

The Impact of Employee Compensation Structure on the Performance of the Public Organizations' Employees in Mogadishu, Somalia

Prepared By:

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This report is submitted to the school of Business and Economics, United International University as a partial requirement for Master in International Human Resource Management.



UNITED INTERNATIONAL UNIVERSITY

THE IMPACT OF EMPLOYEE COMPENSATION STRUCTURE ON THE PERFORMANCE OF THE PUBLIC ORGANIZATIONS' EMPLOYEES IN MOGADISHU, SOMALIA

SUBMITTED TO:

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A RESEARCH DISSERTATION SUBMITTED TO SCHOOL OF BUSINESS AND
ECONOMICS IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD
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Letter of Transmittal

08/02/2022

To,
Jakowan,
Assistant Professor,
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United City, Madani Avenue, Badda,
Dhaka-1212.

Subject: Submission of dissertation work.

Dear Sir,

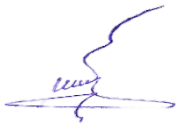
It gives me great pleasure to present the dissertation work on the topic of “The impact of employee compensation structure on the performance of the public organizations’ employees in Mogadishu, Somalia”

I have worked hard to make this work a success. On the other hand, has been a fantastic source of learning for me.

I'd like to express my heartfelt appreciation to you for your helpful advice and suggestions in finalizing this great work. It would be my great pleasure if you found this work useful and informative in gaining a clear perspective on the issue. If you have any questions about this report or any other relevant matters, please do not hesitate to contact me.

I look forward to hearing from you.

Yours Sincerely,



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Certification of Similarity Index

Title of the dissertation: The impact of employee compensation structure on the performance of the public organizations' employees in Mogadishu, Somalia

Name of the Student: Sakaria Ahmed Abukar Abdulkadir

Supervisor: Jakowan, Assistant Professor

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I hereby certify that the dissertation work is an original research work and it doesn't contain any plagiarized work. The student has not used any unethical methods such to prepare this research.

Name: Jakowan

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Signature:

Acknowledgement

At the outset, I might want to pass on my true appreciation to the Almighty Allah for enabling me the strength and to do the job inside the arranged time. Then, at that point might I want to offer my true thanks to each and every individual who is contributed towards planning and making this examination fruitful.

Above all else, I might want to communicate my genuine and huge appreciation to my academic supervisor Mr. Jakowan, Assist Prof School of Business and Economics, United International University. I'm profoundly obliged to his earnest management during the work. His important idea, rule and the organization he sent me assisted a great deal with setting up the report in an efficient way. They additionally furnished me with some data which helped me a ton in understanding the ideas. I might likewise want to say thanks to the all the staff, senior management of Central Bank of Somalia and Somali Remonstrations and Development Bank who are contributed this work during the questioner. I am likewise appreciative to different authorities who helped me while setting up the examination giving their ideas, help, and supply of data, which were important to me. Their assistance upholds me a ton to finish my report effectively. At long last, I need to hold my uncommon gratitude to my wife concentrated on me from the earliest starting point to the furthest limit of my temporary position program and during the arrangement of my report.

Executive Summary

The goal of this research is to learn more about "the impact of employee Compensation structure on the performance of public organization employees in Mogadishu, Somalia," with a focus on active Public Banks in Somalia. The problem that the study aims to solve is the lack of evidence on how compensation structure influences employee performance. The goal will be to look into how compensation affects staff productivity. The study's specific objectives will be to assess the effects of direct financial compensation on employee performance at public banks, as well as to determine the effects of indirect compensation on employee performance at public banks and to investigate the effects of non-financial compensation on employee performance at public banks. The outcomes of this study will aid Somali public banks in developing acceptable and better compensation structures and techniques in order to improve and raise employee motivation, morale, and a positive attitude toward work, resulting in excellent performance and a competitive advantage.

The study will use a descriptive research design that will allow questionnaires to be used as research tools. The target population comprised of 300 employees from two Somali government-owned banks. In the establishment, this will include management, support, and subordinate staff. A total of 200 people were surveyed using stratified proportionate random sampling. The data will be examined qualitatively and quantitatively using SPSS before being presented in tables and figures. The research questions will be answered based on the data analysis, followed by conclusions and recommendations. Pie charts, Tables, Graphs, and figures will be used to illustrate the data.

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Chapter 1: Introduction

1.1 Background of the Study

This dissertation research is to grantee that the title of “The impact of employee compensation structure on the performance of the public organizations’ employees in Mogadishu, Somalia” and it is available and ready to illustrate and present by the researcher whose name is Sakaria Ahmed in the fulfillment of the .requirement for the award of a Master of International Human Resource Management of the United International University in Bangladesh.

The Preparation and readiness of the dissertation research was under the guidance and supervision of the respected Assistant Professor Mr. Jakowan, at the United International University, School of Business and Economics.

1.2 Scope of the Study

The research investigated or analyzed “The impact of employee compensation structure on the performance of the private organizations’ employees in Mogadishu, Somalia”. The population target will be 300 employees who are working 2-3 private organizations in Mogadishu, Somalia. The targets will include senior management, directors, and head of divisions, managers, executive directors, and subordinate staffs. The duration of the research will be from August 2021 to January 2022.

1.3 Objectives of the Study

General Objectives

The general and the aim objectives of this study will be to establish the impact of employee compensation structure on the performance of the selected public organizations’ employees in Mogadishu, Somalia.

Specific Objectives

To examine and assess the impact or effect of direct, indirect, and non-financial compensation on employee performance or productivity of the selected public institutions.

1.4 Research Methodology

1.4.1 Introduction

The types of data (primary and secondary), the data collection procedure, sample size, and sampling strategies are all covered in this section.

Primary Source

In this study, questionnaires were used as the primary data gathering tool. This is because .this .instrument can be .administered much faster than, an interview. As a result, both open-ended and closed-ended questions were included in the surveys. Respondents to closed-ended questions will be given a number of options from which to choose the one that best meets their judgment. Questions with no right or wrong answers. As a result, the surveys will help with both qualitative .and quantitative data collection. The instruments will be self-administered by the researcher as well.

Secondary Source

Previous publications from the research's chosen organizations, search engines such as Google, and other worldwide journals and articles linked to this research study are examples of secondary sources. HR policies and processes, particularly the benefits administration procedure for employees.

Data Collection Techniques

This study was used simple random sampling technique; the researcher was determined the target sample size and applied it to the study groups (senior management, directors, and head of divisions, managers, executive directors, and subordinate staffs.) In order to get a distribution pattern in the respondents out of a target population of 200 staff members in selected organizations in the study from the respective groups (30 Directors and senior management, 120 officers, senior officers and 50 assistant officers) was selected.

Validity of the instrument: The degree to which the test truly measures what it was designed to measure is referred to as validity. To ensure the instrument's validity, two research professionals were given copies of the questionnaire including the study's objectives to see if

the instruments could measure what they were supposed to assess and to examine the phrasing, understandability, and wording of the statements. The content validity index (C.V.I.) was used to determine if the questionnaire accurately measures what it was designed to assess. The content validity index (C.V.I.) was calculated by dividing the total number of items presented by the number of things designated relevant.

Reliability of the instrument: The most significant aspect of the study is to assure its credibility. According to Joppe (2000), reliability is defined as "the extent to which results are consistent over time and an accurate representation of the total population under study, and if the results of a study can be replicated using similar methodology, then the research instrument is considered to be reliable." The researcher conducted pilot testing before disseminating the questionnaire. As a consequence of the pilot test, the questions and answers were slightly modified.

1.5 Limitations of the Study

Below are some of limitations which may be faced during the research:-

- ✚ Due to conditions on the part of the respondents such as travels, sickness, hospitalization, and refusal/withdrawal to participate, not all questionnaires may be returned either incompletely answered or even retrieved. To counteract this threat, the researcher set aside extra responders by going above and beyond the minimal sample size. The responders were also cautioned not to leave any questions unanswered in the surveys, and the date of retrieval will be constantly monitored.
- ✚ Lack of Cooperation: The researcher believes that some employees will refuse to complete the questionnaires because they are afraid that the information they provide will be used against them. To address this issue, the researcher will have a letter of introduction stating that the study is solely for academic purposes and that all information gathered would be kept strictly confidential. As a result, the researcher will deliver this letter when giving the questionnaires and will also clarify its content as needed.

- ✚ The use of research assistants might lead to inconsistency in the delivery of questionnaires in terms of duration, comprehension of questionnaire items, and explanations offered to respondents. To reduce this risk, the research assistants were trained and briefed on the data gathering processes.
- ✚ Extraneous variables that are beyond the researcher's control, such as honesty, respondents' personal biases, and the study's uncontrolled context.
- ✚ Access to Information: Governmental Institutions such as public banks in Somalia made it tough to obtain information on their performance strategies. This is owing to the steel industry's fierce competition. To address this issue, the researcher approached the public banks' administration and explained that the study was being conducted solely for academic purposes and that the information submitted would be treated with the strictest discretion. This clarification, along with the letter of introduction, will persuade the managers to contribute information critical to the study's success.

Chapter 2: Literature review

2.0 Introduction

Human Resource Management is the administration of an organization's employees is known as human resource management. HRM's major role is to provide and maintain the essential human resource balance for the smooth running of the organization. HR work now encompasses a wide range of new and distinct areas in addition to the classic functions of recruiting, selection, training, and development. There are both direct and indirect rewards. Providing fair compensation to employees has a calming influence on both employee and organizational performance.

In today's world of global competition, it's vital to create and maintain an effective compensation structure that drives people to perform at their best in order to discover and retain the company's most efficient, competent, and informed personnel (Akter and Moazzam 2016). People are an organization's most precious resource, and employers' ability to attract, retain, and reward properly qualified and competent employees determines whether or not it succeeds. The company's remuneration packages have a considerable influence on employees' motivation to stay on the job (Armstrong, 2003). In order to reach the intended goals, organizations must investigate a variety of successful ways for rewarding employees in order to assure optimal employee performance and retention (Falola, Ibidunni and Olokundun 2014). The extent to which employees are satisfied with their positions and want to stay with a company has been proposed to be a result of the company's compensation and reward structure (Fadugba, 2012).

This chapter will provide an overview of the literature on the topic. As a result, the chapter aims to provide the researcher with a deeper grasp of the topic field as seen through the eyes of other researchers and scholars. The researcher's purpose is to get a better understanding of the subject area's gaps so that those that come within the scope of the study can be filled

2.1 Theoretical Literature Review

This section focuses on the study's important theories, which assist in informing the study's findings.

2.1.1 The Reinforcement Theory

The reinforcement hypothesis, one of the most well-known theories of motivation, was offered or agreed on by behaviorist B.F. Skinner in 1953 as a way to explain worker behavior and why we have a predisposition to do what we do. The theory is also known as behaviorism or conditioning. According to the notion, "an individual's conduct could be an introduction of its results" (Administration Consider Direct, 2013) A gift-elicited emotion is more likely to be futuristic and repeat itself, according to reinforcement theory (Thorndike's Law of Impact). Top worker performance followed by monetary award, according to the pay administration guideline, can raise the likelihood of future high performance. On the other side, a high level of enactment without a gift may make it less likely in the future. The concept emphasizes the importance of a person's interaction with the remunerate.

2.1.2 Expectancy Theory

In the same way that reinforcement theory focuses on the link between remunerations and deeds (instrumentally sensitivities), expectation theory (Vroom, 2014) focuses on expected (rather than skilled) remunerations (i.e., enticements). Hope, which is the ostensible interface between effort and execution, and valence, which is the expected esteem of results, are two other characteristics of inspiration (e.g., recompenses). Compensation arrangements have varying effects on various motivating systems. The impact of compensation frameworks on instrumentally: the observed link between behaviors and pay, referred as in pay literature as the "line of prospect," differs primarily. Across all compensation models, the value of reimbursement findings should be constant. Work plans and preparation are frequently more important than pay systems when it comes to setting expectations.

2.1.3 Equity theory

Employee perceptions of their contributions to the organization, what they receive in return, and how their come-commitment quantitative relationship compares to others in and outside the organization, according to equity theory, confirm in any case how honest they believe their business relationship to be (Adams, 1963). As a result of the imbalance in the region, employees are likely to demand activities to restore value. Unfortunately, some of these activities (such as discontinuing or mandating participation) may be detrimental to the organization. Equity theory places a premium on the input and, as a result, the outcome. A worker with an associate's degree compares the quantitative relationship between their profession's inputs and outputs. If a worker detects a discrepancy, he or she can correct it. The employee's productivity or quality of work may suffer as a result. Persistent inequities will result in a rise in absenteeism and, in the worst-case scenario, a company's resignation (Greenberg, 2005).

Polyglot (2010) looked at how a company dealt with staff compensation decreases and the impact on high embezzlement rates and perceived equity. Two organizational units received panoptic wage reductions on Valentine's Day. The pay of a third unit was not reduced, and it was used as an effect cluster. The pay-cut clarifications were delivered in a number of ways to the two pay-cut groups. The administration provided a lot of facts to clarify its justification for the pay cut, as well as an urgent message of repentance, in the "satisfying clarification" pay-cut cluster. When it came to qualifying, the "insufficient clarity" cluster received considerably less information and exhibited no regret. There was no wage cut for the management cluster (and so no explanation).

The audience in charge and the two people who had their pay decreased had similar degrees of theft and equity attitudes at the outset. After the pay drop, the stealing rate in the acceptable explanation cluster was 54 percent higher than in the control group. However, when compared to the control group, the "inadequate clarification" condition had a 141 percent embezzlement rate. Communication has a substantial, self-regulating impact on workers' attitudes and conduct in the setting.

Cowherd and Levine (2012) investigated if evaluating the salary gap between low-level labor and high-level management has any effect on the quality of the end product using a sample of 102 trade units in 41 enterprises. Workers commonly compare their pay to that of higher-ranking colleagues inside the company, according to Cowboy and Levine. Subordinate specialists who believe they are being treated unfairly will be offered the option of lowering their effort in order to raise their value. In their study, clients' perceptions of the quality of goods and services were sketched out as quality.

They also hypothesized that once pay disparities between hourly and high social control laborers were huge, additional role, or residency actions like openly giving to help others, following the spirit rather than the letter of the rules, and correcting some of the errors that would normally result in a discharge notice would be minimal. Their findings corroborated up this notion, implying that businesses should be additional cautious not to overlook the potential of adversarial mental highlights as a consequence of the government tapping into a diversified workforce for inspiration.

