need to give feedback to the employee so that they know which areas that need to be improved and it can lead to better understanding of their work nature. Several research directly testing the

relationship between job characteristics and job satisfaction of employees has produced consistently positive results. It has been shown that there is a significant relationship between the situational variables of autonomy, feedback, skill variety, task identity and task significance, and job satisfaction.

2.1.8.1 Interactive Theories

This theory of job satisfaction considers both personal and situational variables. The interactive theories of job satisfaction comprise of Cornell Integrative Model, Locke's Value-Percept theory and Adams' equity theory which are separately discussed below.

2.1.8.2 Cornell Model

Cornell Model developed by Smith (1969). Kendall and Hulin states that job satisfaction is individual's emotion associated with his/her job or affective responses developed toward different dimensions of state of job. According to researchers, these emotions stem from individual's perception on difference between experience and expectation of reasonable and fair response, in relation to current situation's alternatives. Smith et al. are the first researchers who discuss the definition of "frame of references" which is the basis of their study. According to the model, job satisfaction is a function of the balance between the role inputs, what the individual puts into the work role (e.g. training, experience, time and effort), and role outcomes, including what is received (pay, status, working conditions and intrinsic factors). The more outcomes received relative to input invested, the more job satisfaction would be, other things remain constant. According to the Cornell Model the value individual put on input is affected by opportunity cost of the inputs available in the market. In periods of labor oversupply i.e. (high unemployment), the individual will perceive their inputs as less valuable due to the high competition for few alternative positions, and the opportunity cost of their work role declines (i.e. work role membership is less costly relative to other opportunities). Therefore, as unemployment rises, the subjective utility of inputs falls- making perceived value of inputs less relative to outcomes- thus increasing satisfaction.

Finally, the model proposes that an individual's frames of reference, which represent past experience with outcomes, influenced how individuals perceive current outcomes received. The

fewer or less valued, the outcomes received in the past and as current employment opportunities erode, the same outcomes per inputs would increase job satisfaction (i.e. more was received than had been in the past). Again, the reverse scenario is also true. Although the breadth and integration of the Hulin model is impressive, direct tests of the model are lacking. One partial test (Judge & Hulin 1993) of the model was not particularly supportive therefore, more research on it is needed.

2.1.8.3 Value Percept Theory

Locke (1976) value-percept theory presents different perspective on job satisfaction. He argues that to great extent what satisfy individuals on their jobs are determined by their own values. Note that here value is defined as that which one desires or considers important. That is to say, many factors such as salary, promotion may play an important role on individuals' job satisfaction only when they are unfulfilled and valued by individuals. The value-percept model can be summarized as follows:

$$\text{Satisfaction} = (\text{want} - \text{have}) \times \text{importance or } S = (V_c - P) \cdot V_i$$

Where S is satisfaction, VC is value consent (amount wanted), P is perceived amount of the value provide by the job and VI is the importance of value to the individual. Thus, value-percept theory predicts that facets importance moderates the relationship between facet amount and facet satisfaction, but it does not moderate the relationship between facet satisfaction and general satisfaction. In other words, the whole is not as same as the sum of parts. Locke's theory is, to some extent, similar to Vroom's EIV theory (1964). Both emphasize on the importance of facets to individuals. Only if the job facet is important to the individual, the discrepancy between what is wanted and what is gained is dissatisfying. However, there is one potential problem. How can we explain why one wants a lot of money while it is not important to him? That reminds us that what one wants and what one considers important are overlapped. We may not separate them from each other.

2.1.8.4 Adams' Equity Theory

Adams' (1963) equity theory is an important theory based on the conception of social comparison. „Social comparison is a process by which individuals compare themselves with

other people to arrive at a self-judgment". According to Adams, individuals judge the fairness of working conditions through comparing. They compare their input/output ratio with others in order to assess whether they are treated fairly or not. Inputs are things that put into the job, such as hours, working technology, working experience, diligence whereas outputs are things that get out from the job, such as payment, bonus, benefit, reputation, respect. Normally output has a close relationship with payment. At the same time, they also evaluate what they get in comparison with what they expect. During the process of assessing, they make their own conclusion whether they are fairly rewarded or not. There are three possible perceptions according to their judgment. The first possibility, they perceive that they will be properly rewarded in estimating the input/output ratio compared with others, in other words, they will be fairly treated. The second possibility, they will be over-rewarded with the input/output ratio over others". If individuals will be properly rewarded or over-rewarded, they will be satisfied with their jobs and their attitude to the jobs will be active. The third situation, they will be under rewarded with the input/output ratio under others". That means they will feel inequity. Then, they will feel dissatisfied with the jobs and be motivated to reduce the inequity. There are several ways to reduce the inequity, by changing the input, such as less working time, or be lazy; by changing the output, such as require more payment, more bonus, more respect; by changing the comparison referents, they may choose another group which are less rewarded; by leaving the job; by changing the comparison referents" input or output. Through these alternative methods, individuals reduce the inequity and finally get satisfaction from the jobs

2.1.9 Relationship between Compensation and Job Satisfaction

As stated in the above note explaining compensation and job satisfaction, now the researcher sees the impact or the relationship between compensation and job satisfaction. Compensation the major impact on employee job satisfaction. Anything which motivates an employee to produce more and anything that fulfills job satisfaction is compensation. Pay satisfaction refers to an employee's liking for or dislike of the employer's compensation package, including pay and benefit (A Johan M. Ivancevich, 2006).

According to March & Simon (1958), compensation can determine what types of employees are attracted to the organization by signing job seekers to less visible organizational attributes.

The same also determines whether or not employees are willing to continue working for the organization. If the pay level or benefit level is not satisfactory, the desirability of movement will increase and it is more likely that withdrawal behaviors such as tardiness, absenteeism, and turnover increases (March & Simon,1958).

Satisfaction with pay is important because, as the research summarizes, if pay satisfaction is low. Job satisfaction is likely to be low. As a consequence, absenteeism and turn over will be high and more costly. Equity theory has received comparable attention as a useful approach to understand employee satisfaction or dissatisfaction with pay .as developed by Adams, equity theory points that feeling of equity pay satisfaction exists when an employee's job input (such as education, experience, effort, seniority and training) and output (such as –pay, promotion, and intrinsic rewards) are equivalent to the job input and output of others that the employees consider comparable. (William F. Glueck 1982).

In 1982 a great deal of research has been conducted on pay satisfaction. lower summarizes it in four conclusions.

1. Satisfaction with pay is a function of how much is received and how much the employee feel should be received.
2. Peoples feeling of how pay satisfaction are affected by comparison with what happen to others
3. People misperceive the pay others.
4. Overall job satisfaction is influenced by how satisfied employees are with both extrinsic and intrinsic reward they receive.

There for from the above discussion the researcher conclude that compensation can increase employee interest. Feeling innovation (generating of new idea) and job satisfaction .in addition compensation enables employee to do own, not feeling to work in side of the organization .so that, the organization should effectively set the pay system to achieve its objectives. but this does not mean that every employer in the organization will get the same amount of money to be satisfied with their current job.

