

**PERFORMANCE-BASED REWARDS AND THE PERFORMANCE OF  
TEACHERS IN PRIVATE SECONDARY SCHOOLS IN  
KAMPALA DISTRICT**

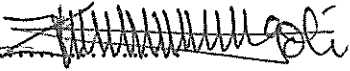
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**A RESEARCH DISSERTATION SUBMITTED TO THE FACULTY OF EDUCATION  
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### DECLARATION

I, Nangoti peter, do declare that the work here in is presented in its original form and has not been presented to any other university or institution for any academic award whatsoever.

Sign 

Date 29/08/2011

## **APPROVAL**

This dissertation entitled “Performance-Based Rewards and the Performance of Teachers in Private Secondary Schools in Kampala District” has been submitted to the faculty of Education with the approval of the undersigned as the University supervisor.

Supervisor.....

Date.....

## **DEDICATION**

This Dissertation is dedicated to my beloved father Mr. Masaba Damascus and my Friends that is to say Namukowa Titus and Wanangutu umari for the financial, social, and moral support given to me.

God bless you all.

## ACKNOWLEDGEMENTS

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However, all errors and omissions are entirely mine.

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## ABBREVIATIONS AND ACRONYMS

APPA	:	Australia Primary Principals Association
PBR	:	Performance Based Rewards.
TAP	:	Teacher Advanced Team
AFT	:	American Federation of Teachers
CVI	:	Content Validity Index
SPSS	:	Statistical Package for Social Scientists

## ABSTRACT

This study was about performance-based rewards and their effects on the performance of teachers in private secondary schools in Kampala district. The theoretical underpinnings of this study was premised on Adam Stacy's Equity theory of motivation which states that employees expect fairness when being rewarded and Victor Vroom's theory which states that individuals make choices based on their perceived expectancy that certain rewards will follow. The main objective of this study was to assess the effect of performance-based rewards on the performance of teachers in private secondary schools in Kampala district; while the specific objectives were: to identify the types of performance-based rewards used in Private Secondary schools and to establish the effect of performance- based rewards on the performance of teachers in those schools.

The study was based mainly on Primary data in form of questionnaires, interviews and documentary reviews of the selected literature. The study employed both qualitative and quantitative techniques of data collection and data was analyzed using descriptive and relational statistics with Pearson Product Correlation Coefficient and Regression analysis. The findings revealed that, the most commonly used types of performance-based rewards in private secondary schools are: public appreciation, promotion, packages/presents, and duty allowances and overtime pay. It was also established that performance-based rewards affect the performance of teachers by motivating them and increasing their productivity and efficiency. Due to inconsistencies in the reward systems in the private secondary schools, this study recommends that rewards be based on performance considerations after a fair and accurate evaluation of its effects on the beneficiary. Furthermore, the nature of performance-based reward systems in schools should be based on the essence of ensuring that teachers are looked at as the prime components in the success of any school administratively and academically. Administrators should also be trained and sensitized about the value of performance-based reward systems and also be made aware that pay motivates teachers to perform at their best.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This study was an investigation of the effect of performance-based rewards on the performance of teachers' in private secondary schools of Kampala district. In Uganda's private secondary schools, there is a gap in knowledge on the standards employed by the school managers on how teachers are rewarded. This chapter explains the historical, theoretical, conceptual and contextual backgrounds of the study, objectives, research questions, scope and the significance of the study.

### **1.1 Background to the Study**

#### **1.1.1 Historical Background**

Today's reality in the global world is that people influence important aspects of organizational performance in a multitude of ways. People conceive and implement the organizational strategy, while the mix of people and systems mostly determine an organization's capabilities. Competencies are required to execute the strategy, and these competencies are primarily a function of the skills and knowledge of an organization's human capital. Therefore, if an organization is to treat its employees as its most important asset, it has to be knowledgeable about what it is that motivates people to reach their full potential (Lawler, 2003). It is not easy though to know all the things that motivate people in life or at work but an effort has to be made. Traditionally, individual performance in organizations has centered on the evaluation of performance and the allocation of rewards. Organizations are starting to acknowledge planning and enabling individual performance have a critical effect on organizational performance. Strategic success for the organization lies in focusing attention at all levels on key business imperatives, which can be achieved. The planning process is one of the primary elements of the total reward system. It is the process that impacts performance between pay checks and provides the basis on which individuals results are measured. It is the bonding agent in programmes that direct rewards to true performance. The primary focus of reward and recognition programs is how organizations define their reward schemes and communicate this in a manner that

employees clearly understand the link between reward and performance (Flynn, 1998). Rewards and recognition programmes create environments especially where jobs provide intrinsic rewards good feelings that people get from doing the work itself. Yet in many organizations, recognition is reserved for an elite few and rewards are defined solely in terms of wages and salaries. Effective recognition enhances employee motivation and increases employee productivity all of which contribute to improved organizational performance (Deeprise, 1994). Baron (1983), argues that there is a close relationship between rewards and job performance. He notes that if successful performance does in fact lead to organizational rewards, such performance could be a motivational factor for employees. Under such conditions, they can see that their efforts result in rewards. Consequently, they may be motivated to exert higher levels of effort on the job. The notion of rewarding employees for "a job well done" has existed since the 19th century when piece-work systems were first implemented (Schiller, 1996, 89). Piece-work systems simply involve plans which directly associate the employee's level of pay to their output levels. From these piece-work systems evolved the traditional merit program. The traditional merit program is based on performance appraisals which employers evaluate to determine whether or not the employee is deserving of an increase in pay. This type of merit program could be seen within both the public and private sectors organizations. MacLean (1990) argues that in general, employers were losing money with the traditional merit programs used during this period. Under the traditional system, a "meritorious" employee received a permanent pay increase that affected basic salary. If the performance of that employee declined, the agency lost money. Because both public and private employers began to lose faith in the traditional merit programs, they realized they "needed to develop new guidelines for assessing how well services were being delivered to citizens" (Brosz & Morgan, 1977: 7) thus justifying the emergence of performance-based rewards. So merit programs lost their appeal in the 1990's (Lisa, 1997). Today many organizations and companies are implementing incentive programs, which recognize employee's efforts and reward them accordingly in a multitude of ways. Incentive programs have been in existence since the beginning of the nineteenth century. Since then the idea of what an incentive program is for both the employer and the employee has changed. Incentive programs used to be simply a method of payment, meaning the more one produces the more one makes. Today the definition of an incentive program has broadened to include not only a way of paying employees

