

**FINANCIAL REWARDS AND EMPLOYEE RETENTION IN PRIVATE HIGHER
INSTITUTIONS OF LEARNING IN UGANDA.**

A CASE STUDY OF MUKONO YMCA COLLEGE

BY

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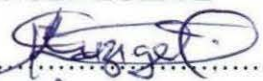
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DECEMBER, 2018

Declaration

I declare that this dissertation is my original work and has never been presented for any academic award. Where it is indebted to the work of others, the acknowledgement has been made.

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Approval

I certify that the dissertation on “financial rewards and employee retention in private higher institutions of learning in Uganda” has been under our supervision and is now ready for submission for examination with our approval as Kyambogo University based supervisors.

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Dedication

I dedicate this dissertation to my dear one, Aunt Annette, Uncle Moses, friends and course mates for their indebted support and encouragement towards the completion of this piece of work.

God bless you now and forever.

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I am grateful to the Almighty God for the blessing, inspirations, gift of wisdom, life and strength given to me during the struggle for my studies.

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Table of Content

Declaration	ii
Approval	iii
Dedication	iv
Acknowledgements	v
Table of Content	vi
List of Tables	ix
List of Figures	x
List of Abbreviations	xi
Abstract	xii
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction.....	1
1.1.0 Background to the study	1
1.3 Problem statement.....	6
1.4 Purpose of the study.....	7
1.5 Objectives of the study.....	7
1.6 Research questions.....	8
1.7 Conceptual framework.....	8
1.9 Scope of the study	9
1.10 Justification of the study	10
1.11 Significance of the study.....	11
CHAPTER TWO	12
LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Theoretical review.....	12
2.3 Conceptual Review to the study.....	14
2.3.1 Salaries and wages and employee retention.....	15
2.3.2 Allowances and employee retention	19

2.3.3	Fringe benefits and employee retention.....	23
2.4	Employee retention.....	27
2.5	Summary of the literature gap.....	29
CHAPTER THREE.....		30
RESEARCH METHODOLOGY		30
3.1	Introduction.....	30
3.2	Research design.....	30
3.3	Study Area	31
3.4	Study Population.....	31
3.5	Sample size and selection	31
3.6	Sampling Technique	32
3.7	Study Procedure.....	33
3.8	Data Collection methods.....	33
3.9.0	Data collection instruments.....	34
3.10	Validity and Reliability of Data	36
3.11	Measurement of variables	38
3.12	Data Analysis	38
3.13.	Limitations of the Study.....	40
CHAPTER FOUR.....		41
PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS.....		41
4.1	Introduction.....	41
4.2	Response Rate.....	41
4.3	Background Information	42
4.4	Empirical findings.....	44
4.4.2	Findings on the relationship between salaries and wages and employee retention.....	44
4.4.3	Findings on the relationship between allowances and employee retention.....	46
4.4.4	Findings on the relationship between fringe benefits and employee retention	48
4.4.1	Findings on employee retention.....	51
4.5	Multiple regression to determine which independent sub variable influences	53
CHAPTER FIVE		55
SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS		55

5.1	Introduction.....	55
5.2	Summary of findings.....	55
5.3	Discussion of major findings	56
5.4	Conclusion of the study.....	58
5.5	Recommendations.....	59
5.6	Areas for further study	61
REFERENCES.....		62
APPENDENCES.....		72
APPENDIX I.....		72
	QUESTIONNAIRE	72
APPENDIX II.....		75
	INTERVIEW GUIDE.....	75
APPENDIX III.....		76
	TABLE FOR DETERMINING SAMPLE SIZE	76

List of Tables

Table 1:	The Sample Size sampling technique.....	32
Table 2:	Validity Analysis Results	36
Table 3:	Reliability Results.....	37
Table 4:	Response rate	41
Table 5:	Background information.....	42
Table 6:	Descriptive results on salaries and wages and employee retention	44
Table 7:	The correlation coefficient results on salaries and wages and employee retention....	46
Table 8:	Descriptive results on allowance and employee retention.....	47
Table 9:	The correlation coefficient results on allowances and employee retention.....	48
Table 10:	Descriptive results on fringe benefits and employee retention.....	49
Table 11:	The correlation coefficient results on fringe benefits and employee retention.	50
Table 12:	Descriptive results on employee retention.....	51
Table 13:	Model summary results on financial rewards and employee retention	53
Table 14:	ANOVA results on financial rewards and employee retention	53
Table 15:	Coefficient results on financial rewards and employee retention.....	54

List of Figures

Figure 1: The relationship between financial rewards and employee retention.....9

Fig.2: Marlow’s hierarchy of needs (Maslow, 1980).....14

List of Abbreviations

CIPD:	The Chartered Institute of Personnel and Development
CVI:	Content Validity Index
DV:	Dependent variable
IV:	Independent variable
SPSS:	Statistical Package for Social Scientists
YMCA:	Young Men's Christian Association

Abstract

The intent to this study was to determine relationship between financial rewards and employee retention in private higher institutions of learning in Uganda using a case study of Mukono The Young Men's Christian Association (YMCA) College. The specific objectives of the study were to; determine the relationship between salaries and wages and employee retention, establish the relationship between allowances and employee retention and establish the relationship between fringe benefits and employee retention Mukono YMCA College.

The study adopted a case study design and both qualitative and quantitative approaches were used. **Data** was collected using both questionnaire and interview guide from a sample of 66 and a total of 51 respondents working at Mukono YMCA College giving were able to participate response rate. The study findings revealed a strong positive relationship between salaries and wages and employee retention observed at correlation coefficient of 0.857^{**}. The results also indicate a positive relationship between allowances and employee retention obtained correlation coefficient of 0.857^{**}. The findings revealed strong a positive relationship between fringe benefits and employee retention at correlation coefficient of 0.951^{**}. However, from the conclusion, the study results indicated that salaries and wages given to employees are not pleasing, employees are not always paid for an extra work done and not satisfied with the fringe benefits the institution gives to them.

This study recommends that private institution may that human resources and remuneration specialists in private higher institutions of learning need to design novel remuneration packages to attract and retain the best candidates and satisfy their employee's expectations, in that they are fair, equitable and free of bias. The institution may introduce housing or house rent allowances to help an individual meet one of the basic needs a roof over one's head in order to enable them have access a reasonable accommodation and senior employees may be provided with accommodation which may be owned by the organization. The study continues to recommend that the private institutions may review the current fringe benefits package.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The intent to this study was to determine relationship between financial rewards and employee retention in private higher institutions of learning in Uganda using a case study of Mukono The Young Men's Christian Association (YMCA) College. However, this study consist of two variables, the independent being financial reward and dependent employee retention. In this chapter therefore, the researcher addressed an introduction, background to the study, statement of the problem, purpose of the study, the study objectives, research questions, research hypothesis, conceptual framework, scope of the study, justification and the significance of the study.

1.1.0 Background to the study

The background is divided into four perspectives; historical showing similar studies with the study variables, theoretical showing the theory that relates the study variables, conceptual on definitions of key terms, and contextual on the study area.

1.1.1 Historical background

In the early of post-colonial period, having a formal employment was considered desirable and sufficient candidates could be found to fill them in the past. Moreover, once employed, workers would often spend their entire careers in those jobs. In areas where there was high turnover, new employees could be recruited easily (Kaliprasad, 2006). Similarly, workers were loyal, committed to their organizations and stayed often on the job until their retirement. As a result of this, employers were loyal to their employees by taking care of them in a more paternalistic way. Companies today are not creating an environment which encourages their employees to remain loyal and stay with their organization (Micheal, 2009). In several recent articles focusing on

strategic compensation management, common themes emerge including establishing pay structures to attract and retain top performers, skilled and talented employees, paying attractive remuneration that seen financial rewards a major issue in many organizations as a motivating factor to retain employees (Downes & Choi, 2014; Gupta & Shaw, 2014; Larkin, 2012).

Researchers have attempted to study the problem of employee retention leaving behind gaps that need to be filled. Tibelius (2010) was interested in establishing the relationship between terms of service and job retention for academic staff in Makerere University. Mukasa (2008) studied rewards and human resource retention in selected private Secondary schools in Wakiso and Masindi Districts. Hlanganipai (2014) carried out a study on the impact of rewards on job satisfaction and employee retention in private institutions. However, none of these studies were in the context of financial rewards and employee retention in private higher institutions of learning by looking at Mukono YMCA College as a case study. In summary with the above theoretical and contextual gaps raised, a study relating to financial rewards and employee retention in private higher institutions of learning is needed to address how financial rewards can enable to overcome the problem of employee retention.

In today's global business world, financial rewards have gained increased importance especially in the current dynamic and competitive environment to employee the most talented people which all contribute to offer attractive rewards. This is because it enables organizations to recruit and retain employees as well as to increase organizational productivity (Dalvi & Ibrahim, 2013). Brown (2001), revealed that there are currently major differences in pay systems and their utilization between countries. Mugeere (2001), observed that most of the Private Higher Institutions of learning in Africa and Uganda in particular have inadequate resources to sustain the staff, whereby most of the institutions entertain part time staff. The staff complained of the

unattractive general terms of service and other conditions of work in 2001. The levels of remuneration and terms of service were not very competitive in the job market leading to poor retention of staff. There was poor pay for example professors earn 1.5 million Ugandan shillings, while associate professors earn 1.2 million Ugandan shillings which was hard to retain such employees. In this regard, a study on establishing the relationship between financial rewards and employee retention can be valuable.

1.1.2 Theoretical background

This study was underpinned by Maslow's Hierarchy of Needs theory. Maslow suggests that "people are motivated to satisfy their needs" (Maslow et al., 1998). According to Maslow, individuals continually want improved situations. Maslow (1970) developed a hierarchy of needs, dividing human needs in five distinct stages in the hierarchical order. The first, basic level is the physiological needs, such as thirst or hunger. The second level consists of safety need, and come in question only when physiological needs are satisfied. Third level is the need for belongingness, love and affection, as people are seeking to overcome the feelings of alienation or loneliness. When first three stages are satisfied, the need for self-esteem and esteem are becoming dominant, such as success, prestige and the wish to perform. Further level is self-actualization, which consists of understanding the world, achieving independence, creativity, individuality, acquiring wisdom. Maslow's theory highlights that organizations must identify the level of needs at which the employee is present at, and then the needs must be addressed as a drive for motivation for example for this study if salaries and wages are given, an employee will always expect other benefits and allowances as salaries and wages cannot meet all the needs. If the basic needs such as physiological and safety needs are not met, organizations are required to tailor reward programmes that suite an employee's needs which leads to their long stay with their organization (Roberts, 2005).

Moreover, it should be competitive to the external environment in order to attract and retain the best workers in the field. In relation to this study, Maslow's Hierarchy of Needs helps an individual to satisfy his/her basic needs and by this theory, financial rewards can enable organizations to retain and attract skilled and talented employees. The researcher thought that when better financial rewards are given to employees as assumed per this theory, employee retention will also improve.

1.1.3 Conceptual background

This study was conceptualized by two key variables which include the independent variable being financial rewards and employee retention being the dependent variable. Rewards refer to the compensation that an employee receives from an organization in exchange for his or her services (Jiang, Xiao, Qi & Xiao, 2009). Financial rewards is typically understood to describe all financial means of pay provided by an employer to an employee in return for their individual effort and contribution, skills, and work done (Armstrong,2006). According to Vartiainen (2008), financial rewards are all the monetary payments an employee receives. In the ordinary language the term wages implies 'reward' to the labourers for the services rendered by them (A.K Sharma, 2006). It may be paid daily, weekly, fortnightly, monthly, per hour or per unit. According to ILO (1973), wages refer to that payment which is made by the employers to the labourer for his services hired on the conditions of payment per hour, per day, per week or per fortnight. Salary is the fixed or guaranteed regular monthly or annual gross payment made to employees, it varies between hierarchy of job positions, employees to employees and companies to companies (Adeniji, 2012). Bratton & Gold (2009) defines salaries as part of the total reward package provided to employees in addition to base or performance pay. According to Wright (2004), fringe benefits refers to the extra benefits provided to employees in addition to the normal compensation paid in the form of wage or salary. Allowances can be defined as the amount of something that is allowed,

especially within a set of rules and regulations or for a specified purpose (Heathfield, 2016). Allowances may be paid to an employee for specific purposes other than performing the job. According to Romanoff (2008), an allowance is a supplementary financial reward which is normally granted once a month.

