

**COMPENSATION AND EMPLOYEES' PERFORMANCE IN
NATIONLINK TELECOM SOMALIA**

A Thesis

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Master of Business Administration

By:


Naima Osman Mohamed

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DECLARATION A

"This thesis is my original work and has not been presented for a Degree or any other academic award any university or Institution of Learning."

Naima Osman 

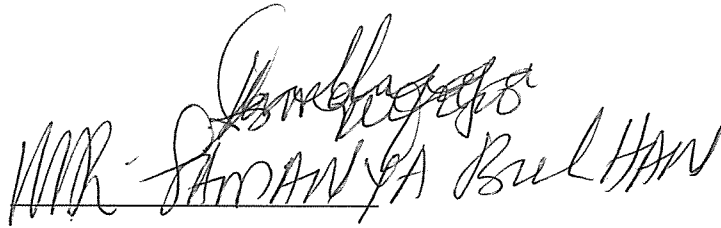
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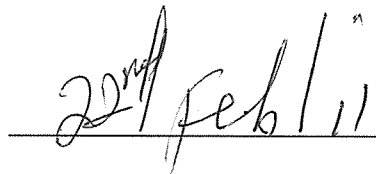
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MR. SAMAN YA BUL HAN

Name and Signature of Supervisor


22nd Feb 11

Date

APPROVAL SHEET

This thesis entitled "Compensation and Employees' Performance in NationLink Telecom Somalia" prepared and submitted by Naima Osman Mohamed in partial fulfillment of the requirements for the degree of Master of Business Administration has been examined and approved by the panel on oral examination with a grade of PASSED

Prof. Ahmed Seyoum

Name and Sig. of Chairman

Mr. Naima Osman Mohamed

Name and Sig. of Supervisor

Emmanuel Titte

Name and Sig. of Panelist

Dr. Wondwosen

Name and Sig. of Panelist

Name and Sig. of Panelist

Date of Comprehensive Examination: _____

Grade: _____

Prof. Ahmed Seyoum

Name and Sig of Director, SPGSR

Name and Sig of DVC, SPGSR

DEDICATION

This thesis is dedicated to my brother **Mohamed Sharif Abdi**, who taught me that the best kind of knowledge to have is that which is learned for its own sake, it is also dedicated to my brother **Bashir Gudle Mohamed Nor**, who taught me that even the largest task can be accomplished if it is done one step at a time.

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ABSTRACT

In this study, the researcher studied Compensation and employees' performance in NationLink Telecom Somalia. The study was guided by three research objectives which were to investigate the relationship between financial compensation and employees; performance, to find out the relationship between non-financial compensation and employees' performance and to determine the role of axillaries of compensation to performance.

The researcher used correlation research design. Data was collected from the respondents by using questionnaires from a sample size of ninety (90) respondents from the target population of one hundred and ten (110). Frequency, mean and Pearson's correlation were used to analyze the data.

The study indicated that there is high positive correlation between financial compensation and employees' performance of NationLink with the r-value of 0.834; On the other hand managers of NationLink agreed that the level of employees' performance is high. The study also revealed that there is positive but moderate relationship between non-financial compensation and employees' performance. The findings of the study showed that management style, communication, motivation, competence, climate, and organization system has impact the performance of the employees in NationLink other the compensation.

Based on the findings Nation Link Telecom should keep the different financial compensation that it pays now and should also add more other financial compensation. NationLink managers should also increase its non-financial compensation level. Nation Link should come up with good management style, employee participation and conductive environment that the employee can operate to improve the performance of the staff.

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CHAPTER ONE

PROBLEM AND ITS SCOPE

Background of the study

In the world over, performance of employees in organizations is determined to a large extent by compensation. Compensation is a systematic approach to providing both financial and non-financial compensation to employees in exchange for work performed. Organizational performance is not looked at traditional management skills in business enterprises in areas like finance and marketing but also on the performance of its human resource (Dhar, 2008).

In Africa, compensation programs are effective in few countries and practiced to improve the performance of the staff in particular and to give their employees both financial and non-financial compensation in general. However, the need for improving and expanding compensation for the companies has been demonstrated by the national authorities of many different countries in Africa. In Somalia, vehicles for the delivery of compensation can be shared by different sectors and there are parallel compensation needs in the different industries particularly the telecommunication industry, which the larger operators are more than able to meet high organizational performance through well paid staff (Farah, 2009).

In the last few decades, the world of technology has experienced a dramatic pace of innovation. These sweeping changes turned the world into small village. No place on the globe became safe from this wind of change. In 1991 Somalia's public telecommunications system was almost completely destroyed or dismantled during the

chaos of conflict, but there are several private sector providers and the Internet services emerging in great numbers (Elmi, 2009).

In response to that NationLink Telecom came into being on September 1997. The company provides telecommunication services to all over Somalia and is one of the leading service providers in the country. The company's focus is in the core areas of Mobile, Fixed Lines, Internet and Satellite Mobile services. The overall objective of NationLink Telecom is to provide telecommunication services to all Somali. Compensation of NationLink telecom Somalia is an important factor that influences the level of employee performance, compensation system in NationLink directly affects the performance of its staff (Elmi, 2009).

According to Ghosh (2007), Compensation is defined as "remuneration received by an employee in return for his or her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing financial and non-financial compensation to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

Performance is a result of workers because it provides the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contribution that affect the organization. Hence, it addresses the mode in which an activity is accomplished in particular and the level of standards to which a task is carried out within the working environment (Ivancevich, 2007).

According Taylor (2001) "Individual performance is generally determined by three factors. Motivation(derived mostly from the compensation), the desire to do the job, ability, the capability to do the job, and the work environment, the tools, materials, and information needed to do the job. If an employee lacks ability, the manager can provide training or replace the worker. If there is an environmental problem, the manager can also usually make adjustments to promote higher performance. But if motivation is the problem, the manager's task is more challenging. Individual behavior is a complex phenomenon, and the manager may not be able to figure out why the employee is not motivated and how to change the behavior. Thus, also motivation plays a vital role since it might influence negatively performance and because of its intangible nature".

Statement of the Problem

An effective compensation system raises and improves performance of both staff and organization in general. The employees always have high expectations regarding their compensation packages both financial and non-financial. To increase the performance of the employees, organizations should think a compensation system both financial and non-financial that can foster its employees to perform well, without these employees' performance will be low. (London, Mone & Scottt, 2004).

However, number of organizations in Somalia particularly telecommunication companies have failed to attain their objectives due to poor employee performance; despite the existing compensation packages available to the employees of NationLink, employees' performance has not been realized to the expectations of the

NationLink Telecom Somalia this is due to improper compensation of its employee. Yet the organizations are still trying to accomplish their goal. (Elmi, 2009).

For this difference, there is need to establish the kind of relationship that should exist between compensation and employee performance of NationLink Telecom Somalia.

Purpose of the study

The purpose of this study was to determine if there is a significant relationship between compensation and employees' performance of NationLink Telecom Somalia by using correlation research design.

Research objectives

The objectives of this study were

1. To investigate if there is a significant relationship between financial compensation and the performance of the employees of NationLink Telecom Somalia.
2. To find out if there is a significant relationship between non-financial compensation and the performance of employees in NationLink Telecom Somalia.
3. To determine the role of auxiliaries of compensation to the employees' performance of NationLink Telecom Somalia.

Research Questions

The research questions of the study were

1. Is there a significant relationship between financial compensation and the performance of employees of NationLink Telecom Somalia?
2. Is there a significant relationship between non-financial compensation and the performance of employees of NationLink Telecom Somalia?
3. What is the role of auxiliaries of compensation to the employees' performance of NationLink?

Hypothesis

H₀. There is no significant relationship between financial and non-financial compensation to the performance of employees of NationLink.

H_A. There is a significant relationship between financial and non-financial compensation to the performance of employees of NationLink.

Scope

This study was concerned with compensation and employees' performance in NationLink, Wardhiigleey branch Mogadishu-Somalia and it was conducted between November 2008 and December 2010.

Significance of the Study

At the end of this study it's expected that it may create awareness to the administration on proper process of compensating employees in order to improve the performance of its employees.

The findings were helpful to the employees in the telecommunication industry to improve on their performance, Particularly NationLink. The researchers and students interested in compensation and employee performance gained insights and have a point to build on. This study led to the generation of new ideas for the better and more efficient compensation of NationLink telecom and other telecommunication companies in Mogadishu and rest of the world particularly the region.

Operational Definition

Compensation: In this study compensation has been defined "as the total reward received by an employee in exchange for services performed for an organization". It can include both financial compensation and non-financial compensation.