According to Nash and Carroll (William F. Glueck, 1982) they found that pay satisfaction varies with these factors:

Salary level: -the higher the pay, the higher the pay satisfaction within an occupational group at each job level.

Community cost of living: - the lower the cost of living in a community the higher pay satisfaction.

Education: -the more optimistic the employee is about future job conditions, the higher pay satisfaction.

Sex: -females are more satisfied with pay than male workers.

Other personal characteristic: -the more intelligent self-assured and decisive a person is the lower the pay satisfaction. Pay basis: -the more pay is perceived to be based on the merit or performance the greater the pay satisfies.

2.2 Empirical Review of Studies

There are not much direct studies on compensation and job satisfaction. According to Bidyut Bijoya Neog & Dr. Mukulesh Barua (2014) studies that compensation variable have direct relationship to job satisfaction. Work environment, career opportunity, job security, and supervisor, reward and recognition etc. have a significant impact on employee's job satisfaction.

According to Arun Kant Painoli & Pradeep Joshi (2012) studies factors affecting employee job satisfaction of pharmaceutical sector in India on six different independent variables such as working environment, pay & promotion, fairness, relationship with colleagues, job security & relationship with superiors have a positive relationship with job satisfaction.

According to Jamilu B. Salisu et al. (2015) studies impact of compensation on the job satisfaction of public sector construction workers of Jigawa state of Nigeria the study investigated that Salary and allowance has no significant influence on job satisfaction. But Pension is significant to workers' job satisfaction. A recent study by Bockerman & Ilmakunnas (2022) highlights that

employee satisfaction is strongly linked to both direct (salary, bonuses) and indirect compensation (benefits, work-life balance). Their study found that the relationship between compensation and job satisfaction is more pronounced when employees perceive their compensation as equitable and competitive. This finding aligns with Zhang & Liu (2023), who reported that employees in the banking sector who felt their compensation was fair were more satisfied with their jobs and exhibited higher levels of engagement and loyalty.

Aguinis et al. (2021) conducted a study examining the impact of salary and performance-based bonuses on employee satisfaction and found that financial compensation directly contributes to a positive attitude toward work, particularly in environments where compensation is perceived as a reflection of performance and skill. Similarly, Gagné & Deci (2022) observed that employees who feel that their pay is tied to their job performance and contributions tend to be more satisfied and motivated in their roles. These studies suggest that pay satisfaction remains a critical factor in job satisfaction, particularly when employees feel that their efforts are adequately rewarded.

A study by Li et al. (2021) on the banking sector found that benefits such as health insurance, retirement plans, and flexible working arrangements play an essential role in employee job satisfaction, especially in organizations with demanding work environments. In line with this, Boamah et al. (2020) concluded that the work environment, including factors like supervisor support and a positive organizational culture, was a stronger predictor of job satisfaction than direct financial compensation, especially in sectors with high stress levels, such as banking.

Study by Tajvidi & Karami (2021) found that employees who perceived clear pathways for advancement within their organizations were more likely to report high levels of job satisfaction. This study also noted that promotion opportunities serve as an incentive that enhances employees' perceptions of the fairness of the compensation system, further improving job satisfaction. In the banking industry, where career progression is often seen as competitive, this finding has important implications for retaining skilled employees.

Chadi & Hetschko (2022) examined the effects of recognition in the financial sector and concluded that employees who receive consistent recognition, both in the form of praise and tangible rewards, report higher satisfaction levels. Recognition, when coupled with other

compensation elements such as pay and benefits, fosters a work environment where employees feel valued and motivated. The study suggested that a combination of intrinsic and extrinsic rewards results in enhanced job satisfaction, especially in high-stress professions like banking.

Kebede & Azim (2021) focused on the Ethiopian banking sector and found that a positive work environment—characterized by supportive leadership, effective communication, and a strong organizational culture—can offset perceived deficiencies in direct compensation. The study suggested that when employees feel emotionally supported and mentally safe in their roles, they are more likely to accept lower pay or benefits, as their satisfaction is derived from a sense of belonging and psychological well-being at work.

Jiang et al. (2022) explored the impact of compensation on employee satisfaction in China and found that cultural values such as respect for hierarchy and collective organizational goals influence how compensation is perceived and how it affects job satisfaction. Employees in collectivist cultures may prioritize non-financial benefits and work-life balance over higher wages, while employees in individualist cultures may place greater importance on direct financial compensation. This suggests that compensation strategies need to be tailored to cultural expectations in order to maximize employee satisfaction.

Robinson & Judge (2021) highlighted that competitive compensation packages are essential for attracting and retaining top talent in competitive industries such as banking. Their study found that employees who are satisfied with their compensation are less likely to seek alternative employment, which can help reduce turnover rates and improve organizational stability. The study emphasized that while compensation is important, employees' expectations regarding career development, recognition, and organizational culture are also crucial for long-term retention.

Cascio (2022) noted that organizations often struggle to balance internal equity with external competitiveness when designing compensation packages. Furthermore, poorly structured compensation systems that fail to consider employee preferences or market trends can lead to dissatisfaction, increased absenteeism, and turnover. This suggests that organizations need to continuously assess and adjust their compensation strategies to meet the evolving needs of their workforce.

According to Md. Imrul Jobaid et.al (2015) Factors influencing job satisfaction of the employees of tannery industry in Bangladesh this study investigates that salary and incentive are the most important factors for influencing job satisfaction of employees. Salary is most important, but working condition, supervisor supports, appraisal technique, work training, grievance handling, safety provision, and work life balance are crucial factors for determining employees' job satisfaction.

2.3 Conceptual Framework of the Study

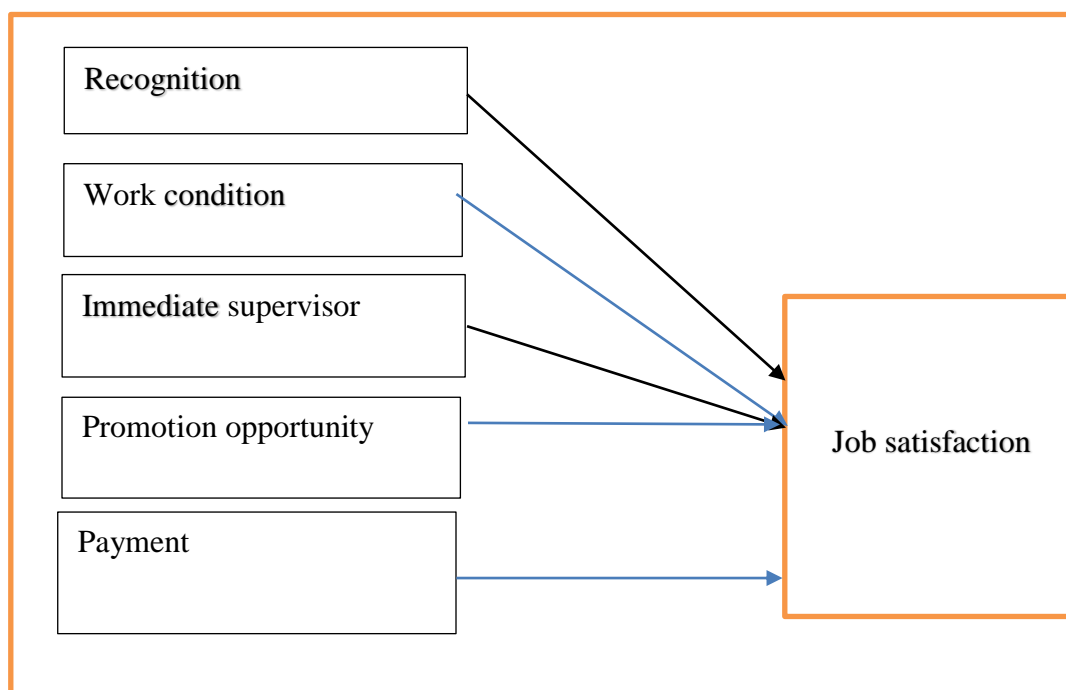
Based on the overall review of related literatures and the theoretical framework, the following conceptual model in which this specific study is governed will develop.