The other variable which is employee retention refers to the ability of an organization to retain its employees (Allen, 2008). Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (Muhammad Umer, 2011). Zineldin (2000) has viewed retention as an obligation to continue to do business or exchange with a particular company on an ongoing basis.

1.1.4 Contextual background

Mukono YMCA College is one of the higher institutions of learning in Uganda and is a private owned found in 1989. Since its foundation in 1989, it became one of the higher institutions of learning mandated to offer certificates and diploma courses under the rules and regulations of the National Council for Higher Education. The institution employees staffs at different level with different qualification and to ensure a long length of service, the institution set finical rewards like allowances, fringe benefits and attractive salaries and wages that management think it enables them to keep their employees on job and avoid employee turnover because poor reward management comes with its disadvantages of poor employee performance, demotivated employees at work (Mukono YMCA College Human Resource Manual, 2006).

However, it was revealed that in the recent past, Mukono YMCA College has been frequently hit by various challenges emanating from employees concerning their dissatisfaction with the key issue of poor salary and wages which has led to demoralization, failure to meet deadlines and not

doing full day's work and employee exit. Besides the salary issue other challenges include poor working conditions, lack of medical services, delayed salaries and unfair treatment amongst employees within the same organization where some receive better treatment and underserved promotion which has affected their length of service and loyalty calling for the need for this study (Mukono YMCA College Staff Association Report, 2015).

It is revealed that the management of Mukono YMCA College has under looked this due to dictatorship management style that rewards cannot be revised for example in the year 2017, 6 (six) employees left after handing in their resignation letters and some without because this organization failed to match their needs (rewards) mainly financial rewards like salaries, fringe benefits and allowances as compared to their counterparts in other organizations (Staff Association Report, 2016). Basing on the above scenario it seems to be the same among other private higher institutions of learning in Uganda as employee retention is one of the enduring problems in these institutions and Mukono YMCA College. Therefore, this study attempted to investigate whether financial rewards remain the main cause of the matter as to failure of the institution to retain its employees for long.

1.3 Problem statement

Employee retention program is said to be effective when systematic effort is made to create and foster environment that encourage and support employees to remain employed by maintaining strategies and practices like financial rewards in place that address their various needs (Frost,2001). When retention rates are high, less time and money is spent on recruiting, selecting and training new employees that could have been spent on other activities like career development and improving employee performance (Abbasi, 2000). Mukono YMCA College implemented financial rewards practices like salaries and wages, allowances and benefits in pursuit of ensuring

that employees are treated equitably and consistently to attract and retain skilled employees (Mukono YMCA College Human Resource Policy, 2016). However, despite of such financial rewards practices, employees in this organization cannot stay for long with atleast 26% turnover every year and not being loyal to the institution, less committed as they come late, absenteeism with unclear excuses which has affected their efficiency and effectiveness (Mukono YMCA College Manual, 2017). It is argued that, if private institutions of higher learning cannot retain their employees, the economic results will be demoralizing for these institutions and also failing to achieve their mission and vision thus calling for the need for studies such as this study as it intended to establish the relationship between financial rewards and employee retention at Mukono YMCA College.

1.4 Purpose of the study

The purpose of this study was to determine the relationship between financial rewards and employee retention in Mukono YMCA College.

1.5 Objectives of the study

- i) To determine the relationship between salaries and wages and employee retention at Mukono YMCA College.
- ii) To establish the relationship between allowances and employee retention at Mukono YMCA College.
- iii) To establish the relationship between fringe benefits and employee retention at YMCA Mukono.

1.6 Research questions

- i) What is the relationship between salaries and wages and employee retention at Mukono YMCA College?
- ii) What is the relationship between allowances and employee retention at Mukono YMCA College?
- iii) What is the relationship between fringe benefits and employee retention at Mukono YMCA College?

1.7 Conceptual framework

The conceptual frame work is hinged on the idea of Amin (2005) which requires that a conceptual framework is relevant to adequately present the relationship between the independent and dependent variables in a study.

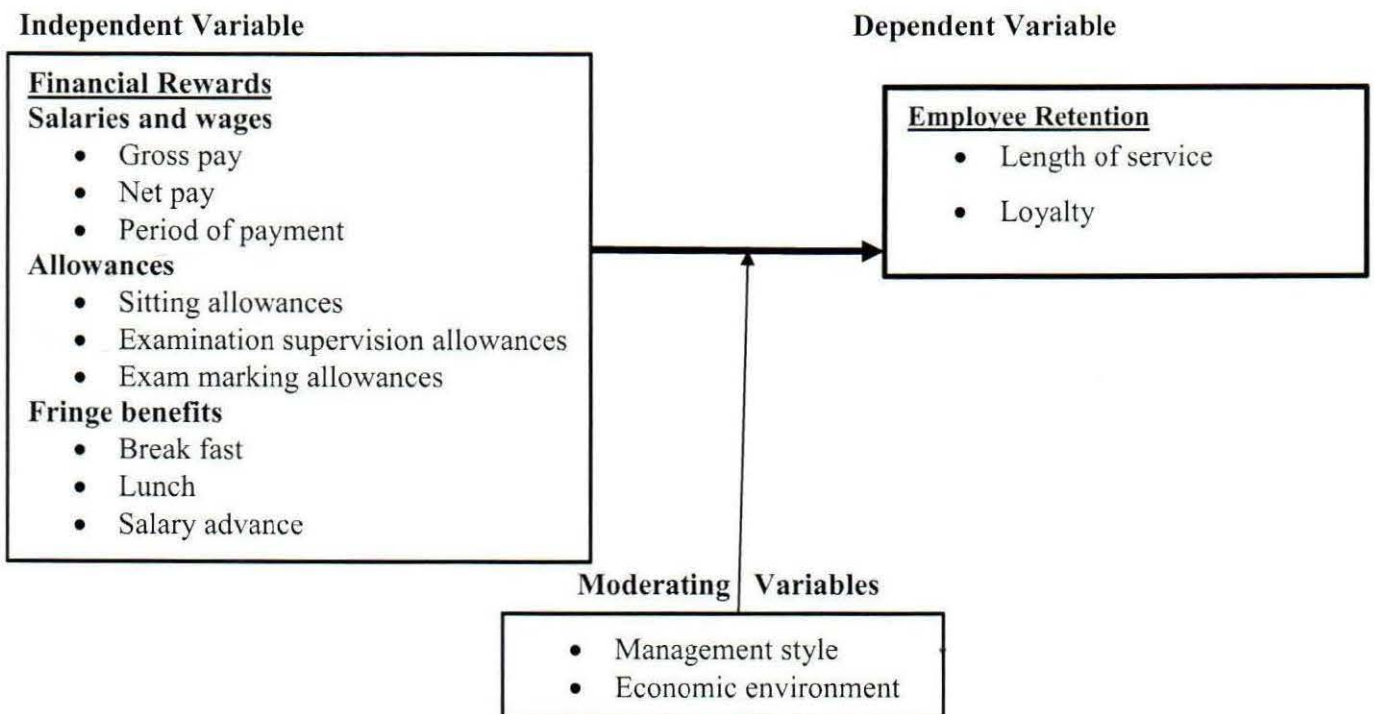


Figure 1: The relationship between financial rewards and employee retention

Source: Adapted from Kohli & Deb (2008), Kaliprasad (2006), Hytter (2007) and modified by the researcher.

The conceptual frame work above explains the relationship between financial rewards and employee retention. Financial rewards was conceived as the independent variable (IV) while employee retention as the dependent variable (DV) as illustrated in figure1 above. Financial rewards was conceptualized with dimensions which include salaries and wages with indicators of gross pay, net pay and period of payment (Kohli & Deb, 2008), allowances is the other dimension which include indicators like sitting allowances, examination supervision allowances and exam marking allowances and fringe benefits was studied with indicators like breakfast, lunch (Kohli & Deb, 2008). Employee retention was studied interms of length of service and loyalty (Kaliprasad, 2006; Hytter, 2007). Employee retention is one of the enduring problems for this industry as it is a fastest and competitive growing industry. The employers need more skillful and talented staff to stay and work for their organization for a long period of time but there are some issues which influence the employees either to stay or to leave the organization and this study has considered financial rewards being one of the factors. The study was moderated with variables which include management style and economic environment although these were not studied in this study.

1.9 Scope of the study

1.9.1 Subject scope

The study generally focused on the relationship between financial rewards and employee retention at Mukono YMCA College with more emphasis on salaries and wages, allowance and fringe benefits as the main financial reward dimensions as they enhance employee retention is measured in terms of length of service and loyalty.

1.9.2 Geographical scope

The study was conducted at Mukono YMCA College located in Mukono Municipality in Uganda, a few meters from Jinja Road, Uganda. Mukono YMCA College was chosen because it is one of the higher institutions in Uganda that has been faced with poor employee retention recording with a high decrease in performance, efficiency, less length of service, morale and an increase in the disorder of social networks due to poor financial rewards thus the need to determine the relationship between financial rewards and employee retention in this institution. The other reason was the ease by the researcher to access the information that was needed to complete the study.

1.9.3 Time scope

The study covered a period of five (5) years that is from 2014 – 2018 as the period of data consideration. Information from 2014 to date from the intuition reports were also considered to complete the study. The study was conducted from February 2018 to November 2018.

1.10 Justification of the study

High employee retention rate means that employee turnover rate has been low and vice versa. All private higher institutions of learning will therefore always seek and strive to maintain high rates of employee retention especially of their key talents, thus maintaining low levels of staff turnover, reduce on expenses, recruitment and training of new employees. It is justified that a major challenge faced by the employers mainly in private institutions today is retaining the hired employees in this cut throat competition. A study carried out by Paul Edabu & Ijeoma Blessings Anumaka (2014) used a descriptive comparative survey design involving ex- post facto design and proportional stratified sampling technique was employed to study motivation tools as a determinant of effectiveness on academic staff retention in selected private universities in central Uganda which included Kampala International University, Nkumba University, Uganda Christian

University and Cavendish University. However, this study had precise quantitative description and this study used a case study research design by adopting quantitative and qualitative approaches to quantify and qualify relationship between financial rewards and employee retention in private institutions in Uganda using Mukono YMCA College as a case study. This study intended to justify the applicability of Maslow's needs hierarchy theory on how it explains the financial rewards and employee retention. It was therefore of great importance to determine the relationship between financial reward and employee retention at Mukono YMCA College.

1.11 Significance of the study

- I. At the research level, the study findings will bridge the gap between the theories studied in class on financial rewards and employee retention. The findings may contribute to the existing literature about financial rewards and employee retention in private higher institutions of learning. This is because employee retention in these institutions has been one of the major problems as employees always leave such institutions to join other institution for better rewards like financial rewards.
- II. To the academia, the study findings may add knowledge on the role of financial rewards on employee retention.
- III. To the management of Mukono YMCA College, the study might enable the top management to improve on their financial rewards enhancing employee retention.
- IV. To the private institutions in Uganda, this study may be valuable to the owners and the board of directors to recognize the importance of financial rewards in improving on employee retention.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter consists of the theoretical review to the study, conceptual review to the study the assessment of literature on the independent variable; salaries and wages, fringe benefits and allowances and their relationship on the dependent variable, employee retention as put forward by different scholars, conceptual review and theoretical review. It further reviews literature on how these two variables relate each other, clearly underscoring gaps in literatures of different academicians.