Financial compensation: In this study direct financial compensation consists of the pay an employee receives in the form of salaries, performance bonus and commission.

Non-financial compensation: In this study non-financial compensation is the rewards that do not directly increase the employee's financial position. In this study non-financial compensation consisted independence and autonomy, training and employee achievement recognition.

Employees' performance: In this study employee performance is understood as employees' ability and willingness to perform the required tasks, which can be measured in accordance to the key result areas or key performance indicators.

Auxiliaries: in this study auxiliaries are factors that affecting the employees' performance other than compensation. In this study auxiliaries consisted management style, climate and system, and communication.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter presented scheme of the study, review of related literature to the subject under study, and the theoretical perspective of the study. Many studies related to the compensation and employee performance were studied.

Scheme of the study

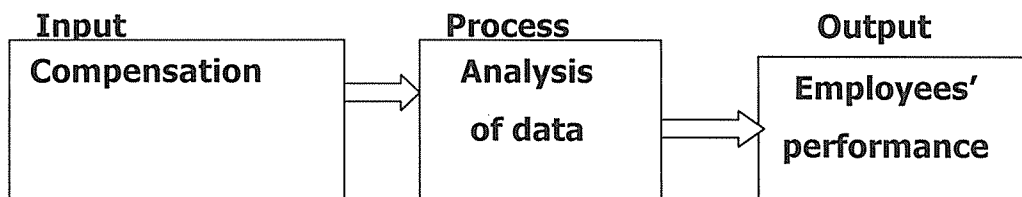


Figure: 1 scheme of the study

The above figure showed the input of the study which was compensation (both financial and non-financial) affects the output of the study which is the performance, for example when the organization gives compensation both financial and non-financial to its employees, the employees will perform better which will improve the performance of the organization, correlation design represent the tool used to analyze the data, the study pursued the objectives of the study by using correlation design However, The Major purpose of the study was to determine if there is a significant relationship between compensation and employees' performance.

Concepts, Ideas, Opinions from Authors and Experts

Compensation

Employee compensation covers how people are rewarded in accordance with their value to an organization. It is about both financial and non-financial compensation and embraces the strategies, policies, structures and processes used to develop and maintain compensation systems. The ways in which people are valued can make a considerable impact on the effectiveness of the organization and is at the heart of the employment relationship (Gerhart & Rynes, 2003).

Henderson (2002) defined compensation as “the human resource management function that deals with every type of compensation individuals receive in exchange for performing organizational tasks. It is the major cost of doing business for many organizations, it is the chief reason why most individuals seek employment and it is an exchange relationship. It is payment to an employee in return for their contribution to the organization, that is, for doing their job”.

Compensation is the remuneration received by an employee in return for his or her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing financial and non-financial compensation to employees. Compensation is an integral part of human resource management which helps in motivating the employees, and improving organizational effectiveness (Ghosh, 2007).

Sound Compensation System brings peace in the relationship of employer and employees. It aims at creating a healthy competition among them and encourages employees to work hard and efficiently. The organization is able to retain the best talent by providing them adequate compensation thereby stopping them from switching over to another job. The perfect compensation system provides platform for happy and satisfied workforce. This minimizes the labor turnover and then the organization enjoys the stability. The business organizations can think of expansion and growth if it has the support of skillful, talented and happy workforce (Martocchio, 2008).

According to Dessler (2008) Employee compensation refers to "all forms of pay going to employee and arising from their employment". It has two main components, financial compensation and non-financial compensation.

The researcher would wish to know that compensation is the return that employees get for the sake of the service they provide to an organization. It is the expectation of every employee that he or she will receive compensation either financial or non-financial in return for the energy, effort and performance he or she exert, it is one of the main functions that human resource managers do, making employees productive, keeping them depends(at least partially) the kind of compensation they receive.

Financial compensation

According to Dessler (2008). Financial compensation refers to "monetary benefits offered and provided to employees in return of the services they provide to the organization".

The financial compensation includes basic salary, performance bonus, commission and many other financial compensation, and they are given at a regular interval at a definite time. Compensation may or may not enhance the employee's financial well-being. If they do, they can do this directly, for instances, through wages, bonuses, or commission (Nelson, 2004).

Financial compensations are those paid by any negotiable instrument- cash, cheque, money order and direct deposit. It can also be any item that can be readily converted to cash such as savings bonds or gift –cards. Financial compensation is as far as possible, internally equitable, as well as externally competitive (Noe, R.A., Hollenbeck, J.R. Gerhart, B., & Wright, P.M. 2008).

Financial compensation can be treated as some offerings in addition to pay. Traditional compensation systems based on positions and longevities. But now a day's profit sharing, gain sharing and stock options plan is being practiced as compensation. Modern compensation system includes stock grants, certificate of appreciation, even personal thank you notes. (Carrell & Haevrin, 2004).

According to khanka (2008) Salary is "the amount received by the employee in lieu of the work done by him or her for a certain period say a day, a week, or a month. It is the money an employee receives from his or her employer by rendering his or her services".

Performance bonuses are given to employees on a pre-established goal or criteria. The organizations set policies regarding the bonuses. Usually bonuses are provided during the festive season. Commission is a variable component of compensation package. It is given on the basis of business generated by the employee. Commission is a pre-fixed component say 5% of the total sales done by the employee (Wancevieh & John, 2001).

The study would wish to know that financial compensation is the monetary-based rewards that employees receive from the company. It varies from organization to another, but there are many common financial compensation that organizations over the world practice equally, these include the salary, bonus, wages and commissions.

Non-financial compensation

In employment, it is compensation to a worker other than extra pay. An employee may be rewarded, for example, by being given a better office or a bigger budget to control, or by being given the choice where to take a posting in the company. Non-financial compensation can be very cost-effective for companies because, in contrast with a pay increase, little or no income tax or national assurance contribution is paid (Noe, Hollenbeck, & Wright 2008).

According to Armstrong (2009). Non-financial compensation is referred as "a reward which do not involve any direct payments and often arise from the work itself, for example achievement, independence and autonomy, recognition, training, career development and high quality leadership".

Non-financial compensation covers a smorgasbord of desirable extras that are potentially at the disposal of the organization. Their common link is that they do not directly increase the employee's financial position. Instead of enhancing the employee's finance, non-financial rewards emphasize making life on the job more attractive. The saying, "One person's food is another person's poison," applies to the entire subject of rewards, some workers for example, are very status conscious.

According to Robbins and Decenzo (2002) "some employees are motivated to improve their performance through the use of non-financial compensation such as being thanked publicly at a departmental function, having lunch with the head of the organization, or receiving an extra day off. The desired outcome of rewards and recognition programs is to keep employees. Non-financial recognition can be very motivating, helping to build feelings of confidence and satisfaction and can make employees more productive. A plush office, a carpeted floor, a large solid wood desk, or signed artwork may be just the office furnishing that stimulates an employee toward performing well".

Employees want to be able to work independently. They do not want someone constantly watching over them and questioning their every move. They like to receive their assignment-preferable with the time frame required for completion and then have the independence to complete the work given the guidelines and frame works you have set on their own merit (Tripathi, 2004).

According to Tripathi (2004). Training is “a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of the employees”. Training is about knowing where you stand (no matter how good or bad the current situation looks) at present, and where you will be after some point of time.

Training is about the acquisition of knowledge, skills, and abilities (KSA) through professional development. Training is activity leading to skilled behavior. It's not what you want in life, but it is knowing how to reach it. It's not where you want to go, but it's knowing how to get there. It's not how high you want to rise, but it's knowing how to take off. It may not be quite the outcome you were aiming for, but it will be an outcome. It's not what you dream of doing, but it's having the knowledge to do it. It's not a set of goals, but it's more like a vision. It's not the goal you set, but it's what you need to achieve it (Tripathi, 2004).

Employee recognition is a judgment on a worker's contribution, in terms of work process as well as dedication and motivation. It also involves evaluating acknowledging the results of this work. In short, it looks as the unique contribution of each worker and stresses the value of his or her professional expertise and experience. Recognition is expressed in human relationships and is practiced on a daily, regular, or ad hoc basis. It is more effective when personalized and specific. It must be adapted and meaningful to the recipient. Employee recognition can take various forms: spoken, written, material, or symbolic (Bourcier, & Palobart, 2002).