2.1.4 Components of Compensation System

Human resources, according to Tulaseenaidu Adari, are the most important resource for every organization (2018). It is accountable for all decisions it makes, all work it completes, and all outcomes. Employees should be efficiently managed and motivated, with compensation and benefits that are industry-standard. Compensation is the remuneration received by an employee in exchange for his or her service to the company. It is a method of balancing the work-employee relationship by providing both monetary and non-monetary incentives to employees. Employee motivation and organizational effectiveness are aided by compensation, which is an important part of human resource management.

Compensation System

Compensation plans are developed with strategic objectives and company goals in mind. A compensation scheme is designed based on a variety of characteristics after an examination of the job activity and responsibilities. A compensation system consists of the following components: Employee remuneration can be direct (in the form of monetary awards) or indirect

(in the form of bonuses) (in the form of non-monetary benefits like perks, time off, and so on). Remuneration includes all awards and allowances given to employees in exchange for their efforts, not only monetary compensation. Compensation management that is well-managed is more likely to result in high organizational productivity.

Direct Compensation:

Employees are paid directly for the services they deliver to the company in the form of monetary prizes. Basic pay, housing rent allowance, transportation, leave travel allowance, medical reimbursements, special allowances, bonus, pension, and other monetary rewards are all included. They are sent out at a specific time and interval.

Indirect Compensation:

Non-monetary benefits offered to employees in exchange for the services they provide to the company are referred to as indirect compensation. They include things like leave policies, overtime policies, auto policies, hospitalization policies, insurance policies, leave travel assistance restrictions, retirement benefits, and vacation properties.

2.1.5 Managing Employee Compensation

Several factors continue to influence remuneration, resulting in some significant shifts in employee pay. The alignment of compensation with the company's goals is one of these adjustments. Other options include adjusting remuneration to employees' requirements, increasing salary, and attaining pay equity (Fisk 2001). One of the theories that has been suggested to support this view is B.F. Skinner's reinforcement theory. People can be motivated by their work environment if it is well-designed, according to this theory. As a result, employers should continue to develop the organization's outward environment rather than focusing on internal characteristics such as attitudes, sentiments, impressions, and other cognitive activities. It highlights the relevance of a person's real-world reward experience, with the consequence that exceptional employee performance followed by a monetary award increases the likelihood of future high performance, which is beneficial to pay management.

Another idea relevant to the study is Victor Vroom's Expectancy Idea. This theory emphasizes predicted rewards over actual rewards, despite the fact that it focuses on the link between incentives and behavior. To put it another way, it is largely concerned with the impacts of

incentives. It highlights that behaviors (job performance) are a function of ability and motivation, with expectancy, instrumentality, and valence perceptions influencing motivation. Workplace design and training, rather than compensation plans, have a significant impact on employee expectations.

Several scholars have questioned this premise, suggesting that monetary rewards may promote intrinsic motivation, despite the fact that this theory predicts that increasing the quantity of performance-related incentives will improve motivation and performance.

Extrinsic motivation is based on externally regulated rewards such as money and benefits, whereas intrinsic motivation is based on rewards that naturally emerge as a result of activity. While it's crucial to remember that money isn't the only way to inspire individuals and that monetary incentives aren't always the best solution to motivation issues, it doesn't appear that monetary incentives in most businesses pose a significant risk of eroding intrinsic motivation.

2.1.6 Methods of employee compensation

According to Tulaseenaidu Adari (2018), the following are some of the most common methods of employee remuneration that have an impact on employee performance:

Individual incentives:

Pay incentives are linked to improved performance and productivity. Employees, for example, are compensated more when they meet a certain standard of performance. Individual incentives have been connected to improvements in quantifiable production, with research finding that incentive schemes result in average increases of 30%.

Merit pay

Employees that perform well are rewarded with bonuses or other forms of compensation. It is the most often used business approach. Despite the fact that many studies have failed to show a conclusive impact of this system on performance, research shows that merit pay is linked to higher performance.

Profit sharing

When profitability targets are met, employees are rewarded. They appear to have an effect on performance, according to study. Employees, on the other hand, may be less driven by this form of acknowledgement than others since they may not see the link between their own efforts and greater earnings. Profit-sharing incentives are typically handed out later (after retirement, for example), making them less enticing than immediate incentives.

Stock plans

This comprises allowing employees to buy stock in the company at a predetermined price. This strategy has been tested and proven to have a good impact on middle and upper management. However, there are disadvantages to this method, such as the influence on staff motivation if stock prices fall. It also opens the door to ethical and possibly criminal violations.

Gain sharing:

Employees are paid based on their overall performance, which recognizes how jobs are interconnected. This method has been shown to result in high performance, teamwork, higher profitability, and decreased losses in studies. It's better to provide a variety of performance rewards. Individual performance is rewarded in certain programs, while collective achievement is rewarded in others; as a result, it is important to provide a variety to balance the benefits and risks of each, preventing unhealthy competition while promoting drive.

2.1.7 Importance of Composition on Employee Performance

A well-designed compensation and benefits package, according to Tulaseenaidu Adari (2018), can help a company attract, motivate, and retain talent. The following are some of the advantages of a well-designed compensation and benefits plan.

1. **Job satisfaction:** If employees were fairly compensated for their contributions, they would be satisfied in their positions and want to stay with the company.
2. **Motivation:** Every one of us has our own set of expectations. Some of us want to earn more money, so we go to work for a business that does. Some people place a high value on achievement and prefer to work for companies that provide greater opportunities for progress, learning, and development. If an employee's pay plan meets their needs, they are more likely to perform as expected.

3. **Drive employee performance:** The basic concept is that if an employee knows that his or her bonus is dependent on the occurrence of a specific event (or is paid depending on performance, or if a specific goal is achieved), he or she will go to great lengths to guarantee that this event occurs (or improve their performance, or achieve the desired goal). To put it another way, the bonus motivates employees to raise the company's performance.
4. **Low Absenteeism:** Its employees look forward to going to work and are satisfied with their pay. Their productivity will be great, and absenteeism will be minimal.
5. **Low Turnover:** Would employees prefer to work for a different firm if their current one pays them fairly?
6. **Peace of Mind:** When a company offers a range of insurance options, employees are alleviated of some concerns. As a result, employees are now more relaxed at work. They work beautifully and without exerting mental effort.
7. **Increases self-confidence:** Employees' self-esteem is strengthened through the incentive system. It assists employees in increasing their performance in the organization.

2.2 Summary and Research Gaps

Direct monetary compensation refers to the pay and benefits given to employees for services delivered over a set period of time. Unions have created units to defend employees against employer abuse and, as a result, to achieve the goals of strict compensation. The numerous ways in which direct monetary compensation influences employee productivity are not captured in the literature. Benefits like as paid time off, health insurance, and tuition reimbursement are all examples of indirect monetary compensation that are designed to attract and retain employees. Although this may not have an immediate impact on employee productivity, it does encourage employees to focus on the company's goals and objectives rather than their personal pay and benefits. There is a paucity of information on how long such compensation would effect employee productivity. Employee productivity is boosted by non-monetary incentives such as the working environment, training, career promotion, and recognition. Despite the lack of specificity in the surveys, each of the factors ensures employee productivity. Total remuneration strives to improve employee motivation, job engagement, and commitment by combining several compensation components. Those factors encompass the relevance of an employee's value inside

a corporate relationship in developing a piece skill that energizes people to meet their work needs. According to the report, total compensation will not be used to motivate employees to be more productive.

2.3 Conceptual Framework

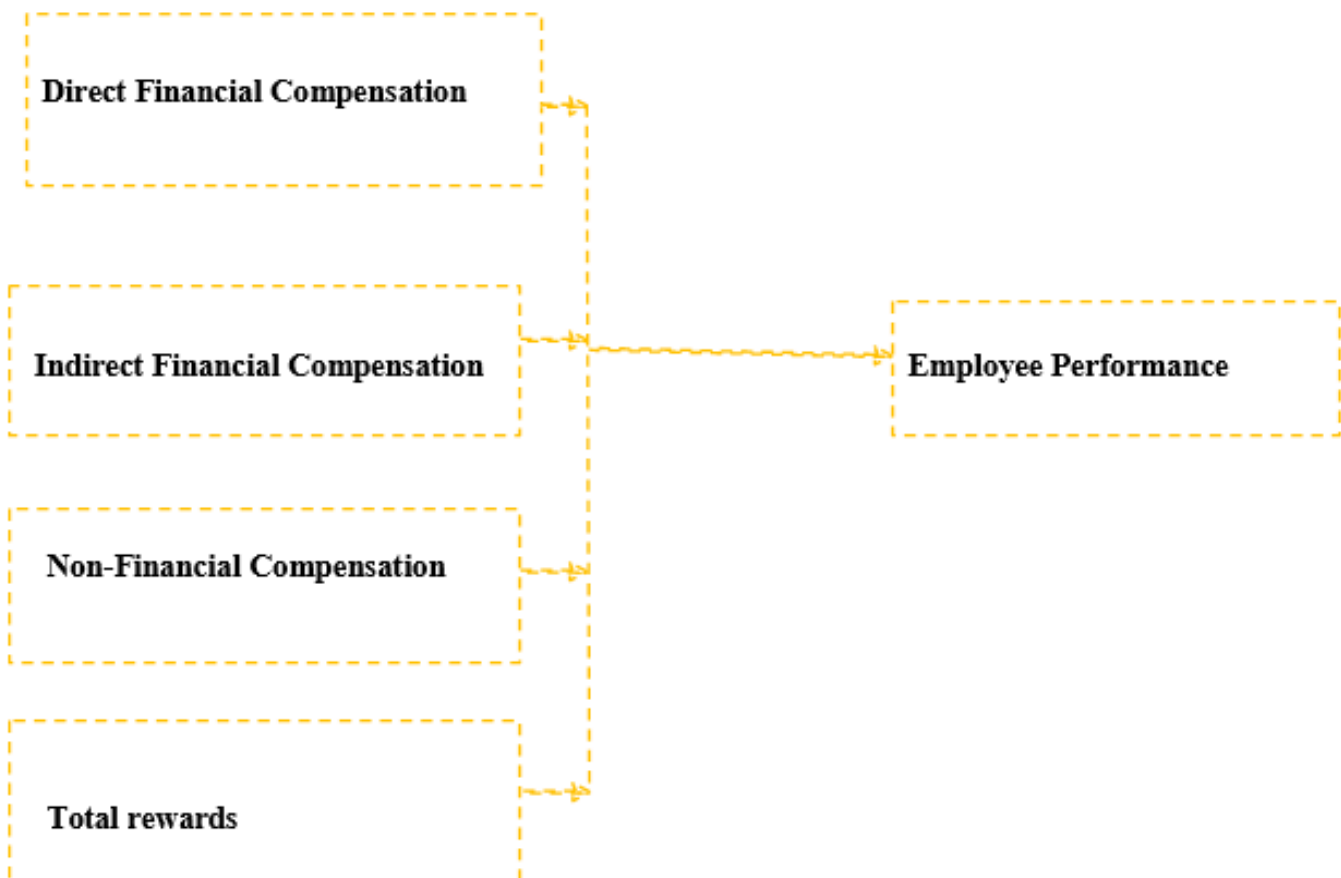
The framework will be made up of independent components such as direct financial compensation, indirect financial compensation, non-financial compensation, and other compensation packages.

According to Reichel and Ramey (2007), a conceptual framework is a collection of ideas and philosophies drawn from several fields of study that is used to arrange subsequent presentations. Forming thoughts about interconnections between study components and visually or diagrammatically showing these connections is a part of the conceptual framework (Mugenda and Mugenda, 2003).

Figure 1: Conceptual Framework

Independent Variables

Dependent Variable



2.4 Operationalization of variables

2.4.1: Direct Financial Compensation

Employees are paid directly in the form of monthly, bi-monthly, or weekly monetary rewards in exchange for the services they provide as employees of a specific establishment. It may even take the form of a stock bonus, in which employees are given the choice to own shares in the company they work for and are given the chance to earn a portion of their dividends in the form of equity at the end of the year. As a result, if direct monetary remuneration is properly highlighted inside the firm, employee productivity will increase.

2.4.2: Indirect Financial Compensation

Indirect compensation, sometimes known as worker benefits, is a type of remuneration given in addition to monetary pay. They also include goods that don't appear to be compensated, such as annual vacations. Organizations typically use it to aid recruiting or influence the likelihood of employees returning to work for them, to influence employee retention or generate stronger commitment, to boost employee morale, reduce absenteeism, and to raise worker productivity.

2.4.3: Non-Financial Compensation

Non-monetary remuneration includes things like paid vacations, business trips, recognition, health insurance, flextime, and promotions, among other things. These can help enhance employee productivity if correctly applied.

2.4.4: Total reward

Total compensation seeks to maximize the combined impact of several remuneration components on motivation, commitment, and job commitment. As a result, comprehensive reward considers every facet of an employee's value at work. According to O'Neal (1998), a comprehensive pay strategy is critical for expressing enrollment and retention issues because it provides a work environment that meets employees' needs and encourages them to put in extra effort.

2.5 Chapter Summary

A good remuneration plan is necessary to incentivize employees to improve their performance and organizational efficiency. The impact of employee compensation structure and performance on direct financial compensation, indirect financial compensation, non-financial compensation, and total reward, as well as how they affect productivity, will be discussed in this chapter. This chapter also covers the study's hypothesis as well as a conceptual framework for separating the study's dependent and independent variables.

Chapter 3: Organizational Background/Industry Perspective

Industry Scenario

3.1 Overview and history

Somalia is a country in East Africa that located between the Gulf of Aden and the Indian Ocean, forming the Horn of Africa, a pointed peninsula. Somalia was founded in July 1960 when the Italian trusteeship administration of Somalia was combined with the British protectorate of Somaliland. Resources for agriculture and cattle are limited (sugar cane, tropical fruit, and sheep).

3.1.1 The Banking System history in Somalia

Before the coup d'etat by which the Supreme Revolutionary Council assumed political power in Somalia, the country's banking system was as follows.

The Somali National Bank which is currently known as Central Bank of Somalia exercised the functions and activities both of a Central Bank and a commercial bank, and also handled housing credit in succession to the defunct Credito Somalo. Four foreign banks-the Banco di Roma, the Banco di Napoli, the National and Grindlays Bank Ltd. and the Banque de Port Said- had altogether eight branches in Somalia, which did ordinary commercial banking business only.