2.2 Theoretical review

This study was underpinned by Maslow's Hierarchy of Needs theory. Maslow suggests that "people are motivated to satisfy their needs" (Maslow et al., 1998). According to Maslow, individuals continually want improved situations. Maslow (1970) developed a hierarchy of needs, dividing human needs in five distinct stages in the hierarchical order. The first, basic level is the physiological needs, such as thirst or hunger. The second level consists of safety need, and come in question only when physiological needs are satisfied. Third level is the need for belongingness, love and affection, as people are seeking to overcome the feelings of alienation or loneliness. When first three stages are satisfied, the need for self-esteem and esteem are becoming dominant, such as success, prestige and the wish to perform. Further level is self-actualization, which consists of understanding the world, achieving independence, creativity, individuality, acquiring wisdom. Therefore, in today business world, when an employee is able to meet all these needs, such employees will always remain loyal to the organisation and have long length of service.

Money may be a motivator but not for all employees to keep them on their jobs. This is supported by Maslow's theory of hierarchy of needs. Maslow's (1954) suggests a hierarchy of five needs as illustrated in the pyramid in figure 2 below.

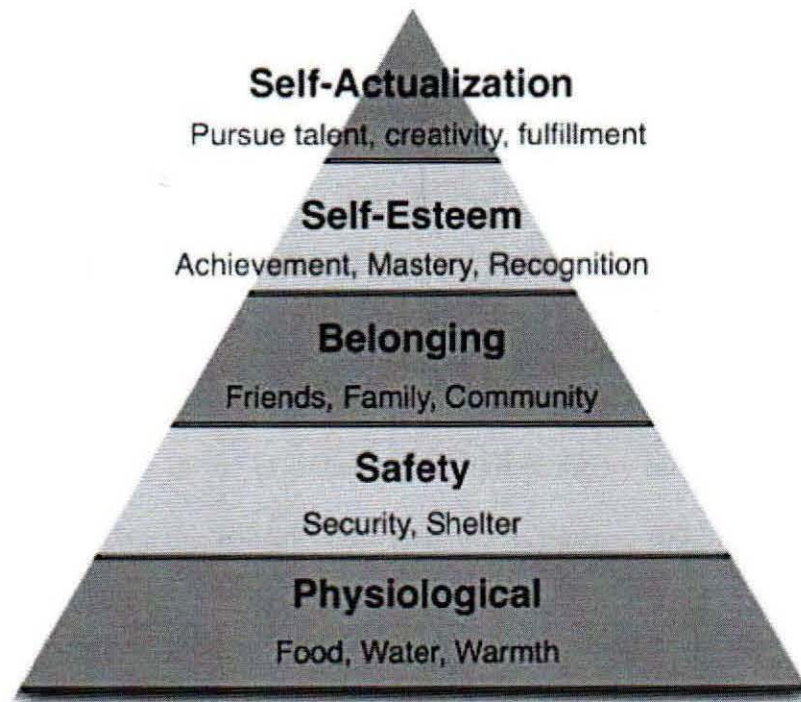


Figure 2: Maslow's hierarchy of needs (Maslow, 1980)

The pyramid above illustrates the different needs that individuals or employees in an organization will demand to accomplish their goals when they join an organization. The theory is relevant to this study despite other competing theory like Victor Vroom's Expectancy Theory as it relates to the diversity existing in the workplace as regards the opinions, thoughts and concerns of workers including their attitude and behaviors towards the job (Purvis, Zagenczyk & McCray, 2015; George & Jones, 2012). It concerns with various possible outcomes, workers are motivated to commit their efforts to an organization only if they are certain that the rewards will satisfy their needs and the end result or outcome will realize a specific level of performance that is to say

efficient and effectiveness to the organization and long stay with their organization (George *et al*, 2012).

However, Maslow's needs theory is vital that managers try to understand those needs affecting members of its workforce and provide adequate motivation tailored to suit or gratify those needs. For example an employee might join an organization for better salaries or wages, fringe benefits and allowances that can enable him or her to meet needs. Therefore, in order to achieve high length of service, and employees to remain loyal the organization must consider employees the backbone of the organization as such an asset to the organization. In this case, therefore, to ensure that workers remain highly productive, loyal, long length of service and in a bid to achieve continuous growth, stability and success of the organization, Maslow's theory posits that the needs of the workforce must first be given due consideration (Jennifer & George, 2006).

On contrary, Maslow's theory has not avoided criticism. Robbins (2003) referred to Wahba & Bridwell (1976) who claimed that there is lack of evidence that the needs are organized as Maslow presented i.e. in an hierarchical manner and it is unclear whether the unsatisfied needs create any motivation or that once an individual has satisfied a need level does this activate an individual to seek for another, higher level need satisfaction?. Although Maslow's theory was able to establish the fact that individuals have needs, it has failed to provide an acceptable linkage amongst specific need fulfillment and the realization of an establishment's goals and objectives. Also it doesn't really provide solutions associated with the complications of personnel differences in motivation. This can only be done when process or mechanical theories are considered (Assam, 2002).

2.3 Conceptual Review to the study

According to Tyson (2006), financial rewards are typically understood to describe all financial means of pay provided by an employer to an employee in return for their individual effort and

contribution, skills, and work done. Pay is such a fundamental concept in the employment contract that not much time is spent thinking about what it means and in the majority of cases it is relatively straightforward. Armstrong (2010) defines financial rewards as monetary incentives that an employee earns as a result of good performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of its goals, a reward often follows. Armstrong (1997) outlines that a reward system consists of financial rewards (fixed and variable) and employer benefits, which together comprise total remuneration. Over recent decades this view of how to motivate and retain employees has become increasingly associated with the notion of recognition and other forms of non-financial rewards such as praise, achievement, responsibility and personal growth.

Employee retention connotes the means, plan or set of decision-making behavior put in place by organizations to retain their competent workforce for performance (Gberevbie, 2008). Retention is defined as the effort by employers to retain talented and high-performing employees in order to achieve organizational objectives (Fatima, 2011). Retaining high-performing employees or the 'best professional talent' is of great significance to organizations as it eliminates the recruitment, selection and on-boarding costs that would otherwise be incurred in replacing them (Tymon, & Smith, 2011). Robyn (2012), states that the strength of an institution lies in its human capital and that it is therefore important to align human resource policies and procedures so as to attract and retain skilled employees. In this study, employee retention was being measured in terms of length of services and loyalty.

2.3.1 Salaries and wages and employee retention

According to Adeniji (2012), salary is the fixed or guaranteed regular monthly or annual gross payment made to employees; it varies between hierarchy of job positions, employees to employees

and companies to companies. Wage on the other hand is a regular, usually weekly or daily payment made for work or services usually to manual workers.

Martin (2010) emphasizes salary and wages are rewards that satisfy an employee's basic needs. Part of your employee reward system should take into account the salary structure you use. Establish a set of measureable objectives for each employee to meet. Periodically evaluate employees to see how well they are meeting the objectives. Workers who meet the objectives for their job should receive the reward of a pay raise. He further emphasizes that base pay is the salary that an employee receives and it does not include incentive benefits and pay. Also Ashfield (2007) observes that the base pay may be used to provide a platform for determining additional payments associated with competence, skills and performance. Additionally, the base pay may be used to determine an employee's life insurance and pension entitlement which most employees consider before they join organization. This means that employees are guaranteed that they will receive their base pay provided that they report to work and perform within the acceptable levels thus attracting quality employees.

Kinnear & Sutherland (2001) in their study, argued that competitive salary is considered as key motivational variables that influenced employees' retention in their organizations. According to Griffeth et al (2000), pay and other work-related variables have significant influence on employee retention. Weiss (2002) have also agreed that organizations with a motivating pay may create a center of attention and keep hold of qualified employee to continue working with their current organization. However, much as these studies have looked at competitive salary as a motivational factor that can enable an organization to hold on quality employees, they did not specify the basis on which salary should be accorded. This is because employees have different demands basing on their skills and level of education. These individuals always compare their salaries with the

colleagues in other organizations at the same level of education, skills and the society that they coming from thus this can be related to Maslows hierarchy needs theory where individuals can demand for higher salary to fulfill their belongingness needs.

Agburu (2012) declared that wages and salaries should not only be adequate but they must also show some element of equity; this is particularly true from the view point of the employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in an economy such as any African country. For any average African employee, wages or salaries are highly critical issues. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. This implies good salary and wage can attract and enable to retain quality employees if they feel they are satisfied and the reward given to them. As direct financial rewards, wages and salaries are the most emphasized by the employees, thus they sort of take a center stage in the scheme of things as far as rewards for work is concerned.

Obasan (2012) noted that wages and salaries must maintain equity, competitiveness, matching employee expectations, reinforcing positive employee behaviour and eliminating any discrepancies. Other purpose of wages and salaries include devising a system that is most efficient, organization of management and employee interest as well as maintaining good industrial relations and harmony. If all these are achieved in an organization, definitely, the employees will be seriously motivated and put in more effort into their work. This literature only related salaries and wages by relating it to motivation of employees and in today's business environment it's hard to retain quality and experienced employees and this study to close this gap how organizations can use salaries and wages to retain employees as the rat of employee turnover is high.

Williams & Dreher (1992) stated that salary is the key factor influence in the employee attraction and retention, and it plays a vital role in the recruitment process. Therefore, the contribution of the reward system towards the retention of employees has a positive effect on retention without considering the skills of employees and their participation towards the company. Financial rewards of an organization affects the employees' decision of voluntarily turnover and involuntarily turnover. The rewards given by the other companies also affects the employees' decision of turnover. This is because if other organizations in the same industry offers better financial rewards, it becomes hard to retain employee when the current organization pays little and there job opening in the other organizations with attractive pay.

Kasozi (2008) revealed that in higher institutions of learning, lecturers work abnormally under twisted conditions amidst poor pay, for instance lecturers get involved on normal workload, research supervision, to mention but a few. The report also mentioned that in some faculties, a lecturer is at work from 7:00am to 10:00pm each working day and the weekend lecturers engage in extra-load, not because they like it but because of poor remuneration. As for paying for marking, setting exams and invigilation, it is true that some faculties and schools pay some money for these activities, however, what was paid was not commensurate to the input. It was simply an incentive and it was taxed which demotivates employee and call for employee turnover as staffs in these private intuitions always look for better pay. Therefore, if these private institutions of higher learning don't look into their reward systems, the current situation of employee turnover like at Mukono YMCA College will continue. This affects employee retention in such institutions thus the intent for this study to investigate the relationship between salary and employee retention.

CIPD (2010) highlighted rewards as a key retention factor for organization engagement. Money is still the primary incentive used by most organizations. Shields (2007) revealed that high salaries

are not essential, but good and fair salaries showed strong correlation with the intention" indicating that as long as the reward is competitive but financial rewards are not the primary factor in retention. This implies that when good salaries are offered to employees, an organization can be in position to retain employees for long. Macey (2009) support this statement that motivation to engage follows from treating people with respect, providing a suitable working environment which shows they are highly valued and thereby establishing a basis for them to respond through their voluntary engagement. However, these studies do not clearly explain salaries as financial rewards that can be best used to retain employees and they considered financial rewards as not being the primary factor in retention which is not the case in this study as it considers financial rewards a primary factor. They only look at salaries as a motivational factor for employees thus this study intends to investigate the relationship between salaries and wages and employee retention.

Greenberg & Baron (2008), highlighted that the growing needs of people with high living costs force workers seeking higher income that can guarantee their future and life satisfaction. Moreover, if individuals believe they are not compensated well therefore a state of emotional dissatisfaction will be developed. These emotional discrepancies will grow and accumulate over time thus make employees unhappy and unsatisfied working for the organization thus affecting their loyalty and length of service. Greenberg & Baron (2008) further indicated that a perceived low salary leads to job dissatisfaction and a major contributor to employee turnover. Khan *et al.* (2014) posited that academic staff commitment can be enhanced and their degree of satisfaction could be improved by identifying the influence compensation.

2.3.2 Allowances and employee retention

According to Heathfield (2016), allowances can be defined as the amount of something that is allowed, especially within a set of rules and regulations or for a specified purpose. Various

allowances are paid in addition to basic pay. Dahar (2011) asserts that allowance rewards are received by a person who has given the effort, time, mind and given his/her best for the organisation. Form of allowances can usually be either material or non-material. A person given a decent allowance will be able to meet every need, so that they will not neglect doing his/her duty, because looking for moonlight and can enable employee stay for long with their current organisation.