but a way of reducing costs for the employer, while at the same time rewarding the employee for making the extra effort. In the last decades, a number of countries have adopted pay-for-performance strategies in order to modify the traditional salary scales. In the past, rewards generally referred to pay and for many years, rewards programs were viewed primarily as a necessary evil to attract and retain competent employees. Attitudes towards rewards programs, and awareness of their strategic value, are now changing. Increasingly, schools are also realizing that a properly designed and executed total rewards strategy can be a powerful driver of teachers' performance (Owen 2003). An organization's reward system is meant to provide and maintain appropriate types and levels of pay, benefits and other forms of rewards. Performance-based reward systems have a long history in education, particularly in the United States of America (Owen, 2003). The reward system in an organization consists of its integrated policies, processes, and practices for rewarding its employees in accordance with their contribution, skills, competences and market worth, according to Harvey-Beavis (2003). This implies that performance based reward corresponds closely with employees' actual experiences. The distinguishing feature of a performance-based scheme is that it rewards or sanctions teachers based upon some form of performance evaluation (Chamberlin, et al. 2002). Distinctions in performance-based reward programs are found in the skills assessed and the rewards provided. Most individually-based programs have used pecuniary rewards for high levels of performance, usually defined in terms of student outcomes or teacher skills and knowledge. Today some analysts have proposed that intrinsic rewards, such as seeing students improve in performance, and increased feelings of well-being are better motivators of teachers. Organizations in the world are recognizing the significant opportunity to improve the return on their human resources investment by aligning organization plans with business strategy and enhancing the value delivered to employees. This process is crucial to business success, and the ability of the organization to attract and retain top performers and critical-skill employees, in an increasingly competitive environment. Researchers have shown that managers can employ different strategies to reward employees, but that it is important that managers keep in mind that different strategies would have a different motivational effect on different people. To get optimum results from a motivational strategy, the manager has to realize and understand issues, which requires recognition of each individual's unique values, beliefs and practices. Important to consider is that

different motivation strategies may affect an employee in different ways at different points in time because conditions, needs and personal objectives are not static but in constant state of flux (Lawler, 2003).

### **1.1.2 Theoretical Background**

This study is based on Adam Stacy's Equity Theory of motivation and Victor Vroom's Expectancy Theory. The Equity Theory states that employees expect fairness when being rewarded for the work done. The theory was developed from the Hertzberg's job satisfaction theory and linked to the reward system by Adam Stacy. An important factor in employer's motivation is whether individuals perceive the reward structure as being fair. The Equity theory essentially refers to an employee's subjective judgment about the fairness of the reward she/he got in comparison with the inputs (efforts, time, education, and experience) when compared with others in the organization. The Equity theory of motivation concerns on the people's perception and feelings on how they are treated as compared with others (Armstrong, 2001). The argument is that people work well in accordance to what they regard as fair. Employees consider whether management has treated them fairly, when they look at what they receive for the effort they have made. Maicibi (2003) agrees with this that employees expect rewards or outcomes to be broadly proportional to their effort. In this regard, Boddy and Patron (1998) give the formula below to illustrate the comparison.

$$\begin{array}{lcl} \text{Input (A)} & = & \text{Input (B)} \\ \text{Reward (A)} & = & \text{Reward (B)} \end{array}$$

Employee A compares the ratio of his/her input to his/her reward to that of employee B. If he/she feels the ratios are similar, he/she is bound to be satisfied with the treatment received. If he/she feels inadequately treated, he or she is bound to be dissatisfied. This dissatisfaction is likely to breed tension and frustration in such employees and their consequent performance may be negatively affected and this may perhaps further lower rewards (Boddy & Patron 1998). Much as Employees must be rewarded, employers' perception towards performance-based rewards can depend on many factors such as politically rewarding someone because of his/her political affiliation, circumstantial instances like one being in the right place at the right time and be rewarded with a high office position, it can be gender sensitivity, strategic, just because someone



teaches well mathematics so it is assumed that he can equally teach physics, it can be ethical, personal, such as one being rewarded because of the relationship he/she has with the head teacher. The factors can even be policy based in that some schools are led and not managed but stagnant because there is a management blockage or poor management. The reasons can vary or be a combination of all the above and many more (Maicibi, 2003).

On the other hand, the Expectancy theory helped the study to understand how individuals are drawn to make decisions as regards various behavioral alternatives and perceptual differences among people. It also suggests that motivation is based on how much one wants something and how likely he/she could get it (Bodden, 2008). This is because the motivational force of every individual is influenced by his or her expectancies, valances all of which depend on a personal way of perception. The formal framework of expectancy theory was developed by Victor Vroom (1964). This framework states basically that motivation plus effort leads to performance, which then leads to outcomes. According to this theory, three conditions must be met for individuals to exhibit motivated behavior and these include: effort to performance expectancy must be greater than zero, performance to outcome expectancy must also be greater than zero, and that the sum of the valances for all relevant outcomes must be greater than zero. The Expectancy theory explains that in any given situation, the greater the number and variety of rewards that are available to the employees (teachers), the greater is the probability that extra effort will be exerted in attaining the set goals or targets in the hope of getting the desired rewards (Bodden, 2008). Gerald Cole (2004) agrees with this and explains that Vroom focused especially on the factors that are involved in stimulating an individual to put an effort in doing something since this is the basis of motivation. The outcomes are the consequence of behavior. This theory is illustrated in figure 1.

Extrinsic

Perception that effort

Will lead to effective performance Individual

(Expectancy) characteristics

Perception that effective

Performance will lead to Effort Performance Rewards

### Rewards (Instrumentality)

Perception that attractive rewards Role

are available (Valence) Perception

Intrinsic

### Figure1. The Expectancy Theory

Source: Gerald Cole (2004)

The above model developed by Vroom indicates the components of effort that can lead to relevant performance and the appropriate rewards. Vroom defines the anticipated satisfaction an individual hopes to get from the outcome or reward. According to Vroom, the three factors; Expectancy, Instrumentality and Valence combine to create a driving force which motivates an individual to put in effort and achieve a level of performance to be rewarded in the end.

#### 1.1.3 Conceptual Background

Zigon (1998) defines rewards as "something that increases the frequency of an employee action". This definition points to an obvious desired outcome of rewards and recognition: to improve performance. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction (Kelle,1999). Another important goal is increased employee retention. Jimenez (1999) reports on retention research identified consistent employee recognition as a key factor in retaining top-performing workers. To achieve desired goals, reward systems should be closely aligned to organizational strategies (Allen & Helms 2002). For example, a company focused on a product differentiation strategy could design their reward practices to foster innovation to provide unique products or services, while a company focused on a cost reduction strategy might focus on rewards for ideas to minimize or eliminate costs and employee stock awards to foster an on-going cost reduction emphasis. Zigon (1998) offers a variety of ways to reward desired performance and increase the likelihood of it happening again, and more frequently than it would have, without these types of interventions. Zigon's (1998) ideas give managers a lot of flexibility both to offer rewards at various cost levels and to find rewards that match what individual employees will find valuable. To be really effective, this takes time and effort on managers' parts, to get to know different employees' likes and dislikes.

How effective is non-cash recognition? Various anecdotal evidence reports nonmonetary recognition as an important factor in retaining excellent employees and for improving performance. A quick search of a news service data base points to articles extolling various perks such as an in-house chiropractors, spa gift certificates, days-off, fancy parties and the use of personal trainers. The givers of such perks see these rewards as a way to keep high performing employees in a shrinking job market; and certainly companies like Walt Disney World have documented the success of employee recognition programs (Lynch, 2003). Non-monetary rewards can be part of comprehensive performance improvement strategy. The type of recognition employees appreciate most is to be recognized by people they work directly for. In fact, 78% of employees indicated that it was very or extremely important to be recognized by their managers when they do good work (Nelson, 2004). The number one choice for recognition is sincere praise given in a timely manner with specific examples. Allen and Helms' (2002) research confirmed the importance of regular expressions of appreciation by managers and leaders to encourage behavior of employees to reach strategic goals; and this was true for each of the strategies they examined. Reward system is the degree to which reward allocations are based on employee performance in contrast seniority, favoritism or any other nonperformance criterion. Jacob (2005) citing Van der post et al. (1997) reported that the organization's reward system should be perceived by employees as reinforcing the notion that most employees are good performers and there should be a linkage between reward and performance.