According to Wayne, Smith and Mills. (2001). Recognizing achievement is probably one of the most effective strategies for cultivating organizational trust and for inspiring your employees to do the best job possible. This is because everyone needs to feel a sense of purpose and validation from their work. No amount of financial compensation or benefits can make up for this. In fact, it has been proven that if a person is working in an environment where they are unappreciated, they will become burnt out and eventually start seeking opportunities where they will receive the recognition that they deserve.

The researcher would wish to know that individuals differ as their fingerprint differs, there are people who do not motivate financial compensation rather they are motivated with non-financial compensation such as: praising in a public, saying thank you, well done and so on. So managers should learn the individual difference of their employees.

Employees' performance

Employees' performance is understood as employees' ability and willingness to perform the required tasks or jobs, which can be measured in accordance to the key result areas or key performance indicators. These specific statements define what to expect of individual or group given in terms of quality or quantity and timeliness (Cascio, 2003).

Cole (2008), stated that the "performance is measured against set standard and can be categorized into outstanding performance, where performers do everything as required and even exceeds organization has set standards, above average performers and low performers".

He argues that performance standards can be expressed in terms of productivity that is to say, the ratio of outputs to inputs; the quantity is measured units produced, dollars of sales, or any term that suits ones need. The quality of outputs is measured by workmanship, adherence to standards, and absence of complaints.

Buckley (2006) defines employees' performance as "how well one does a piece of work and how the ability to bring about desire expected in a statutory manner". He further says that good performance is an indication of success and development of all organizations. Employees' performance is determined by compensation they receive from the organization, the physical capacity, size, strength and skills of employed staff.

A performance Indicator

Heneman (2009) stated Performance Indicator or Key Performance Indicator (KPI) as "an industry jargon term for a type of Measure of Performance. KPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged". Sometimes success is defined in terms of making progress toward strategic goals, but often, success is simply the repeated achievement of some level of operational goal (zero defects, 10/10 customer satisfaction etc.).

Accordingly, choosing the right KPIs is reliant upon having a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the performance - the KPIs useful to a Finance Team will be quite different to the KPIs assigned to the sales force (Heneman,2009).

Because of the need to develop a good understanding of what is important, performance indicator selection is often closely associated with the use of various techniques to assess the present state of the business, and its key activities. These assessments often lead to the identification of potential improvements; and as a consequence, performance indicators are routinely associated with performance improvement' initiatives. A very common method for choosing KPI is to apply a management framework such as the Balanced Scorecard. Key Performance Indicators, in practical terms and for strategic development, are objectives to be targeted that will add the most value to the business. These are also referred to as Key Success Indicators (Henderson, 2002).

Some Important Aspects

Key performance indicators (KPIs) are ways to periodically assess the performances of organizations, business units, and their division, departments and employees. Accordingly, KPIs are most commonly defined in a way that is understandable, meaningful, and measurable. They are rarely defined in such a way such that their fulfillment would be hampered by factors seen as non-controllable by the organizations or individuals responsible. Such KPIs are usually ignored by organizations. In order to be evaluated, KPIs are linked to target values, so that the value of the measure can be assessed as meeting expectations or not (Dreher, 2001).

Identifying Indicators of Organization

Performance indicators differ from business drivers & aims (or goals). A school might consider the failure rate of its students as a Key Performance Indicator which might help the school understand its position in the educational community, whereas a business might consider the percentage of income from returning customers as a potential KPI.

A KPI can follow the SMART criteria. This means the measure has a Specific purpose for the business, it is Measurable to really get a value of the KPI, the defined norms have to be Achievable, the improvement of a KPI has to be Relevant to the success of the organization, and finally it must be Time phased, which means the value or outcomes are shown for a predefined and relevant period (Famularo, 2004).

The researcher would wish to know that employees' performance is the effort and the ability that employees willing to do to accomplish the required job and its measured against standards set by the organizations, employees performance is determined by the effort that employees exert to the job accompanied with the directions of the supervisor, performance is measured with the result achieved.

Theoretical Perspective

This study was guided by the expectancy theory advanced by Victor V room. According to Robbins, Judge and Sanghi (2007), the theory states that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed

by given outcome and on the attractiveness of that outcome to the individual. In more practical terms, expectancy theory says that employees will be motivated to exert a high level of effort when they believe that effort will lead to a good performance appraisal; that a good appraisal will lead to organizational rewards such as bonus, a salary increase, or a promotion; and that the rewards will satisfy the employees' personal goals.

Related studies

Auxiliaries of Compensation

Employees are the most valuable asset in any organization. A successful and highly productive business can be achieved by engaging them in improving their performance and their skills as well. All employees are not equal in their working and they have different modes of working like some have highest capability regardless of the incentives but other may have occasional jump-start. If they are handled effectively, the result can be greater productivity and increased employee morale and their performance. There are a number of factors which may be affecting the employees' performance other than compensation. Each employee may have different effect from different things at workplace (weaver & Trevino, 2005).

These factors play a vital role in employees' performance as shown the following paragraphs.

Communication

According to Ghosh (2007) "what constraints performance most is the lack of communication from the side of management to employees that demoralizes them .Barriers to performance include lack of positive feedback and compensation". Meaning that if communication between staff and their managers and supervisor is not so effective will result low performance. However, communication is the process by which information exchanged between individuals in the organization. Specifically, it is the transfer and understanding of meaning. People in the organizations and the managers spend a lot of time exchanging ideas or information. Hence, communication is important in performing organizational task (Ghosh, 2007).

Motivation

Workers must be motivated by being treated fairly, no matter what the level of input a particular employee has in relation to the business as a whole, it is essential for managers to each employee a sense playing dynamics and integral role in something much larger. Another important tool of motivating employees, so as to stimulate their performance is "praise". An effective manager must learn how to cultivate this powerful method of worker motivation. While often sometimes largely ignored by managers in the work place, this can be an extremely useful tool of giving and individual worker a sense of worth in relation to actual work being done(Ghosh, 2007).

The Management Style

According to Armstrong (2009) "The style used to manage employees affects their performance for example if self supervision is granted for senior employees they will be motivated and their performance will increase. However, tight supervision tends to reduce performance. This can also be looked at in terms of freedom to participate in decision making by employees".

If management makes decisions about affecting employees without consent, then most employees will psychologically be demotivated because they feel as if they are not part of the organization and as a result tend to put less regard on company issues, something that reduces their performance. Performance can as well be affected as a result of those factors that cause a mismatch between compensation and employee performance as revealed by several survey of different scholars here in after (Armstrong, 2009).

Competence Level

Pointed out lack of competence is especially behavioral among the supervisors. Lack of interpersonal skills needed for effectively working on a team, having difficulty prioritizing task, does not communicate the units goals to employees affect the performance of employees. Adding that the supervisors and employees need to learn the basics of the underlying competency and then begin rapidly applying on the job what was learned (Armstrong, 2009).

Organizational systems and processes

According to Allen and Helms (2001), "Systems are also to be blamed for failing employees to perform after compensation. Procedures are unnecessarily cumbersome, equipments break down, outdated software, too many approval levels delay the process, employee's performance is dependent upon another groups completing the first steps of the process determines the workers' performance, even when employees are taken for compensation they expect positive changes in terms of promotions and better working conditions which most organizations fail to implement and employees something that affects their performance".

Climate and system

Climate is another factor having effect on the performance of employees. This shows how they are satisfied or dissatisfy with the job and its working environment. A system is necessary for performing the required work at any level of the organization and the employees have to follow the set procedures and there may be a difficulty in accepting the standard procedure. Feedback and its way of getting the same will also be very effective to get the employees for their performance (Beadwell & Clayton, 2007).

Training

According to Allen and Helms (2001), "inadequate skills to perform the task ahead of the employees have a negative impact on employee performance and firm productivity. A research suggests that skills and training issues have the most significant impact on performance.

They assert that lack of appropriate training and development are the principle barriers to increase employee performance and organization productivity”.

The study would wish to know that apart from the compensation that employee receives; there are many other factors that affect the performance of employees which include the leadership styles, management style, communication, ones’ experience, educational background, organizational policy, and the behavior of the supervisors.

Relationship between compensation and employees’ performance

A milestone in the successes of an organization is to fulfill the continuous changing needs of organization and employees; heavy responsibility falls on the organization to develop strong relationship between compensation and the performance of their staff. Organizations expect employees to follow the rules and regulations, work according to the standards set for them; the employees expect good working conditions, fair pay (the most important), fair treatment, and secure career, power and involvement in decisions (Glendinning, 2002).

Compensation system practiced by an organizations plays an important role in motivating employees to perform well .Organization’s compensation system ultimately affects the employee performance. It is also considered that improper reward practices may result low performance (Richardson, 2007).