Finally, there was a development bank, the Banca di Sviluppo Somala, which had been set up by Presidential decree in February 1968 and had an authorized capital of 100 million shillings of which, at the time of its establishment, 30 million were subscribed and 26 million paid up. The only shareholder was the state. Upon its establishment, the Banca di Sviluppo Somala took over the defunct Credito Somalo's autonomous medium- and long term credit section.

In 1969, a law (No. 13, of 16 January 1969) for the establishment of a Post Office Savings Bank was promulgated, but nothing further was done, or is now likely to be done, about it.

The branches of foreign banks operating in Somalia were nationalized by Law No. 26, of 7 May 1970, and pending the definitive reorganization of the banking system in line with

the new principles of economic policy, were, handed over to the Somali National Bank, to be managed by its autonomous agencies. From the moment of nationalization until the end of 1970, during the transition period, only two banks were thus operating in Somalia: the Somali National Bank, with a monopoly of commercial banking, and the Banca di Sviluppo Somala.

In the autumn of 1970 the reform of the banking system took shape in new legislation. Two new banks were set up, the Banca Commerciale Somala and the Cassa di Risparmio e Credito della Somalia, both public. The effect is to introduce more institutional and functional specialization into the banking system, and to limit the functions of the Somali National Bank to those typical of a Central Bank.

Both the new banks started their operations on 1 January 1971; and both have a capital of 2.3 million Somali shillings, contributed in equal parts by the state and the Somali National Bank. The new Somali Commercial Bank took over from the Central Bank the three autonomous agencies resulting from nationalization of the former branches of the Banco di Napoli, the Banco di Roma and the National and Grindlays Bank Ltd.; this gives it a total branch network of seven at present. In its turn, the Cassa di Risparmio e Credito della Somalia took over the assets and liabilities of the Central Bank's commercial credit section as well as the autonomous agency which had previously been a branch of the Banque de Port Said; its network of 13 branches covers the whole of the country.

The new Savings and Credit Bank, which was established as an autonomous public corporation by Law No. 1 of 11 December 1970, has the purpose of promoting and mobilizing domestic saving. To this end, it accepts deposits and extends short- and medium-term credit to various sectors of the economy, including housing credit which is handled by an autonomous section of the bank. Technical assistance and other aid is to be made available to the Cassa di Risparmio e Credito della Somalia under an agreement signed in Rome on 4 March 1971 between the credit authorities of Somalia and the Italian Association of Savings Banks.

In Somalia's new banking system, the Banca di Sviluppo Somala survives with its original functions intact. These are to promote, assist and strengthen private enterprise projects in agriculture, industry, mining, tourism, fishery and animal husbandry, to the extent to which such projects fit into the official development programs.

The bank finances its operations with government budget allocations (increases in the endowment fund), with loans from Somali and foreign sources, and with time deposits tied for more than two years. It extends medium and long-term credit, but is not authorized to grant credits for less than one year.

Unlike the other three banks in Somalia's new banking system. The Development Bank is open to minority participation by foreign interests, but at present the whole of the equity is still in the hands of the state.

3.1.2 Banking Regulations

The regulations governing the structure and functions of banking in Somalia still rest essentially on the 1963 banking law (Law No. 18, of 14 August 1963), plus such provisions as were added by the laws establishing the Banca Nazionale Somala, the Banca di Sviluppo Somala, the Banca Commerciale Somala and the Cassa di Risparmio e Credito della Somalia.

Some of the regulations governing the activities of banks have already been mentioned. The principle of specialization is incorporated in the legal prohibition on commercial banks to extend medium- or long-term credit except through autonomous sections with their own juridical personality and separate accounts.

Supervision of banking activities is exercised by the secretary of state for Finances through the Somali National Bank, which is responsible for interrupting and enforcing the rules which govern the credit business.

3.2 Selected Public Banks in the Research

Since the fall of Siad Barre's leadership in 1991, Somalia has been without a structured commercial banking and financial institutions sector. Prior to the civil war, Somalia's formal banking industry consisted of the following institutions:

1. Central Bank of Somalia;
2. Somali Development and Reconstruction Bank
3. Commercial and Savings Bank (in itself created through government's forced consolidation of a number of banks). Currently this bank it is not working, it is closed during the civil war 1991 till now.

Prior to 1990, there is very little information available about banks' intermediation performance. By 1991, these institutions had either failed due to bankruptcy or due to the failure of governmental infrastructure. Excessive government participation and mismanagement have been documented in the Somali banking system in the past. In Somalia, where there is no legal financial industry, the informal financial sector has filled the hole to some extent. Remittance companies have historically made up the latter. In Somalia, the remittance industry has a long history. The size and scope of remittances are inextricably related to Somalia's importance as a supply of labor for the Arabian Gulf, as well as the growing Somali Diaspora in the West. 17 Economic progress has been hampered by civil upheaval, insecurity, and the lack of a formal banking sector. Despite the fact that the remittance sector is critical to the current Somali economy, the existing financial sector can be described as follows:

1. 1. Virtually little financial intermediation, i.e. deposit-taking and lending through financial intermediaries, despite some modest lending through non-governmental organizations in the form of micro-finance;
2. 2. The economy is primarily centered on cash;
3. 3. A lack of public trust in a banking system, particularly one in which the government is a major stakeholder. This is unsurprising considering the fact that the general population has lost money in the past. As a result, recovering public confidence will be critical to the banking system's recovery.
4. Remittance organizations that operate informally provide very limited banking services, such as money transfers, foreign exchange, and deposit facilities.

The banking sector in Somalia is made up of private banks regulated by the Central Bank of Somalia, with over ten banks operating in the country under the supervision of the Central Bank of Somalia. There are also two functioning public banks that are relevant to my research:-

- 1. Somali Development and Reconstruction Bank (SDRB) and**
- 2. Central Bank of Somalia (CBS)**

Here I would like to demonstrate in detail the above two selected public banks in Somalia:-

Somali Development and Reconstruction Bank

Somali Development and Reconstruction Bank (SDRB) is a public bank that established under the degree law No.25 of 24th June 2014 which amends all previous laws pertaining Somali Development and Reconstruction Bank.

Background of the Bank

With the presidential decree No.236 dated on 07/07/2012, the transitional Federal Government of Somalia re- instituted the Somali Development Bank, which has been dormant in the past two decades. But , given the devastated current situation in Somalia, in this post conflict period, the reconstituted Bank is to, more aptly, be re-named the Somali Development and Reconstruction Bank (SDRB).

The background to the government's decision is the prolonged civil war in Somalia as a result of which the institutions of the country were totally destroyed. The provision of social services ceased to exist due largely to the breakdown of law and security. Additionally, and for the same reasons, the economy was severely damaged: plummeting output in agriculture, livestock and fisheries- the main sources of income for the population.

The proposed (SDRB) is part of the response by the government of Somalia for action to improve the situation and/or cure the scars of the civil war.

Objectives of the Bank

To promote, assist and develop or modernize any productive enterprise in the agricultural, industrial, mining, tourism, fisheries, livestock sectors and infrastructure and, in general, to take any other initiative aimed at the economic development of the country, with particular reference to the private sector.

1. To facilitate and encourage the private sector to generate employment and income.
2. To finance the reconstruction, renovation, rehabilitation of the physical infrastructure of the FGS (Federal Government of Somalia) as well as other development projects in line with national socio-economic priorities.

3. To introduce and issue Sukuk (Islamic Bonds) and other securities for investment purposes and to finance big capital projects of the FRS.
4. To borrow money from other national, regional and international financial institutions in accordance with Islamic Finance Principles.
5. To invest in the capital, money, and real estate markets for equity and capital growth.
6. To audit and measure up projects funded by the Bank strictly by: their technical, financial and economic viability of the projects and compatibility not contradicting with sharia tenets.

Mission and Vision

The vision for the proposed Bank is an initial modest start of providing financial and technical assistance to small and medium sized, privately owned projects, in agriculture, fisheries and live-stock, the main resources of Somalia; with particular emphasis on food production.

The second stage in the vision for the Bank is for the longer term expansion of the Bank resources, money and man -power, to provide investments and grantees to investments for much larger and longer term projects, in wider economic sectors, including infrastructural projects.

Ordinary Operations of the Bank

1. Generally conform to the priorities for economic and social development in FRS; and shall accordingly cooperate with other bodies and/or entities engaged in the field of Reconstruction and Development;
2. In its investments, pay special attention to the development of FRS's natural resources, agriculture, fisheries, and live-stock, with particular emphasis on food production and security;
3. Diversify its operations in order to promote equity, minimise risk and spread the benefits of its investments among different sectors;
4. Promote partnerships between local and foreign investors as a means to encourage the flow of international capital and technology / management skills to FRS;

5. Provide facilitation with technical inputs, financial participation, and/ or guarantees to foreign investors;
6. Spread its operations into regions and districts of the FRS;
7. In the course of its operations, the Bank will ensure reasonable rates of return from its investments to build up sufficient surpluses for its administrative expenditures, contributions to reserve ordered by the Board of Directors and to further its own investments, as determined by its Board of Directors from time to time.
8. Determine, through its Board, loans, duration, rates of return, and fees to be charged in respect of the Bank's investments.

The Bank Powers

The Bank have all the powers necessary for the achievement of its institutional objectives as provided for in the above. The Bank undertakes following activities:-

I. LOAN AND SECURITY TRANSACTIONS

-  Grant loans.
-  Collect and deal in any bonds assigned to or held by the Bank or any claims accruing to the Bank, and institutional legal proceedings for the collection of such claims and bonds.
-  Form, join and take part in financial syndicates of other financial groups.
-  Establish financial trusts with a view to issuing ordinary or preferred or any other special stocks and securities, certificates or documents representing stocks or any liquid assets, and regulate any such trusts and participate in their administration by issuing, holding or transferring such ordinary or preferred or any stocks or securities pertaining thereto.
-  Set up, promote or undertake participations in companies; acquire, hold or transfer shares, bonds or securities of such companies.
-  Carry on the business of an investment company by acquiring or selling stocks, bonds, or any other securities issues or guaranteed by any company constituted or

carrying on business in the FRS as well as bonds, debentures, or any other securities issued or guaranteed by the State, or public entities.

- ✚ Construct, alter or maintain buildings and structures of any kind for the Bank's business.
- ✚ Deal in any manner by way of sale, lease, exchange or otherwise with land or any other property whether moveable or immoveable.

II. BORROWING TRANSACTIONS

- ✚ Borrow monies or otherwise contract indebtedness in the FRS or abroad, in domestic or foreign currencies.
- ✚ Secure the said borrowings by mortgage, conveyances trusts-deeds or pledges or other liens or charges upon all or any of the property or upon all or any of the property rights and privileges or any kind, then owned or thereafter acquired by the Bank.
- ✚ Draw, make, accept, endorse, execute, issue, sell or otherwise dispose of policies, drafts, bills of exchange, warrants, bonds and other evidence of indebtedness.
- ✚ Issue and/or confirm Letters of Credit and Letters of Commitment

III. OTHER TRANSACTIONS

- ✚ Procure the registration or recognition of the Bank in foreign countries.
- ✚ Take such steps as may be necessary to obtain for the Bank the same privileges in any part of the world as are possessed by local banks, companies or partnership of a similar nature.

Administrative Structure of SDRB

Board of Directors; consisting of board chairman (president of SDRB) and other Board members. The board of Directors is responsible for laying down the policies, managerial and operational procedures of the Bank in accordance with the law establishing the Bank.

SENIOR EXECUTIVES: The president/CEO, the Director General and other Executives management are responsible for implementation of the plans and programs laid down by the Board of Directors.

INTERNAL CONTROL: The board will establish a sound system of internal control to maintain financial, managerial efficiency, and safeguard bank assets. The Bank will also have external auditors to insure and certify financial and management standards of SDRB.

PROPERTIES OF SDRB: The SDRB owns Land, Farm & Buildings from the old Somalia Development Bank, which are estimated more than US\$ 20 Million.

CAPITAL STRUCTURE

1. The authorized Capital of the Bank is \$50 (USD) Million, comprising of: Endowment of (US \$) 51% for (FGS) and 49% for Somali entrepreneurs, International Private and Institutional Investors.
2. The equity capital of the bank shall be divided into 50, 000 shares of the value of USD 1000 each.
3. The bank shall commence operations once it has 5% of the subscribed capital.
4. The authorized Capital of the Bank shall be divided into one-fifth (1/5) paid in capital and four fifths (4/5) callable capital.

CURRENT STATUS OF SDRB

The government appointed a President (Abdullahi Ahmed Afrah) and Director General (Abshir Mohamed Isse) as the top two executives of the Bank.

The Bank currently operates out of a building located in the Central Bank's Headquarter in Mogadishu. Additionally, the management has drawn up the legal framework of the Bank and assembled professional staff to carry out the daily operations of the Bank.

Corporate Governance

The SDRB is committed to set up fully compliance network with regulated financial system with modern organizational Structure giving formal responsibilities and roles to each of its members.

The Board of Directors; consists of board chairman and other Board members, who have a clear cut responsibilities to oversight the activities of the Bank, typically the board chooses one of its members to be the chairman, and within the organization, there are committees among the board

members. The board of Directors is responsible for laying down the policies, managerial and operational procedures of the Bank in accordance with the law establishing the Bank.

Central Bank of Somalia (CBS)

1. Background of the Bank

The Banca Nazionale Somala (National Bank of Somalia) was created on July 1, 1960, by the newly independent Republic of Somalia to take over the functions of the Cassa per la Circolazione Monetaria and the Banca d'Italia branch in Mogadishu. The new bank's activities included both central banking and commercial banking. The Somali Credit Bank (Credito Somalo) and the Banca Nazionale Somala were combined by the Somali Republic's civilian administration in 1968. In 1954, the Somali Credit Bank was created in the Trust Territory of Somalia by the previous trusteeship administration.

On February 8, 1975, the government renamed the Banca Nazionale Somala to the Central Bank of Somalia. (Soomaaliya ee Bankiga Dhexe). The Somali Commercial Bank and the Somali Savings and Credit Bank (Cassa di Risparmio e Credito Della Somalia) were also merged to become the Commercial and Savings Bank of Somalia, which at the time was the country's only bank. In 1990, Somalia's Commercial and Savings Bank discontinued operations. Somalia's Central Bank, too, ceased to exist at some point. In 2009, the Transitional Federal Government reopened the Central Bank of Somalia in Mogadishu as part of its campaign to reconstruct national institutions. The bank already had a branch in Baidoa that was fully operational and staffed. The Bank was restored and strengthened after the passage of the "CBS Act of 2012". Its responsibilities include promoting and maintaining the Somali Shilling's value, regulating the financial sector, and supporting economic advancement through sound banking and monetary policies.