The definition of rewards encompasses the overall value proposition that the employer offers to the employee according to Armstrong (2001). It is a total package that includes compensation (Comprising of base pay, short-term incentives and long-term incentives), benefits (including health, retirement and work/life benefits, which account for an increasing portion of the rewards package) and careers (including training and development, lateral moves, stretch assignments and career incentives). Other reward systems consist of financial rewards (fixed and variable pay) and employee benefits, which all together may comprise total remuneration. The system also incorporates non-financial rewards like recognition, praise, achievement, responsibility and professional growth, and in many cases, performance management processes (Armstrong, 2001).

In general, employees perform more energetically when they feel strongly connected to and valued by the organization. The quality of education depends on the teachers as reflected in the performance of their duties. Over time pupils' academic performance in both internal and external examinations had been used to determine excellence in teachers and teaching (Ajao, 2001). Teachers have been shown to have an important influence on students' academic achievement and they also play a crucial role in educational attainment because the teacher is ultimately responsible for translating policy into action and principles based on practice during interaction with the students (Afe, 2001).

Both teaching and learning depends on teachers no wonder an effective teacher has been conceptualized as one who produces desired results in the course of his duty as a teacher (Uchefuna, 2001). Performance refers to the result of an activity according to Boddy (2008). Upon individuals' results, there are three main models of performance-based reward programmes that are commonly found in education systems. The first model is 'merit-pay', which generally involves individual pecuniary awards based on student performance, and classroom observation, McCollum (2001). The second model is 'knowledge and skill-based' compensation, which generally involves individual pecuniary rewards for acquired qualifications and demonstrated knowledge and skills, which are believed to increase student performance, Odden (2002). Knowledge and skill-based pay differs from merit-pay because it provides clear guidelines on what is being evaluated (Odden & Kelley, 2002). The third model is school-based compensation, which generally involves group-based pecuniary rewards, typically based on student performance (Odden & Kelley, 2002). For purposes of this study, performance based reward will refer to what a teacher earns as a result of his/her performance despite his/her skillfulness, knowledge and the level of education

#### **1.1.4 Contextual Background**

Employers in private secondary schools in Kampala have not put up any standard measure upon which employees are rewarded. Some employers have used pecuniary rewards for high levels of performance, usually defined in terms of student outcomes or teacher skills and knowledge

(Chamberlin et al 2002). It has been evident in some schools that when students perform well, the concerned teachers in candidate classes are given some rewards which may not be the case with other teachers who teach in other classes yet they also play a role in preparing these candidates in lower classes for the final exams. Other individuals in private schools have also been rewarded on grounds of nepotism and other unclear grounds. It is upon such a background that some teachers have performed reluctantly while others continue to be promoted due to their pseudo performance. Employers have the opportunity to leverage the value of their total rewards program to provide solutions to all the challenges affecting teachers; this would increase their motivation and their performance. Some school employers realized that they could not merely mimic the rewards practices of other schools. A rewards strategy would be deliberately created to support school's unique human capital strategy if increased performance of teachers were to be realized (Odden & Kelly, 2002). However, this study was based on the assumption that employers' attitudes towards performance rewards, determines their work performance, in other words motivates or de-motivates them. The value that the employers attach to the rewards that they give to their teachers, determines the teachers' perception of these rewards and their overall performance.

## **1.2 Problem Statement**

There appears to be mounting concerns that unacceptably high proportions of teachers working in private secondary schools in Uganda are poorly motivated due to a combination of low morale and job satisfaction, poor incentives, and inadequate controls and other behavioral sanctions. Consequently, standards of professional conduct and performance are low and falling in many private secondary schools. Incentives for teachers in the private secondary schools in Kampala district to perform well are frequently weak due to ineffective incentives and sanctions. Very low pay forces large proportions of teachers to earn secondary income from private tutoring and other activities. What is expected from teachers (the 'social contract') is not pitched at a realistic level in many private secondary schools in Kampala district given material rewards, workloads, and work and living environments. In many secondary schools, teachers are being asked to take on more responsibilities without rewarding them. The work and living environments for many

teachers are poor, which tends to lower self-esteem and is generally de-motivating. Employers use pecuniary rewards for high levels of performance in schools, usually defined in terms of student outcomes or teachers skills and knowledge as was observed by (Chamberlin *et al.* 2002), it is expected that without such rewards, teachers' performance would be low. In spite of management of private schools' efforts to reward the teachers for better services to students, the teachers seem not to exhibit signs of well rewarded workers. This has resulted into high labour turnover, teachers part timing as a means of topping up on the basic salary by teaching in two or more schools, late coming, lack of commitment to the job, dodging classes which consequently results into poor performance of teachers and hence students. There is no study that has so far been undertaken to establish the reasons why private secondary school owners in Kampala district usually have a negative attitude towards rewarding teachers for their work. This raises curiosity and hence the need to establish the effect of performance-based rewards on the performance of teachers in private secondary schools in Kampala District.

### **1.3 General Objective**

The general objective of the study was to establish the effect of performance-based rewards on the performance of teachers in private secondary schools of Kampala district.

#### **1.3.1 Specific Objectives**

The specific objectives were as follows:

- i) To identify the types of performance-based rewards used in private Secondary schools in Kampala District.
- ii) To establish the effect of performance-based rewards on the performance of teachers in private secondary schools in Kampala District.

### **1.4 Research Questions**

The study was guided by the following research questions:

- i) What are the types of performance- based rewards systems used in private secondary schools in Kampala district?
- ii) What is the effect of performance -based reward systems on teachers' performance in secondary schools in Kampala district?

### **1.5 Scope**

The study covered the period of between 2010 December –2011 July. This period was chosen by the researcher because it is when there has been a lot of mushrooming of private secondary schools in Uganda and Kampala District in particular. The research was conducted on the effect that performance based rewards have on the performance of teachers in private secondary schools in Kampala district. There were 157 respondents who participated in the study; these included: 132 teachers and 25 head teachers in 25 schools.

### **1.6 Significance of the study**

Organizationally, the study will serve as a reference material for private secondary schools in Uganda in general and Kampala district in particular and other stakeholders' in the education sector. It can also be used by Government and other organizations to design future staff reward system strategies. Conceptually, this study has empirically verified the influence of the Performance-Based Rewards on the performance of teachers' in private secondary schools. This forms a basis for subsequent research to explore other factors that could affect teacher's and students' performance. The study would also help employers draw up proper performance rewards systems or mechanisms to increase on the teachers' performance. It would also help policy makers to come up with informed policies/decisions on how rewards should be awarded.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter, reviews different literature of different scholars, about what they say on performance based rewards. The literature reviews reward systems and gives a brief discussion on the theoretical framework of performance. This chapter also, highlights on the importance of rewards on staff performance to give the readers the study focus.