As expounded in the literature, compensation has significant impacts on employee's job satisfaction. Compensation has been taken as independent variable while, Job satisfaction as dependent variable. In the independent variable of compensation Includes five dimension such as basic pay, recognition, work condition, promotion opportunity and immediate supervisor. The relationship of the variable for this study is referred to as follows.

Independent Variables Dependent

Compensation variables

Figure 1: Review of Literature and Theoretical Framework



CHAPTER THREE

RESEARCH METHODOLOGY

2.1 Description of the study area

Addis Ababa, the capital city of Ethiopia and the diplomatic center of Africa, embodies a 130 years of development history that contributes to its current socio-spatial features. Addis Ababa, the political capital and the most important commercial and cultural center of Ethiopia, is geographically located at the heart of the nation, 9°2′N latitude and 38°45′E longitude. Its average altitude is 2,400 meter above sea level, with the highest elevations at Entoto Hill to the north reaching 3,200 meters. This makes Addis Ababa one of the high-altitude capital cities of the world.

Addis Ababa occupies a total of 540 sq. km land area surrounded by mountainous landscape. Although there is no large river passing within or close to Addis Ababa, the city's small rivers and streams played an important role in structuring its form. Its status as a primate city located at the heart of the nation has made Addis Ababa a melting pot of people with diverse background and geographic origins.

The study area for this research was focused on bank of Abyssinia, located in the central Addis District of Addis Ababa specifically around beklo bet (lancha) area. This District serves as a key commercial and business hub within the capital city of Ethiopia, hosting numerous financial institutions, business and government offices. Bank of Abyssinia is one of the prominent banking institutions in Ethiopia, operates several branches in this area, because of this the study will make it the strategic location for examining factors influencing employee job satisfaction. The Central Addis District is known for its vibrant economic activity, diverse workforce, and high-density infrastructure, offering a dynamic environment for understanding the various internal and external factors that affect employee morale, performance, overall job satisfaction within the banking sectors. This setting provides rich context for analyzing how organizational, socio economic and environmental elements contribute to employee experiences in the financial industry.

2.2 Research design

The researcher preferred mixed research approach to analyze the data collected from employees. The researcher was used descriptive and explanatory research design. Descriptive research attempts to describe systematically a situation, problem, phenomenon, service or program; or provides information about an issue; and explanatory research attempts to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. Application of descriptive study design was chosen as the researcher is interested in describing employee job satisfaction in Bank of Abyssinia; and explanatory study design was chosen as it helps for explaining, understanding and controlling the relationship between variables.

2.3 Research Approach.

The researchers were used mixed approach to answer the research questions. mixed approach was enable the Researcher to get the insight and deeply get information from respondents and analysis it quantitatively and qualitatively. Quantitative research method approach is about data analyzed in terms of numbers; involves the collection of numerical data; Predicts and explains data in the form of statistical analysis; uses the numerical method to analysis and interpret the results; finds out the relationship among quantifiable variables and the results are inferred. While qualitative research is concerned with qualitative phenomena, that is, phenomena relating to involving quality of kind.

2.4 Data types and sources

A Primary data

Primary data was collected by using questionnaires and using interview for the given population. The questionnaires include both closed ended and open ended in line with the objectives of the study. The choice of the method was on the premise that data collected using a questionnaires and personal interview is easily too understood and perceived as authoritative. Additionally, using questionnaire provide greater control over the research process. Finally, the well-prepared questionnaires were distributed to employees of Bank of Abyssinia's Central Addis District whose works in Corporate, Grade III, Grade II branches.

B) Secondary data.

Secondary was from such as BOA HR policy, organization website, online data source, and banks portal.

2.5 Target Population

The target population for this study comprises employees of the Bank of Abyssinia located in the Central Addis District, specifically those working in the corporate, Grade I, Grade II, and Grade III branches. A total of 100 respondents will be selected from this population to participate in the study. These employees represent a cross-section of the bank's workforce, encompassing a variety of roles and responsibilities across different branch categories, which will provide a comprehensive perspective on the impact of compensation on job satisfaction within the bank. The selection of these specific branches ensures that a diverse range of employees, from junior to more senior levels, are included in the research.

3.5.1 Sampling and Sampling Technique.

Census Method/Survey

According to Cooper and Shindler (2014) the use of a census in the study was helps to reduce error making it easier to obtain high quality information from respondent. Also, Saunders and Thornhill (2014) a census is used when every member of the population is considered a respondent. The total numbers of populations of Bank of Abyssinia's central Addis District Corporate, Grade II and Grade II office are 100 in number Therefore; this research was applying a census technique to get an accurate result due to the number of the target population. Each individual whose works in Bank of Abyssinia's central Addis Ababa corporate, Grade III, and Grade II branches employee was participated in the study. The researchers were collected data by using all population as a target which gives every eligible respondent in each enumeration area of employees an equal chance of being selected.

3.5.2 Sampling Technique

For this study, a simple random sampling technique was used to select 100 respondents from the employees of the Bank of Abyssinia's Central Addis District, specifically from the corporate, Grade I, Grade II, and Grade III branches. The employees were divided into distinct strata based on their branch categories and job levels, ensuring that each branch group is adequately represented. From each, respondents were randomly selected to participate in the study. This approach ensures diversity in the sample while maintaining proportional representation from each branch category, allowing for a comprehensive understanding of how compensation factors affect job satisfaction across different levels within the bank.

3.6 Method of data collection

In order to carry out any research activity; information was gathered from proper sources. The study was employed both primary and secondary data. Primary data was collected through self-administered questionnaires by soliciting the manager of each branch selected in the sample and included in the study. The questionnaires were given to the concerned Branch Managers. Consequently, the Branch Managers further distributed them to the employees. The secondary data was collected from various sources such as researches, international journal articles; E-sources, research papers conducted perversely, important books related to the topic, and etc...