Most agree that reward practices act as motivators that shape the employees behaviors. When employees are well compensated and satisfied with the reward they get from the organization they become more productive, more flexible, and more loyal to the organization. Job satisfaction increases and when job satisfaction increase rate of labor turnover decreases, also absenteeism and tiredness decreases, well planned compensation will increase the performance of the employee. Researchers confirmed that there is a positive relationship between compensation and employee performance. The more employees are satisfied with their compensation plan, the higher the degree of energy they exert to the organization (Aswathappa, 2002).

CHAPTER THREE

METHODOLOGY

Research Design

This study was conducted using correlation research design. The choice of this design is made due to the need of intensive investigation of the relationship between compensation and employees' performance in NationLink Telecom.

Research population

The population of the study comprised managers and employees of NationLink Telecom Somalia. Amin (2005) defined a target population as "population to which the researcher ultimately wants to generalize the result". The population of study was (110); (100) of them was the employees and (10) of them was from the managers, this is the accessible population of NationLink particularly Wardhiigleey branch.

Since the Study related to the compensation and employees' performance in NationLink particularly Wardhiigleey branch, the researcher assumed that the rest of the branches will fall under that branch because this branch is the busiest branch of the company. The population of the study included: Management of the different departments such human resource department, marketing and engineering; each head of department were involved because they were well knowledgeable to the topic under study. Eighty employees who had experience with company were part of the respondents, the human resource department of NationLink also helped to reach the experienced employees.

Sample size

The sample size of the study was ninety (90) selected respondents, both from the manager's and the employee. The sample was selected from all departments of the company including human resource department, and the staff of NationLink particularly Wardhiigleey branch. In this study the sample of the study was reached the Slovene's formula which is $n=N/(1+(N*e^2))$, where: n=number of samples, N= total population, and e= margin error, 5%=0.05.

Table 3.1 population of the study

Categories	Population	Sample
Managers	10	10
Employees	100	80
Total	110	90

Source: Primary Data 2011

Sampling Procedure

Purposive sampling was used for targeting the managers of NationLink because their particular job titles and description are of particular relevance to the study. For the NationLink employees, stratified random sampling was used. Firstly, the various categories of employees was stratified or looked at in their levels at work.

Research Instrument

The researcher devised questionnaire to collect the data. The selection of these tools was guided by the nature of data to be collected, the time available as well as by the objectives of the study. Questionnaires were equally addressed to the managers and staff for their relative knowledge.

Validity and Reliability

Once the questionnaire was developed, the researchers performed an item analysis together with a pre-test to check for validity and reliability so as to minimize the ambiguity of the research findings. For pre-testing the researcher made same testes to the same population at a different time.

Content validity index (CVI) was computed to confirm the validity of instruments that was used to test the inter-item consistency to ensure that there is the consistency of respondents' responses to all items in the instrument, and the content validity index (CVI) was **0.93** and according to Amin (2005) for the instrument to be accepted as valid, the average index should be 0.7 or above. (See the calculations of this in appendix IV).

Data Gathering procedure

The researcher obtained an introductory letter from administration of Kampala International University (KIU) which introduced to the administration of NationLink. After getting verification letter from NationLink management the researcher administered the questionnaires to the respondents through the manager in charge of Human resource department.

Data Analysis

Data was logically studied, scrutinized, edited and summarized qualitatively and quantitatively. Descriptive statistics like frequencies and mean were used to answer the topic under the study. Pearson's product moment correlation coefficient was used to determine if there is a significant relationship between compensation and employees' performance.

The researcher used SPSS (statistical package for social science) to generate table and data results for analysis using the statistical treatment.

Ethical Consideration

The data collected from the respondents was kept as confidential and was used for the purpose of the fulfillment of the requirement for the award of the degree of Master of Business Administration in Human Resource Management. The respondents were informed the content of the research and its aims.

Limitations of the study

The researcher faced insecurity because where NationLink located very difficult place where it was difficult to go due to continuous fighting at that place, this it took long time to obtain data from that branch and also many of the respondents do not know English language and their translation to local language was difficult, and also respondents were very busy getting their free time was also difficult.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Introduction

This chapter presents data analysis, presentation, and interpretation. The data analysis and interpretation was based on the research questions, the presentation is divided in to four parts first it deals with profile of the respondents and the other three pats was based on the research question, the first questions deals with the relationship between financial compensation and employees' performance in NationLink, the second question deals with the relationship between non-financial compensation and employees' performance in NationLink, and lastly the third question answers the role of auxiliaries of compensation to performance of NationLink. Below are the data presentations and analysis of research findings.

Demographic information of the respondents

This part presents the background information of the respondents who participated in the study. The purpose of this background information was to find out the characteristics of the respondents and show the distribution of the population in the study. Their distribution is established in the following tables.

Profile of the respondents

Gender

Table 4.1

	Gender	Frequency	Percent
Valid	Male	70	77.8
	Female	20	22.2
	Total	90	100.0

Source: Primary Data 2011

Table 4.1 indicates the background information of the respondents. This clearly shows that 77.8% of the respondents were male and 22.2% were female. Male respondents dominate when compared to the female respondents and this is due to the Somali's culture where the traditional leaders and religious leaders used to be and still they are male, this shows how masculinity exists in Somalia.

Age Bracket

Table 4.2

	Age	Frequency	Percent
Valid	20-25	30	33.3
	26-30	26	28.9
	31-35	4	4.4
	36-40	8	8.9
	41-45	10	11.1
	46-50	6	6.7
	51-55	4	4.4
	56-60	2	2.2
	Total	90	100.0

Source: Primary Data 2011

According to the above table 4.2, the majority of the respondents constitutes 33.3 % of the respondents were aged (20-25), 28.9% of the respondents were between (26-30), 11.1% of the respondents were between (41-45), 8.9% of the respondents were between (36-40), 6.7% of the respondents were between (46-50), 4.4% of the respondents were between (31-35), 4.4% of the respondents were between (51-55), and while 2.2% of the respondents were from (56-60). This shows that majority of the respondents were in the youth age, and they were in the age bracket of 20-25 years, and minority of the respondents were in the age bracket 56-60 years, this shows that the number of old people in NationLink is low with the percentage of 2.2%. This means that employees of NationLink are young who are able to do their job, always young employees are willing to perform well.

Academic Qualification

Table 4.3

	Qualification	Frequency	Percent
Valid	Secondary	12	13.3
	Bachelor	66	73.3
	Master	12	13.3
	Total	90	100.0

Source: Primary Data 2011

In the above table 4.3, the qualification of the respondents shows that 73.3% of the respondents were bachelor degree, 13.3% were Secondary school, and 13.3% of the respondents were master degree. This shows that majority of the respondents were bachelor degree holders, while master degree holders and secondary

certificate holders were with the same percentage. However, this implies that all employees in NationLink Telecom have got some kind of educations that enable them to work well and to understand and respond to the study questions.

Research Question One: Financial compensation and Employees' Performance

This research question was derived from the first research question which was to investigate the relationship between financial compensation and employees' performance of NationLink particularly Wardhiigleey branch. The questions related to the performance level were asked the managers and information related to the compensation were asked the employees, and asking every aspect were based on the relative knowledge of every part both managers and employees. The results are presented in the following tables.

Employees' Performance in NationLink Telecom Somalia

Performance Standard

Table 4.4

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Agree	1	10.0	3.90	Very high
	Strongly agree	9	90.0		
	Total	10	100.0		

Source: Primary Data 2011

In the above table 4.4, 90% of the respondents agreed with no doubt that they provide employees with performance standards, expectations, and ongoing feedback regarding progress while 10% of the managers agreed with doubt that they provide their employees the

performance standards. The managers agreed that employees get performance standards (Mean = 3.90, which is very high). This shows that employees are aware of what they are expected to do.

Employees are provided work-related Information

Table 4.5

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	3.40	Very high
	Agree	2	20.0		
	Strongly agree	6	60.0		
	Total	10	100.0		

Source: Primary Data 2011

In the above table 4.5, 60% of the respondents agreed with no doubt that they readily shares with employees appropriate work-related information, 20% of the managers agreed with some doubt while 20% of them disagreed with some doubt. The findings showed that managers of NationLink shares with employees work related information (Mean = 3.40, which is very high). This tells us that employees receive the necessary information that relates with their performance.