Chelladurai (2006) recommends that rewards should be designed to fairly compensate the employees for their contribution to the organization performance and to keep them stay with their organisation. According to Griffin & Moorhead (2011), its' basic purpose in many organizations to attract, retain and motivate good employees. Also, financial rewards can be designed to develop employee skills, or according to Lawler (1987), to reduce absenteeism by linking bonuses to attendance. However, there are few more aspects of financial reward that need to be considered. The compensation structure in specific firm should and must be consistent in order to ensure equal treatment required by the law (Griffin & Moorhead, 2011).

Mitchell, Holtom & Lee, (2001) argues that due to the recent movement towards benchmarking, organizations are now facing difficulties in setting themselves apart from their competitors by means of remuneration hence the impact of financial rewards on employee retention is reduced. However, regardless of many studies reporting that financial rewards to be are a poor motivating factor, remuneration packages still remain as a tactic employed by several organizations to improve employee loyalty. A study conducted by Horwitz, Heng & Quazi (2003) also reported that compensation practices is still one of the most popular retention strategy. According to Teseema & Soeters (2006), there is a positive correlation between compensation practices and employee retention, hence their explanation that voluntary turnover is high among those

employees who value high monetary rewards as part of their compensation package. However, there are many financial or monetary rewards like allowances that this study intends to focus one to measure they affect employee retention.

According to the Code of Regulations (2006), when it is established that an officer is required to work overtime as a matter of urgent necessity and it is not possible to allow him equivalent time off in lieu of overtime allowance, to compensate and motivate him for the time, an allowance may be granted to him with prior approval of the Authorized Officer. Compensatory time off can also be given in lieu of payment for extra time worked. However, unless it is given to non-exempt employees at the rate of one and one-half time for the hours worked over a 40-hour week, comp-time is illegal in the private sector. It can also not be carried over from one pay period to another. The only major exception to those provisions is for public-sector employees, such as fire and police employees and a limited number of other workers (Willing, 2000).

Tsai et al (2005) says that since indirect financial rewards help organizations to recruit and retain high-quality employees that are seen as strategic resources in achieving competitive advantage, one can expect that overall attractiveness of organizations can be enhanced through allowance offerings and that employees will then be influenced to feel greater satisfaction and loyalty. As a result, this should lead to greater effort and productivity. In short, higher financial rewards may increase organizational productivity by attracting and retaining labour of better quality. In other words, indirect financial rewards like allowances may be a moderating role and enhance the positive effect of labour input on an organization's output through retention and recruitment of competent employees. However, this study identifies a gap as organizations need to find out which allowances should be given to their employees that can keep them on their jobs and also remain

productive thus a need to determine the relationship between allowances and employee retention which is one of the objectives to this study.

Hope & Mackin (2007) observed that employees of large establishments stay in their jobs longer than employees of small establishments. Offering better allowances to employees as an additional incentive or pay improves employee retention by improving their on their stay, improve their moral or commitment to their jobs. When a firm offers better allowances to its employees, it decreases the probability of an employee's leaving in a given year by 26.2 percent and increases the probability of staying an additional year by 13.9 percent. However, a 13.9% to 26.2% employee turnover is large percentage that affects employee loyalty as employees cannot stay for long with their organization if they happen to see other employees leaving which this study intends to investigate on. According to Hope et al (2007), labour turnover is the movement of employees in and out of an organization. It is commonly used to refer to the number of employees leaving an organization. It is also defined as the ratio between the numbers of employees that leave to the total number employees over a given period usually a calendar year. According to a study by Mercer (2003), employees will stay if they are rewarded and allowances as the additional pay to salaries and wages.

Tyson (1999) highlights that overtime as an allowance to employee and can be described as the payment over and above the normal salary and wage rates where the workers are paid extra for working additional hours. Furthermore, company housing or house rent allowances is offered by organizations who feel obliged to help an individual meet one of the basic needs a roof over one's head in order to enable them have access to reasonable accommodation while on official duty and this can help them improve on their loyalty and length of service. Andrews (2009) asserted that in some organizations to see their employee committed and retain them for long, senior employees

are provided with accommodation which may be owned by the organization while other organizations reimburse rent payments. In order to avoid a decline in employee productivity levels, workers also require health and safety packages, job security and adequate working conditions Hamidis (2014) thus this study investigated the relationship between allowances and employees in higher institutions of learning.

2.3.3 Fringe benefits and employee retention.

According to Mathis & Jackson (2003), fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership for example meals or discounted cafeteria plans may also be offered to employees as fringe benefits. According to Bratton & Gold (2007), fringe benefits refer to the part of the rewards package provided to an employee in addition to the guaranteed basic remuneration. Fringe benefits focus on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members.

Artz (2010) revealed that fringe benefits make up a significant portion of employer compensation packages but their impact on work employee job satisfaction and retention and has given much attention. Artz (2010) further confirmed that fringe benefits can affect job satisfaction in opposing ways. First of all, since fringe benefits are generally less taxed than wages, they can be purchased at less cost through an employer than if bought on the market. Second, fringe benefits are often desirable pieces of compensation packages and so increase job satisfaction. It is evident that compensation and fringe benefits have a significant relationship from organizational level, the literature is inaudible about higher education institutions. Therefore, the current study seeks to fill that gap between fringe benefits mainly those that have not been identified and employee retention.

Nienaber (2011) discovered that reward categories, such as remuneration and benefits, as well as a conducive working environment, are valued more by younger employees, reducing in need as employees age. Younger employees also may prefer more tangible rewards, such as medical plans or maternity or paternity leave, whereas older employees may value stock options or retirement plan contributions which enhances their the long stay on the current job (Mehta, Anderson & Dubinsky, 2000). This is in contrast to Nienaber *et al.* (2011), who found no significant differences in reward preferences amongst generations in South Africa, with all generations stating that salary and benefits are important aspects of financial rewards thus the purpose of this study which was to determine the relationship between financial and employee retention is of great importance to close that previous studies on financial did not cover. Cennamo & Gardner (2008) found that older employees value extrinsic rewards, such as pay and benefits, more than younger employees, which is in line with the present study's findings. However, their study focused on two categories of employees the young and older employees and yet as per the business environment today almost all employees of the different age groups are so demanding due to the economic situation thus this study is of a great importance.

Artz (2008), found that fringe benefits stand as an important component of worker compensation. The National Compensation Survey conducted by the Bureau of Labor Statistics estimated that benefits made up 30% of total compensation for all civilian workers in 2006. Some benefits such as social security and medicare are legally required and make up roughly 27% of all benefit compensation. The remaining 73% of benefit compensation is comprised mostly of paid leave, insurance plans and retirement and savings plans. These benefits are often not subject to taxation and are therefore cheaper to gain through an employer than through the market. Consequently, cheaper benefits should increase worker job satisfaction and employee retention. However, there

are other benefits that were not considered in these which are applicable to private higher institutions of learning in Uganda which the area of this study.

Fringe benefits are regarded as one of the factors influential on the quality of working life (Duyan et al., 2013). They lead to low labor turnover rate and high labor supply (Olsen, 2006). Collective provision of fringe benefits enables employees to enjoy the economy of scale thus resulting into employees being committed, loyal employees and lengthen their period of stay. For example, collective purchase of health insurance is more economical. Paying attention to employees and telling them that they perform well are more influential than payments in high quantity which improves on the effectiveness and efficiency of employees. Offering fringe benefits is considered a way of improving the peace of employees to their families and confidence for the future (Galanaki, 2013). Fringe benefits allow providing both employees and employers with a positive and productive workplace environment (Owolabi et al., 2013).

Phillips & Gully (2012) in an empirical study on the reward preferences of South African employees, stated that competitive wages and benefits have time and again, been listed as a means of attracting and retaining employees. Mohlala (2012) found that monetary rewards were lacking in their organization under study. This negatively affected retention, especially for those who had been employed there for longer periods of time. Respondents confirmed that employees had left the organization to move to where they had been offered better salaries. However, Mohlala found the lack of monetary rewards in organization and they have negative impact on retention and attraction of quality employees but this study was not specific on which monetary rewards are lacking that employees cannot stay for long with their current organization thus this study was specific on particular financial rewards like fringe benefits. Good benefits can also be used to

increase retention, but Phillips *et al* (2012) mentioned that this will only affect retention positively if employees understand and appreciate the benefits provided.

Olsen (2006) observed that organizations focus attention on fringe benefits to motivate their employees, increase their commitment and performance, decrease labor turnover rates, help them balance between work and life, and raise labor supply. For example, Yavuz (2004) conducted a study on Turkish public sector and concluded that non-monetary concrete incentives improve employees' motivation, and intrinsic rewards such as celebrations, picnics, social events, and sports activities increase their commitment. Yavuz's study focus was carried out in the public sector and didn't consider the private sector which this intends to look at and find if fringe benefits can enable private institutions see their employees remain loyal, stay for long on their jobs and also improve on their efficiency and effectiveness in their work performance.

Bernardin (2007) states that like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees. Mathis & Jackson (2003) continue to state that an employer that provides a more attractive benefits package often enjoys an advantage over other employers in hiring and retaining qualified employees when the competing firms offered similar base pay. In fact, such benefits may create golden handcuffs, making employees more reticent to move to other employers. Some common examples are; retirement or pension plans, medical and dental insurance, education reimbursement, time off, paid vacation and use of company car. According to a study carried out by the US Chamber of Commerce in (2006), fringe benefits in the U.S., were not a significant part of most employees' compensation packages until the mid-twentieth century thus this study will be of a great importance to find out which fringe benefits can easily enable organization to retain and attract quality and qualified employees in the organization.

2.4 Employee retention

Employee retention connotes the means, plan or set of decision-making behavior put in place by organizations to retain their competent workforce for performance (Gberevbie, 2008). Retaining good employees is critical to an organization's long term success. By taking a proactive approach to developing an effective employee retention program, the anxiety of high turnover can be reduced. True employee retention takes time, effort and resources, but the rewards can prove valuable. One of the major drivers for investing in a retention program is the financial impact of recruiting and training valued employees (Shawn, 2007). However, organizations today are being challenged on how to retain quality and skilled employees due to failure to meet their needs which leads such employees to leave.

Van Eeden (2014) analyzed that the rate of retention has an inverse relationship to staff turnover and it is expected that if a generally a high number of staffs stay in an organization for a specified period then the retention rate is high and the turnover rate is low that is to say (retention rate=1/turnover rate). Holding on to employees is an essential objective of each company. It aids in diminishing wastage as far as the time, effort and cash spent in contracting and training new workers and incorporating them into the organization is concerned. However, much as Van Eeden analyzed the rate of retention of employees, he did not clearly advise on how organizations can reduce on employee turnover and improve on employee retention in this competitive global business where employees are so demanding to keep them one their jobs for long due to their needs and this study intends to fill that gap by giving recommendations on how organizations can improve on employee retention.

Pritchard (2007) revealed that developing skills in employees may indeed make them more marketable, but it also tends to improve retention. When an employer provides employees with

training and development assistance, loyalty, efficiency and effectiveness may increase and employees are more likely to stay, particularly if they see more future opportunities internally. Therefore, this study intends to show how important are financial rewards to employees. This is because when employees see that their current organizations cannot enable to develop their career, they will leave and join other organizations in order to develop their career. This study therefore will show the knowledge gap between career development and employee retention.

Moynihan & Pandey (2007) urged that successful organizational performance it is not about managing retention, it is about managing people. If an organization manages people well, employee retention will take care of itself. However, much as organizations are aware of the impact of employee turnover, up to now many organizations have failed to retain to quality and experienced employees due to the failure to meet their needs. Organizations should focus on managing the financial rewards like allowances to make better use of the available human assets. People want to work for an organization which provides, appreciation for the work done, ample opportunities to grow, a friendly and cooperative environment, a feeling that the organization is second home to the employee. It is revealed that good organization environment includes; culture, values, company reputation, quality of people in the organization, loyalty, risk taking and leading technologies.

