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Management of Psychological Contracts and Employee Retention in Organisations: A Case Study of FINCA Uganda Limited.

The general objective of the study was to investigate the effect of management of psychological contracts and employee retention, a case study of FINCA Uganda Ltd. FINCA Uganda Ltd was used as a case study for the research where stratified random sampling was used to obtain a representative sample of 109 respondents selected for the study using simple random sampling and purposive sampling techniques. Both qualitative and quantitative research design methods were adopted and data was collected using self-administered questionnaires, interview guides and documentary sources and analysed using the Statistical Package for the Social Sciences (SPSS).

The findings revealed that there is a statistically significant positive correlation between psychological contracts and employee retention. The research findings also revealed that transactional contracts were a moderate predictor of employee retention. It has also been proved from the results that there is a statistically significant positive correlation between leadership and employee retention. This study recommended that for FINCA Uganda management to drastically improve the relational contracts and employee retention, it should focus on improving strictly defined set of working hours, provide bonuses when the organisation performs well, offer promotional strategies based on performance to encourage employees to stay on the job. FINCA management should also empower leaders because they hold the keys to the processes that staff require to make them use their talents and efforts in order to achieve the organisational goals. FINCA Uganda should invest more in the leaders through training so that they can help mentor and inspire their subordinates- this will help to manage employee retention in the organisation.

Key Words: Psychological Contracts, Employee Retention, Organisations, FINCA Uganda Limited