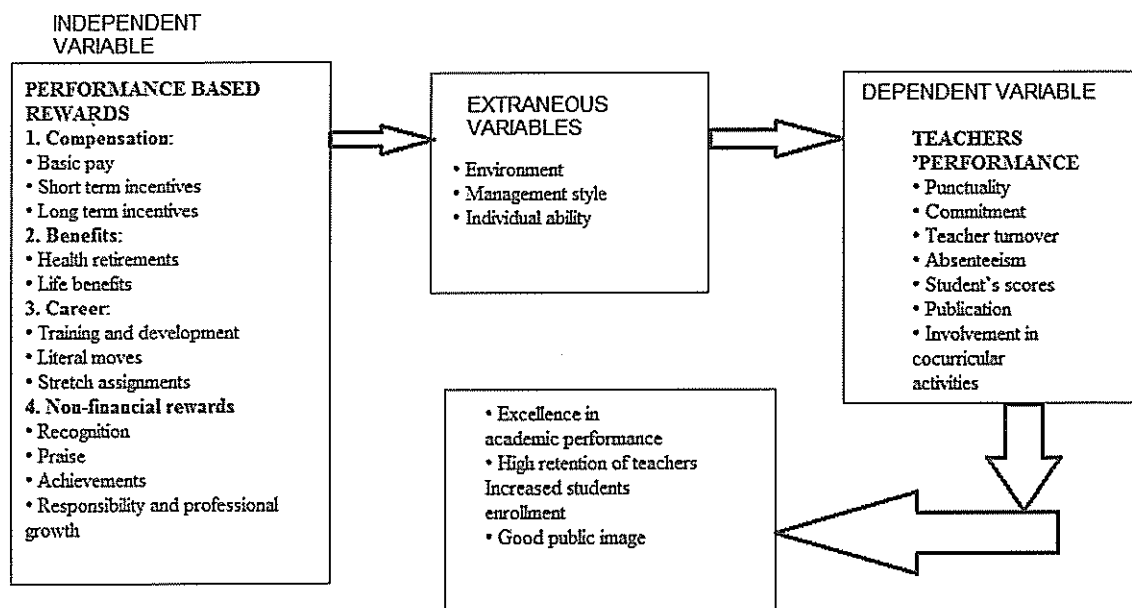
#### **2.1 Theoretical Perspectives of Performance of Teachers**

Performance of teachers has been accepted as a multidimensional construct since it measures a variety of different aspects of teaching such as; subject mastery, effective communication, lesson preparation and presentation (Onyeachu, 1996). The influence of teachers teaching effectiveness on the learning outcome of students as measured by students' academic performance has been the subject of several studies (Adediwura & Tayo 2007; Adu and Olatundun, 2007; Lockhead & Komenan, 1988; Schacter & Thum, 2004; Starr, 2002). The above studies suggest that effective teaching is a significant predictor of students' academic achievement. Therefore effective teachers should produce students of higher academic performance. Poor academic performance of students in Uganda has been linked to poor teachers' performance in terms of accomplishing the teaching task, negative attitude to work and poor teaching habits which have been attributed to poor motivation (Ofoegbu, 2004). It has also been observed that conditions that would make effective teaching such as resources available to teachers, general conditions of infrastructure as well as instructional materials in secondary schools in Uganda are poor (Oredein, 2000). These prevailing conditions would definitely show a negative influence on the instructional quality in private schools, which may translate to poor academic performance, attitude and values of secondary school teachers. Although teachers' strong effect would significantly influence students' academic achievement, other factors such as socio-economic background, family support, intellectual aptitude of student, personality of student, self- confidence, and previous instructional quality have been found to also influence students' examination score (Starr, 2002) either positively or negatively. To this end, Blankstein (1996) had stated that students' grades and test scores are not good indicators of the quality of teachers' instruction. In support of this



view, a study carried out in Nigeria by Joshua et al. (2006) showed that Nigerian teachers condemn the use of student achievement scores as indicators of teachers' competence, performance or effectiveness. Since students' academic scores are not the only predictors of teachers' effectiveness, researchers have sought other fairer ways of evaluating teachers' effectiveness. Students, administrators, colleagues and the teachers' self evaluation have been used to evaluate teachers' effectiveness. Students' competence in the evaluation of the effectiveness of their teachers has been of great concern to researchers in education. However, studies have shown that students' ratings are valuable indicators of teachers' effectiveness (Barnett et al. 2003; Imhanlahini & Aguele 2006; Pozo-Munoz et al. 2000). Despite the fact that there are research reports in support of students' rating of their teachers' effectiveness, Nuhfer (2004) and Pozo-Munoz et al. (2000) warned that students rating should be one of a comprehensive evaluation system and should never be the only measure of teachers' effectiveness. The school administrators' evaluation has also been used to evaluate teachers' effectiveness. The accuracy of school administrators' evaluation of teachers' effectiveness has also been studied. Jacob and Lefgren (2006) found a positive correlation between a principal's assessment of how effective a teacher is at raising students' achievement and that teacher's success in doing so as measured by the value-added approach. The above study suggests that administrator's rating may also be one of a comprehensive evaluation system to measure teachers' effectiveness in private secondary schools. Hence therefore effective teachers positively influence the academic achievement of students

## 2.6 The Conceptual Framework



**Figure 1: The Conceptual Framework illustrating how Performance-Based Rewards Affect the Performance of Teachers.**

Figure 2 indicates that the Independent Variable which is performance based rewards influences the Dependent Variables which are Teachers' performance. It indicates that when compensations, benefits, career and non financial rewards are offered, there will be increased level of punctuality, working overtime, high involvement in extra curricula activities at school to mention but a few. The consequent results however will be excellence in school and individual academic performance, high teachers and students' retention, increased enrolment and accredited public opinion. Other factors were held constant which would otherwise influence teachers performance include environment, management style, interpersonal relationship, experience, students' ability to mention but a few. These influence both independent and dependent variables.

## **2.2 Review Literature**

### **2.2.1 Types of Performance - Based Rewards**

Issues Paper of the Australian Primary Principals Association (APPA), (2007) puts it that traditionally there were a variety of models for recognizing employees on the basis of the quality of their performance. Among the models included paying employees, wholly or partially, on the basis of the quality of their performance. However, the criteria for determining the payment of additional rewards were to be objectively determined; whether in volume of product or sales, increase in profits, or additional hours worked for industries. More accurately put, the context of the industries in which systems of this kind work well are those where outputs and outcomes are easily, and objectively, quantifiable. This quantification can usually be reduced to monetary terms (APPA, (2007)). But it should be pointed out that not all industries and not all occupations share these characteristics. Performance-based reward proponents point out that there are no consistent links between teachers' education credits or degrees and students' Performance, and only modest links between teaching experience and student performance (Heneman & Milanowski 1999; Hoerr, 1998; Tomlinson, 2000). So, rewards should be based on the expertise and skills exhibited in the classroom. Performance based reward according to Tomlinson (2000), depended on additional responsibilities as a master or mentor teacher (for example supervising new teachers), teaching in a shortage field such as physics, biology, chemistry and mathematics. Other rewards could be given depending on teaching in a high priority situation such as in an inner-city school. In some other cases a bonus pay would be given due to career development and in some instances for exceptional performance, an annual prize or pay could be earned, DEST Research Paper (2007).

