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FINANCIAL REWARD AND EMPLOYEE RETENTION AT SIMAD

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ABSTRACT

The study examined the relationship between Financial Reward and Employee Retention in SIMAD University, Mogadishu, Somalia. It was guided by the following objectives; to examine the relationship between basic salary and employee retention in SU, to examine the relationship between annual bonus and employee retention in SU, to examine the relationship between free staff transport and employee retention in SU. This study was based on correlation research design. The study involved 186 respondents; the data was collected using a self-constructed questionnaire and was analyzed using descriptive statistics and Pearson's Product Moment Correlation Coefficient through SPSS version 20. The findings revealed that there was a weak relationship between basic salary and employee retention ($r = .277, P < 0.000$) as well as annual bonus and employee retention and ($r = .280, p < 0.000$). These findings indicated that basic salary and annual bonus do not influence staff retention. They may leave or stay at the university regardless of these two factors. However, the findings showed a strong relationship between free staff transport and employee retention ($r = .600, P < 0.000$). This implies that the more SIMAD maintains or increases free transport to staff, the more they feel the need to stay in the university. This study therefore, recommends that SIMAD should strengthen free staff transport policy to attract and retain its employees. The university should also address the issues of salary and annual bonus to have an impact on its employees. Basing on the findings the study also recommends that there is need for salary increment to attract staff. On the other hand, management should improve the annual bonus pay system to develop the retention policy in this university.