3.7 Research instruments

The main research instrument utilized in this study was questionnaire. According to Leary (2004), the major advantages of questionnaires are that they can be administered to groups of people simultaneously, and they are less costly and less time-consuming than other measuring instruments. The questionnaire contains three parts. The first part is about demographic characteristics of respondents. This part consists of six items such as sex, age, educational background, year of service in Bank of Abyssinia and Marital Status. The second part is related to the research questions. 26 items will develop on a five-point Likert Scale. And the third part is the overall job satisfaction level of the respondents. Respondents will be requested to choose their level of agreement on a given item as follows. 5 “extremely satisfied,” 4 very satisfied “,” 3 “satisfied”, 2 “somewhat satisfied “and 1 “not satisfied”. These are general questions about the

company's compensation package and level of satisfaction. In this study the questionnaires were adopted Minnesota Satisfaction Questionnaire which is developed by David J. Weiss et.al (1967).

3.8 Methods of data analysis

The data that is gained from the questionnaires was analyzed and interpreted using statistical package for social science (SPSS) version 25. As a result, descriptive and inferential analyses were conducted by employing different methods. In descriptive statistics mean values, frequencies and standard deviations of the respondent's answers were calculated. In inferential Cronbach's Alpha test takes place to assure reliability of the items. Simple regressions and correlation analysis were also used to analyze the impact and the relationship between the dependent and independent variables.

3.9 Reliability and Validity of the Research

Reliability: is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Steed, 2007). There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items within a test if the items are standardized. Cronbach's alpha reliability analysis was conducted on the independent variables in order to determine the reliability of the instrument used. Lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Powell, 1999).

Validity: is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). Numbers of different steps will be taken to ensure the validity of the study:

- Data was collected from the reliable sources, from respondent who have experiences in using the service of the bank.

- Survey question was made based on literature review and frame of reference to ensure result validity

3.10 Ethical consideration

Employees was approached and informed about the intent of the research. Furthermore, the employees informed that their response kept confidential and was used for academic purpose only, in verbal communication and in writing. After getting the consent of the respondents, they were provided with a self-administered questionnaire was designed for the purpose of this study, so that they complete and return it back. The researcher was not forced employees to participate without their willing, but try to motivate them on the overall positive outcomes of the research.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with data presentation, analysis and interpretations of the analyzed data. It includes two major analysis techniques. The first section presents and demographic features of Respondents which are the subject of the study and the second section of the chapter discuss the results and implications of the findings.

A total of 100 questionnaires were circulated, all are completed and properly returned, thus making the response rate is 99.99%. Therefore, 100 useable questionnaires were considered for the study.

4.1. Demographic Characteristics of Respondents

This section explains the demographic profile of the surveyed respondents. It includes gender, age, marital status, educational qualification, and years of service, current position and monthly income. The frequency and the percentage of the respondent's profile are summarized in table 1below.

Table 1: Demographic Characteristics of Respondents

| No. | Variables | Frequency | Percentage |
|-----|-----------|-----------|------------|
| 1 | Gender | | |
| | Male | 74 | 74 |
| | Female | 26 | 26 |
| | Total | 100 | 100 |
| 2 | Age | | |
| | 18-20 | 4 | 4 |
| | 21-30 | 14 | 14 |
| | 31-40 | 45 | 45 |
| | 41-50 | 34 | 37 |
| | Above51 | 3 | 3 |
| | Total | 100 | 100 |

| | | | |
|---|---------------------------|-----|-----|
| 3 | Marital Status | | |
| | Single | 35 | 35 |
| | Married | 59 | 59 |
| | Divorced | 4 | 4 |
| | Other | 2 | 2 |
| | Total | 100 | 100 |
| 4 | Educational Qualification | | |
| | Diploma | 4 | 4 |
| | First Degree | 62 | 62 |
| | Masters | 27 | 27 |
| | PHD | 3 | 3 |
| | Others | 4 | 4 |
| | Total | 100 | 100 |
| 5 | Years of Service | | |
| | < 1 year | 14 | 14 |
| | 1-5 years | 40 | 40 |
| | 5-10 years | 31 | 31 |
| | Above 10years | 15 | 15 |
| | Total | 100 | 100 |
| 6 | Monthly Income | | |
| | Below 1000 | - | - |
| | 1001-10000 | 4 | 4 |
| | 10001-20000 | 10 | 10 |
| | 21001-30000 | 34 | 34 |
| | 30001-40000 | 26 | 23 |
| | Above 40000 | 26 | 26 |
| | Total | 100 | 100 |

Source: Own Survey,2024

Based on personal data obtained from the respondents result on table 1 above shows that, 74% of them were male whereas the remaining 26% were female. Based on the information, we can infer that the majority of employees currently working at organizations are male.

Age of the respondents shows that majority of respondents 45% were aged 31-40, this indicates that the majority of current employees are middle aged and mature active enough professionals. Since, young generation are more volatile for turnover for financial and other differentials.

The respondents were asked that to state the marital status; which showed 59% of them were married employees and the remaining 35% were not. Here it's easily understood that the majority of the respondents are married employees. This implies that most of them have additional responsibilities.

Academic qualification of the respondent's shows that the highest percentage 62% of employees represent category of First degree, the next larger group Master degree which is 27% of the respondents and the next level a diploma holder 4% and the minimal percentage were PHD, and other level which is 4%, 4% and 3% respectively. This implies that most of the employees of the institution are first degree holder and above that means most of them are skilled and professionals.

Duration of services was another personal factor, the percentages of 14% represents employees below 1 years, the next level is 40% serving the industry in between 1 to 5 years and, 31% serving more than 5-10 years of services and the rest 15% serving the bank Above 10 years. This implies that central Addis District is dominated by employees who have been working five years and less than five years and have few years of experience. They are more familiar with the activities of the bank and they can provide useful insight in the maintenance of good performance. Concerning the salary of the respondent, 34% or the majority of the employees are paid within the range of birr 20001-30000 Since salary key to sustain the day-to-day life and to win ever raising cost of life, when I compare with current inflation of our country it's difficult to say enough or satisfactory.

4.2. Descriptive Analysis

The second part of the research questions seeks to understand what personal factors lead employees to the intention of resign from their jobs which has been analyzed and presented on following tables and presented. Hence analyzed by comparing the mean and standard deviation score of each variable. According to Zaidaton & Bagheri (2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.80 is considered as high as illustrated in table 2 below.

Table 2: Comparison Bases of Mean Score

| S. No. | Mean Score | Description |
|--------|-------------|-------------|
| 1 | < 3.39 | Low |
| 2 | 3.40 – 3.79 | Moderate |
| 3 | > 3.80 | High |

Source: Zaidatol&Bagheri (2009)

Mean and standard deviation of all the questionnaire items were also computed in Annex. The mean values of most items range from 2.93 to 4.49. This can be concluded that these items are more towards agreed and strongly agreed. For standard deviation, most of the items have a standard deviation of less than 1 which means that there is little dispersion of data.