In the DEST Research Paper (2007) about Performance-based rewards for teachers, there were mainly three main types of performance-based reward systems identified and they included: In knowledge and skill-based compensation schemes, teachers are compensated for the acquisition of specific knowledge and skills required to meet higher expectations for performance. This might be in the form of formal certification or undertaking specific professional development units. Another example might be taking on additional work such as mentoring or curriculum development. The concept of knowledge and skills-based pay in education was adapted from the

private sector, where it was developed to encourage workers to acquire new, more complex or employer-specific skills. According to Odden et al. (2009), knowledge and skills-based pay was also intended to reinforce an organizational culture that values employee growth and development and to create a clear career path linked to increasing professional competence. Knowledge- and skills-based pay is regarded as appropriate to education because teachers have a complex and changing knowledge and skill set DEST Research Paper (2007). However, in Uganda's situation what employers mainly consider the teacher's ability to make the students pass examinations rather than their skills and knowledge Merit Pay, "Pay for performance" or "Performance pay", adjusts salaries upward or provides compensation for higher levels of performance. A standard for individual performance is set, such as increased student achievement. If a teacher meets or exceeds this standard, they receive a bonus or a salary increase (Reichardt, Robert, Rebecca 2003). Merit pay is frequently used in the private industrial and commercial sector as a management tool to achieve organizational goals. The main argument in favor of merit pay is that it can foster individual motivation by recognizing effort, achievement and rewarding it in a concrete way. (Reichardt, Robert, Rebecca 2003). School-based compensation is another variant of merit pay, with more of an emphasis on the team's results. In these schemes, incentives are created that encourage educators to work together to achieve collective goals. An example is a school performance award that links bonuses to school goals and benchmarks.

DEST Research Paper (2007) indicates that the United States (US) Teaching Commission acknowledges that there is no single way to measure classroom excellence. The Commission suggests, however, that a balanced merit pay plan links pay increases to some or all of the following elements: Student achievement gains, satisfactory evaluations by principals or peers, Additional pay for extra responsibilities, Incentives for earning National Board Certification and Special rewards for specialists. Azordegan et al. (2005) in their study about 'diversifying teacher compensation' discovered many countries have consolidated individual performance bonuses into base pay. Others prefer to administer them in the form of one-off payments either as a token for a good year's work or a reward for contribution to a project. It was realized that team-based performance rewards were less common, and were normally associated with completing a

particular task or project, or achieving a prescribed performance target. However, Azordegan et al (2005) put it that the success of any performance based reward scheme depends very much on a credible supporting performance management framework that is fair and consistently applied. The basic gap this study filled; whether the reward is pecuniary or non-pecuniary, and whether sanctions exist for poor Performance; duration of the reward, and in particular, whether the reward is given once only, for a limited duration, or permanently; the reward levels, and in particular, whether there are ascending rewards for increased teacher performance or whether the performance evaluation allows teachers to progress to a new salary scale and the scope of the reward, and in particular, whether all teachers who fulfill the criteria are rewarded, or just a specific quota. However, in Ugandan context, it is believed that private schools reward individual teachers for their performance regardless of their academic qualifications; at times they are rewarded depending on the number of distinctions scored by students in a given subject. Nevertheless, investigations were carried out and it was established that normally such rewards are given by big and well established private schools. Such a system is criticized on the grounds that, students' performance depend on the system in the school; and it is not individual efforts that bring out such results. Performance-based rewards in schools take another dimension. An effective and workable system of performance pay in schools, one of the more crucial questions to be answered is that of whether the contributions of individual teachers can be measured in a way which will provide a valid, fair, and generally accepted basis for varying pay rates (Odden, 2002). Very often the yard stick the majority of private schools have used to gauge the performance of individual teachers is the performance outcome of students in a given subject

### **2.2.2 Effect of Performance Based Rewards on the Performance of Teachers in Private Secondary Schools.**

Tony et al (1999) in their article, "Rewarding Better Teachers, Performance Related Pay in Schools, put it that spending on services such as education, after the increases in overall public spending fuelled by the Crimean War in Europe. Secondly, there was disquiet over educational standards and the Newcastle Commission (1861: 295) cited inspectors' reports to the effect that no more than a quarter of children were receiving a 'good' education; equally the fault in this respect was attributed to the 'failure in the teacher'; more specifically such deficiencies in

teaching were said to stem from an inadequate concern to inculcate 'the simplest but most essential part of instructions', teachers were indicted for giving insufficient attention to basics Searle. The proposed solution was to link pay with performance, and the fee per pupil was linked to a minimum attendance level and examination results in reading, writing and arithmetic.

Therefore, James et al. (2001) in a paper about Performance-Based Pay for Teachers, to the CRS Congress put it that interest in performance-based pay for teachers rose, in part, from a basic dissatisfaction with the traditional salary schedule. Many policymakers believed that the traditional salary schedule provided no incentive for teachers to demonstrate subject matter competence, improve teaching, or increase academic performance by students. Accurately evaluating teacher performance is difficult, as Murnane et al (1986) demonstrated, despite this difficulty, teachers' impressions of performance-evaluations systems play a crucial role in the success of performance-based pay programs.

However, it is suggested that if teachers are well rewarded as regards their performance at school, their performance might also improve. The DEST Research Paper report (2007) does however suggest that the lack of financial recognition of teaching performance is a likely contributor to teachers leaving the profession especially those with attractive job prospects elsewhere. This in the end leads to teachers behaving unethically. A DEST paper on attitudes to teaching as a career indicates that while people who have chosen teaching as a career are chiefly motivated by 'intrinsic' rewards (such as wanting to make a difference), extrinsic factors such as remuneration are the most significant factors influencing people not to choose teaching as a career, and to leave the profession, OECD, Paris, (2005). So this implies that performance based rewards play a significant role on the performance of teachers in secondary schools. Performance-based pay seems to be a plausible way both to motivate teachers to direct effort at performance goals and to attract and retain teachers who are high performers. About performance based reward system, Wisconsin Policy Research Institute Report (2001) indicates that Public education in Wisconsin remains wedded to an antiquated system of teacher compensation. That system openly disavows the ability to pay teachers based on their performance.

Instead, public school teachers only increase their pay based on their years of teaching and level of higher education. Common sense suggests that the ability of teachers to educate well is not determined solely or even primarily by these factors. Therefore, teachers, like many other professionals, should be compensated, at least in part, on how well they perform. DEST Research Paper (2007) quoted Harvey-Beavis (2003) identifying a range of responses in favor of performance-based rewards, and among those identified these were important; School administration would improve, especially when school-based compensation programmes are implemented. An emphasis on knowledge and skill and school-based reward models would improve teacher motivation and increase collegiality. Student outcomes would improve. When someone is highly motivated, this will definitely increase performance and this will be reflected in the high grades of the students because the teacher will be committed to his work. The Harvey-Beavis review concludes that there is evidence that performance-based reward systems for teachers can and do work in practice.

