Compensation

Your ability to retain employees in the simulation is driven primarily by the amount of compensation you provide. At SimStart, the average compensation for retail banking employees is $66,000. You then decide the amount of increase (if any) to this average compensation. In other words, if you enter 3% in Round 1, your average employee compensation will be $67,980 in Year 1 (3% more than $65,000). If you enter 4% in Round 2, your average employee compensation will increase to $70,699 (4% more than $67,980).

Compensation	Employee Retention Rate	Customer Retention Rates	New Customers	Expenses
↗	↗	↗	↗	↗
As your increase your Compensation…	…your employee retention rate will improve…	…leading to improved customer service…	…and more new customers…	…but your operating expenses will go up

If your average compensation is higher than your competitors, your employee retention rate will increase. A higher employee retention rate leads to more experienced employees, improving your customer service and increasing your sales.

Conversely, if your average compensation is lower than your competitors, your employee retention rate will fall, requiring you to recruit more new employees. This increased your recruitment costs.

More specifically:

- If your average compensation is within +/- 10% of the market average, there is no impact on your employee retention rate
- If your average compensation is outside this +/- 10% range, your employee retention rate will be adjusted by 50% of the difference between your rate and the market average

See Sample Calculation R-19 for an example.

Remember, as with any financial institution, employee compensation and benefits are your largest source of expense.