Employees perform their work with accuracy, and timely manner

Table 4.6

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	2	20.0	3.30	Very high
	Agree	1	10.0		
	Strongly agree	7	70.0		
	Total	10	100.0		

Source: Primary Data 2011

As shown in the above table. 70% of the respondents agreed with no doubt that employee always perform their work with accuracy, and timely manner in which work is performed, 20% of the respondents disagreed with no doubt, and lastly 10% of the respondents agreed with some doubt. The managers stated that employees performed their work with accuracy (Mean = 3.30, which is very high). This means that employees do their work within time and accuracy.

Employees consistently produce the designed volume of work

Table 4.7

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	1	10.0	3.40	Very high
	Agree	4	40.0		
	Strongly agree	5	50.0		
	Total	10	100.0		

Source: Primary Data 2011

From the above table 4.7, 50% of the respondents agreed with no doubt those employees consistently produce the designed volume of work based on department/unit priorities, 40% agreed with some doubt, and 10% of the respondents disagreed with some doubt. The managers of NationLink told us that its employees produce the designed volume of work (Mean = 3.40, which is very high). This clearly shows that employees do the desired level of performance.

Employees regularly complete work on schedule

Table 4.8

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	1	10.0	3.20	High
	Agree	6	60.0		
	Strongly agree	3	30.0		
	Total	10	100.0		

Source: Primary Data 2011

As exposed the above mentioned table 4.8, 60% of the respondents agreed with some doubt that employees regularly complete work on schedule and utilizes resources available to maximize efficiency, 30% of the respondents agreed with no doubt, and lastly 10% of the respondents disagree with some doubt. The findings showed that employees complete their work on schedule (Mean = 3.20, which is high). This means that employees do their work within the scheduled time frame and the employees utilize the available resource to maximize efficiency.

Employees are evaluated with units produced, processed or sold

Table 4.9

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	1	10.0	3.30	Very high
	Agree	4	40.0		
	Strongly agree	5	50.0		
	Total	10	100.0		

Source: Primary Data 2011

As revealed in the above table 4.9, 50% of the respondents agreed with no doubt that number of units produced, processed or sold is evaluated the performance of the employees, 40% agreed with some doubt, while 10% strongly disagreed. Employees' performance in NationLink are evaluated with their sales level (Mean = 3.30, which is very high). This clearly showed that employees of NationLink are under the control of their managers and their performance is evaluated and then compensated to their level of performance.

Employees demonstrate expertise in their job.

Table 4.10

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	1	10.0	3.00	High
	Disagree	2	20.0		
	Agree	3	30.0		
	Strongly agree	4	40.0		
	Total	10	100.0		

Source: Primary Data 2011

As indicated in the above table, 4.10, 40% of the respondents agreed that employees demonstrate expertise in the functional aspects of their job, 30% of the respondents agreed with some doubt, 20% disagreed with some doubt and 10% of the respondents disagreed with no doubt. Employees of NationLink show that they have experience with the work they are doing (Mean = 3.00, which is high). This means that employees of NationLink are experienced with their functional aspects; this is will lead good performance to employees and the organization as a whole.

Compensation brings higher productivity

Table 4.11

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	3.00	High
	Agree	6	60.0		
	Strongly agree	2	20.0		
	Total	10	100.0		

Source: Primary Data 2011

As exposed the above table, 4.11 60% of the respondents agreed with some doubt that compensation brings higher productivity and improves product quality of the company, 20% of the respondents agreed with no doubt, and 20% of the respondents disagreed with some doubt. The managers of NationLink confirmed that compensation brings higher employee productivity (Mean = 3.00, which is high). This means that compensation has direct impact on the performance of employees, in other words they go with same direction if one goes up then the other one also goes up and vice-versa is true.

Employees' performance directly relates the financial compensation they receive only.

Table 4.12

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	2.90	High
	Agree	7	70.0		
	Strongly agree	1	10.0		
	Total	10	100.0		

Source: Primary Data 2011

As shown the above table, 4.12, 70% of the respondents agreed with some doubt that employees' performance directly relates to the financial compensation they receive only, 20% of the respondents disagreed with some doubt, and 10% of the respondents agreed with no doubt. Managers of NationLink confirmed that employees' performance directly relates the financial compensation that employees receive (Mean = 2.90, which is high). This means that employees' performance is linked with the financial compensation they receive.

Non-financial compensation has an impact the work contribution of the employees

Table 4.13

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	3.20	High
	Agree	4	40.0		
	Strongly agree	4	40.0		
	Total	10	100.0		

Source: Primary Data 2011

As revealed the above table, 4.13 40% of the respondents agreed with no doubt that Non-financial compensation has an impact the work contribution of the employees, 40% of the respondents agreed with some doubt, and 20% disagreed with some doubt. The above tale shows that non-financial compensation has also impact the performance of employees (Mean = 3.20, which is high). This denotes that also non-financial compensation has impact the performance level of employees.

The employee who do good job is rewarded.

Table 4.14

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	3.30	Very high
	Agree	3	30.0		
	Strongly agree	5	50.0		
	Total	10	100.0		

Source: Primary Data 2011

In the above table, 4.14 50% of the respondents agreed with no doubt that employees who do a good job are rewarded, 30% agreed with some doubt, and 20% of the respondents disagreed with some doubt. The table clearly indicates that employees who do a good job will be rewarded (Mean = 3.30, which is very high). This indicates that employees' reward depends on the performance they do.

All of the employees are eligible to compensation regardless of their performance.

Table 4.15

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	4	40.0	1.40	Very low
	Strongly disagree	6	60.0		
	Total	10	100.0		

Source: Primary Data 2011

From the above table, 4.15, 60% of the respondents strongly disagreed that all of the employees are eligible the compensation of the company regardless of their performance level, and 40% of the respondents disagreed with some doubt. The managers of NationLink rejected that employees are eligible to compensation regardless of their performance (Mean = 1.40, which is very low). This clearly shows that employees' compensation directly depends on the performance.

Financial compensation in NationLink Telecom Somalia

Performance Bonus

Table 4.16

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	8	10.0	3.10	High
	Disagree	10	12.5		
	Agree	30	37.5		
	Strongly agree	32	40.0		
	Total	80	100.0		

Source: Primary Data 2011

As shown in the above table, 40% of the respondents agreed that the company gives its employees performance bonus, 37.5% of agreed with some doubt, 12.5% of the respondents, and 10% of the respondents disagreed with no doubt. This indicates that employees of NationLink get performance bonus (Mean= 3.10 which is high). This shows that compensation is linked with the performance.

Salary

Table 4.17

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	20	25.0	2.43	Low
	Disagree	26	32.5		
	Agree	16	20.0		
	Strongly agree	18	22.5		
	Total	80	100.0		

Source: Primary Data 2011

As shown in the above table, 4.17 32.5% of the respondents disagreed with doubt that the company gives its employees monthly salary only, 25% of the respondents disagreed with no doubt, 22.5% of the respondents agreed with no doubt, and 20% agreed with doubt. Most of the employees of NationLink rejected that the company gives monthly salary only as their compensation (Mean = 2.43, which is low). This indicates that salary is not the sole financial compensation they receive.

Hourly Wages

Table 4.18

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	20	25.0	2.58	High
	Disagree	16	20.0		
	Agree	24	30.0		
	Strongly agree	20	25.0		
	Total	80	100.0		

Source: Primary Data 2011

As exposed the above table, 4.18 30% of the respondents agreed with some doubt that hourly wages is commonly practiced in the company, 25% agreed with no doubt, 25% disagreed with no doubt, and 20% of the respondents disagreed with doubt. Employees of NationLink stated that hourly wages is a common in the company (Mean=2.58, which is high). This clearly indicates that employees' performance is key factor for determining their compensation package.

Commission

Table 4.19

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	14	17.5	3.20	High
	Agree	36	45.0		
	Strongly agree	30	37.5		
	Total	80	100.0		

Source: Primary Data 2011

As revealed in the above table 4.19, 45% of the respondents agreed with doubt that company pays Commission to its employees, 37.5% agreed with no doubt, and 17.5% disagreed with doubt. Most of the employees of NationLink revealed that the company gives commission (Mean = 3.20, which is high). This indicates that commission is common in NationLink Telecom Somalia.

The financial compensation is the most important element that motivates you to perform.

Table 4.20

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	4	5.0	3.23	High
	Disagree	4	5.0		
	Agree	42	52.5		
	Strongly agree	30	37.5		
	Total	80	100.0		

Source: Primary Data 2011

From the above table, 4.20 52% of the respondents agreed with some doubt that financial compensation is the most important element that motivates employees to perform, 37.5% of the respondents agreed with no doubt, 5% disagreed with no doubt, and 5% of the respondents disagreed with doubt. Employees confirmed that financial compensation is the major factor that drives them to perform (Mean= 3.23, which is high). This tells us that financial compensation is the core factor that keeps employees of NationLink to perform.