On contrary, DEST Research Paper (2007) quoted Harvey-Beavis (2003) noting some reasons against performance based rewards. The following are typical of the issues raised in opposition to performance pay: Performance-related pay may be seen as a means of containing salary costs by reducing automatic progression through salary levels, Performance-related pay requires investment in terms of both time and money. Time is required to plan, introduce and run the scheme (e.g. undertaking staff appraisals and training managers in its operation). The financial costs of performance-related pay are often underestimated, thus undermining its effective implementation Performance-based compensation programs encourage competition rather than collaboration among teachers. Many would argue that the concept of individual merit is at odds with the collegiate approach of effective schools, stifling collaboration and creating conflict and tension in the school environment. The extent of an individual teacher's impact on student learning is difficult to isolate. Student achievement, as measured by test scores, or improvement in scores from year to year, is sometimes suggested as an appropriate indicator of merit. The current teacher is not, however, the sole influence on student achievement, and he/she has no control over factors such as student mobility, language proficiency and class-size, in this

research points out that teachers make a huge difference in the education of students and be rewarded for their value adding to the child; where merit pay systems involve subjective assessments of teacher performance by supervisors, it is possible that favoritism, rather than objective assessment, may taint the evaluations. These arguments are similarly pinpointed by Harvey-Beavis (2003) in his literature review on Performance-Based Rewards for Teachers. Proponents of performance based reward system opionate that it PBR provides motivation to teachers. One of the largest benefits reported by proponents of performance-based rewards is an increase in the motivation of teachers. It is argued that performance-based pay will increase teacher motivation by adequately rewarding productivity gains. This perspective links the attitude of teachers to student outcomes, by arguing that once the motivation and skill of the teacher determine salaries, teacher quality will be improved, Harvey-Beavis (2003).

Within the literature, Tomlinson (2000) argues that performance-based pay is about motivating people, and developing performance-oriented cultures. Teachers, who are not motivated by financial rewards, can be encouraged with non-financial rewards (Odden, 2000a). These rewards can include, for example: satisfaction from high student achievement, recognition, influence, learning new skills, and personal growth (Tomlinson, 2000; Odden 2000b). As Odden and Kelley (2002; Kelley, 1999) argue school-based rewards are a means of providing motivation by introducing clear goals to the whole school, and facilitating student achievement.

Researchers have argued that performance-based reward systems can increase collegiality by rewarding cooperation between teachers (Solomon and Podgursky, 2001; Cohn, 1996), especially through administering group-based rewards, Mohrman, and Odden, (1996); McCollum, (2001). This kind of management technique can redesign the work of teachers so they are interdependent, and acknowledge their interdependence, Mohrman and Odden, (1996). Even some opponents of performance-based rewards argue there is some evidence of increased collegiality when group performance rewards are employed, Firestone and Pennell, (1993).



### **2.3 Arguments Supporting Performance - Based Rewards**

Under most current systems of a salary scale, teachers are rewarded for the number of years spent teaching and the number of tertiary degrees, rather than their performance (Odden, 2000a). For this reason, many analysts believe the salary scale system determines teacher compensation on incomplete criteria. For example, Hoerr (1998) argues that any non-merit-based system is unfair for exceptional teachers because they are judged on an inefficient criterion. This will cause, it is argued, talented teachers to leave the education system because excellence is not fairly rewarded (Odden, 2001). Only when performance is rewarded and teachers command salaries equal to the private sector without having to progress up an arbitrary salary scale, will the best talent be attracted and retained (Solomon & Podgursky, 2001).

Proponents point out that research has found no consistent links between education credits or degrees and student performance, and only modest links between experience and student performance (Heneman & Milanowski 1999; Hoerr, 1998; Tomlinson, 2000). The existing salary scales are thus at best only loosely related to the expertise and skills needed in the classroom (Mohrman, Mohrman & Odden, 1996). If the pay structure is based on this formula, it inevitably produces unsatisfactory outcomes as it is not well aligned to education output (Odden, 2000a). Thus, a substantial body of literature argues performance-based reward systems are an improvement on the efficiency of salary scales.

It has been argued that performance-based pay schemes improve the administration of schools. Under a performance-based pay scheme, principals must know the quality of teachers in all classrooms (Hoerr, 1998). This type of evaluation, it is argued, means principals must combatively evaluate teachers, rather than formatively evaluate, and so more objective decisions about teacher quality are made. Research showing that in performance-based systems, many principals report they evaluated teachers more harshly than they would have in a non-performance-based system (Murnane & Cohen 1986, 9) is used to support this argument. As a safety precaution, Solomon and Podgursky (2001) advocate principals becoming recipients of school wide performance-based rewards, to ensure they remain objective in their evaluation.

It is also argued that a movement to school-based rewards can increase the precision of resource allocation by encouraging resource alignment from top down, by setting organizational goals, and from the bottom up, as teachers are gaining feedback, and benefiting from better resource allocation and policy coherence (Kelley, 1999). This can occur because school goals are clarified in a performance-based reward system, and teachers have an increased incentive to share information with administrators since they benefit from improved outcomes. One of the largest benefits reported by proponents of performance-based rewards is an increase in the motivation of teachers. It is argued that performance-based pay will increase teacher motivation by adequately rewarding productivity gains. This perspective links the attitude of teachers to student outcomes, by arguing that once the motivation and skill of the teacher determine salaries, teacher quality will be improved. Within the literature, Tomlinson (2000) argues that performance-based pay is about motivating people, and developing performance-oriented cultures. Teachers, who are not motivated by financial rewards, can be encouraged with non-financial rewards (Odden, 2000a). These rewards can include, for example: satisfaction from high student achievement, recognition, influence, learning new skills, and personal growth (Tomlinson, 2000; Odden 2000b). As Odden and Kelley (2002) and Kelley (1999) argue school-based rewards are a means of providing motivation by introducing clear goals to the whole school, and facilitating student achievement.

While it is argued that teachers are not motivated by money (see, for example, Firestone and Pennell, 1993), financial reward must have some influence on career choices for at least some teachers (Richardson, 1999). Some point out that past research suggests money has an influence on teachers' motivation (Refer to Annex 3), and others argue money is one motivator among many (Odden & Kelley, 2002). Hence, it is argued that performance-based policy which involves a monetary component would attract teaching talent by providing rewards that motivate a large range of people. Another benefit may occur through a rise in the socio-economic status of teachers, which should also attract and motivate talent (Solomon & Podgursky, 2001). However, for this to be feasible, more revenue would be required for teacher salaries. Solomon and Podgursky (2001) argue that when teaching is rewarded based on outcomes, quality teachers can be moved to areas of low socio-economic status since these areas can be specifically rewarded.