The Central Bank of Somalia safeguards the public interest by maintaining monetary and financial stability and ensuring that the financial system serves clients and the larger economy. It has developed an open and supportive culture known as "One Bank," in which employees work together to achieve the Bank's stated objective. Management and employees at CBS are proud of their work and uphold the company's culture.

The CBS Strategic Plan, which runs from 2020 to 2024, is a vehicle for building the CBS's capacity to carry out its crucial purpose. It lays out the CBS's vision for itself by the year 2024, as well as the core priorities that will drive the institution's development and restructuring in order to properly carry out its mandate. The approach is based on the CBS's six strategic goals:

- 1) Strengthening financial stability;
- 2) Regulatory and supervision policies;
- 3) Developing monetary policy;
- 4) Establishing payment system;
- 5) Promoting good governance and effective organization; and
- 6) Strengthening the provision of economic advice and information management.

2. CBS VISION, MISSION, VALUES & GOALS

a) VISION

To contribute to the people of Somalia's prosperity by ensuring economic and pricing stability, as well as financial system stability, in order to foster long-term growth through policy stimulus and advice.

b) MISSION

Maintaining price stability and developing a strong, stable, current, and sound financial system.

c) ORGANIZATIONAL VALUES

-  Commitment to serve the public interest.
-  Orientation and services provided by the institution.
-  Integrity and ethics.
-  leadership and transparency
-  Equity, teamwork, confidentiality and fairness.

3. THE OBJECTIVES OF THE BANK

The CBS Law outlines the Bank's principal goals as:

- ✚ To support and foster monetary and price stability in the country.
- ✚ To promote and maintain a market-based financial system that is stable and competitive;
- ✚ To support the government's overall economic policies.

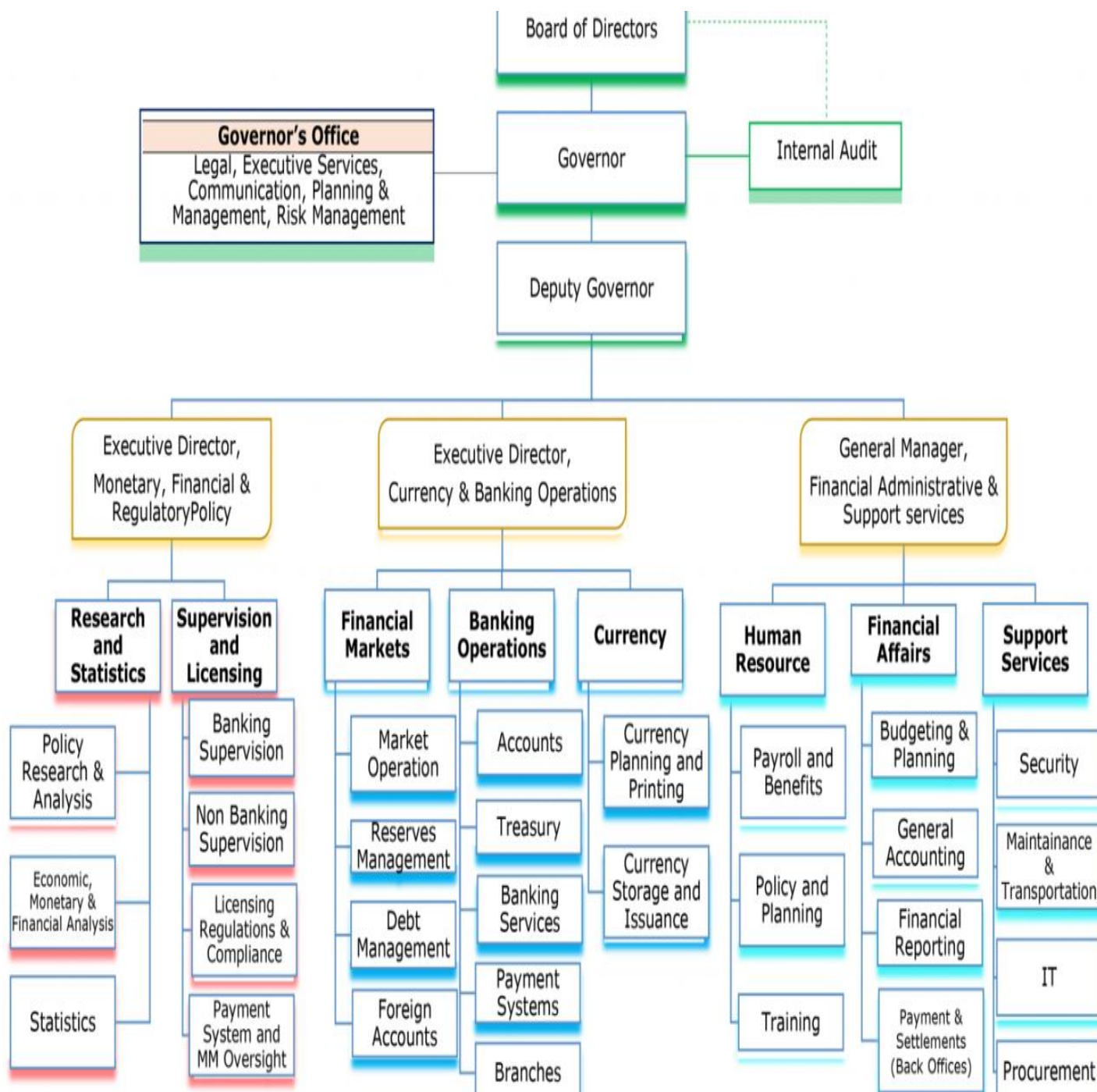
4. CBS PRINCIPLE FUNCTIONS

The Bank's principal functions, as outlined in Article 5 of the CBS Law, are:

- ✚ Formulate, implement, and hold monetary and exchange rate policy accountable.
- ✚ Keep and maintain the country's gold and foreign exchange reserves.
- ✚ All banks and financial institutions operating in Somalia must be licensed, regulated, and supervised.
- ✚ Set up a payment system that is well-regulated and easy to use. Systems for clearing and settling.
- ✚ Act as the government's banker, consultant, and fiscal agent.
- ✚ Assume exclusive responsibility for issuing Somali currency notes and coins;

5. CBS ORGANIZATIONAL STRUCTURE

- ✚ The CBS BOD
 - ✚ The BOD is responsible for formulating policies and overseeing their implementation, as well as overseeing the Bank's administration and operations.
- ✚ The Governor serves as the Chair of the Board of Directors and the Bank's chief representative.
- ✚ When the Governor is temporarily absent or incapacitated, the DG who reports to the Governor acts in his or her place, exercises all the powers and performs all the functions conferred on the Governor by law, and performs such other functions as the Governor may from time to time assign to him or her.
- ✚ As per below figure of CBS structure The Bank has three Groups that directly report to the Deputy Governor.



Chapter 4: Research Findings and Discussion

4.0 Introduction

The focus of this chapter is on decoding the data gathered based on the variables under investigation. Demographic information, direct financial remuneration, indirect financial compensation, non-financial compensation, and total rewards are some of the sections in which data is presented.

4.1. Presentation of research findings

4.1.2 Response Rate

The researcher sorted to learn or to know about the participants' bio data, which would be useful in determining the quality of information sorted for the study's purposes. As a result, the following areas of interest were investigated: the respondents' age, gender, level of education, and the length of time they had worked at the public banks in Somalia.

4.1.3 Gender

There were 152 men and 48 women among the 200 total participants in the study, according to the gender breakdown of participants.

Table 4.1.3: Gender of respondents

Gender		Frequency	Percentage
Valid	Female	48	24.0
	Male	152	76.0
	Total	200	100.0

Source: 2021 Study

According to recorded/collected data of the above table Men accounted for 76 percent of the population, while women accounted for only 24 percent, indicating a male-dominated population.

4.1.4 Age

The researcher looked into the participants' ages and came up with the following findings based on the information gathered:

Table 3.1.4: Age of the respondents

Age		Frequency	Percentage
Valid	19-24	3	1.5
	25-34	83	41.5
	35-44	67	33.5
	45-54	43	21.5
	55-60	1	.5
	60-65	3	1.5
	Total	200	100.0

Source: 2021 Study

Employees aged 19-24 years were at 1.5 percent, 25-34 years at 41.5 percent, 35-44 years at 33.5 percent, 45-54 years at 21.5 percent, 55-60 years at 0.5 percent, and those aged above 60 years at 1.5 percent, according to the above table statistics.

4.1.5 Education level

The respondents' educational level had to be determined, and the obtained data was presented as follows:

Table 4.1.5: Education level

Education level		Frequency	Percent
Valid	High school	1	.5
	Bachelor Degree	135	67.5
	Master Degree	61	30.5
	Professional Certificate	1	.5
	PHD	2	1.0
	Total	200	100.0

Source: 2021 Study

The results showed that those with a high school diploma made up 0.5 percent, those with a bachelor's degree made up 67.5 percent, those with a master's degree made up 30.5 percent, those with a professional certificate made up 0.5 percent, and those with a post-doctoral certificate made up 1 percent.

4.1.6 Duration of service of respondents

This was done to ascertain how long an individual has worked at a public bank in Somalia in order to determine the level of expertise gained for the authentic information provided.

Table 4.1.6: Duration of service of respondents

Duration of service		Frequency	Percent
Valid	0-3 years	50	25.0
	4-6 years	96	48.0
	6-9 years	49	24.5
	Above 10 years	5	2.5
	Total	200	100.0

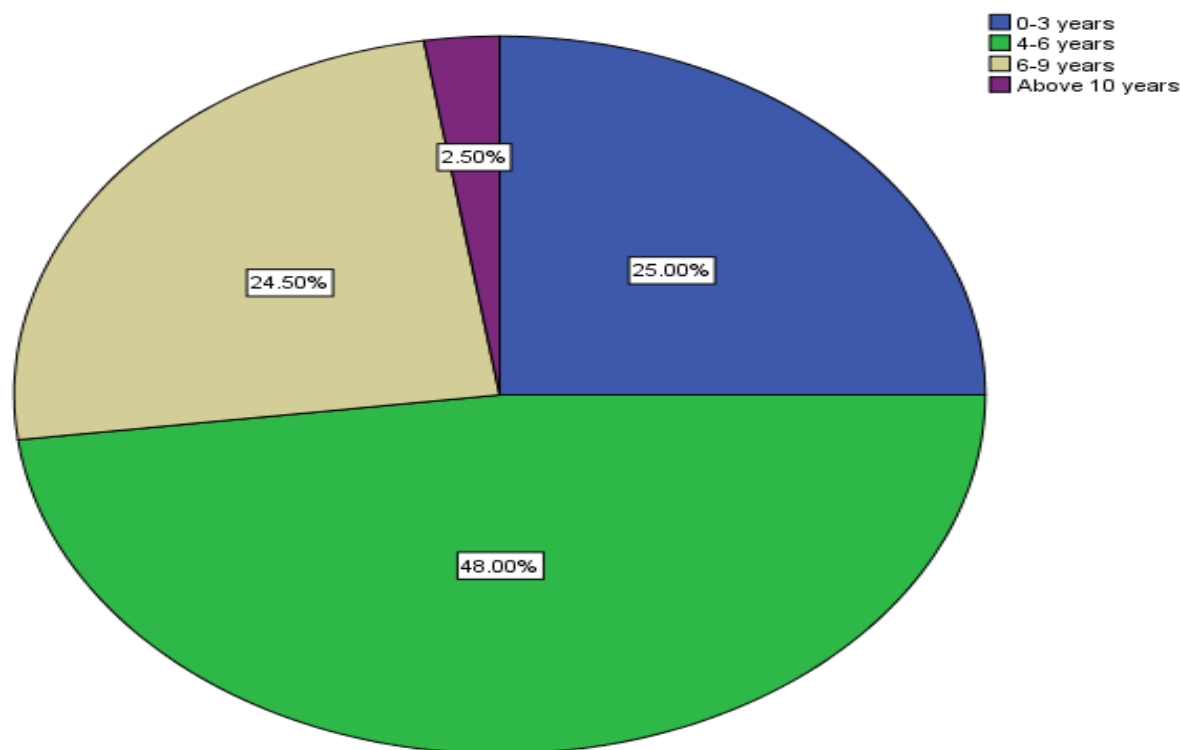


Figure 2: Conceptual Framework
Source: Study, 2021

The results showed that those who had worked for 0-3 years were 25%, 4-6 years were 48 percent, 6-9 years were 24.5 percent, and those who had worked for more than 10 years were 2.5 percent.

4.2 Direct Financial Compensation

4.2.1 Monthly constant and fixed salary

The goal was to investigate the establishment of direct financial compensation through a monthly fixed salary, with the following results:

Table 4.2.1: Monthly constant and fixed salary

Monthly fixed compensation		Frequency	Percentage
Valid	No	194	97.0
	Yes	6	3.0
	Total	200	100.0

Source: Study, 2021

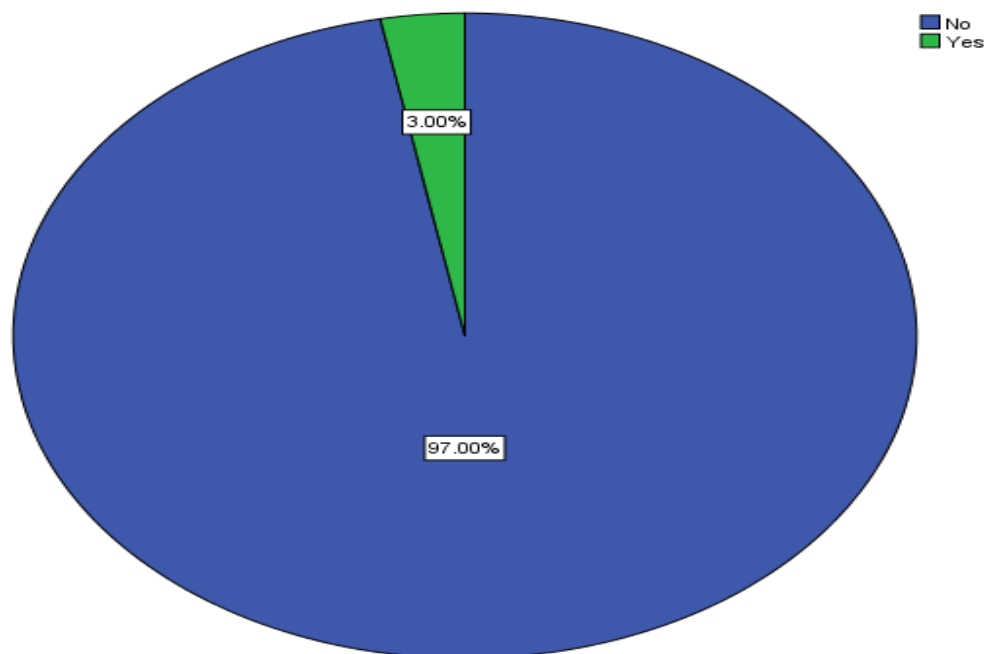


Figure 3: Monthly constant and fixed salary

Source: Study, 2021

According to the data, 3 percent of the 200 participants in the study acknowledged that they were paid a set and consistent monthly income, confirming the existence of direct financial compensation for services done. While 97 percent said no, it's possible they're casuals who are paid weekly or fortnightly.