The total compensation that you receive is totally based upon the performance they do.

Table 4.21

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	14	17.5	2.70	High
	Disagree	22	27.5		
	Agree	20	25.0		
	Strongly agree	24	30.0		
	Total	80	100.0		

Source: Primary Data 2011

As revealed the above shown table 4.21 30% of the respondents agreed with no doubt that total compensation that employees receive is totally based upon the performance they do, 25% of the respondents agreed with doubt, 27.5% disagreed with some doubt, and 17.5% disagreed with no doubt. The employees of NationLink agreed that they reward depends on the performance they do (Mean= 2.70, which is high). This also shows that employees' performance relates with the compensation they receive.

The relationship between financial compensation and employees' performance

Table 4.21

		Performance	Financial Compensation
Performance	Pearson Correlation		.834**
	Sig. (2-tailed)		.003
	N	10	80
Financial compensation	Pearson Correlation	.834**	1
	Sig. (2-tailed)	.003	
	N	10	80

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

From the table 4.21, according to Pearson's coefficient, the relationship between financial compensation and employees' performance is strong with the r value of .834**. This shows that there is a positive relationship between financial compensation and employees' performance, this means that they are going with the same direction, in other words the increase of compensations brings increase of employee performance with significantly high, other things being held constant.

The findings was based on the responses of both managers and employees, employees were asked the financial compensation they receive from NationLink and the employee performance level were asked the managers because they are aware of the level of performance of the employee and then the results of the two variables were correlated.

Research Question Two: Non-financial compensation and Employees' Performance

This research question was derived from the second research question which was to find out the relationship between non-financial compensation and employees' performance of NationLink particularly Wardhiigleey branch. The questions related to the performance level were asked the managers and information related to the compensation was asked the employees.

Non-financial compensation in NationLink Telecom Somalia

Independence and Autonomy

Table 4.22

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	6	42.5	3.15	High
	Disagree	10	37.5		
	Agree	30	12.5		
	Strongly agree	34	7.5		
	Total	80	100.0		

Source: Primary Data 2011

As shown in the above table 4.22, 42.5% of the respondents disagreed with no doubt that the company provides independence and autonomy to the employees, 37.5% of the respondents disagreed with doubt, 12.5% of the respondents agreed with doubt, and lastly 7.5% of the respondents agreed with no doubt. The employees of NationLink stated that the company gives them independence and autonomy (Mean= 3.15, which is high).

This indicates that employees of NationLink get autonomy and independence to do their job without the supervision of their immediate managers.

Training

Table 4.23

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	4	5.0	3.10	High
	Disagree	8	10.0		
	Agree	44	55.0		
	Strongly agree	24	30.0		
	Total	80	100.0		

Source: Primary Data 2011

From the above table, 4.23 55% of the respondents agreed with doubt that the company provides training to the employees, 30% of the respondents agreed with no doubt, 10% agreed with doubt, and 5% of the respondents disagreed with no doubt. Employees declared that they get training (Mean= 3.10, which is high). This means that employees get necessary training as a non-financial compensation, getting training facilitates the employees to do their work.

Achievement

Table 4.24

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	34	42.5	2.17	Low
	Disagree	6	7.5		
	Agree	32	40.0		
	Strongly agree	8	10.0		
	Total	80	100.0		

Source: Primary Data 2011

In the above table 4.24, 42.5% of the respondents disagreed with no doubt that the company recognizes the achievement of its employees, 40% of the respondents agreed with doubt, 10% agreed with no doubt, and 7.5% disagreed with doubt. The employees showed that they do not get recognition for their achievement (Mean= 2.17, which is low). This clearly shows that managers of employees do not recognize the achievement of their staff, and this may lead low performance.

Recognition

Table 4.25

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	6	7.5	2.75	High
	Disagree	20	25.0		
	Agree	42	52.5		
	Strongly agree	12	15.0		
	Total	80	100.0		

Source: Primary Data 2011

According to the above table, 52.5% of the respondents agreed with doubt that the company benefited from the non-financial compensation and recognition to an improved performance, 25% disagreed with doubt, 15% agreed with no doubt, and 7.5% disagreed with no doubt. The company gained and benefited the non-financial compensation it delivers to its employees to improved performance (Mean= 2.75, which is high). This shows that recognition has impact on the performance of employees.

Non-financial compensation improves the performance of the organization.

Table 4.26

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	8	10.0	2.25	Low
	Disagree	52	65.0		
	Agree	12	15.0		
	Strongly agree	8	10.0		
	Total	80	100.0		

Source: Primary Data 2011

The above table shows that 52% disagreed that the delivery of the non-financial compensation improves the overall performance of the organization, 12% agreed with doubt, 8% agreed with no doubt, and also 8% disagreed with no doubt. This shows that non-financial compensation has low impact on the performance of the employees (Mean= 2.25, which is low). This indicates that non-financial compensation has a little impact on employees' performance in NationLink.

Job Satisfaction

Table 4.27

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	6	7.5	2.50	Low
	Disagree	34	42.5		
	Agree	34	42.5		
	Strongly agree	6	7.5		
	Total	80	100.0		

Source: Primary Data 2011

The above table shows that 42.5% of the respondents agreed with doubt that are satisfied with their current job, 42.5% disagreed with doubt, 7.5% of the respondents disagree with no doubt, and 7.5% agreed doubt. This clearly shows that employees in NationLink are not satisfied with their current job (Mean= 2.50, which is low). This indicates that employees are not satisfied to stay with the company.

Relationship between non-financial compensation and employees' performance

Table 4.28

		Performance	Non-financial Compensation
Performance	Pearson Correlation	1	.634**
	Sig. (2-tailed)		.003
	N	80	10
Non-financial compensation	Pearson Correlation	.634**	1
	Sig. (2-tailed)	.003	
	N	80	10

** . Correlation is significant at the 0.02 level (2-tailed).

From the table 4.28 according to Pearson's coefficient, the relationship between non financial compensation and employees' performance is moderate with r value of .634**. This shows that there is a positive relationship between non-financial compensation and employee performance; this means that they are going with the same direction, but the relationship between these two variables is moderate. This shows that employees in NationLink receive financial compensation more than they receive non-financial compensation, and their performance relates financial compensation more than the non-financial compensation.

Research Question Three: the role of auxiliaries of compensation to employees' performance of NationLink Telecom Somalia

Management style

Table 4.29

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	1	10.0	3.30	Very high
	Agree	5	50.0		
	Strongly agree	4	40.0		
	Total	10	100.0		

Source: Primary Data 2011

According to the table 4.29, 50% of the respondents agreed with some doubt that management style is major factor that have contributed to the staff performance in NationLink Telecom, 40% agreed with no doubt, 10% disagreed with some doubt. This clearly shows that Management style has affect on the performance of employees in NationLink (Mean= 3.30, which is low).

Participation of Decision Making

Table 4.30

		Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	3	30 .0	1.90	Low
	Disagree	5	50.0		
	Agree	2	20.0		
	Total	10	100.0		

Source: Primary Data 2011

From the above table 4.30, 50% of the respondents disagreed with doubt that If the management makes a decisions that affect employee without their participation, then the employees will psychologically be de-motivated, 30% disagreed with no doubt, and 20% agreed with doubt. Managers of NationLink showed that participation of decision making is not necessary to the employees (Mean = 1.90, which is low). This means that employees of NationLink do not care whether they participate the decision making process or not, though this is opposite of the nature of human, it's the result of the study from the managers.

Climate and system

Table 4.31

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Disagree	2	20.0	3.30	Very high
	Agree	3	30.0		
	Strongly agree	5	50.0		
	Total	10	100.0		

Source: Primary Data 2011

According to the above table 4.31, 50% of the respondents agreed with no doubt that climate and system are another factors having effect on the employee performance in NationLink Telecom, 30% agreed with doubt, and 20% disagreed with doubt. Managers of NationLink stated that climate and system are major factors that affects the performance of their employees (Mean = 3.30, which is very high). This shows that managers are aware of the climate and system of the company.

Motivation and competency

Table 4.32

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Strongly disagree	2	20.0	3.20	High
	Agree	2	20.0		
	Strongly agree	6	60.0		
	Total	10	100.0		

Source: Primary Data 2011

As shown in the above table 4.32, 60% of the respondents agreed with no doubt that Lack of motivation and competency are other factors that can effect of employee performance, 20% agreed with doubt, and 20% disagreed with doubt. Managers of NationLink confirmed that motivation and competency are another major factors that affects the performance of their employees (Mean = 3.20, which is high). This indicates that managers are aware of the competency and the motivation level of their employees.