Different criteria can be used to determine rewards for different areas based on the socioeconomic, racial and gender demographics of the student population. Earlier merit-pay models were criticized for adversely affecting collaboration between teachers (see, for example, the American Federation of Teachers (AFT), 2001). In response, a large body of literature argues that performance-based reward systems can increase collegiality by rewarding cooperation between teachers (Solomon & Podgursky, 2001; Cohn, 1996), especially through administering group-based pay (Mohrman, Mohrman & Odden, 1996; McCollum, 2001). This kind of management technique can redesign the work of teachers so they are interdependent, and acknowledge their interdependence (Mohrman, Mohrman & Odden, 1996). Even some opponents of performance-based rewards argue there is some evidence of increased collegiality when group performance rewards are employed (See, for example, Firestone & Pennell, 1993).

According to a range of analysts, the most fundamental goal of performance-based rewards is to increase student performance. For example, Odden (2000b) argues there is a causal link between the quality of teaching and the level of student outcomes, meaning any method that increases the quality of teachers should improve student outcomes. By introducing objective standards which can be used to determine whether teachers have skills to increase the performance of students, the quality of teachers would be established, and also improved (Mohrman, Mohrman & Odden, 1996). Some argue this occurs when evaluation focuses on the knowledge and skills of teachers, which provides an incentive for all teachers to improve, and also an intrinsic reward through professional development (Solomon & Podgursky, 2001). Moreover, performance-based pay can target educators to key objectives and important subjects as a means of increasing student performance (Mohrman, Mohrman & Odden, 1996; Odden, 2001). Proponents argue that teachers may actually gain freedom to innovate, since they no longer have to focus on process, but rather student outcomes (Solomon & Podgursky, 2001).

Furthermore, it is argued there will be a greater consistency in teaching standards across school jurisdiction since the best teachers would not be grouped in the highest achieving, lowest disadvantaged and racially homogenous areas (Tomlinson, 2000). This would occur when

objective performance rewards create a market where movement between schools would become easy, and the true value of teachers is established. Teachers would not be locked into a district based on their seniority and qualifications, but would have adequate opportunity to move to jurisdictions where their talent is most highly valued (Solomon & Podgursky, 2001). Conversely, poorly performing teachers would be sanctioned by the market, and command a reduced wage. If retention of teachers is affected by the opportunity cost of staying in the profession, this policy would attract the most capable teachers and discourage the least capable teachers. Under a policy of performance-based rewards, the 'best' possible graduates can be recruited by guaranteeing a competitive market based salary. This would give teachers the capability to move beyond the starting salary and be paid at a comparable level to the private sector workforces (Mohrman, Mohrman, & Odden, 1996; Odden & Kelley, 2002).

A theme in the literature is that performance-related pay increases the support of education by politicians and the public (Solomon & Podgursky, 2001). Reportedly, the public feels that current teacher compensation rewards mediocrity (Tomlinson, 2000). Therefore, it is argued, by providing performance-based rewards, political support of the education system can be generated. Odden (2002) outlines a plan that successfully garnered educator, union and policymaker support, in Vaughn Next Century Learning Centre in Los Angeles, as evidence these groups can come to a consensus on the implementation and design of these programmes. Some analysts have argued that the introduction of performance-based rewards can be revenue neutral as the existing salary schedules, which reward seniority, and academic qualifications can be flattened, and the revenue gained from this reform can be targeted at rewarding teacher Performance (Solomon & Podgursky, 2001). However, this appears to be inconsistent with these authors' previous advocacy for a system of increased teacher salaries.

Previous programmes that attempted to provide revenue-neutral performance-based systems have been unsuccessful due to a lack of funds and teacher opposition. In contrast, Mohrman, Mohrman and Odden (1996) argue the private sector model shows that costs can be kept down because the workforce becomes flexible and versatile, in particular teachers will need to have and use a range of pedagogical techniques, which suggests the revenue required to implement this strategy would be relatively low. However, the private sector model may have limited

relevance to the public sector, as resources are finite, and schools do not generate additional financial resources with increased productivity (Milanowski, 2003). One possibility is for average class size to increase, which allows teachers to be paid more, without increases in education funding. The intellectual foundations of performance-based rewards are found in private sector models. Because the private sector requires productive workers to compete against other agencies, they have developed policies that seek to maximize output from a set input, or minimize input for a set output. Advances in efficiency, it is argued, can be made in the public sector by observing and adapting private sector worker motivational techniques (Odden & Kelley, 2002). Large firms with complex organizational structures that change their workplace practices to increase productivity and quality can be used as a model. Proponents argue these organizations provide a benchmark for teaching because they have very similar environments to schools, and often use performance-based methods of remuneration (Mohrman, Mohrman & Odden, 1996; Odden, 2000a; Ballou & Podgursky, 2001). Any advances in reward strategies for knowledge and skill-based pay in the private sectors thus provide a blueprint for educational salary schedules (Odden, 2000a). Models are also evident in the government and non-profit organizations, such as the higher education model, which suggests performance based reward programmes, are not mutually exclusive with the public sector (Solomon & Podgursky, 2001).

With the introduction of new evaluation systems, such as knowledge and skill-based pay, evaluation of person-based human resources systems can occur. Significant educational bodies including the National Commission on Teaching (U.S.) are accepting this method, and the benefit from using benchmarks, it is argued, is an improved education system (Bainbridge, 2000). This is not to suggest that competency models are inevitably going to work, as these programmes need to be carefully organized to ensure that the goals, culture and political realities of the organization align (Heneman & Ledford, 1998). This is particularly important, because 'recalcitrant' teachers who believe the evaluation process is unfair (Murnane & Cohen, 1986) can undermine the adoption of private sector models. Ballou (2001) argues that if teaching were special, it would not be expected to find performance based reward systems operating in private schools. Since private schools exhibit a much greater frequency of performance-based rewards, and have much greater bonuses when they do use these schemes, it appears education should not

be separated from market logic (Ballou, 2001). While private schools still do not use these techniques all the time, suggesting there are some costs associated with implementing performance based programmes, it shows teaching is not inherently unsuited to evaluative systems of remuneration (Ballou, 2001).

In summary, the main arguments in favor of performance-based rewards are: the current system is unfair and rewards experience instead of performance; school administration would improve, especially when school-based compensation programmes are implemented; teacher motivation would improve, with an emphasis on knowledge and skill and school-based reward models in the literature; teacher co-operation would improve, which is presented as an argument in support of school based reward programmes. There is some concern about that effect merit-pay systems have on teacher co-operation; student outcomes would improve; Political and public support of the education system would improve, which is presented as an argument specifically in support of merit-pay, but can be used in support of all systems of performance-based rewards; and these programmes represent a relatively cheap financial investment in education. The market provides the best model for efficient resource allocation, which is predominantly used to support knowledge and skills and school-based systems but can be presented as an argument in favor of all models of performance-based reward programmes. In general, most arguments principally support knowledge and skills and school-based rewards, which shows a movement away from the support of merit pay in recent literature.

#### **2.4 Arguments Opposing Performance - Based Rewards**

A wide body of literature criticizes the evaluation procedures of performance-based rewards. In this literature it is argued that goals are hard or impossible to establish in teaching because key education outcomes have not been identified, and this necessarily reduces goal clarity (Storey, 2000). One problem evident, it is argued, is the complexity of designing a programme that balances clarity of goals and diverse evaluation criteria, since clear criteria are required to measure productivity gains. This problem is compounded since evaluation is often done through proxies, such as self-report surveys that ask teachers about the motivational impact of the

programme, which are at best indirect measures (Richardson, 1999). Rather, it is argued, teacher commitment and knowledge is often a better guide for good instruction than observing and assessing their performance (Firestone & Pennell, 1993).