Table 3: Recognition Mean and Standard Deviation.

| Recognition | Mean | Std. Deviation |
|--|------|----------------|
| The praise I get for doing a good job | 4.49 | .858 |
| The way I am noticed when I do a good job | 4.03 | .827 |
| The feeling of accomplishment I get from the job | 3.97 | .989 |
| The recognition I get from the work I do | 3.96 | .905 |
| Being able to take pride in a job well done | 3.86 | .958 |

| | | |
|--|-------------|--------------|
| The way I get full credit for what I do | 3.84 | .977 |
| There is some form of public recognition (e.g. Best performer award) | 3.76 | 1.044 |
| I receive appropriate recognition (beyond my pay) for my contribution and accomplishment | 3.66 | 1.186 |
| Total | 3.94 | 0.968 |

Source own survey, 2024

The result in table 3 indicates that the highest number of respondents tend to agree the item “The praise I get for doing a good job” with the highest mean score of 4.49 ranked first among the factors item. Whereas the item “I receive appropriate recognition (beyond my pay) for my contribution and accomplishment” mean score is the least, 3.66. The aggregate mean for recognition factors is 3.94 and standard deviation is 0.968. Overall, the employees were slightly disagreeing to quit reward and recognition because of above factors.

Hence, Result of the descriptive analysis of reward and recognition was found to be (M=3.94, SD= 0.968) indicating that only a medium level of recognition is perceived by employees of the organization.

Studies suggested that many employees like to be distinctively rewarded and recognized for the outstanding work they do. The level of an employee’s engagement depends on the level of returns on their investments of self into work. This means that the amount of received rewards and recognition may stimulate the employees’ engagement. Acknowledgement is expected when people contribute their effort and ideas (Khalifeh&Som, 2013).

According to Hofmans, et al., (2012), informal recognition is important in order for employees to make extra effort. If an employee perceives that his/her opinions and contributions are valued by management, he/she will become more engaged (Pavlinac, 2009). The U.S. Department of Labor noted that insufficient recognition and appreciation play a big role in an employee’s decision to leave an organization. Lack of rewards and recognition can lead to burnout. A Study by Koyuncu et al. (2006) support this idea and show that the level of rewards

and recognition is an important part of work experience and a strong predictor of engagement. Ologbo and Saudah (2011) duplicate the result from Koyuncu et al. (2006) by showing that reward and recognition influences employee engagement. From this we can say that a sufficient amount of recognition is important for employee engagement.

Table 4 Descriptive Statistics of Salary Package

| | N | Mean | Std. Deviation |
|---|-----|-------------|----------------|
| My pay and the amount of work I do | 100 | 3.82 | .895 |
| How my pay compares with that for similar job in other Companies | 100 | 4.31 | .600 |
| How my pay compares with that of other workers | 100 | 4.01 | .282 |
| The chances to make as much money as my friends | 100 | 4.02 | .688 |
| Salary scheme has a significant role on the retention of key staff. | 100 | 3.83 | .380 |
| Average Valid value | 100 | 3.99 | 0.569 |

Source: Survey result, 2024

From the above table, it appears that the mean of participant's answers ranged from (4.31) to (3.82) with a (.895) standard deviation value. The highest mean was for statement: "How my pay compares with that for similar job in other companies ", which means that the participants demonstrate a level of agreement that is deemed to be good in relation to the statement. On the contrary, statement "My pay and the amount of work I do", received the lowest mean value (3.82), which means that the participants show a slightly good level of agreement regarding this statement. According to the average mean value (3.99), it is observed that the sample has a slightly positive attitude to perception of fairness for payment at the industry, to some extent. Regarding standard deviations, its values are normal and reflect convergence on the response of

the sample. The results that are shown above function consistently with the study by Alexandrov *et al.* (2007), as they confirm that more adequate responses in terms of positive behavior and productivity regarding that organization are obtained, as well as stating that the organization's procedures, policies, interactions and distribution systems are fair. Moreover, improved outcomes from employees assist in improving the overall job satisfaction and commitment from organizations, as the study's results ensure that organizational justice is enhanced, which subsequently results in decreased turnover intentions from employees, as distributive and procedural justice is advanced.

Table 5: Work condition mean and Standard Deviation

| Work condition | Mean | Std. Deviation |
|---|-------------|-----------------------|
| The physical working condition of the job | 4.49 | .858 |
| The chance to try my own methods of doing the job | 4.03 | .827 |
| The chance to make use of my abilities and skills | 3.97 | .989 |
| Being able to stay busy | 3.96 | .905 |
| The routine in my work | 3.86 | .958 |
| My job security | 3.84 | .977 |
| "General satisfaction at work. | 3.76 | 1.044 |
| Total | 3.98 | 9.282 |

Source: Own Survey, 2024

The result in table 5 depicts that most of the respondents tend to agreeing with the statement "The physical working condition of the job" with the highest mean score of 4.49. Whereas the responses to the item " general satisfaction at work" indicated that respondents are view the statement low.

The finding of the study also indicates work condition is not good or conducive, current job is not fit with their status and satisfied, miss match between jobs and employees in the organization. Basic working conditions like relationship with colleagues, clean workroom,

proper lightning, furniture, heating, air circulation and noise and office equipment are some of the majors constitutes of work condition which influences job satisfaction and is one of the major reason due to which an organization experiences an employee's turnover (Bilal. H, 2012, Kebriaei and Moteghedhi, 2009). According to (Callier, H 2011 as cited by Adugna, 2014), less than expected level of organizational physical environment switch the employees towards job dissatisfaction or increase the level of employee's turnover rate.

Such results are consistent with Forrier and Sels (2003), who studied the relationship between temporary/permanent employment, and employability within Belgian institutional work condition. It was argued that both organizations and temporary employees might be confronted with difficulties that are attributed to the development of employability as a trend through training courses. The findings of the study indicated that, the determinants that drive turnover intention, and then actual moment of leaving, are divided into sections with organizational determinants, such as the working environment of the company, co-worker relationships, and salary. One of these, or more, is addressed in each study included within the section, according to the variables of the previous studies, which were adopted to measure their influence on job dissatisfaction.

Table 6: Perceived supervisory support

| Items | Mean | Std. Deviation |
|--|--------------|-------------------|
| The competence of my supervisor in making decisions | 3.68 | .974 |
| My boss treats me equally with others | 3.51 | 1.169 |
| The way my supervisor and I understand each other | 3.40 | .945 |
| The way my boss takes care of the complaints of his/her Employees | 3.31 | .808 |
| The way my boss provides help for hard problems | 4.02 | .780 |
| Overall | 3.584 | 0.935 |

Source: Survey result, 2024

Accordingly perceived supervisory support supervisor has a mean score of 3.584. Here the majority of the respondents agreed that their supervisor is willing to help for hard problems hence the highest mean score (4.02) is obtained there. Whereas the lowest mean score (3.31) is obtained from the question that asked respondents the way my boss takes care of the complaints of his/her employees of solving problems. Besides result of the descriptive analysis of supervisory support was found to be (M=3.584, SD= 0.935) implying that the respondents perceived the existence of moderate supervisory support in the Bank.