Communication

Table 4.33

	Response Mode	Frequency	Percent	Mean	Interpretation
Valid	Agree	6	60.0	3.40	Very high
	Strongly agree	4	40.0		
	Total	10	100.0		

Source: Primary Data 2011

From the above mentioned table 4.33, 60% of the respondents agreed with doubt that lack of proper communication from management to employee can affect the performance of the staff, and 40% agreed with no doubt. This shows that communication is a major factor that affects employees performance in NationLink other than compensation with the (Mean = 3.40, which is very high). This shows how communication is important to the work of employees.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Findings of the Research

The study focused on the compensation and the employees' performance in NationLink Telecom of Wardhiigleey branch. The research questions of the study were related to investigate the relationship between financial compensation and employees' performance, to find out the relationship between non-financial compensation and employees' performance and to determine the role of auxiliaries of compensation to employees' performance of NationLink.

The first research question was related with the relationship between financial compensation and employees' performance in NationLink Telecom. The study revealed that financial compensation creates positive attitude in the employees to perform better since they feel that the organization recognizes and values their contribution towards achieving organization's goals. Employees receive commissions, performance bonus and hourly wages.

The study also revealed that financial compensation has impact on the employees' performance, and the employees agreed that The financial compensation is the most important element that motivates them to perform, and also managers of NationLink agreed that employees' performance directly relates to the financial compensation they receive and managers ignored that employees are eligible of compensations regardless of their performance.

The study also demonstrated that financial compensation which has been implemented by the company had positive effect to the performance of the company. The study reveals that there is a positive relationship between compensation and employee performance with computed r-value of 0.834.

This result is in line with the statement of Richardson (2007). Compensation system practiced by an organizations plays an important role in motivating employees to perform well .Organization's compensation system ultimately affects by employee performance. It is also considered that improper reward practices may result low performance.

The second objective of the study was to analyze the relationship between non-financial compensation and employees' performance. Basically the study showed that there is positive relationship between non-financial compensation and employees' performance but the relationship between these two variables was moderate. Employees agreed that the company trains them, they stated that company recognizes their achievement, but they have agreed that the company gives them independence and autonomy to its employees.

The study indicated that non-financial compensation contributes the performance of the employees and has an impact the work contribution of the employees and the study showed that the relationship between non-financial compensation and employee's performance is moderate with the computed r-value of 0.634. Other factors may have affected the relationship between non-financial compensation and employees' performance.

Other factors that may affect performance other than compensation include: management style, communication, climate and training. Though the relationship is moderate, this finding is in line with Robbins and Decenzo (2002) "some employees are motivated to improve their performance through the use of non-financial".

The third research question was related the role of auxiliaries of compensation to performance. The study revealed that the management style have contributed to the performance staff on NationLink Telecom meaning that the style used to manage employees affects the performance of the staff. However, this statement shows that a tight supervision tends to reduce the performance of the staff in NationLink Telecom. The study also showed that if the management makes decisions about affecting employees without content, then they will not be psychologically be de-motivated because they feel in circumstances that they are not part of the organization and this case leads to the employee tend to put less regard on the company issues and reduce their performance, and this is in line with Armstrong (2009) who stated that management style can affect the performance other than compensation and this indicating the findings from the study are in line to this statement.

The finding from the study showed that the climate and system are another factors having affect on the level performance of employees in NationLink Telecom. This reveals how they are satisfied or dissatisfied with the job and its working environment on based of the majority of the respondents. The study also revealed that the factors that can affect of employee performance other compensation are lack of motivation and competency.

The scholars said that lack of motivation and competency can affect the performance of the staff other than compensation. However, the findings from the respondents are in line with the above statement. The study also demonstrated that lack of proper communication from management to employees can affect the performance. This states that what confines the performance of the staff is lack of proper communication from the side of management to employees that discourage them.

Ghosh (2007) stated that the barriers to the performance include of positive feedback. In this regard, the researcher agreed that the proper communication can affect the performance of the staff because if there is no positive feedback or proper communication automatically the performance of staff will be low. To sum up the findings, the null hypothesis was rejected and the alternative hypothesis was accepted.

CONCLUSIONS

The study focused on the compensation and employees' performance in NationLink Telecom of Wardhiigleey branch. Based on the findings the following conclusions were made:

The relationship between financial compensation and employee performance in NationLink Telecom is strong with computed r-value of 0.834. Financial compensation creates positive attitude in the employees to perform better since they feel that the organization recognizes and values their contribution towards achieving organization's goals and also are more likely to be satisfied by their job. Employees get commissions, performance bonuses and salaries from the financial compensation programs of the company. The Study showed that employees' performance directly related the performance of the employees, and the study showed that when employees are rewarded they become more productive, and their work quality increases.

The relationship between non-financial compensation and employee performance in NationLink Telecom is moderate with computed r-value of 0.634. This shows that the relationship between these two variables is moderate. Employees of NationLink agreed that they get independence and autonomy and job recognition from its employers and also employees of NationLink stated with doubt that non-financial contribution has impact of their performance. This shows that employees perform with little effect of the non-financial compensation, other factors may affect the employees such as management style, and the communication of the employees.

There are factors that have contributed to the performance of the in NationLink Telecom to put in place. These include management style which means that a tight supervision tends to reduce the performance of the staff in NationLink Telecom. Also, there is no employee participation in decision making in NationLink that means the feels that they are not part of the organization and this leads to reduce the staff performance. Climate and system are other factors having effect to the performance of the staff meaning that the working environment is not conducive.

This study was guided by the expectancy theory which is advanced by Victor V room, and according to the findings of this study the researcher agreed with the theory which stated that employees will be motivated when they believe that their performance will lead to reward, also the researcher accepted the alternative hypothesis and rejected the null hypothesis of the study.

RECOMMENDATIONS

NationLink Telecom should use the different financial compensation that it pays now such as commissions, and performance bonuses. They should also add more other financial compensation such as stockownerships programs. In order to increase job satisfaction which then increases their productivity and that will increase the overall performance of the organization.

NationLink managers should increase its non-financial compensation level, because the non-financial compensation in NationLink is moderate so managers should try to give more non-financial compensation and work more to convince employees to take the non-financial compensation. Increasing the non-financial compensation will increase the performance of the organization and this will improve the overall performance of the organization.

A management style, lack of participation of employee about the decisions, the climate and systems that employees are working in, NationLink should come up with good management style, employee participation and conducive environment that the employee can operate to improve the performance of the staff. With the respect to the relationship between compensation and employees' performance, NationLink Telecom should offer proper compensation programs to the appropriate employees of the company to ensure that the positive effects of the compensation program on the staff performance is achieved. NationLink Telecom should use the different compensation programs to retain the employees because employees feel valuable and get job satisfaction from compensation which increases their productivity and that will increase the overall performance of the in generally.

Areas for further Research

- Training and Employee Performance of NationLink
- Leadership styles and Employees' Performance of the NationLink
- The impact of the Total Quality Management practices on employees' work related attitudes.

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21st century*. New York: McGraw-Hill.

APPENDECIES
APPENDIX I
TRANSMITTAL LETTER



Ggaba Road - Kansanga
P.O. Box 20000, Kampala, Uganda
Tel: +256- 41- 266813 / +256- 41-267634
Fax: +256- 41- 501974
E- mail: admin@kiu.ac.ug,
Website: www.kiu.ac.ug

**OFFICE OF THE COORDINATOR, BUSINESS AND
MANAGEMENT - SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH**

15th November, 2010

Dear Sir/Madam,

**RE: REQUEST FOR NAIMA OSMAN MOHAMED, REG. NO.
MBA/40548/91/DF TO CONDUCT RESEARCH IN YOUR INSTITUTION.**

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration in Human Resource Management.

She is currently conducting a field research the title of which is "**Compensation System and Employees' Performance in Nationlink Telecom Somalia**". As part of her research work she has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your institution has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her will be used for academic purposes only and we promise to share our findings with your institution. Rest assured the data you provide shall be kept with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
Coordinator
Business and Management-(SPGRS)

APPENDIX II

INFORMED CONSENT



Tel: +252-5-930004
Fax: +252-5-930005
Mogadishu - Somalia

To: Coordinator Business & Management
Kampala International University

February 17, 2011

Dear Sir/Madam,

This letter is to certify that we have shared with Naima Osman Mohamed, a student of Kampala International University the information which she has requested from us while conducting her research with the title of **COMPENSATION SYSTEM AND EMPLOYEES' PERFORMANCE IN NATIONLINK TELECOM SOMALIA**.