4.2.2 Salaries and wages paid on fixed date or not

The goal was to determine whether or not paid salaries and wages had regular payment dates, and whether or not delays annoy employees.

Table 4.2.2: Salaries and wages paid on fixed date or not

Fixed payment dates		Frequency	Percent
Valid	Very flexible	3	1.5
	Fixed pay day	197	98.5
	Total	200	100.0

Source: Study, 2021

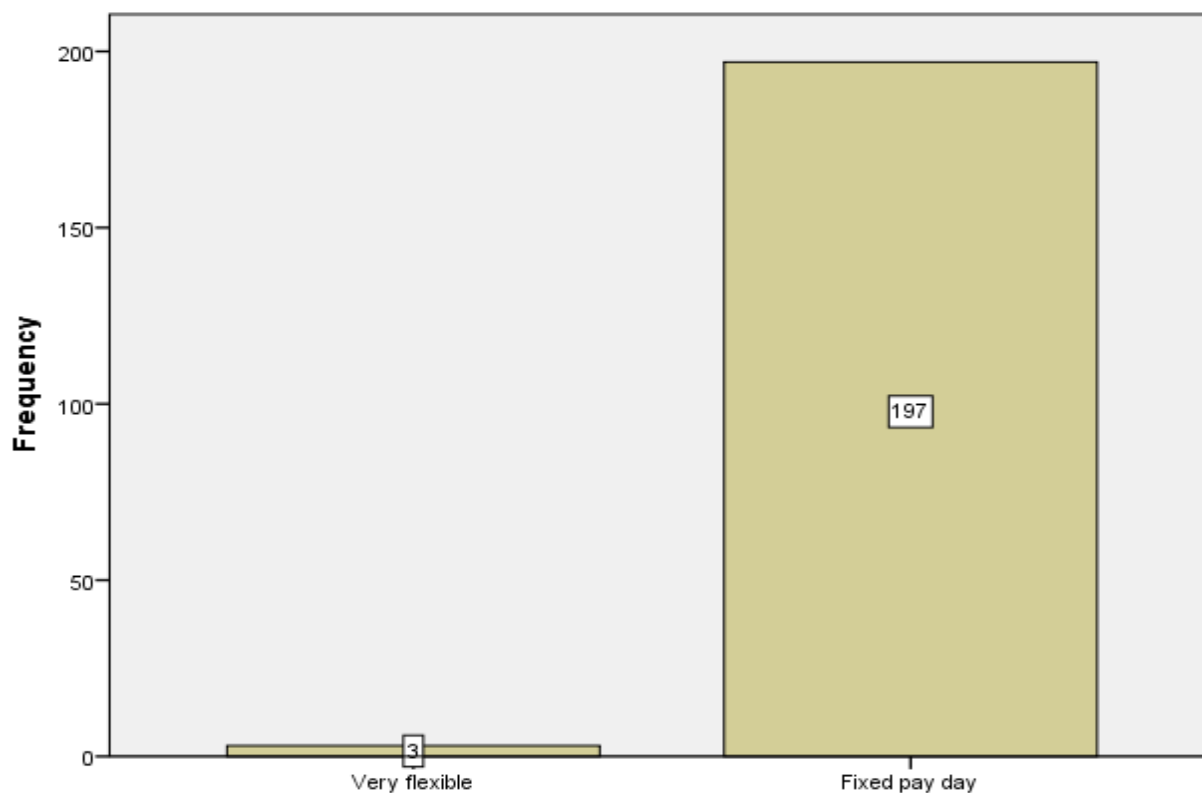


Figure 4: Salaries and wages paid on fixed date or not

Source: Study, 2017

It was discovered that 98.5 percent of the time, salary and earnings were fixed, whereas 1.5 percent of the time, pay day was relatively flexible.

4.2.3 Sufficient salaries for retention

The study intended to examine if the salaries and wages offered by Somalia's public banks were sufficient to persuade or motivate employees to work for them.

Table 4.2.3: Sufficient salaries for retention

Sufficient Salaries		Frequency	Percentage
Valid	Agree	151	75.5
	Strongly agree	3	1.5
	Disagree	1	.5
	Strongly disagree	1	.5
	Neutral	44	22.0
	Total	200	100.0

Source: Study, 2021

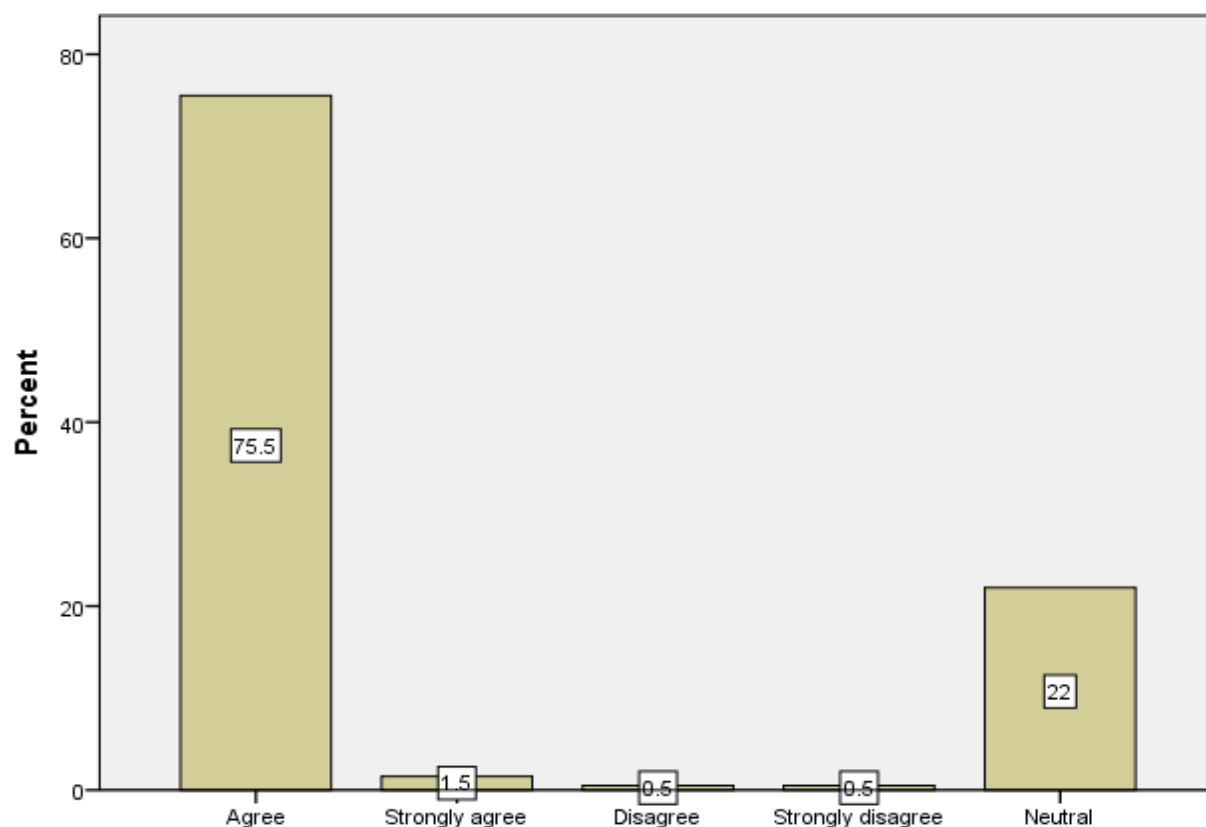


Figure 5: Sufficient salaries for retention

Source: Study, 2021

The participants responded that 75.5 percent agreed that the compensation was sufficient to entice employees to work in Somalia's public banks, 1.5 percent strongly agreed, 0.5 percent did not agree, 0.5 percent strongly disagreed, and 22 percent were undecided.

4.2.4 Salary and remuneration reflect work employee output

It was necessary to establish whether respondents' salaries and remuneration reflected their talents, competence, and work performance.

Table 4.2.4: Salary and remuneration reflect work employee output

Remuneration to employee performance		Frequency	Percent
Valid	No	99	49.5
	Somehow	42	21.0
	Not sure	1	.5
	Yes	58	29.0
	Total	200	100.0

Source: Study, 2021

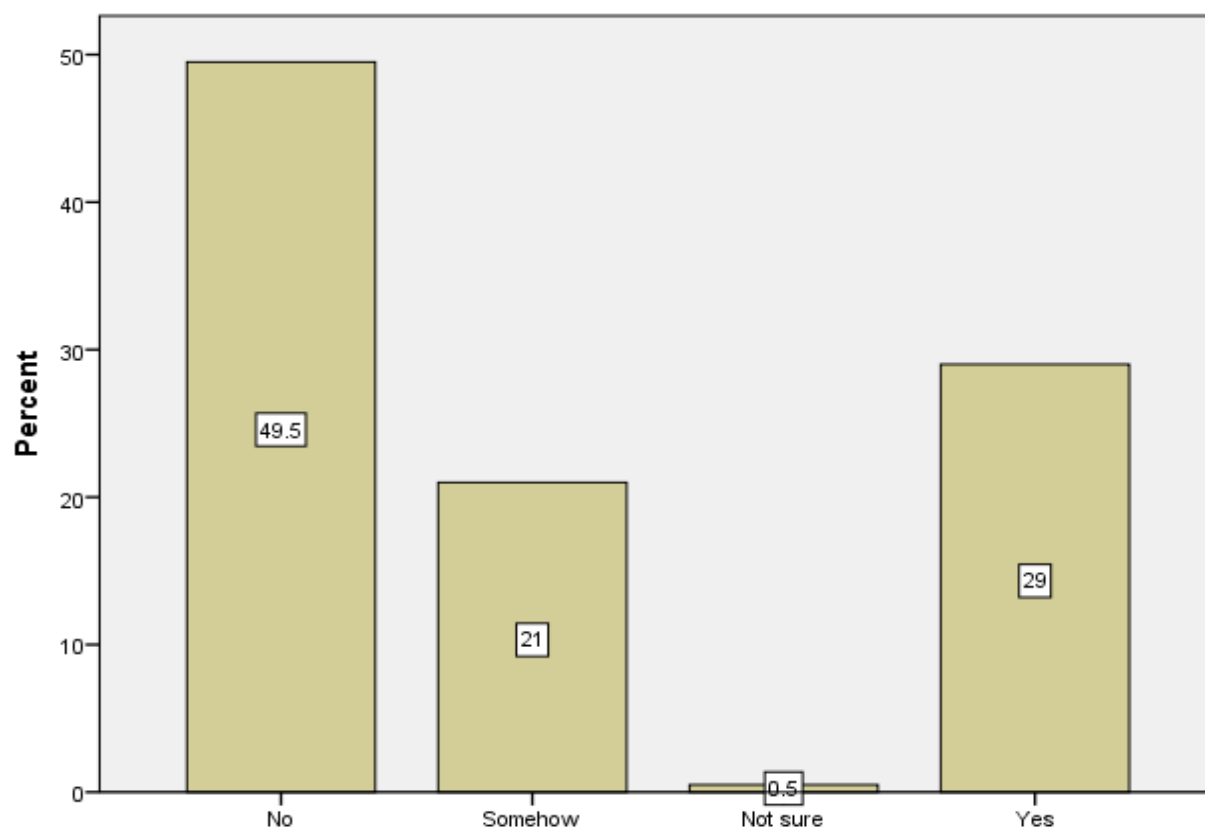


Figure 6: Salary and remuneration reflect work employee output

Source: Study, 2021

According to the findings from the data collected, 29 percent believed their salary and remuneration represented their talents, competencies, and job performance, 21 percent thought it did not, 0.5 percent were unsure, and 49.5 percent did not respond.

4.3 Indirect Financial Compensation

4.3.1 Other benefits offered by the Bank

Table 4.3.1 shows the findings of a study on the availability of various advantages at public banks aside from direct financial compensation.

Table 4.3.1: Other benefits offered by the Bank

Other benefits		Frequency	Percentage
Valid	No	1	.5
	Yes	199	99.5

	Total	200	100.0
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Source: Study, 2021

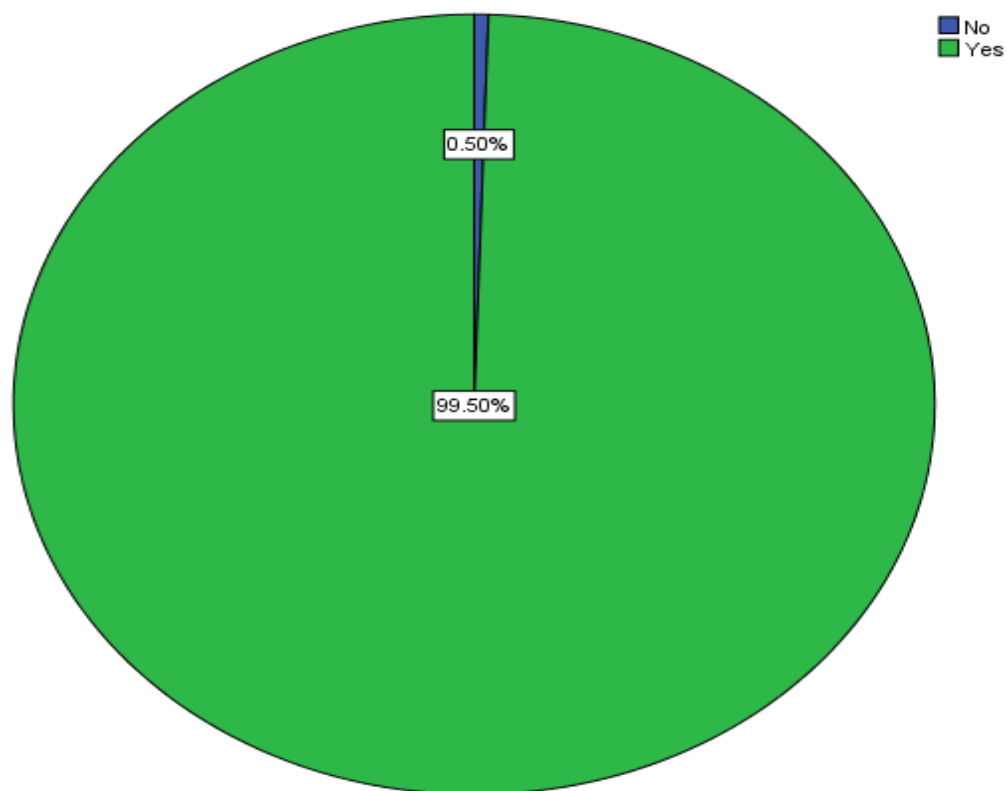


Figure 7: Other benefits offered by the Bank

Other benefits exist at the bank, as evidenced by the fact that 99 percent approved of the direct financial compensation. This indicates that indirect financial remuneration is being offered or is accessible.