Chirintr (2010) revealed that employees that work with each other for a long time eventually adopt traits from each other. Whether it's their strengths or weaknesses, continuous collaboration will eventually lead to adopted qualities from one another. Long time employees can become so in sync with each other, that they can develop a shared process for accomplishing tasks in an efficient manner. Usually employees that stick around an organization for a lengthy time are treated well by employers. A tight niche organization that is based off of loyalty is looked fondly upon by

outsiders and can therefore promote an organization as a top workplace. Happy by getting to know each one as an individual. It's not just about investing time and money in your employees, but a bit of a personal relation as well. By making your employees feel comfortable in the workplace, retention rate will go up and so will the overall success of the organization. However, studies have not well explained what makes a positive work culture for an employee that can make an individual stay for long with the current organization which this study seeks to fill this gap by identifying various ways that make a positive work culture for employees in an organization.

2.5 Summary of the literature gap.

This chapter addressed literature related to financial rewards and is guided by three components of financial rewards (salary and wages, fringe benefits and allowances) and employee retention. The review of literature finds that better financial rewards is an important route towards the retention of employee. Literature review indicates that when employees are poorly rewarded, they will always leave their current organization to join organizations that offer better rewards. However, although various research studies have been conducted internationally and locally on employee retention and the factors that influence it given financial rewards being one of them. The problem with most of these studies is that they have not looked at the different demographics of the employees. They have generalized the employees and the rewards have not been specific to different individuals. This study therefore seek to fill this gap by including the different employee demographics in the study because different employees have different needs and which rewards have a great impact on employee retention.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the process and procedures involved in conducting the research study. It helped to explain the research design, study area and population, sampling selection techniques and sample size, data collection method, validity and reliability of data, sources of data and study variable, data processing, analysis, presentation, measurement of data and limitation to the study were used in this study.

3.2 Research design

A research design is defined as a basic plan for a piece of research; it illustrates all the issues involved in planning and executing a research project Punch (2000). The study adopted a case study design and both qualitative and quantitative approaches were used to collect data aiming at quantifying and qualifying the relationship between financial rewards and employee retention in private higher institutions of learning in Uganda using a case study of Mukono YMCA College. Katebire (2007) states that, a case study research design permits a researcher to conduct an in-depth examination of a single phenomenon at a given point in time, to arrive at findings that are applicable to the broader phenomenon that the case represents. Amin (2005) says qualitative research design is exploratory, and it is used when we don't know what to expect, to define the problem or develop an approach to the problem. Qualitative technique was deployed for non-numeric data, such as respondents' views or opinions from interviews. It was used to go deeper into issues of interest and explore distinctions related to financial rewards and employee retention. Quantitative approach was applied to numeric data, because it is conclusive in its purpose to quantify the relationship between financial rewards and understand how prevalent it is by looking

for projectable results to a larger population on performance (Punch, 2000). All this helped the researcher to make clear conclusions on the relationship between financial rewards and employee retention at Mukono YMCA College.

3.3 Study Area

The study was carried out at Mukono YMCA College. The institution is located in Mukono Municipality in Uganda, a few meters from Jinja Road, Uganda. The interest of using this case study was due to the variables in the study, the current situation at the institute and ease access for the researcher to collect the data so as to complete the study in the required time set by the University.

3.4 Study Population

The study was conducted at Mukono YMCA College, Mukono Uganda. The target population consisted of 80 respondents that include top level staff (10), middle level staff (15) and lower level staff (55). The top management staff included the principle, dean of students, academic registrar, institution bursar, secretary, the middle level staff included heads of departments and their duties and the lower staff level included the teaching staff both part time and permanent and supporting staff or non-teaching staff.

3.5 Sample size and selection

From the total population of 80, a total sample size of 66 staff was studied and this was determined basing on statistical tables of Krejcie & Morgan (1970) for determining sample size from a given total population size. Sample selection depends on the population size, its homogeneity, the sample media, its cost of use, and the degree of precision required (Salant & Dillman, 1994). However, the sample size from each strata were sampled basing on percentage method by dividing the

population of each strata by the total population and multiplying it by total sample size to get exact sample for every strata.

Table 1: The Sample Size sampling technique.

Category of Respondents	Population	Sample Size	Sample Technique
Top level staff	10	8	Purposive
Middle level staff	15	12	Purposive
Lower level staff	55	46	Simple random
Total	80	66	

Source: Adapted from Mukono YMCA College provisional human resource data base (2017) and modified by the researcher using Krejcie & Morgan (1970) table for determining sample size.

3.6 Sampling Technique

The study involved both probability and non-probability sampling techniques including simple random and purposive sampling techniques. A simple random sampling was employed to ensure that all employees stand equal chance of being selected to avoid sample bias and ensure that the results are reliable enough to be generalized (Mugenda & Mugenda, 1999). A total sample of 45 respondents who are staff at the lower level were randomly sampled. Also purposive sampling technique was used and in this type, the researcher base on knowledge and expertise of the subject, to select or hand pick the respondents to participate in the study (Mugenda & Mugenda, 1999). In this study, a sample of 21 respondents on the top and middle level management were purposively sampled. These respondents were purposively sampled due to their expertise and knowledge about the study and the importance of this sampling technique is that it provides consistency and accuracy of information and also enable to minimize the sampling error to meet the purpose of the study.

3.7 Study Procedure

The researcher got permission from the Graduate School, Kyambogo University and the introductory letter to introduce the researcher to the officer in charge of research and development at the institution. The research ethics were observed and this made it easy to carry out the research study in the organization. Permission was sought from Mukono YMCA College and respondents were assured of anonymity and confidentiality. A cover letter was attached to the questionnaires to introduce the respondents to the research topic to avoid any suspicion or mistrust respondents might have had about the study.

3.8 Data Collection methods

Data was collected from both primary and secondary sources. The primary data is the first hand information collected from the field using collection tools such as questionnaires and interviews. Secondary sources of data include the internet, text books, journals, documents and reports from the institution about their financial rewards and employee retention issues (Mugenda & Mugenda, 2003). Qualitative and quantitative methods were used in the collection of data. For qualitative data, interview guide was used while quantitative data was collected using a questionnaire. The data was collected from Mukono YMCA College by the researcher and assisted by research assistants for convenience and speed.

3.8.1 Questionnaire

In this study, a questionnaire survey method was used to collect quantitative data. The researcher designed a set of questions and make questionnaire. This was comprehensive enough to cover the extent of the problem and all aspects of the study variables basing on the objectives of the study and research question. The questionnaires were broken down to capture background information and data related to each of the variables under investigation. The questionnaires were delivered to

staffs of Mukono YMCA College by the researcher and the questionnaires were self-administered which helped the researcher to get relevant information for the study. This method was used since it is reliable and dependable for large samples, gives respondents adequate time, free from interviewer bias and cheap, (Mugenda & Mugenda, 2003). The questionnaires were addressed to total number of 58 respondents and these were the employees working with this organization since they are many and the researcher couldn't reach them all at once. However, from a total of 58 questionnaires which were distributed, a total of 45 questionnaires were filled and returned by the respondents.

3.8.2 Interview

In order to collect qualitative data, interview method was used to collect qualitative data. Face to face interview was conducted. This method was used to gain an understating of the underlying reasons and motivations for people's attitudes, preference or behavior about organizational polices (Mbabazi, 2008). Still the interview was semi-structured in that the questions were predetermined but to allow the respondents to express their opinion at length. The questions were directed to clarify and assessing whether there is any relationship between financial rewards and employee retention. The questions sought suggestions on how to improve employee longer retention. The researcher to hold interviews with a total of 8 respondents at the top management who included the principle, dean of students, accountant, secretary, academic registrar, the institution bursar and heads of department. However, the researcher managed to hold interviews with 6 respondents.

3.9.0 Data collection instruments

3.9.2 Questionnaire survey

A five Likert-scale questionnaire (Appendix I) was used to determine the relationship between finical rewards and employee retention in private higher institutions of learning in Uganda. A five

Likert-scale questionnaire was used because it can easily be understood and quantifiable, subjective to computation of some mathematical analysis and responses are very easy to code when accumulating data since a single number represents the participant's response (Amin, 2005). A self-administered questionnaire was used because it increases the degree of reliability due to the many items in it and it well enhance the chances of getting valid data, (Amin, 2005). The questionnaire was designed according to the objectives and study variables and responses to the questions were anchored on a five (5) point Likert scale ranging from 5- strongly agree to 1 - strongly disagree. The questions were close ended which to enable the respondents to express their views and opinions.

3.9.1 Interview guide

In-depth interviews were conducted using the interview guide. The interview guide (Appendix II) were unstructured and semi-structured. For either technique, the instrument enable the researcher to collect accurate information from the officials who were selected to participate as key informants; because, they had a wealth of experience and knowledge in financial rewards and to why their organization cannot retain its employees for long Mugenda & Mugenda, (2003). The instrument well ensured that reliable information is gathered; because, it facilitate a deeper investigation into the topic under study. It helped the researcher to explain or clarify questions thereby increasing the useful of the responses.

3.10 Validity and Reliability of Data.

Patton (2002), states that validity and reliability are two factors which any researcher should be concerned about while designing a study, analyzing results and judging the quality of the study.

3.10.1 Validity of data

Validity concentrated on how accurately the instrument captures data that gives meaningful inferences (Mbabazi, 2008). The questionnaire were given to other experts in research to seek their opinion about the adequacy and representativeness of the instrument to ensure it covers all the variables being measured as a way of eliminating invalid items on the instrument. The instruments were pretested, after which the content validity was measured (Denscombe, 1998). To measure validity of the items on the instruments, a content validity index (CVI) was used by using content validity index (CVI) formula prior to the administration of the research instrument to determine the validity of the items on instrument. This intends to find out whether the questionnaires were capable of capturing the intended data that was stated in the researcher objectives and questions

$$\text{CVI} = \frac{n}{N} \quad \text{where } n = \text{Items rated or declared relevant} = \frac{21}{28} = 0.75 \text{ or } 75.0\%$$

The results helped to assess the appropriateness of sentence construction, comprehensiveness of instrument and language clarity and comments were received.

Table 2: Validity Analysis Results

Variables	No. of items before Computing CVI	No. of items after Writing	CVI
Employee retention	6	5	0.833
Salaries and wages	7	5	0.714
Allowances	7	5	0.714
Fringe benefits	8	6	0.75
Total	28	21	0.75

Source: Primary data

Table 2 above indicates out of the 30 items, only those with the CVI of 70% remained and the rest were discarded as indicated in Denscombe (1998) resulting to 23 items on the statement were finally considered in the questionnaire for data collection.

3.10.2 Reliability of instruments

In this study, reliability concentrated on assessing the consistency and repeatability of tests used. In order to ensure reliability, a test-retest was done by administering the same questionnaire/instrument twice to the same group of respondents at different points in time, who were included in the sample (Mugenda and Mugenda, 2003). Cronbach's Alpha was used as a measure of reliability and internal consistency. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another. It measures the inter correlations among test items, with a measure of 1 being higher in terms of internal consistency and reliability of 0.7 to 0.9 being acceptable (Revelle & McDonald, 2006). The higher the coefficients, the more reliable the instrument and for an instrument to be taken as reliable, a minimum coefficient of 0.5 is assumed as suggested by Mugenda & Mugenda (2003) in which case the research proceed. This system helped the researcher to test the consistency of the respondent's answers to all the items in the measure

Table 3: Reliability Results

Reliability Statistics		
	Cronbach's Alpha	N of Items
Employee retention	.750	5
Salaries and wages	.741	5
Allowances	.713	5
Fringe benefits	.702	5

Source: Primary data

The results of the analysis in the table 3 indicate an average Cronbach's Alpha Coefficient for the variables with an average of 0.702 to 0.750. Basing on the guidelines of Amin (2005), this implies that the items adopted in the questionnaire were deemed highly reliable, which helped to eliminate ambiguities and biases in the data collection instruments.