We have shared this information with her after she brought us a request letter from Kampala International University particularly from the coordinator of business and management which was dated on 15th November 2010.

We hope that the information we have shared with her was used for academic purpose only. We hope her success.

Thank you.

Yours sincerely,

Suleiman Mohamed Hussein

Human Resource Director

3. Qualification

Secondary [] Bachelor [] Masters [] PhD []

Section B: Questionnaire for Managers (QFM)

Please indicate the extent to which you strongly agree, agree, disagree, or strongly disagree by writing only the number of the option for each of the items or statement indicated on the table below:

Strongly agree with no doubt	Agree with some doubt	Disagree with some doubt	Strongly disagree with no doubt
4	3	2	1

Please tick the most appropriate option

No.	Scale	4	3	2	1
	Employees' Performance				
1	You provide employees with performance standards, expectations, and ongoing feedback regarding progress.				
2	You readily shares with employees appropriate work-related information.				
3	Employees always perform their work with accuracy, and timely manner in which work is performed.				
4	Employees consistently produce the designed volume of work based on department/unit priorities.				
5	Employees regularly complete work on schedule and utilizes resources available to maximize efficiency.				
6	The number of units produced, processed or sold is evaluated the performance of the employees.				
7	Employees demonstrate expertise in the functional aspects of their job.				

8	An effective compensation system brings higher productivity and improves product quality of the company.				
9	Employees' performance directly relates to the financial compensation they receive only.				
10	Non-financial compensation has an impact the work contribution of the employees.				
11	If the employees do a good job they are rewarded.				
12	All of the employees are eligible the compensation of the company regardless of their performance level.				
Auxiliaries of compensation to performance					
1	Management style is major factor that have contributed to the staff performance in NationLinkTelecom				
2	If the management makes a decisions that affect employee without their participation, then the employees will psychologically be de-motivated				
3	Climate and system are another factors having effect on the employee performance in NationLinkTelecom				
4	Lack of motivation and competency are other factors that can effect of employee performance				
5	Lack of proper communication from management to employee can affect the performance of the staff.				

Section B: Questionnaire for employees (QFE)

Please indicate the extent to which you strongly agree, agree, disagree, or strongly disagree by writing only the number of the option for each of the items or statement indicated on the table below:

Strongly agree with no doubt	Agree with some doubt	Disagree with some doubt	Strongly disagree with no doubt
4	3	2	1

Please tick the most appropriate option

No.	Scale	4	3	2	1
Financial compensation					
1	The company gives its employees performance bonus.				
2	The company gives its employees monthly salary only.				
3	Hourly wages is commonly practiced in the company.				
4	The company pays Commission to its employees.				
5	The financial compensation is the most important element that motivates employees to perform.				
6	The total compensation that employees receive is totally based upon the performance they do.				
Non- financial compensation					
7	The company provides independence and autonomy to the employees.				
8	Your organization provides training to the employees.				
9	The company recognizes the achievement of the employees.				

10	The company benefited from the non-financial compensation and recognition to an improved performance.				
11	The delivery of the non-financial compensation improves the overall performance of the organization.				
12	You are satisfied with your current job				

Thank you for your cooperation

APPENDIX IV

CALCULATION OF CONTENT OF VALIDITY INDEX

$$\text{CVI} = \frac{\text{Number of all relevant questions}}{\text{The total number of the items}}$$

Section: A

3

$$\text{CVI} = \frac{\quad}{3} = 1.0$$

Section: B

15

$$\text{CVI} = \frac{\quad}{17} = 0.88$$

Section: C

11

$$\text{CVI} = \frac{\quad}{\quad} = 0.92$$

12

2.8

Therefore, Average of content validity index is

$$\text{CVI} = \frac{2.8}{3} = 0.93$$

APPENDIX V
INTERPRETATION

Range	Description	Interpretation
3.26- 4.00	Strongly agree with no doubt	Very high
2.51- 3.25	Agree with some doubt	High
1.76- 2.50	Disagree with some doubt	Low
1.00- 1.75	Strongly disagree with no doubt	Very low

CURRICULUM VITAE

Personal Data	• Name	Naima Osman Mohamed
	• Date of Birth	1986
	• Place of Birth	Awdhegle
	• Sex	Female
	• Status	Single
	• Nationality	Somali
	• Contact	+254717608599/+256771480829 mobile
	• E-mail	<u>Qalbinuura33@hotmail.com</u> <u>Naima_osman@hotmail.com</u>
Education	2009-present	<p>Kampala International University (KIU) Kampala, UGANDA</p> <p>Master of Business Administration In Human Resource Management.</p> <p>Courses covered include:</p> <ul style="list-style-type: none"> • International HRM • Organizational Behavior • Training and Development • Strategic Management

	2004-2008	<p>Mogadishu University, Mogadishu, Somalia.</p> <p>Bachelor in Economics</p> <p>Courses covered include:</p> <ul style="list-style-type: none"> • Personnel Management • Project Management • Industrial Economics • Economics Under Developing Countries • Political Economic Theory
	1993 – 2004	<p>Imam Shafi' Primary and Secondary School, Mogadishu, Somalia.</p> <p>Secondary Certificate</p>
Languages	<ul style="list-style-type: none"> • Somali • English • Arabic 	
Work Experience	2007-2008	<p>Trainer in Brothers Relief and Development Organization (BRADO)</p> <p>Mogadishu, Somalia</p>

	2008-2009	Secretary in Brothers Relief and Development Organization (BRADO) Mogadishu, Somalia.
Seminars	2010	African Population Institute (API), A training of trainers , Kampala, Uganda.
	2009	One month seminar in Makerere University titled: SSPS
	2009	One month seminar in Makerere University titled: Human Resource Management
	2008	Brothers Relief and Development Organization (BRADO), Emergency Preparedness and Response Action (EPARA) Funded by Oxfam Novib, Mogadishu- Somalia
	2007	<i>Kansas University (KU) Certificate of World Economy and Conflict.</i>
Interests	<ul style="list-style-type: none"> • <i>Watching News</i> • <i>Reading good history</i> 	

	<ul style="list-style-type: none"> • <i>Watching TVs specially business and Economic programs</i>
References	<ul style="list-style-type: none"> • <i>Mohamed Sharif Abdi – Director Of Education Department in Imam Shafi' Primary Secondary School</i> <i>Email: <u>Msharif90@hotmail.com</u></i> <i>Mohamed Abdulkadir Nor- Dean of Faculty of Education in Banadir University in Somalia.</i>

I assure that all information declared above is true and accurate.

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APPENDIX 4

INTRODUCTION LETTER FROM DIRECTORATE OF HIGHER DEGREES



**KAMPALA
INTERNATIONAL
UNIVERSITY**

Ggaba Road, Kansanga • PO BOX 20000 Kampala, Uganda
Tel: +256772365060 Fax: +256 (0) 41 - 501974 E-mail:
dhdrinquiries@kiu.ac.ug • Website: <http://www.kiu.ac.ug>

***Directorate of Higher Degrees and Research
Office of the Director***

Our ref. 1164-05196-09165

Tuesday 4th September, 2018

Dear Sir/Madam,

**RE: INTRODUCTION LETTER FOR OGUNDELE DOLAPO AFOLAKEMI
REG. NO. 1164-05196-09165**

The above mentioned candidate is a student of Kampala International University pursuing a Master's degree in Human Resource Management.

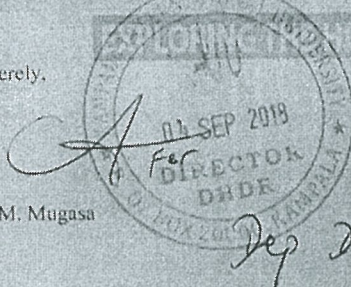
She is currently conducting a research for her dissertation titled, "*Human Capital Development and Employee Retention in the Nigerian Banking Industry*".

Your organization has been identified as a valuable source of information pertaining to the research subject of interest. The purpose of this letter therefore is to request you to kindly cooperate and avail the researcher with the pertinent information she may need. It is our ardent belief that the findings from this research will benefit KIU and your organization.

Any information shared with the researcher will be used for academic purposes only and shall be kept with utmost confidentiality.

I appreciate any assistance rendered to the researcher

Yours Sincerely,



Dr. Claire M. Mugasa
Director

C c DVC, Academic Affairs
Principal CEM

"Exploring the Heights"

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