4.3.2 Indirect Financial compensation impact on employee performance

The goal of the study was to determine the influence of indirect financial rewards on employee morale and performance.

Table 4.3.2: Indirect Financial compensation impact on employee performance

Impact of indirect financial		Frequency	Percent
	No impact	1	.5
	Normal impact	44	22.0

Valid	Great impact	102	51.0
	Less impact	53	26.5
	Total	200	100.0

Source: 2021 Study

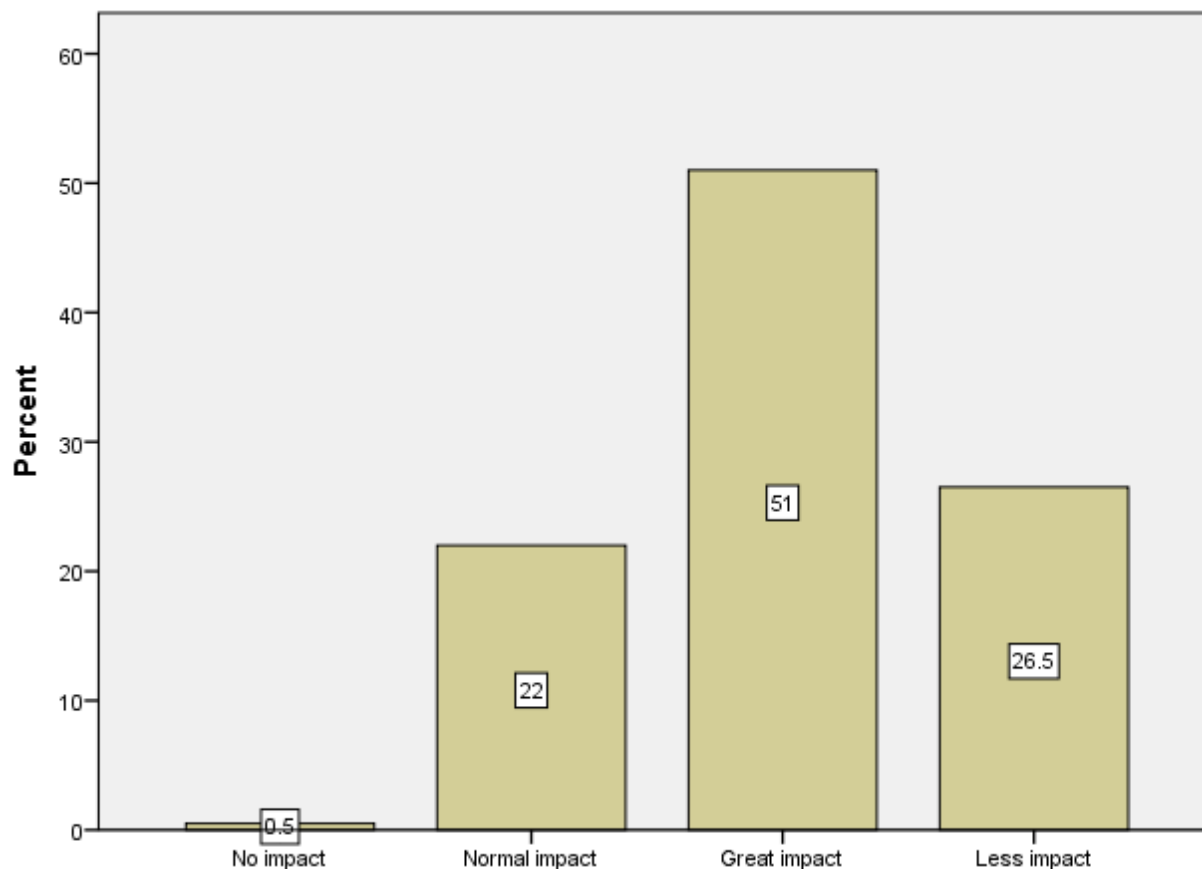


Figure 8: Indirect Financial compensation impact on employee performance

Source: Study, 2017

Indirect benefits such as medical insurance, paid leave, and other benefits have a significant impact on employee morale and performance, according to 51 percent of respondents; 22 percent said it has a moderate impact, 26.5 percent said it has a minor impact, and 0.5 percent said it has no impact on financial compensation.

4.3.3 Bank concern on employee personal needs

The following response was given when it was required to assess whether the bank was concerned about the personal requirements and needs of its employees:

Table 4.3.3: Bank concern on employee personal needs

Institution on employee needs		Frequency	Percentage
Valid	Agree	4	2.0
	Disagree	62	31.0
	Strongly disagree	131	65.5
	Strongly agree	3	1.5
	Total	200	100.0

Source: Study, 2021

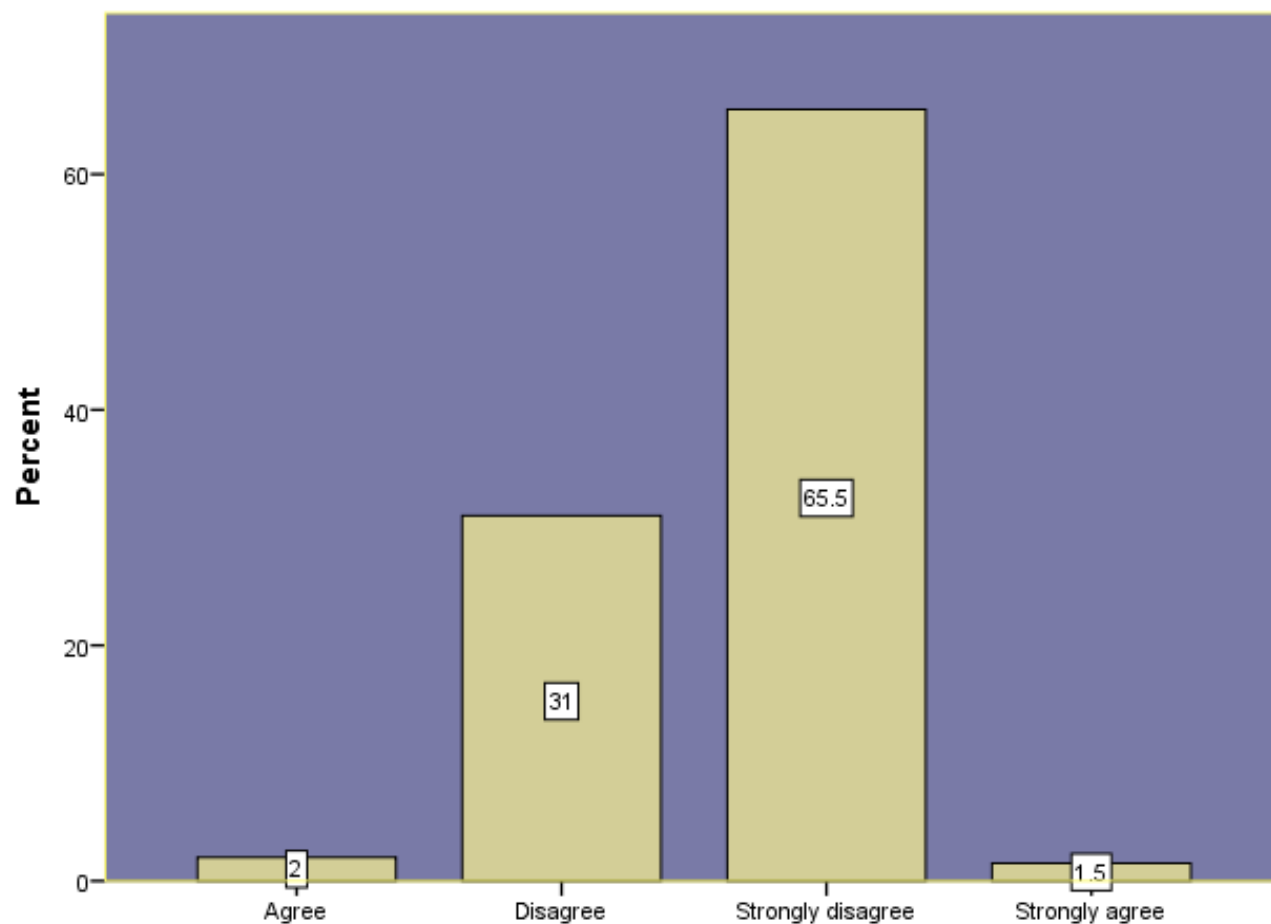


Figure 9: Bank concern on employee personal needs

Source: Study, 2021

According to 31 percent who disagreed, 2 percent agreed, 65 percent strongly disagreed, and 1.5 percent very agreed, the bank is unconcerned about employee demands such as child care services, domestic partner perks, and so on.

4.3.4 Benefits administered fairly on competence

The goal was to figure out how the bank handled competency and performance-based benefits. The results are shown in table 4.3.4.

Table 4.3.4: Benefits administered fairly on competence

Benefits administration		Frequency	Percentage
Valid	Rarely	1	.5
	No	2	1.0
	Sometimes	62	31.0
	Yes	135	67.5
	Total	200	100.0

Source: Study, 2021

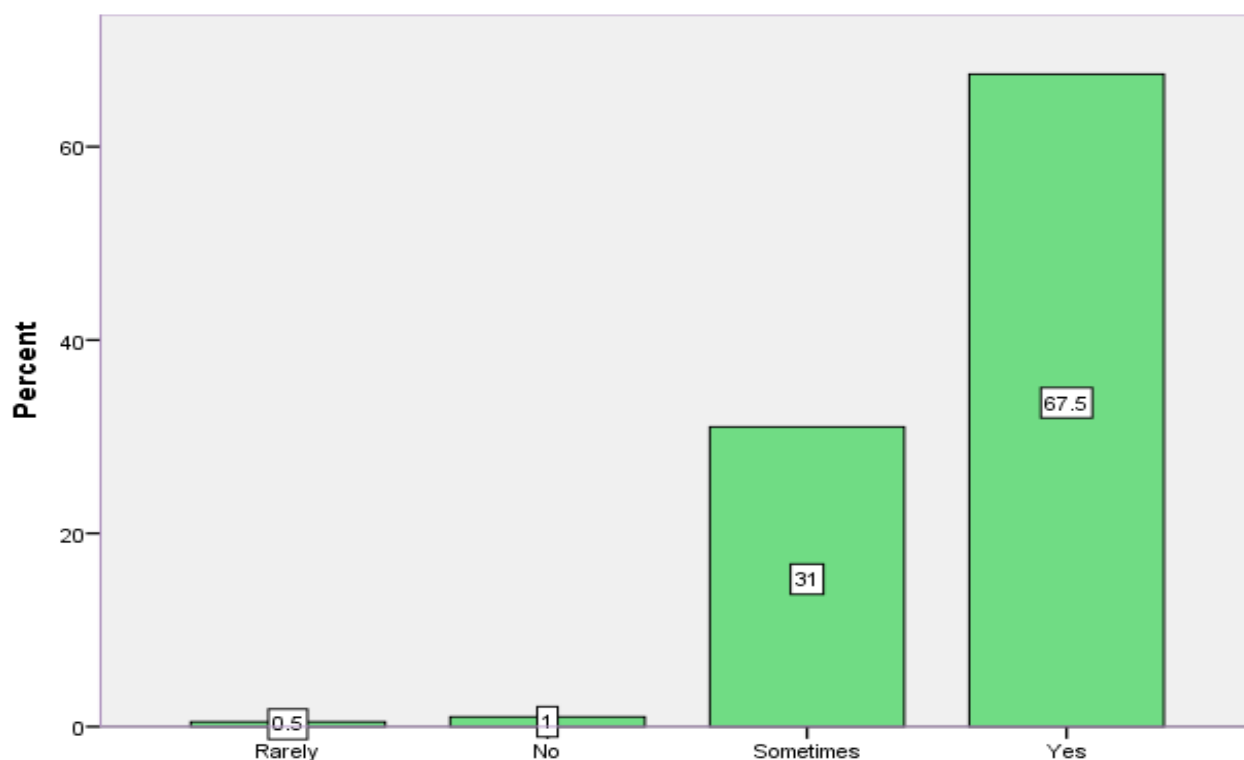


Figure 10: Benefits administered fairly on competence

Source: Study, 2021

It was discovered that the bank did not provide reasonable benefits to its employees based on competence and performance in the range of 1%, 31 percent on rare occasions, 67.5 percent on average, and 0.5 percent on unusual occasions.

4.4 Non-financial compensation

4.4.1 Non-financial compensation offered at the Bank

The goal of the study was to see if non-monetary remuneration, such as flexible work schedules and job sharing, was available at public banks, and the results are shown in the table below.