Supervisor support is one of the important factors for employee engagement. Supervisor support is defined as the extent to which leaders care about their employees' welfare and value their contributions. A leader with high supervisor support is one that makes employees feel appreciated, heard and cared about. Researchers like Buckingham & Coffman in "Break All the Rules", (1999) have found that the talented employee may join an organization for many reasons, but how long that employee stays and how productive he/she is while there is determined by the relationship with the immediate supervisor.

Table 7: Promotion opportunity mean and Standard Deviation

| Promotion opportunity | Mean | Std. Deviation |
|---|-------------|-----------------------|
| There are enough promotion possibilities to stimulate me to higher performance. | 4.40 | .718 |
| The chances for advancement on this job | 4.27 | .968 |
| The way promotion is given out of the current job | 4.06 | .927 |
| The way my company fill vacant position in the format Internal promotion | 4.01 | .827 |
| Total | 4.14 | .887 |

Source: Own Survey, 2024

The result in table 7 depicts that most of the respondents tend to agreeing with the statement “There are enough promotion possibilities to stimulate me to higher performance” with the highest mean score of 4.40. Whereas the responses to the item “The way my company fill vacant position in the format internal promotion” indicated that respondents are view the statement low. From this, the researcher can infer that perceived alternative employment opportunities and accessibility of other jobs in the area of my expertise in the market was encouraged.

Table 8: Job satisfaction

| Job satisfaction | | | |
|-------------------------|---|------|---------------|
| | | Mean | Standard dev. |
| 1 | I find my work interesting | 4.62 | .032 |
| 2 | I find my work challenging | 4.78 | .022 |
| 3 | I feel positive about my future in the hospital | 4.29 | .024 |
| 4 | I am being paid adequately for the work we do. | 4.76 | .022 |
| 5 | Pay increments offered by the organization are satisfactory. | 4.58 | .026 |
| 6 | The organization makes all payments in time. | 3.97 | .989 |
| 7 | The organization follows the policy of matching pay with performance. | 3.96 | .905 |
| 8 | The pay we receive is competitive compared to that of employees doing similar work in other | 3.86 | .958 |
| | Total | 4.35 | 0.37 |

Source: Own Survey, 2024

The result in table 8 indicates that the highest number of respondents tend to agree the item “I find my work challenging” with the highest mean score of 4.78 ranked first among the other dimension item. Whereas the item “The pay we receive is competitive as compared to that of employees doing similar work” mean score is the least, 3.86. When the aggregate mean result is 4.35 (highest) seen the job satisfaction of the bank is highly satisfactory. In their study

(Cameron and Pierce, 1997) concluded that praising people for their work leads to greater task interest and performance and that tangible reward also enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standard.

Such results are consistent with Forrier and Sels (2003), which confirm the relationship between temporary/permanent employment, and employability within Belgian institutional working environments. It was argued that both organizations and temporary employees might be confronted with difficulties that are attributed to the development of employability as a trend through training courses. The determinants that drive turnover intention, and then actual the final stage of leaving, are divided into three sections as follows: firstly, demographic determinants: age and education, gender, position; secondly, individual determinants: the organizational commitment of employees, and the job satisfaction of an employee. Furthermore, Brewer *et al.* (2012) introduced a third view, which showed employee's general feelings and attitudes to his/her job, without reference to any specific facet of that job which known as job satisfaction considered as job satisfaction.\

4.3. Correlation Analysis

To find out the relationship between dependent and independent variables, Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. A low correlation coefficient; 0.1-0.29 suggests that the relationship between two items is weak or non-existent. If r is between 0.3 and 0.49 the relationship is moderate. A high correlation coefficient i.e. >0.5 indicates a strong relationship between variables. The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable. The table

below presents the result of the correlation analysis made using bivariate correlation. In this study, correlation analysis was conducted to understand the relationship between the independent variables (job characteristics, reward & recognition, organizational justice and supervisory support) with the dependent variable employee engagement and its dimensions work engagement and organizational engagement.

Table 9. Correlation matrix of the independent variables & job satisfaction

| | | Work condition | recognition | Promotion opportunity | Supervision | Salary Package | job satisfaction |
|-----------------------|---------------------|----------------|-------------|-----------------------|-------------|----------------|------------------|
| Work condition | Pearson | 1 | .483** | .847** | .569** | .199** | .669** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N | 96 | 96 | 96 | 96 | 96 | 96 |
| Recognition | Pearson | .483** | 1 | .297** | .506** | .519** | .220** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 |
| | N | 96 | 96 | 96 | 96 | 96 | 96 |
| Promotion opportunity | Pearson Correlation | .847** | .297** | 1 | .557** | .290** | .746** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 96 | 96 | 96 | 96 | 96 | 96 |
| Supervision | Pearson Correlation | .569** | .506** | .557** | 1 | .211** | .327** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 |
| | N | 96 | 96 | 96 | 96 | 96 | 96 |
| Salary Package | Pearson | .199** | .519** | .290** | .211** | 1 | .165** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .004 |
| | N | 96 | 96 | 96 | 96 | 96 | 96 |
| job satisfaction | Pearson Correlation | .669** | .620** | .746** | .527** | .865** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .004 | |
| | N | 100 | 100 | 100 | 100 | 100 | 100 |

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

Source * Own Survey 2024

The correlations of the variables are shown in table, however, each variable correlates perfectly with itself, as evidenced by the coefficients of +1.00 at the intersection of a particular variables' row and column.

From table above, we can observe that salary is highly correlated with job satisfaction ($r = .865$ and $p < .01$) followed by promotion opportunity ($r = .746$ and $p < .01$), work condition ($r = .669$ and $p < .01$), recognition ($r = .620$ and $p < .01$) and supervision ($r = .527$ and $p < .01$).

Accordingly, we can conclude that there is a positive and significant correlation or relationship between dimensions and job satisfaction so that any improvement in one of the dimensions will positively contribute to enhancing job satisfaction. In addition, the result confirmed that the alternative hypothesis "dimensions are positively and significantly correlated with job satisfaction in institution" is accepted which leads to rejection of the null hypothesis. It answers relatively the first research question of the study and directly third research questions which is "what is the relationship between dimensions and job satisfaction?"

4.4. Regression Analysis

Regression and correlation are closely related. Both techniques involve the relationship between two variables, and they both utilize the same set of paired scores taken from the same subjects. However, whereas correlation is concerned with the magnitude and direction of the relationship, regression focused on using the relationship for prediction. According to Marczyk et al, (2005), linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Unlike correlations, however, the primary purpose of regression is prediction. There are two basic types of regression analysis: simple regression and multiple regressions. In simple regression, we attempt to predict the dependent variable with a single independent variable. In multiple regressions we may use any number of independent variables to predict the dependent variable.

Hence, in this study, multiple regression analysis is used to know by how much the independent variables i.e. factors dimensions explain or influences the dependent variable which is employee turnover. R is a correlation between the observed values of y , the values of

y predicted by multiple regression models. Therefore, large values of the multiple R represent a large correlation between the predicted and observed values of the outcome.