3.11 Measurement of variables

In this study, the measurement of variables were conducted using the works of Sekaran (2004) and three scales were used; nominal, ordinal and interval. Under this study, the researcher had two variables, financial rewards being independent variable and employee retention in private higher institutions of learning being the dependent variable. The responses to the questionnaire were arranged on a 5 Likert scale of strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1) in that order of measurement. This was because the responses can be easily quantifiable and subjective to computation of some analysis (Statistical Programme for Social Sciences) and makes question answering easier on the respondent (Amin, 2005). To interpret the mean in chapter four, a legend scale was used. Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low).

3.12 Data Analysis

3.12.1.0 Data Analysis

According to Sarantokos (1998), the analysis of data allows the researcher to organize data collected during the study in order to assess and evaluate the findings and to arrive at some valid, reasonable and relevant conclusion. After data processing, it was subjected to further analysis for easy understanding and interpretation where both qualitative and quantitative data was analyzed.

3.12.1.1 Qualitative data analysis

Qualitative data was analyzed using content analysis. Content analysis is a technique for gathering and analyzing the content of text (Balihar, 2007). This involved organizing the data into categories,

coding and sorting them to identify patterns and interpret the meaning of the responses. Saunders *et al.* (2009), argue that the method allows researchers to categorize the information and organize them into themes and patterns for easy interpretation. The interpretation from the data analysis was used to draw conclusions and make recommendations. Qualitative data was presented in a narrative form and inferences drawn from it.

3.13.1.2 Quantitative data analysis

This is the systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques (Given, 2008). The quantitative data analysis techniques that was used include both descriptive statistics and inferential statistics to analyze the research findings. Descriptive statistics included measures of central tendency and measures of variability about the average. Inferential statistics helped in undertaking correlation and regression analysis (Given *et al.*, 2008). These data analysis techniques were used because they enable to use statistics to generalize the findings, looks at relationships between variables and can establish cause and effect in highly controlled circumstances. Both descriptive statistics and inferential statistics (correlation and regression analysis) results were generated using Statistical Package for Social Scientists (SPSS) IMB 20 program that gave the researcher a 'picture' of the data to be collected and used in the research as well as help to interpret the data. A Pearson's correlation coefficient was used to determine relationship of each sub independent variable and dependent variable. Multiple regressions was computed to make predictions about the values of the dependent variable (employee retention) by the independent variable (financial rewards). It was used to assess the relative relationship of each independent variable and which one of the dimensions of independent variable has much contribution on employee retention (Chen, 2002).

3.13. Limitations of the Study

Methodologically, the study only focused on Mukono YMCA College but there other private higher institution of learning in Uganda and YMCA colleges that would have been included. This implies that the findings of the study might have not represented a true picture on the relationship between financial rewards and employee retention in private higher institutions of learning in Uganda.

Conceptually, the study focused on fringe benefits, salaries and wages and allowances which are limited dimensions of financial rewards. In other words it didn't include other dimensions which may influence employee retention.

The researcher experienced a problem of non-response from respondents who were given questionnaires to fill and did not return them. However, the researcher assured the respondents that any information given was rated with utmost confidentiality and managed to receive some which were used for data analysis.

The researcher also experienced time constraint in data collection, analyzing data and in final presentation of the dissertation. However, the researcher managed to overcome this problem by ensuring that time element was put into consideration and all appointments agreed with the supervisor and respondents were fully meet.

Costs regarding this limitation transport, printing and photocopying of relevant materials. However the researcher managed to overcome them by borrowing some money from relatives and friends.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

The chapter presents study finding focusing on the relationship between financial rewards and employee retention in private higher institution of learning in Uganda. The findings are presented basing on the study objectives, and hypothesis. The objective of the study included; to determine the relationship between salaries and wages and employee retention, to establish the relationship between allowances and employee retention, to establish the relationship between fringe benefits and employee retention in Mukono YMCA College. The chapter comprises of the background information, responses rate and empirical findings of the study.

4.2 Response Rate

The target sample size of this study was 66 respondents who were examined to questionnaires and interviews as indicated in table 4 below.

Table 4: Response rate

Instrument	Target sample(N)	Actual sample(N)	Response rate (%)
Questionnaire	58	45	0.775
Interview	8	6	0.75
Total	66	51	0.773

Source: Primary data

Table 4 above indicate a response rate of 77.3% of the respondents who participated in the study. From this, the researcher distributed a total of 58 questionnaires to respondents and a total of 45 questionnaires were filed and returned by the respondents constituting 77.5% and 6 interviews were held of the expected 8 respondents giving 75.0% as illustrated in table 4 above. However,

the 77.3% was good representation to enable the researcher to continue with data analysis because it is above 70% as according to Amin (2005), thus this qualifies the study finding to be more reliable.

4.3 Background Information

The background information of interest to this study included gender, education level, age bracket, length of service and terms of service of the respondents as summerized in table 5 below. Such information is vital because it provides an understanding of respondents and the information that influences the attitude towards issues such as financil rewards.

Table 5: Background information

N=45				
Variables	category of response	Frequency	Percent	
Gender	Male	26	57.8	
	Female	19	42.2	
Age bracket	Below 20 Years	1	2.2	
	20-30 Years	17	37.8	
	31 -40 Years	21	46.7	
	Above 40 years	6	13.3	
Level of education	Diploma	9	20.0	
	Bachelors	35	77.8	
	Masters	1	2.2	
Terms of employment	contract staff	21	46.7	
	permanent staff	24	53.3	
Length of service	1-2 years	25	55.6	
	2-5 years	8	17.8	
	5-10 years	12	26.7	

Source: Primary data

The results in table 5 above indicate that majority of the respondents represented by 57.8% were male and 42.2% represents the female respondents. This finding implies that this institution employees both sex and the majority being the male than their counter parts. However, since the male are the majority, their needs are too high copmared to the femaje. Therefore, their demand for financial rewards is too high thus they can eaisly leave their current jobs to seek for better paying jobs which satisfies their needs.

With respect to age, it is evident that the work force was composed largely of young adults, with over 46.7% aged 31-40 years and 37.8% indicate respondents between 20-30 years of age. This result implies that this organisation is more composed of the young employees who are still strong and hard working. However, in relation to this study, these employees have high demands and when financial rewards given to them do not meet their needs, they will always leave for better pay.

The results also show that 77.8% of majority respondents were Bachelors degree holder and 20.0% are diploma holders. This indicates that this institutions' minimum job entry qualification is at least a diploma level and bachelors degree. This finding implies that since majority of the respondent are bachelors degree holder, they had knowledge about the study and in relation to this study, at least they are capable evaluate financial rewards given to them or to find better employment in other organisations or institutions.

The findings also indicate that 53.3% of the employees in this institution are permanent staffs and 46.7% are working on contract terms with this institution. In relation to this study, this finding will give a clear overview on employee retention given a small margin between the permanent and contract staff.

Lastly, the results indicate that the institution has a moderate retention levels with employees length of service between 1-2 years as illustrated by over 55.5% in table 5 above and 26.7% of the employees who have worked with the institution between 5-10 years. Employees with such years of service are presumed to have knowledge and understanding of the financial rewards and employee retention in this institution. However, in relation to this study, the majority of the respondents represented by 55.5% whose length of service is between 1-2 years and the minority represented by 17.8% indicate a low retention rate.

4.4 Empirical findings

4.4.2 Findings on the relationship between salaries and wages and employee retention

The intent of this objective was to determine the relationship between salaries and wages and employee retention with in Mukono YMCA College. This was important to understand the relationship between salaries and wages and employee retention within the institution as salaries and wages are the most important sub variables which measures financial rewards. Responses are presented based on 5 Likert scale ranging from 1 as strongly disagree (SD); 2 disagree (D); 3 undecided (U); 4 agree (A) and 5 strongly agree (SA). Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 6.

Table 6: Descriptive results on salaries and wages and employee retention

Variables	N	Percentage					Central Tendency	
		SD	D	U	A	SA	Mean	Std. Deviation
I feel the total package of my salary and wage is fair	45	15.6	55.6	0.0	28.9	0.0	2.42	1.076
I think my salary and wage are equitable	45	4.4	35.6	0.0	44.4	15.6	3.31	1.240
My salary pay enables me to meet my basic need	45	17.8	40.0	0.0	22.2	20.0	2.87	1.471
People in this organization are paid fairly according to their job performance	45	0.0	24.4	4.4	40.0	31.1	3.78	1.146
I am given the necessary salary prior to my job role compared to other organizations	45	0.0	6.7	26.7	11.1	42.2	3.29	1.199
Grand mean	45						3.19	.561

Source: Primary data

From table 6 above, the results indicate an average grand mean of (3.19, SD=0561) of the respondents opinion on the items used on this dimension. The average mean is supported by 40% of the majority respondents with a high mean score of (3.78, SD=1.146) as agreed that this institution pays fairly according to their job performance. The findings further indicate 44.4% of the majority respondents coupled with a mean of (3.31, SD=1.240) as some of the employees in

this organization think that their salary and wage are equitable. However, despite of an average grand mean, the salaries and wages given to employees in this institution are not pleasing as majority of the employees comprised of 55.6% with a mean score of (2.42, SD= 1.076) which is low as per legend scale, it is revealed that employees in this institution feel the total package of their salary and wage is not fair as compared to that of employees in other institutions.

Basing on the quantitative findings above, findings on qualitative data was also revealed using interviews.

One key informant revealed that..... *“their salaries and wages are not satisfactory as compared to other institution”*. This respondent was in line with the quantitative finding as the majority respondents also revealed that the salaries and wages in this institution are low. However, this finding implies that employees in this institution are not satisfied with the salaries and wages given the fact that salaries and wages are the basic measure for someone to take a job whether it can enable him or her meet his/her needs. This has contributed to low commitment and absenteeism employees from work as they happen to go and find part timing jobs to add on the little salaries and wages they are given.

4.4.2.1 Correlation results on the relationship between salaries and wages and employee retention.

A Pearson correlation product moment technique (bivariate) was used for the study to determine whether there is relationship between these two study variables highlighted above and the findings are presented in the Table 7 below.

Table 7: The correlation coefficient results on salaries and wages and employee retention.

Correlations			
		Salaries and wages	Employee retention
Salaries and wages	Pearson Correlation	1	.857**
	Sig. (2-tailed)		.000
	N	45	45
Employee retention	Pearson Correlation	.857**	1
	Sig. (2-tailed)	.000	
	N	45	45

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

Source: Primary data

The results on correlation coefficient in table 7 above, indicate a two tailed significant correlation of (Sig= 0.000) and correlation coefficient of 0.857** was determined. This implies that there is a very high significant positive relationship between salaries and wages and employee retention in this institution. Therefore, a high positive relationship means that the higher the salaries and wages, the higher the employee retention and vice versa.

4.4.3 Findings on the relationship between allowances and employee retention

The intent of this objective was to establish the relationship between allowances and employee retention within Mukono YMCA College. This was important to understand the relevance of allowances in retaining employees within this institution. Responses are presented based on 5 Likert scale ranging from 1 as strongly disagree (SD); 2 disagree (D); 3 undecided (U); 4 agree (A) and 5 strongly agree (SA). Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 8.

Table 8: Descriptive results on allowance and employee retention

Variables	N	Percentages					Central tendency	
		SD	D	U	A	SA	Mean	Std. Deviation
Within my workplace, allowances are fairly and equally distributed	45	37.8	15.6	8.9	22.2	15.6	2.62	1.556
My organization pays for overtime	45	6.7	8.9	6.7	51.1	26.7	3.82	1.134
I am always paid for any extra work done	45	11.1	40.0	17.8	28.9	2.2	2.71	1.079
My organization gives allowances that motivates employees to stay for long	45	4.4	35.6	0.0	44.4	15.6	3.31	1.240
I am able to use my allowances to meet some of my basic needs	45	17.8	40.0	0.0	22.2	20.0	2.87	1.471
Grand mean	45						2.96	.6975

Source: Primary data

The results in table 8 above, indicate an average grand mean of (2.96, SD=0.6975) which is lower than the other dimensions used in this study from the whole respondents. However, to support this average mean, 51.1% of the respondents agreed that their institution pays for overtime with a mean of (3.82,SD, 1.134), 44.4% coupled with a mean score of (3.31, SD=1.240), respondents went ahead and agreed that this institution gives allowances that motivates employees to stay for long. Despite of an average grand mean, the findings further indicate that 40.0% coupled with a mean of (2.71, SD=1.079), respondents said that they are not always paid for any extra work done and not able to use the allowances given to them to meet some of the basic needs.