Table 5: Non-financial compensation offered at the Bank

Non-financial offered		Frequency	Percentage
Valid	No	195	97.5
	Yes	5	2.5
	Total	200	100.0

Source: Study, 2021

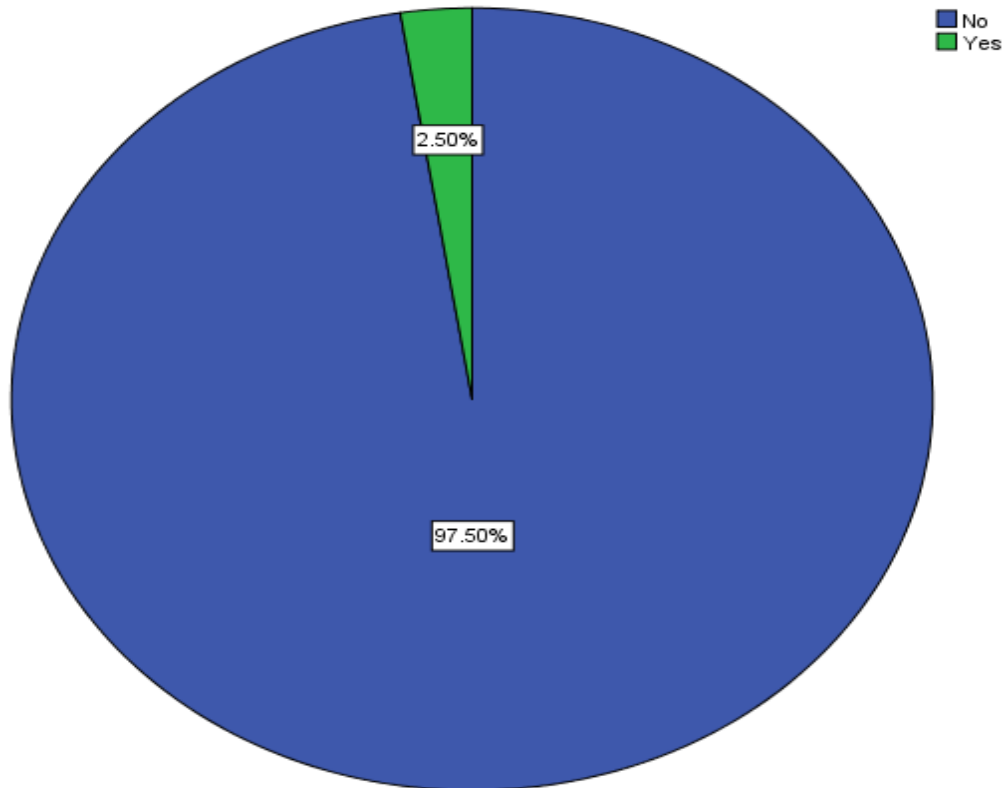


Figure 11: Non-financial compensation offered at the Bank

The results indicated that non-financial compensation like flexible job schedule and job sharing was being offered at the public banks according to 2.5%, while the remaining 97.5% did not agree.

4.4.2 Working environment to employee performance

The researcher's goal was to see how employees' performance is affected by their working conditions as a non-financial compensation.

Table 4.4.2: Working environment to employee performance

Working environment		Frequency	Percent
Valid	Agree	153	76.5
	Strongly disagree	3	1.5
	Disagree	1	.5
	Strongly agree	43	21.5
	Total	200	100.0

Source: Study, 2021

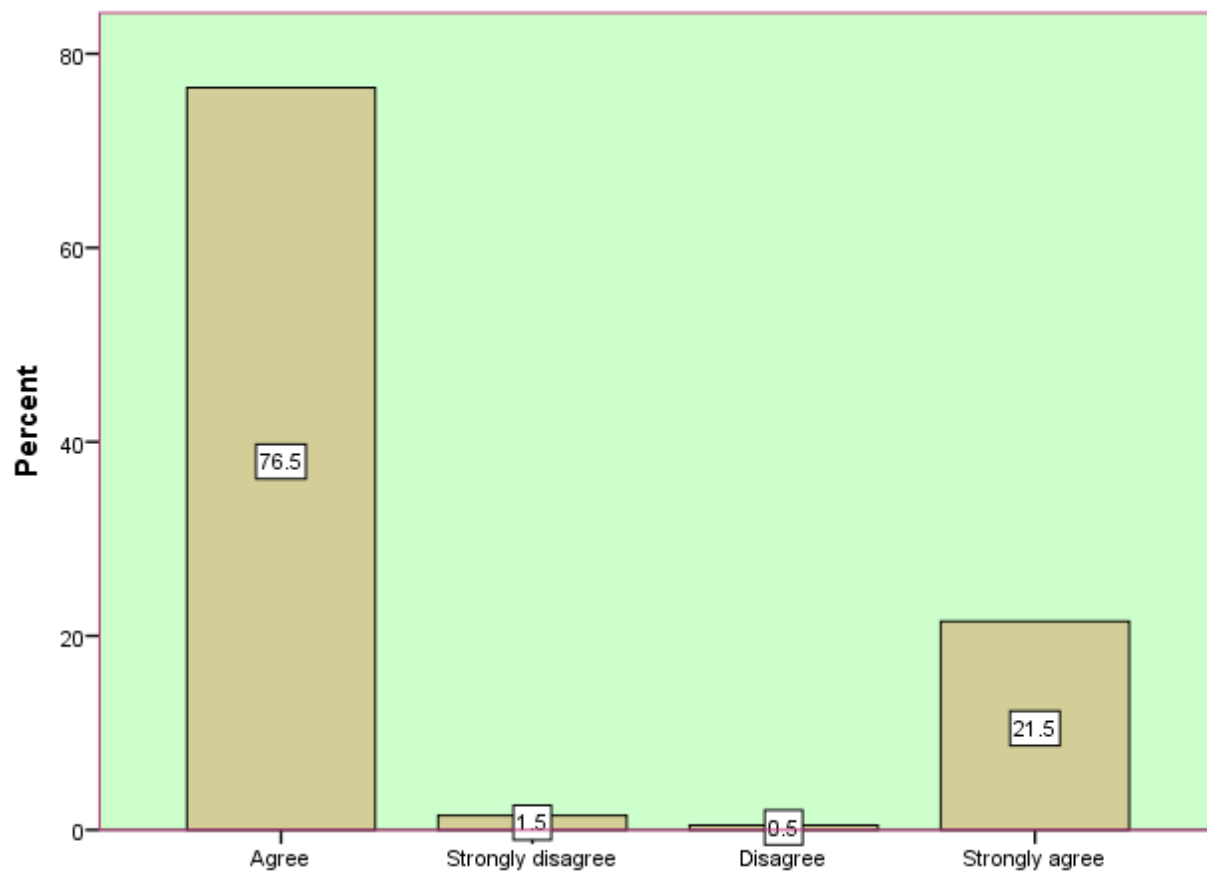


Figure 12: Working environment to employee performance

According to the aforementioned findings, the working environment, including seating, lighting, noise, recognition, and promotion, influences employee performance, with 21.5 percent highly agreeing, 76.5 percent agreeing, 0.5 percent disagreeing, and 1.5 percent severely disagreeing.

4.4.3 Employee recognition to employee performance

There was a desire to understand how employee appreciation or recognition affects employee performance, and the data gathered was presented as follows:

Table 4.4.3: Employee recognition to employee performance

Employee recognition		Frequency	Percent
Valid	Somehow	63	31.5
	Yes	85	42.5
	Not Sure	52	26.0
	Total	200	100.0

Source: Study, 2021

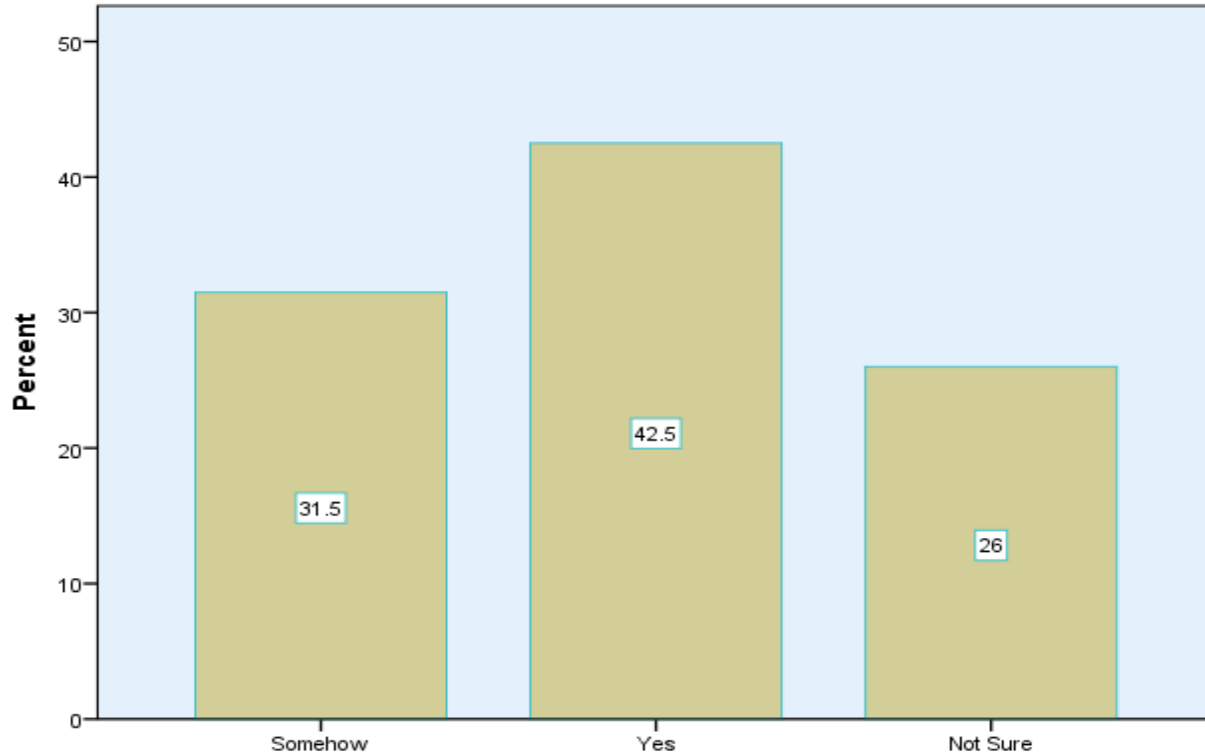


Figure 13: Employee recognition to employee performance

Source: Study, 2021

According to the above result, 42.5 percent of respondents strongly agreed that employee recognition through the provision of shopping vouchers, appreciation banquets, and awards improved employee performance, 31.5 percent said it helped, and 26 percent said they weren't sure.

4.5 Total Reward

4.5.1 Employee relationship on performance

This was done to determine the impact of top management's interaction or relationship with the employees in the public banks on employee performance.

Table 4.5.1: Employee relationship on performance

Employee relationship		Frequency	Percent
Valid	No	1	.5
	Yes	199	99.5
	Total	200	100.0

Source: Study, 2021

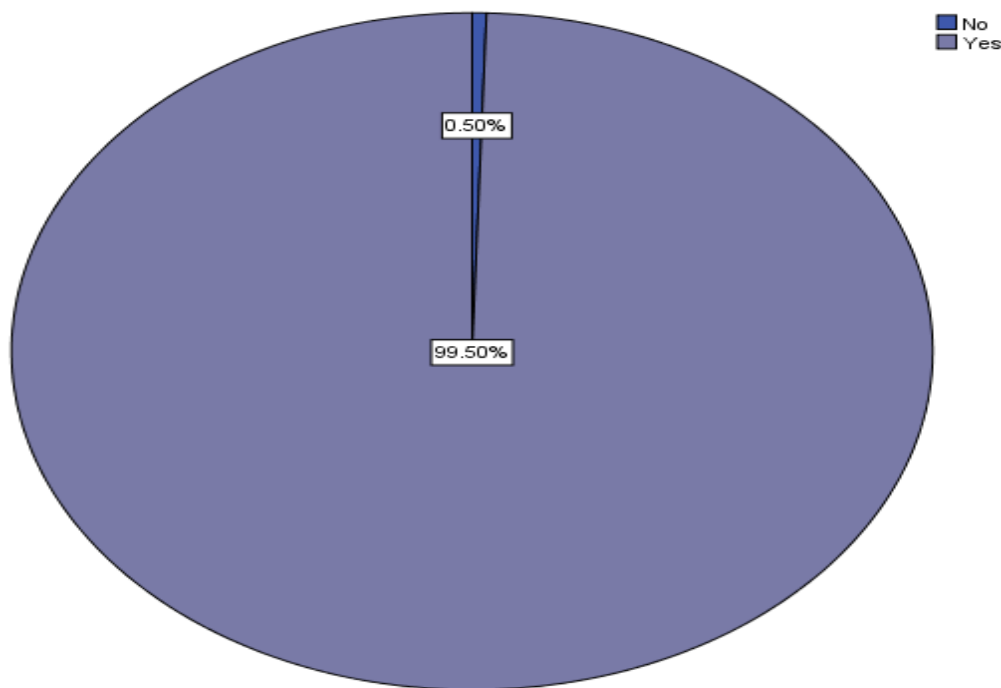


Figure 14: Employee relationship on performance

According to 99.5 percent of respondents, the interaction or relationship between personnel of public banks and senior management impacts employee performance, whereas 0.5 percent did not agree.

4.5.2 Impact of mixing financial and non-financial compensation

The study's purpose was to see what effect combining financial and non-financial rewards had on employee compensation, and the results are listed below.