The model summary table reports the strength of relationship between the independent variable (factors dimensions) and the dependent variable (job satisfaction).

Table 10: Model Summary

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .753 ^a | .568 | .558 | .42265 |

a. Predictors: (Constant), salary, promotion opportunity, work condition, recognition, supervision

Source: Survey result (2024)

In the above table the R is multiple correlation coefficients between predictor and outcome, with a value of 0.753. Value of R square implies 56.8% of the variance in the dependent variable (job satisfaction) can be predicted from the independent variables. Thus, the hypothesis which states that determinants of dimensions as a cumulative has a positive and significant effect on job satisfaction is failed to reject.

Table 11: ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 142.502 | 5 | 28.300 | 81.793 | .000 ^b |
| | Residual | 31.14 | 90 | .346 | | |
| | Total | 173.642 | 95 | | | |

a. Dependent Variable: job satisfaction

b. Predictors: (Constant), salary, promotion opportunity, work condition, recognition,

supervision

Table above, the ANOVA test, it is noticed that F value of 81.793 is significant at the 0.000 level or significant at 1%. Therefore, from the result, it can be concluded that with 62% of the variance (R-Square) in customer satisfaction is significant and the model is appropriately measuring the latent construct.

Table 12: Estimated Unstandardized and Standardized Regression Coefficient

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-----------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | 1.309 | .425 | | 3.080 | .002 | | |
| Salary | .158 | .101 | .729 | 1.553 | .0001 | .190 | 5.266 |
| promotion opportunity | .094 | .093 | .171 | 1.011 | .0000 | .400 | 2.501 |
| work condition | 1.084 | .126 | .134 | 8.636 | .000 | .199 | 5.031 |
| recognition | .256 | .076 | .068 | 3.352 | .0001 | .544 | 1.838 |
| supervision | .056 | .041 | .060 | 1.383 | .0001 | .582 | 1.718 |

a. Dependent Variable: job satisfaction

Based on multiple linear regression analysis, the above table 12 reveals the impact of each dimension and their significance. The impacts of salary, promotion opportunity, work condition, recognition, supervision on job satisfaction is 0.729, 0.171, 0.134, 0.068 and 0.060 respectively, in their descending order. By examining this beta weight of data analysis result the finding shown that salary followed by promotion opportunity and work condition was making relatively larger contribution to the prediction model.

This is in line with the findings by Kahn (1992) that jobs that are high on the core work condition provide employee job satisfaction with motivation to be more work. The result of the study is also supported by Ram and Prabhakar (2011) findings that respondents whose job were designed to be using their skill sets and whose work was significant in the final outcome experienced a higher level of job satisfaction at work.

Reward & recognition (which includes pay raise, training & development opportunities and praise from supervisor challenging work assignment & public recognition) was also found to be another factor that significantly affects employee job satisfaction in Bank of Abyssinia central Addis District.

The result of this study is in line with the findings by Kahn (1990) who reported that people vary in their job satisfaction as a function of their perceptions of the benefits they receive from a role i.e. employees become satisfied at work when a greater number of rewards and recognition for their role performance. The results of the study are also supported by Ram and Prabhakar (2011) findings that when performance receives its due recognition and share of the pie employees are further satisfied.

The result is in line with the findings by Ram and Prabhakar (2011) that supervisors support plays a significant role in building a sense of belongingness and motivating employees to become more engaged in their job and organization. Further, Hirimuthugoda (2014) also identified that there is a positive relationship between perceived supervisory support and employee engagement since employees feel safe in work environments that are characterized by openness and supportiveness they reciprocate with higher level of engagement.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Summary

This research aimed to investigate the impact of compensation on employee job satisfaction at the Bank of Abyssinia, specifically in the Central Addis District. The study revealed that the majority of the respondents were male (74%) and aged between 31-40 years (45%). Most respondents were married (59%), and a significant portion held first degrees (62%). Regarding service duration, a majority (40%) had worked for 1 to 5 years, followed by 31% with 5-10 years of experience. In terms of salary, most employees were paid within the range of Birr 20,001-30,000, though the majority expressed dissatisfaction with the adequacy of their compensation given the high cost of living.

The research utilized a combination of descriptive and inferential statistics. In particular, the descriptive analysis found that recognition was moderately perceived (mean score = 3.94), while employees showed a stronger agreement with statements regarding how their pay compared with similar jobs in other organizations (mean score = 4.31). Pearson's correlation analysis revealed a positive and significant relationship between job satisfaction and key factors, including salary, promotion opportunities, work conditions, recognition, and supervision, with salary showing the strongest correlation ($r = 0.865$).

Furthermore, multiple regression analysis demonstrated that salary, promotion opportunity, work condition, recognition, and supervision collectively explained 56.8% of the variance in job satisfaction. Among these factors, salary and promotion opportunities were identified as the most influential predictors of job satisfaction. The findings emphasize the importance of compensation, recognition, and supportive work environments in enhancing employee satisfaction and reducing turnover intentions. Based on these findings, the study recommends that the bank focus on improving salary structures, providing more recognition and career development opportunities, and enhancing supervisory support to improve overall employee job satisfaction.

5.2 Conclusion

Employees are the most important asset of any organization. The attraction and retention of qualified employees are more important today than ever before. Human resource is considered the center of all development processes of economy and human capital is key to an organization's performance, workforce attrition can have a profound impact on an organization's performance, growth and general business outcomes. According to the analysis of both quantitative and qualitative data to identify the determinant factors which lead employees to intent to leave their current jobs or organization. the major finding of the study is; The general mean of all statements related to their job satisfaction was reflected a good agreement and can be concluded that the sample's attitude toward the statement was positive. Thus, the participants are satisfied in their jobs.

The general mean of all statements related to their salary package was reflected a good agreement, and it can be concluded that the sample attitude toward the statement was positive, so the participants have salary package to a good extent and have positive attitudes regarding it.

The general mean of all statements that related to the work condition was reflect a good agreement, and it can be concluded that the work condition at the selected universities is comfortable to a certain extent.

The general mean of all the statements that related to job satisfaction was reflects that the sample has a slight job satisfaction at the selected branches, while the sample has a positive attitude to some extent regarding it, and so it can be concluded that the respondents often think about quitting their present jobs.

On the other hand, it is worth observing that the important step for all organizations is to adopt the most suitable approaches to increase the job satisfaction of their faculty members. Since the bank could increase the job satisfaction of its faculty members through improving its work condition and its payment system, this should lead to increasing the job satisfaction of the cooperative members. The study also demonstrated the importance of five variables (namely salary, promotion opportunity, work condition, recognition, supervision) in predicting job satisfaction in Bank of Abyssinia's Central Addis district. This would help the bank to identify

how these factors are operating currently and work on them to improve the level of job satisfaction in Bank of Abyssinia.

The study also demonstrated that social exchange theory (SET) can serve as a basis to understand job satisfaction in Bank of Abyssinia in that employees who are provided with jobs that are higher on salary are likely to reciprocate with higher levels of job satisfaction & also when employee perceive the presence of promotion opportunity, work condition, recognition, supervision support they are likely to reciprocate with higher level of job satisfaction.