However, qualitative findings were also revealed to determine the relevance of allowance in retaining of employees. One key informant had similar thoughts like those who participated in quantitative data as revealed that... .. "In this institution, allowances are not fairly and equally distributed as compared to the work load they deliver to achieve the organization goals and objectives". Another key informant revealed that..... "Some employees complain that they are not always paid for the extra work done and this affects their motivation and committee to their jobs". These respondents were in line with quantitative findings are indicated in table 8 (item 1 and 3).

4.4.3.1 Correlation results on the relationship between allowances and employee retention.

A Pearson correlation product moment technique (bivariate) was used for the study to establish whether relationship between these two study variables exists and the findings are presented in the Table 9 below.

Table 9: The correlation coefficient results on allowances and employee retention.

Correlations			
		Allowances	Employee retention
Allowances	Pearson Correlation	1	.897**
	Sig. (2-tailed)		.000
	N	45	45
Employee retention	Pearson Correlation	.897**	1
	Sig. (2-tailed)	.000	
	N	45	45

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

Source: Primary data

The results in table 9 above indicate a two tailed significant correlation of (Sig= 0.000) which was determined at correlation coefficient of 0.897**. This implies that there is a very high significant positive relationship between allowances and employee retention. Therefore, a high positive relationship means that the higher the allowances, the higher the employee retention and vice versa.

4.4.4 Findings on the relationship between fringe benefits and employee retention

This objective intended to establish the relationship between fringe benefit and employee retention within Mukono YMCA College. This was important to understand the relevance of fringe benefits in retaining employees within this institution. Responses are presented based on 5 Likert scale ranging from 1 as strongly disagree (SD); 2 disagree (D); 3 undecided (U); 4 agree (A) and 5 strongly agree (SA). Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19

(high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 10.

Table 10: Descriptive results on fringe benefits and employee retention

Variables	N	Percentages					Central tendency	
		SD	D	U	A	SA	Mean	Std. Deviation
My organization goes out of its way to make sure that employees enjoy their work as well as their family.	45	57.8	15.6	0.0	13.3	13.3	2.09	1.535
I am able to receive salary advance	45	0.0	8.9	0.0	60.0	31.1	4.13	.815
While at work, my breakfast and lunch are catered for	45	0.0	33.3	0.0	57.8	8.9	3.42	1.055
I always get enough period of leave	45	4.4	35.6	0.0	44.4	15.6	3.31	1.240
I am satisfied with the fringe benefits my organization gives to me	45	17.8	40.0		22.2	20.0	2.87	1.471
My organization uses fringe benefits to increase on employee loyalty	45	0.0	24.4	4.4	40.0	31.1	3.78	1.146
Grand mean							3.10	.620

Source: Primary data

The results in table 10 report an average grand mean of (3.10, SD=0.620) implying that fringe benefits score higher mean than allowances as from the whole respondents. The study results indicate that 60.0% coupled with a mean of (4.13, SD=0.815), employees in this institution are able to receive salary advance, 57.8% with a mean of (3.42, SD=1.055), the results indicate that employee in this institution while at work, their breakfast and lunch are catered for. However, despite of the average grand mean, the results indicate respondents' disagreement with some of the statement as 57.8% with mean of (2.09, SD=1.535) revealed that this institution does not make sure that employees enjoy their work as well as their family, 40.0% with a mean of (2.87, SD=1.471), it is said that employees in this institution are not satisfied with the fringe benefits the institution gives to them.

Qualitative findings from interviews were revealed to support the quantitative findings. The findings revealed that a key informant said that... "The fringe benefits that they are

given to employees in this institution are not satisfactory as compared to other institutions". The informant further revealed that given the fact they are given salary advances, lunch, they are not satisfied with the fringe benefits as they struggle a lot for example the salary advance given to them would be used to do other developmental projects but instead is used to fulfill some needs which would have been provided by the institution as fringe benefits like medical benefits. Another key informant suggested the management would revisit its system to enable employees to go for further studies so as to improve on their skills and knowledge in their areas of specialty. This finding implies that the fringe benefits given to employees in this institution are not satisfactory that they cannot attract and retain skilled employees for long thus the key informant were inline with the quantitative findings.

4.4.4.1 Correlation results on the relationship between fringe benefits and employees retention.

A Pearson correlation product moment technique (bivariate) was used for the study to establish whether the relationship between the two study variables exists and the findings are presented in the Table 11 below.

Table 11: The correlation coefficient results on fringe benefits and employee retention.

Correlations			
		Fringe benefits	Employee retention
Fringe benefits	Pearson Correlation	1	.951**
	Sig. (2-tailed)		.000
	N	45	45
Employee retention	Pearson Correlation	.951**	1
	Sig. (2-tailed)	.000	
	N	45	45

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

Source: Primary data

From the results in table 11 above, a two tailed significant correlation of (Sig= 0.000) was determined with correlation coefficient of (0.951**). This implies that there is a very high significant positive relation between fringe benefits and employee retention. Therefore, a high positive relations means that the higher the fringe benefits, the higher the employee retention and vice versa.

4.4.1 Findings on employee retention

Employee retention according to the study was conceived as length of service, loyalty and commitment. The research attempted to explore how employee retention can be related with financial rewards within Mukono YMCA College. Responses are presented based on 5 Likert scale ranging from 1 as strongly disagree (SD); 2 disagree (D); 3 undecided (U); 4 agree (A) and 5 strongly agree (SA). Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 12.

Table 12: Descriptive results on employee retention

Variables	N	Percentage					Central Tendency	
		SD	D	U	A	SA	Mean	Std. Deviation
I am not bothered about alternative employment in any other organization	45	57.8	15.6	0.0	13.3	13.3	2.09	1.535
I am loyal to the values of the organization	45	6.7	8.9	6.7	51.1	26.7	3.82	1.134
It is very rare for employees in this organization to quit their job in their first three years of work	45	11.1	40.0	17.8	28.9	2.2	2.71	1.079
I spend most of my time at work	45	4.4	35.6	0.0	44.4	15.6	3.31	1.240
I feel motivated to go to work most of the time	45	17.8	40.0	0.0	22.2	20.0	2.87	1.471
Grand mean							2.960	.6975

Source: Primary data

The results in table 12 above indicate an average grand mean of (2.960, SD=0.6975) on the whole respondents about employee retention. The average mean is supported at 51.1% with a mean of (3.82, SD=1.134) as revealed that employees in this institution are loyal to the values of the organization. However, the average grand mean does not appeal to the level of employee retention that such institutions have registered and this can be confirmed with a low mean of (2.09, SD=1.535) with 57.8% of the employees bothered about alternative employment in any other organization which affects their length of service in the current organization and some employees in this organization can quit their jobs in their first three years of work and this was supported by 40% with an average mean of (2.71, SD=1.079) of the respondents' opinion.

During data collection, qualitative findings from interviews were also revealed to support the quantitative findings above and responses were captured.

The findings revealed that one key informant was in support with the quantitative findings as said that... .. "some of the employees in this institution are bothered with other better paying jobs outside their current organisation as they normally request for reference from their reporting supervisors and some leave the institution without formal communication". This is mainly attributed to the financial rewards which can not enable them to meet their needs as compared to employees in other organisation and current economic situation where some even leave and startup their own ventures which might enable them develop than their current job. This was inline with the majority respondents as revealed that employees in this institution are bothered with other opportunities if they come and this affects the length of service and retention rate of the institution.

4.5 Multiple regression to determine which independent sub variable influences employee retention most.

A multiple regression analysis was computed to determine which of the sub variables of financial rewards has a great influence on employee retention in this institution. The results are presented in table 13 below;

Table 13: Model summary results on financial rewards and employee retention

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.966 ^a	.934	.929	.14699

a. Predictors: (Constant), Fringe benefits, Salaries and wages, Allowances

Source: Primary data

The results from the model summary above, indicate that multiple coefficients of correlation (R) is 0.966 and the results say that salaries and wages, allowances and fringe benefits are having a strong joint association with employee’s retention. Accordingly, coefficient of determination $R^2 = 0.934$ (93.4%) of the variation of Adjusted $R^2 = 0.929$ (92.9%), explains how much the selected dimensions of financial rewards in this study affects or influences employee retention. This indicates that 93.4% of employee retention has been explained by the regression model. Therefore, the dimensions of financial rewards studied affects or influences employee retention by 93.4% and the 6.6% can be explained by other factors than financial rewards.

Table 14: ANOVA results on financial rewards and employee retention

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.526	3	4.175	193.253	.000 ^b
	Residual	.886	41	.022		
	Total	13.412	44			

a. Dependent Variable: Employee retention

b. Predictors: (Constant), Fringe benefits, Salaries and wages, Allowances

Results in Table 14 above indicate F-Test statistic of the model is 193.253 and the corresponding probability is 0.000. The p value is highly significant and the results say that the model is jointly significant. This implies that salaries and wages, allowances and fringe benefits significantly influence employee retention. As the ANOVA table indicate a significant influence, individual effect and their order of effect have been analyzed in the coefficient table below.

Table 15: Coefficient results on financial rewards and employee retention

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.252	.130		1.934	.060
	Salaries and wages	.298	.070	.302	4.271	.000
	Allowances	.105	.111	.133	.951	.347
	Fringe benefits	.520	.149	.584	3.497	.001

a. Dependent Variable: Employee retention

Results in table 15 indicate that salaries and wages and fringe benefits are highly significant factors as their p-value is 0.000. At a constant of 0.252, individual beta values are 0.298 and 0.520 respectively. As the beta values are positive, salaries and wages and fringe benefits are said to having a positive influence on employee retention. However, the p-value for allowances is 0.347 and the result is individually insignificant. This indicates that employee retention is not much influenced by allowances. Therefore, the results indicate that salaries and wages and fringe benefits are assumed to have much influence on employee retention than allowance.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussion and summary of study findings as presented in chapter four, conclusions and recommendations plus areas for further research.

5.2 Summary of findings

5.2.1 Relationship between salaries and wages and employee retention

The study findings in table 7 in chapter four on the relationship between salaries and wages and employee retention revealed that there is a strong positive relationship between salaries and wages and employee retention observed at correlation coefficient of 0.857** with a two tailed significant level of (Sig= 0.000) which is less than $\alpha = 0.01$ level of significance and it signifies a strong relationship between the two variables.

5.2.2 Relationship between allowance and employee retention

The findings in table 9 in chapter four on the relationship between allowances and employee retention revealed that there is a strong positive relationship between allowances and employee retention. The positive relationship was determined at 0.897** with a two tailed significant level of (Sig= 0.000) that is below $\alpha = 0.01$ level of significance. This meant that allowances have a great relationship with employee retention in this institution.

5.2.3 Relationship between fringe benefits and employee retention

The results in table 11 in chapter four revealed that there is a very strong positive relationship between fringe benefits and employee retention. This was observed at correlation coefficient of 0.951** (95.1%) with a two tailed significant level of (Sig= 0.000) that is less than $\alpha = 0.01$ level

of significance which signifies a positive relationship between the two variables. This meant that fringe benefits in this institution contributes much on employee retention.

5.3 Discussion of major findings

5.3.1 Relationship between salaries and wages and employee retention

The findings in chapter four, revealed there is a strong positive relationship between salaries and wages and employee retention observed at correlation coefficient of 0.857** as about 40% of the respondents think salary and wage are equitable and are paid fairly according to their job performance. These finding can be correlated to Agburu (2012) as declared that wages and salaries should not only be adequate but they must also show some element of equity; this is particularly true from the view point of the employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in an economy such as any African country. Thus the respondents were in line with the scholar.