Table 6: Impact of mixing financial and non-financial compensation

Impact of financial and non-financial		Frequency	Percent
Valid	Normal impact	42	21.0
	No impact	2	1.0
	Great impact	103	51.5
	Less impact	53	26.5
	Total	200	100.0

Source: Study, 2021

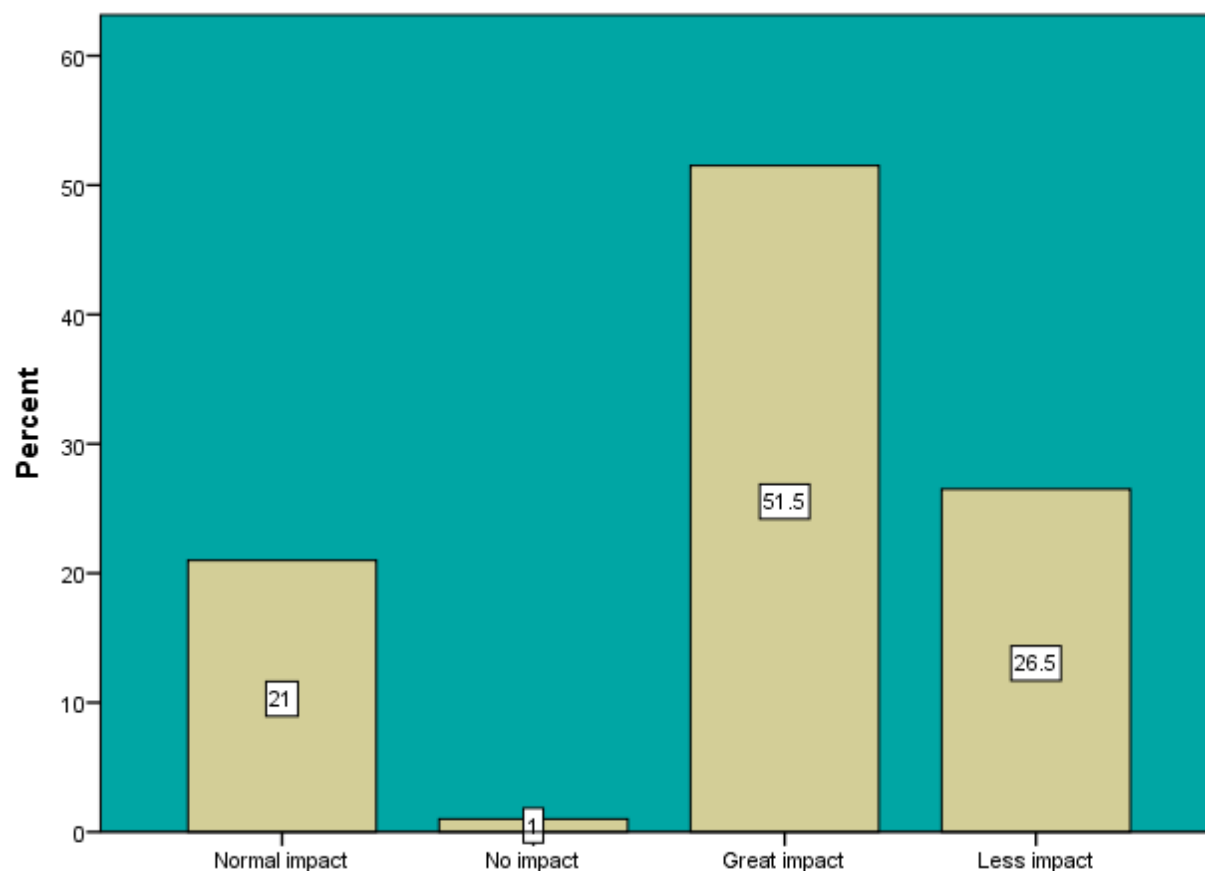


Figure 15: Impact of mixing financial and non-financial compensation

Source: Study, 2021

It was discovered that 51.5 percent of respondents agreed that combining financial and non-financial rewards when compensating employees has a significant influence on employee performance, 21% said it has a moderate impact, 26.5 percent said it has a minor impact, and 1% said it has no impact.

4.5.3 Impact of employee involvement in total strategy design strategy

The impact of employee involvement in the creation of the overall reward plan on the influence of personnel performance in public banks was critical for the researcher to analyze or explore.

Table 4.5.3: Impact of employee involvement in total strategy design strategy

Employee involvement		Frequency	Percent
Valid	Not sure	46	23.0
	No	1	.5
	Somehow	35	17.5
	Yes	118	59.0
	Total	200	100.0

Source: Study, 2021

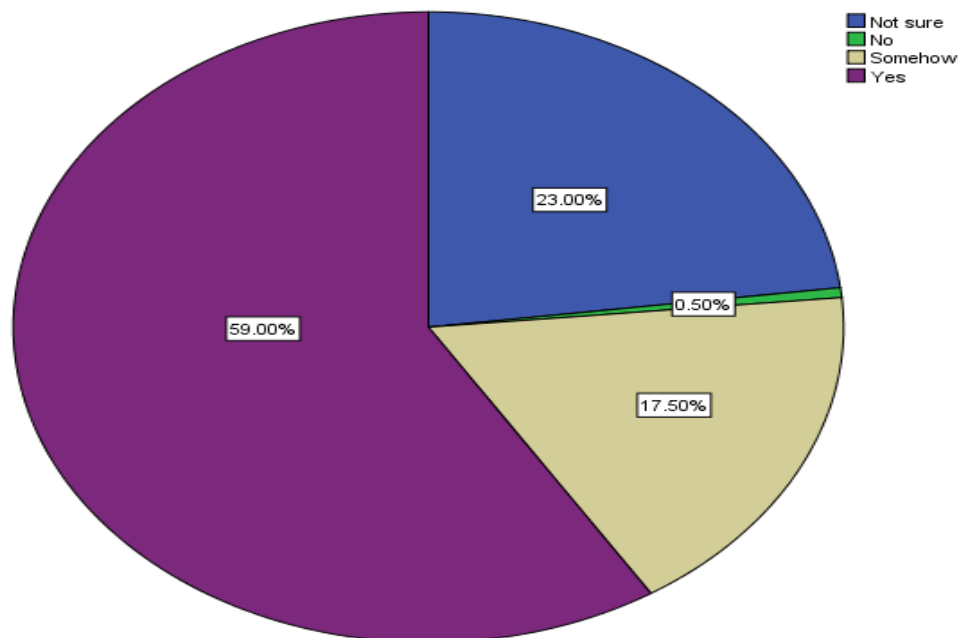


Figure 16: Impact of employee involvement in total strategy design strategy

As evidenced by the fact that 59 percent agreed, 17.5 percent disagreed, 23 percent were unsure, and 0.5 percent denied the claim, employee participation in the design of total reward strategies is critical for employee acceptance and commitment to the designed strategies, which is critical for employee performance.

4.6 Chapter Summary

The focus of this chapter was on data analysis, presentation, and discussion of the findings. The overall goal was to evaluate how remuneration affected Somali public bank workers' performance. Tables, graphs, and charts are used to present the findings.

Chapter 5: Summary, Conclusions and Recommendations

5.0 Introduction

This chapter responds to the research questions by presenting a summary of the findings from the collected data, drawing conclusions from the summary, and making recommendations or ideas based on the findings.

5.1 Summary of findings

5.1.1 Direct financial compensation

The Somali public banks provided a stable and consistent monthly income as a direct cash reward for the services provided, which increased by 3%. According to 1.5 percent, pay and wage dates were relatively changeable, while they could be fixed for a few months in 98.5 percent of cases. In terms of whether or not a pay is sufficient to keep staff, 23 percent disagreed, while 77 percent agreed. Then, when it came to salaries and remuneration reflecting the bank's personnel's talents, competence, and work performance, 29 percent agreed that it should be a true reflection, while 21% felt it should be partially reflective.

5.1.2 Indirect financial compensation

In Somali public banks, indirect financial compensation such as health insurance, paid leave, and other perks were available in 99.5 percent of cases or respondents, and they had a significant impact on employee performance at 51% and a moderate impact at 22%. Banks, according to 96.5 percent of respondents, are unconcerned with employees' personal requirements, such as child care and domestic partner benefits. Banks did not provide benefits to employees fairly based on their competence and work productivity, according to 1% of respondents, although it could be fair at times, according to 31% of respondents.

5.1.3 Non-financial compensation

Providing non-monetary remuneration According to 2.5 percent of Somali public banks, flexible work schedules and job sharing were available. 98 percent of respondents believed that factors like as seating, lighting, noise, recognition, and promotion influence employee performance. Employee recognition through the use of shopping vouchers, appreciation meals, and awards to ensure performance was deemed beneficial by 42.5 percent, while 31.5 percent said it was ineffective or ineffective in some way.

5.1.4 Total reward

According to 80% of respondents, the interaction between senior management and employees determines employee productivity. A mix of financial and non-financial benefits when compensating employees has a substantial impact on employee productivity, according to 73 percent of the participants. Finally, 71% of respondents believe that involving employees in the development of the entire reward system is critical for employee acceptance and commitment to the approach.

5.2 Conclusion

5.2.2. Direct financial compensation

Although some months are fixed during payment, there are fixed and continuous monthly incomes with adjustable dates. It's a stretch to assume that the compensation on offer is insufficient to motivate and retain personnel when a sizable portion of the population believes it is. There is also no definitive perspective on salaries and remuneration that represent employees' talents, competence, and job production.

5.2.3. Indirect financial compensation

Employee productivity is influenced by indirect financial incentives such as health insurance and paid time off. Employees' personal requirements, such as child care and benefits for domestic partners, are not met by the corporation. The corporation distributes the benefits fairly most of the time, but it does so unfairly on occasion.

5.2.4 Non-financial compensation

It is necessary to provide non-monetary compensation, such as a flexible work schedule and job sharing. Seating, lighting, noise, recognition, and advancement all have an impact on employee productivity. Gift cards, praise banquets, and medals aren't always enough to ensure staff productivity.

5.2.5 Total Reward

In Somali public banks, the link and interaction between senior management and employees is critical in influencing employee performance. Employee performance can be significantly impacted when financial and non-financial awards are mixed during pay. In order to confirm or obtain employee approval, acceptance, and commitment to the institution's strategy, it is necessary to include or include employees in the establishment of a comprehensive compensation system.

5.3. Recommendations

5.3.1. Direct Financial compensation

To avoid upsetting employees as a result of potential delays caused by date flexibility, it is vital to ensure that existing regular and consistent monthly paychecks have fixed dates. More research is needed to understand the features that make employee compensation adequate for motivating and retaining people. More research on how pay and remuneration should represent an employee's skills, competence, and performance should also be conducted.

5.3.2. Indirect financial compensation

To increase staff productivity, Somali governmental institutions should explore paying for personal requirements such as child care and domestic partner perks. The company's benefits should be administered fairly at all times to ensure consistency and encourage employee confidence.

5.3.3. Non-financial compensation

Employee productivity should not be primarily motivated by gift cards, appreciation meals, or trophies. For maximum employee productivity, a comfortable working environment with appropriate seating space, adequate lighting, and timely promotions should be provided.

5.3.4. Total reward

To have a double influence on staff productivity and performance, Somali public banks may explore delivering a mix of financial and non-financial pay perks. For employee ownership and participation throughout implementation, it is critical to include workforces in the creation of the entire pay method.

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Appendix I: Letter of Introduction

Dear respected Sir/Madam

Request to participate in research study

I am Sakaria Ahmed Abukar Abdulakdir who is carrying out a research on the impact of employee compensation structure on the performance of the Public organizations' employees in Mogadishu, Somalia. This is a partial fulfillment of a Master in International Human Resource Management degree programme at United International University, Bangladesh, which I am currently doing.

The questionnaire will take less than 25 minute to complete, kindly assist me answering the questionnaire by providing the most appropriate answer by ticking, circling in the given spaces. Please note that your responses will be used for academic purposes only, and all the information provided is strictly for this study only and will be treated with severe confidentiality, your details/designation will not show or appear anyplace in this study. I appreciate for your time and contribution. Thank you

Yours sincerely,

Sakaria Ahmed Abukar Abdulkadir

Appendix II: Questionnaire

Part A: Demographic Details

A. Please specify your gender?

1. [] Female
2. [] Male

B. What is your age in between?

1. [] Less than 18
2. [] 19-24
3. [] 25-34
4. [] 35-44
5. [] 45-54
6. [] 55-60
7. [] 60-65
8. [] Above 65

C. What is your highest education level?

1. [] High school
2. [] Diploma
3. [] Bachelor Degree
4. [] Master Degree
5. [] Professional Certificate
6. [] PHD

D. Years of Service at the institution?

1. [] 0-3 years
2. [] 4-6 years
3. [] 6-9 years
4. [] Above 10 years

Part B: Direct Financial Compensation

- A. As a public sector, does your Institution have recurring and fixed salary for every month in the year?
1. ☐ No
 2. ☐ Yes
- B. Based on your institution are the salaries and wages paid on the fixed date or it's flexible to sometimes resulting in delays to get?
1. ☐ Sometimes flexible
 2. ☐ Very flexible
 3. ☐ Don't know
 4. ☐ Fixed pay day
- C. As an employee do you agree that the basic pay is enough to make one desire working for your institution?
1. ☐ Agree
 2. ☐ Strongly agree
 3. ☐ Disagree
 4. ☐ Strongly disagree
 5. ☐ Neutral
- D. Does the salary and remuneration paid reflect the professional skills, competence and the performance, additional efforts offered by the personnel?
1. ☐ No
 2. ☐ Somehow
 3. ☐ Not sure
 4. ☐ Yes

Part C: Indirect Financial Compensation

- A. A part from your basic pay and wages, is there any other benefits offered by the institution?
1. [] No
 2. [] Yes
- B. A part from salary and wages, the other possible benefits such as health insurance, annual paid leave and overtime allowances etc. Do you think that the mentioned benefits have an impact on personnel performance and morale?
1. [] No impact
 2. [] Normal impact
 3. [] Great impact
 4. [] Less impact
- C. Do you agree that the institution is taking care regarding to the individual needs of the personnel such as child care services, domestic partner benefits and housing benefit etc.?
1. [] Agree
 2. [] Disagree
 3. [] Strongly disagree
 4. [] Strongly agree
- D. According to the competence and great performance of an individuals, does the benefits provided by the institution administered fairly?
1. [] Rarely
 2. [] No
 3. [] Sometimes
 4. [] Yes

Part D: Non-Financial Compensation

- A. In terms of personnel strategies of job rotation, design, flexible working hours and job sharing is a part of the non-financial compensation. Do you believe or think that this is happen at the institution that you are currently working?
1. [] No
 2. [] Yes
- B. Do you agree that better working environment like seating, lighting, noise, praise, recognition and promotions determines employee performance?
1. [] Agree
 2. [] Strongly disagree
 3. [] Disagree
 4. [] Strongly agree
- C. Employee's career development and professional training opportunities offered by the top management of the institution have great effect of employee's performance and morale. To what level or extent do you think it affects employee morale and performance?
1. [] Little extent
 2. [] Normal extent
 3. [] No effect
 4. [] Great extent
- D. Do you think that employee recognition through giving of shopping vouchers, praise dinners and trophies etc ensure employee performance?
1. [] No
 2. [] Somehow
 3. [] Yes
 4. [] Not Sure

Part E: Total reward

A. Is there any relationship between the top management and organizational employees determine the performance of employees in the organization/institution?

1. [] No
2. [] Yes

B. How do you rate the level of impact of mixing the financial and non-financial reward when compensating employees yearly or occasionally?

1. [] Normal impact
2. [] No impact
3. [] Great impact
4. [] Less impact

C. The contribution or involvement of the personnel in the design of total reward strategy is important for employee acceptance and commitment to implementation of the strategies.

Do you think it influence to increase the performance of employees in the organization?

1. [] Not sure
2. [] No
3. [] Somehow
4. [] Yes

Thank you for your contribution!