The study had an implication for managers in particular management of Bank of Abyssinia's Central Addis district in that the findings would help them to understand the importance of social exchange for job satisfaction. In particular, the results of the study implied that managers need to provide employees with resources and benefits that will oblige them to reciprocate in kind with higher level of job satisfaction.

The results of the study also revealed that the Banks doesn't have a culture of conducting formal employee job satisfaction surveys & that it doesn't have any idea about how its current initiatives are affecting the job satisfaction of employee. Therefore, the results of the study would help the Bank to identify the importance of conducting employee job satisfaction survey as it would help it to focus on key area.

5.3 Recommendation

Based on the finding of the study the following recommendations have been forwarded to the Bank of Abyssinia's Central Addis district. While designing employee job satisfaction strategies the Bank needs to take in to account the different needs of the various demographic groups mainly gender. Since the different needs and expectations of employees of different gender commands different treatment, also should take this in to consideration & follow best fit approach while designing employee job satisfaction strategies rather than a holistic or one size fits all approach. For example, the Banks could employ various types of work life balance schemes like providing on compound day care service for employees with children specially breast-feeding employees.

Since salary were found to be the most significant predictor of job satisfaction in Bank of

Abyssinia's Central Addis district, it should focus on designing jobs that are high on the five core variables, For Example:

- It needs to enforce job rotation which would decrease the probability of workers being bored of their job since they will not be stuck on only one job for years on end.
- It needs to combine different tasks in a job which would enable it to enhance task identity and task significance.

Since recognition were found to be one of the factors affecting employee job satisfaction & they were perceived to be low, and it could employ various mechanisms for instance revising its rewards work such as salary & other benefits according to changes in the market trend and by considering the country's inflation and also it should work more on providing training & development opportunities, career advancement & promotion opportunities among other things.

Also, since supervisory support significantly affects job satisfaction, the Bank needs to take this under consideration and provide various types of leadership trainings to its supervisors and managers on how to properly communicate with, and provide support for subordinates.

In addition, managers or supervisors of the bank needs to ensure that employees have all the resources they need to do their job & should provide timely feedback to subordinates regarding their performance & should encourage open lines of communication with them. Since organizational justice was also found to significantly affect the level of employee engagement and was found to be low. The Bank needs to work more on it & could employ the following mechanisms to create an atmosphere of fairness & increase employee perception of fairness in Bank of Abyssinia's Central Addis district

- For most job candidates, the recruiting and selection process is their first introduction to an organization. How they are treated at this time can have ramifications later. Therefore, the cooperative needs to be fair & consistent while conducting recruitment and selection.
- After employees joined the organization, the Bank should be fair and consistent in terms of how it provides rewards and benefits to the employees.

- The Bank should be fair and consistent during employing dispute resolution mechanisms and also conducting performance appraisal and implementation of organizational policies procedures.

5.4. Areas of Future Research

The results of this study suggest that job satisfaction is a meaningful construct that is worthy of future research. Hence, there are several avenues to consider. The scope of the study can be further increased and enriched to include personality variables that might predict job satisfaction like self-esteem and locus of control. It could also include other organization variables than those mentioned in this study to identify their effect on job satisfaction in Ethiopia context. The study can also include other methods like in- depth interviews, focus group interviews, nominal group technique etc. the sample size can be bigger and broader to increase the representativeness & it can also be conducted at the banking industry level (i.e. by including other cooperative) and or across countrywide (including other industries) so that the results can be more generalized.

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APPENDIX

Annex I – Questionnaire

ST MARY UNIVERSITY
SCHOOL OF GRADUATES STUDY
MASTERS OF BUSINES ADMINISTRATION

Dear Sir/Madam

I Sori Gelana, this questionnaire is intended to be used as primary data for master's thesis of my MBA program at St Mary University on **Factors Determining employee's job Satisfaction in the case of Bank of Abyssinia Central Addis Ababa** member of your organization, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

Part I: Demographic characteristics

1. Gender c Male c Female
2. Age c 21-30yearsold c 31-40years"old c 41-50years"old c>51Years"old
3. Marital Status c Married c Single c Divorced c Widow
4. Education level c Diploma/level III/IV c Bachelor c Masters and above
5. Year of service c <3years c 3 to5years c >5years

Part II: Research Related Questions

The following questions are presented on a five-point Likert scale. If that aspect is much better than you hoped it could be chosen 5 (extremely satisfied), if that aspect is even better than you expected it to be choose 4(very satisfied if that aspect is what you would like it to be choose 3(satisfied), choose2(somewhat satisfied) and if that aspect is much poorer that you would like it to be choose1(not satisfied).

Please put (√) in the place where the choice is appropriate for you...

| | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| | Salary Package | | | | | |
| 1. | The relationship between my compensation and the workload I am given. | | | | | |
| 2. | How my salary compares to others in similar roles at different companies. | | | | | |
| 3. | How my earnings compare to those of my colleagues. | | | | | |
| 4. | Opportunities to earn as much as my friends. | | | | | |
| | Work condition | | | | | |
| 5. | The working environment and conditions | | | | | |
| 6. | The opportunity to implement my own methods in the job | | | | | |
| 7. | The opportunity to utilize my skills and talents in my work. | | | | | |
| 8. | The ability to stay engaged and occupied with my tasks | | | | | |
| 9. | The consistency and predictability of my daily tasks | | | | | |
| 10. | The stability and security of my job | | | | | |
| | Recognition | | | | | |
| 11. | The amount of recognition I receive for doing a good job | | | | | |
| 12. | The way my contributions are acknowledged when I perform well. | | | | | |
| 13. | The sense of achievement I feel from my work. | | | | | |
| 14. | The recognition I receive for the efforts I put into my tasks. | | | | | |
| 15. | The pride I take in producing quality work. | | | | | |
| 16. | How I am credited for the work I do | | | | | |

| | | | | | | |
|-----|--|--|--|--|--|--|
| | Supervision | | | | | |
| 17. | My supervisor's ability to make effective decisions | | | | | |
| 18. | The way my boss treats me fairly, alongside others | | | | | |
| 19. | The level of understanding between my supervisor and me. | | | | | |
| 20. | The support my boss provides when I face difficult problems. | | | | | |
| 21. | How my boss assigns tasks and responsibilities to others | | | | | |
| 22. | The way my boss manages and interacts with the team | | | | | |
| 23. | The way my boss handles his/her employees | | | | | |
| | Promotion opportunity | | | | | |
| 24. | How promotions are handled within the organization | | | | | |
| 25. | How I find the challenges and difficulty level of my work | | | | | |
| 26. | Whether I feel my pay is appropriate for the work I do | | | | | |

Part III: On the overall of job satisfaction

| | | | | |
|---------------|--------------------|-----------|----------------|---------------------|
| Not satisfied | Somewhat satisfied | Satisfied | Very satisfied | Extremely satisfied |
| | | | | |

Thank you for Completing this Questionnaire!!!!!!!