The findings in table 6 further revealed that majority of the employees of about 55.6% do not feel the total package of their salaries and wages is fair and these were in disagreement with the above statement of the 40% respondents who think their salaries and wages are fair. This finding confirms with Kasozi (2008) as revealed that in higher institutions of learning, lecturers work abnormally under twisted conditions amidst poor pay, for instance lecturers get involved on normal workload and research supervision as a way of adding on the little salaries they are given and also find part time institutions to add on the little their given in their current institution. Kinnear & Sutherland (2001) in their study, argued that competitive salary is considered as key motivational variables that influenced employees' retention in their organizations. According to Griffeth et al (2000), pay and other work-related variables have significant influence on employee retention. Thus the majority respondents were in line with the scholars.

5.3.2 Relationship between allowances and employee retention

The results in table 8 revealed that about 44% of the respondents agreed that they are given allowances that motivates them to stay for long like paying for over time. According to the Code of Regulations (2006), it was revealed that when it is established that an officer is required to work overtime as a matter of urgent necessity and it is not possible to allow him equivalent time off in lieu of overtime allowance, to compensate and motivate him for the time, an allowance may be granted to him with prior approval of the Authorized Officer. Compensatory time off can also be given in lieu of payment for extra time worked to enhance their commitment and length of service.

The findings also revealed that 40% of the respondents are not always paid for any extra work done and when given allowances, they are not enough to meet some of their basic needs. This finding can be related with the literature by Hope et al (2007), revealed that offering better allowances to employees as an additional incentive or pay improves employee retention by improving on their stay with the organization, moral or commitment to their jobs. When an organization offers better allowances to its employees, it decreases the probability of an employee's leaving in a given year by 26.2 percent and increases the probability of staying an additional year by 13.9 percent.

5.3.3 Relationship between fringe benefits and employee retention

The findings on this objective indicated a strong positive relationship between fringe benefits and employee retention at correlation coefficient of 0.951** was reported as respondents revealed that employees in this institution are able to receive salary advance and while at work, their breakfast and lunch are catered for. However, literature according to Artz (2010)* revealed that fringe benefits make up a significant portion of employer compensation packages but their impact on work employee job satisfaction and retention has given much attention. Fringe benefits focus on

maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members. Therefore, given the fact that while at work, employees in this institution their lunch is carted for and can work as one factor to keep some of them stay and being committed to their job.

The findings also revealed that about 57.8% of the majority respondents revealed that they are not satisfied with the fringe benefits their institution gives them and the institution does not inquire whether its employees enjoy their work. These findings can be supported by Artz (2008), as found that fringe benefits stand as an important component of worker compensation. The National Compensation Survey conducted by the Bureau of Labor Statistics estimated that benefits made up 30% of total compensation for all civilian workers in 2006. Some benefits such as social security and medicare are legally required and make up roughly 27% of all benefit compensation. The remaining 73% of benefit compensation is comprised mostly of paid leave, insurance plans and retirement and savings plans which attracts and enable to retain skilled employees in an organization. Unfortunately, in this institution, the 73% benefit compensation do not apply thus the majority respondents were in support with study findings conducted by The National Compensation Survey of the Bureau of Labor Statistics.

5.4 Conclusion of the study

5.4.1 Salaries and wages and employee retention

The study findings on this objective as indicated in chapter four revealed that there is a strong positive relationship between salaries and wages and employee retention. The results indicate average grand mean of (3.19, SD=0561) as revealed that this institution pays its employees fairly according to their job performance. However, much as this institution pays it employees fairly, the salaries and wages given to employees are not pleasing as compared to other institutions and to

attract more skilled employees and retain those with good skills and experience which needs to be improved.

5.4.2 Allowances and employee retention

From the findings on the second objective of this study, it can be revealed that allowances has an average mean measure of employee retention of (2.96, SD=0.6975) as the institution pays for overtime. However, this dimension has a low mean compared to the other financial rewards as employees in this institution are not always paid for an extra work done and they cannot use the little allowances given to them to meet some of the basic needs.

5.4.3 Fringe benefits and employee retention

The results on third objective revealed that a positive relationship between fringe benefits and employee retention and an average grand mean of (3.10, SD=0.620) was obtained as revealed that employees in this institution are able to receive salary advance and while at work, their breakfast and lunch are catered for. However, much as the fringe benefits are measured at an average, it is said that employees in this institution are not satisfied with the fringe benefits the institution gives to them which needs to be improved.

5.5 Recommendations

5.5.1 Salaries and wages and employee retention

This study recommends that human resources and remuneration specialists in private higher institutions of learning need to design novel remuneration packages to attract and retain the best candidates and satisfy their employee's expectations, in that they are fair, equitable and free of bias. A remuneration package is one of the most important factors that influence people to take up employment and stay with organizations. Additionally, in order to attract and retain talent, it should

be prepared to pay salaries and wages that are equivalent or better than others in the in the same industry.

This study recommends that the institution may set part of its employee reward system to account a salary structure that it may use. Base pay may also be used to provide a platform for determining additional payments associated with competence, skills and performance so as to have a competitive salary and wages as compared to other institutions in the same industry so as attract and retain skilled work force and also improve on their length of service and loyalty.

5.5.2 Allowances and employee retention.

This study recommends that the institution may introduce housing or house rent allowances to help an individual meet one of the basic needs a roof over one's head in order to enable them have access to a reasonable accommodation and senior employees may be provided with accommodation which may be owned by the institution while other employees may be reimburse rent payments hence this may help them improve on their commitment and length of services.

5.5.3 Fringe benefits and employee retention

This study recommends that to satisfy the needs of employee, the institution may improve on its fringe benefits like younger employees may be given more of tangible rewards such as medical plans or insurance or maternity or paternity leave, education support, whereas older employees who may value stock options or retirement plan contributions may be considered which enhances their the long stay and commitment on the current job.

The study continues to recommend that the private institutions may review the current fringe benefits package since a good fringe benefits will attract and retain employees in private institutions and also improve on their productivity.

5.6 Areas for further study

This study focused on financial rewards, in terms of (salaries and wages, allowances, fringe benefits), a further study may be carried out to undertake in order to examine the relationship between financial rewards and employee performance in public higher institutions of learning in Uganda to confirm if the research findings of this study will be the same. A similar study may be carried out in financial institutions in Uganda especially micro depositing institutions in Uganda. More research may be carried out to investigate the influence of management style on employee retention in private higher institutions of learning in Uganda. Another study may be carried out to determine the relationship between economic environment and employee retention in private higher institutions of learning in Uganda.

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APPENDENCES
APPENDIX I
QUESTIONNAIRE
QUESTIONNAIRE FOR STAFF MEMBERS OF MUKONO YMCA COLLEGE

Dear respondent,

I am **Emmanuel Luzige** a Masters student of Kyambogo University. I am pleased to inform you that you are one of the selected individuals who were randomly selected to respond to this questionnaire on “*Financial Rewards and Employee Retention in Higher Institutions of Learning in Uganda using a case study of Mukono YMCA College*”. The data collected using this questionnaire will be used to compile an academic research report to be presented to Kyambogo University for award of a Master’s Degree in business administration with a management option.

You are cordially requested to spare some time and fill this simple questionnaire. The information obtained through this questionnaire shall be used for aforementioned purpose and will be taken with utmost confidentiality. For this reason, I do not seek to know the name or identity of any respondent.

Yours Sincerely

.....

Emmanuel Luzige

RESEARCHER

SECTION A: BACKGROUND INFORMATION

Please answer the following questions by **ticking the box** with the most appropriate option:

1. Gender

(a) Male (b) Female

2. Age bracket

(a) Below 20 Years (b) 20-30 Years (c) 31 -40 Years (d) Above 40 years

3. Level of education

(a) Certificate (b) Diploma (c) Bachelors (d) Masters (e) PhD (f) Other specify.....

4 Terms of Employment

a) Temporary staff b) contract staff c) permanent staff d) Others (specify).....

5 Length of service

(a) Less than 1 year (b) 1-2 years (c) 2-5 years (d) 5-10 years over 10 years

SECTION B

From No. 6 of the following statements please tick the number that best indicate your opinion using the following scale; Strongly Disagree (1), Disagree (2), Undecided (3), Agree (4) and Strongly Agree (5).

1. Salaries and wages

	Statement	1	2	3	4	5
7	I feel the total package of my salary and wage is fair					
8	I think my salary and wage are equitable					
9	My salary pay enables me to meet my basic need					
10	People in this organization are paid fairly according to their job performance.					
11	I am given the necessary salary prior to my job role compared to other organizations					

2. Allowances

	Statement	1	2	3	4	5
12	Within my workplace, allowances are fairly and equally distributed					
13	My organization pays for overtime					
14	I am always paid for any extra work done					
15	My organization gives allowances that motivates employees to stay for long					
16	I am able to use my allowances to meet some of my basic needs					

3. Fringe benefits

	Statement	1	2	3	4	5
17	My organization goes out of its way to make sure that employees enjoy their work as well as their family.					
18	I am able to receive salary advance					
19	While at work, my breakfast and lunch catered for.					
20	I am satisfied with the fringe benefits my organization gives to me					

21	My organization uses fringe benefits to increase on employee loyalty					
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4. Employee retention

	Statement	1	2	3	4	5
22	I am not bothered about alternative employment in any other organization.					
23	I feel that I shall be able to continue and grow with this organization.					
24	I am loyal to the values of the organization					
25	It is very rare for employees in this organization to quit their job in their first three years of work					
26	I spend most of my time at work.					
27	I feel motivated to go to work most of the time.					

Thanking you for time

APPENDIX II
INTERVIEW GUIDE

- 1 What are the current financial reward practices in use in this organization?
- 2 Why it is or is not important that your employees are retained?
- 3 How do you make sure that the financial rewards are allocated fairly and equally in this organization?
- 4 What kind of financial rewards encourage employees to stay with this organization?
- 5 Are the employees fully aware of what is requested from them in order to receive a financial reward or pay raise? If yes, give reasons.
- 6 What is the relationship between salaries and wages and employee retention in this organization?
- 7 What is the relationship between allowances and employee retention in this organization?
- 8 What is the relationship between fringe benefits and employee retention in this organization?
- 9 What factor do you think can enable to improve on employee retention in this organization?

APPENDIX III
TABLE FOR DETERMINING SAMPLE SIZE

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Source: R.V. Krejcie and D.W. Morgan (1970)

N= Population

S= Sample size


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Office of the Dean, Graduate School

25th October 2018

To Whom It May Concern

RE: LETTER OF INTRODUCTION

Dear Sir/Madam,

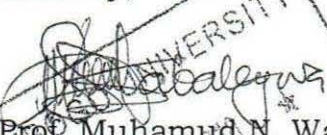
This is to introduce **Mr. Emmanuel Luzige** Registration Number **16/U/13325/GMBA/PE** who is a student of Kyambogo University pursuing a Masters Degree.

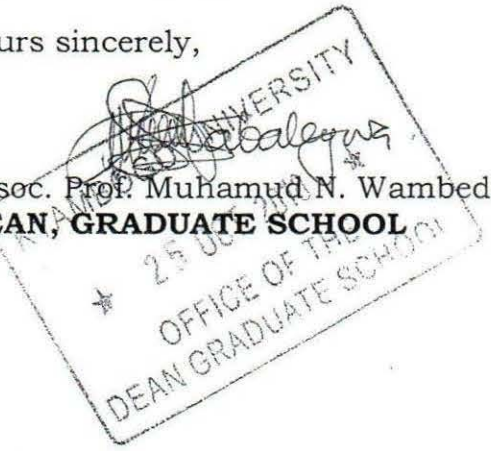
He intends to carry out research on **“Financial Rewards and Employee Retention in Private Higher Institutions of Learning in Uganda: A Case Study of Mukono YMCA College.”** as partial fulfillment of the requirements for the award of the Masters in Business Administration.

We therefore kindly request you to grant him permission to carry out this study in your institution.

Any assistance accorded to him will be highly appreciated.

Yours sincerely,


Assoc. Prof. Muhamud N. Wambede
DEAN, GRADUATE SCHOOL





*Kato Brian
Principal
Mukono Ymca College*