Some analysts argue that the performance of a student is beyond the control of a teacher. Rather than viewing the teacher as a single actor, the vital roles played by the school, the principal, and the family should be acknowledged (Holt, 2001). This means the 'cause' of educational achievement is difficult to establish, and includes numerous actors, not simply teachers (Evans, 2001). Confounding this problem, it is argued that, the best teachers are often given classes that perform lowest academically, and may therefore be punished under a performance-based payment system (Evans, 2001). Even the recent efforts to establish 'value-added' evaluation criteria are considered problematic because they are in the embryonic stages of development, and there are clear socio-economic and racial biases in these systems (Clotfelter & Ladd, 1996).

Erroneously rewarding teachers is considered a problem with performance-based programmes (Cutler & Waine, 2000). How do you adequately evaluate a teacher based on student outcomes when previous teachers may have taught superior learning techniques (Cited in Solomon & Podgursky, 2001)? Clotfelter and Ladd (1996) argue that school systems have a clear choice when designing systems whether to control for socio-economic, racial and gender characteristics. They argue there is a trade-off between adjusting for differences in schools, and the possibility of sending undesirable messages to the community that a school system has a reduced expectation of some students' outcomes. They report systematic differences in student progress which can be attributed to socio-economic, racial and gender characteristics. While group-based rewards attempt to overcome this problem by evaluating teacher performance as a whole, questions remain about the equitable division of rewards given the complex relationships that exist between teachers and student outcomes. This questions whether schools are much too complex organizationally for accurate evaluation to occur (Cited in Storey, 2000). It is argued that proper employee evaluation requires an equal participation and relationship between the key participants. When pay is linked to performance, any equality is undermined because there is inevitably a judgmental aspect that makes this equal relationship obsolete (Cutler & Waine,

2000). Teachers, on one hand, use evaluation as a formative process, allowing them to see how they are performing, and how they can improve. Administrators, on the other hand, use evaluation for summation, which considers evaluation as a process used to gauge teachers worth (Barber and Klein, 1983). This is supported by Murnane and Cohen (1986) who argue principals in the 1980s United States school system were found to prefer giving better evaluations than the teachers actually deserved to build trust between the administrators and the teaching staff, and also as a form of formative evaluation. Thus, it is argued that a functioning professional relationship between the principal and the teachers would be undermined by the use of performance-based rewards. It is also argued by the American Federation for Teachers (2001) that, morale can be reduced because merit pay creates unfair competition between teachers. Teachers who have not been rewarded can question the fairness of evaluation, as there are frequently no transparent criteria. Even if the evaluation process is completed accurately and fairly, teachers may still feel aggrieved if they are not considered competent (Ramirez, 2001) and new hierarchies can be evident in administrators who now have power over teachers and the curriculum (Holt, 2001).

Another common criticism is that teachers are not particularly motivated by pecuniary reward so they will not respond to financial incentives. If money is a relatively small motivator for teachers, attempts to focus on monetary-reward systems can have the consequence of increasing resentment towards management, and reducing employee loyalty, resulting in a reduction in productivity (Ramirez, 2001). This is supported by numerous surveys that suggest intrinsic rewards are very important to teachers (Firestone & Pennell, 1993). Firestone and Pennell (1993) argue that evaluation can undermine the intrinsic rewards for teachers, as the “feedback in the form of performance evaluation undermines intrinsic motivation, *even when the evaluation is positive*” (emphasis in original). It is argued that non-monetary rewards may be better motivators, such as extra holidays. This has been observed in Canada, where many teachers take up the opportunity for unpaid leave. This raises the question of whether the current models of performance-based rewards are flawed because they fail to recognize actual teacher motivations (Chamberlain, et al., 2002).



However, Odden (2001) argues that while research has shown current teachers to be motivated by intrinsic rewards, this does not mean potential teachers would not be motivated by financial rewards. These potential teachers could well be talented, but have hitherto been employed within the private sector because of inadequate financial rewards available for teachers. The literature cites reduced collegiality between teachers as a major problem with performance-based reward programmes. Even proponents argue that many of the early systems of performance-based rewards had a problem with encouraging co-operation, as systems of merit-based pay are considered at odds with the team-based nature of teaching (Odden, 2000a). Hoerr's (1998) argument that programmes need to be carefully designed or competition between staff members may reduce collegiality among teaching colleagues echoes these sentiments. This, Hoerr (1998) and Odden (2000a) argue, is a function of poor programme design, rather than an inherent characteristic of performance-based rewards. Nevertheless, a large body of literature argues these programmes have a negative effect on teacher collegiality. For example, Chamberlin, et al. (2002) argues that competition amongst teachers, in a profession where co-operation is essential, undermines any attempt to introduce performance-based rewards. The American Federation of Teachers (AFT, 2001), a United States teacher union, argues that previous programmes created divisions between teachers, as they were classified as either 'winners' or 'losers' (see also, Storey, 2000). It is argued that even when a school-based system is used, collegiality is adversely affected, sometimes because limited funding means the average reward is often so small it is meaningless (Malen, 1999), sometimes because of the 'free rider' problem. The 'free rider' problem occurs when some teachers who are not contributing to the outcomes of students are rewarded because of others' actions (Cutler & Waine, 2000).

Opponents of performance-based reward systems argue there can be significant problems with the outcomes of these systems. The American Federation of Teachers (2001) argues performance-based reward programmes can create a system where the curriculum is narrowed and a 'teaching to the test' mentality becomes evident, which restricts the advancement of students in areas not tested. This occurs when only specific skills or outcomes are measured and rewarded (Chamberlin, et al., 2002). The result is a narrowed education, with an under emphasis

on subjects which are hard to evaluate, meaning the breadth of intellectual activities in schools is narrowed (Holt, 2001; Ramirez, 2001).

A typical question asked by critics is: how would a performance-based system reward characteristics such as honesty, civic responsibility, etc (Evans, 2001). Further problems could become apparent if teachers 'game play', and develop responses that generate rewards against the spirit of teaching (Malen, 1999). These concerns are relevant for group-based programmes because the unwanted outcomes can occur on a school-wide, rather than individual basis. This can cause institutional limitations of the curriculum and a downgrading in importance of certain subjects that are not measured (Chamberlin, et al, 2002). In other words, by measuring student output, perverse rewards can be encouraged. Poorly performing students may suffer under a performance-based pay system because they may require significant tuition to improve. Teachers would focus a disproportionately large amount of their time on the students most likely to gain from their tuition to maximize the benefit derived, generally argued to be the middle band of students (Murnane & Cohen, 1986).

Evans (2001) questions how this would affect schools in low socio-economic areas, since the time needed for improved student outcomes may be substantial. While a school-based reward strategy provides an incentive for the most poorly performing students to be encouraged and improved, teachers may still concentrate their efforts on those students who are most likely to cross a threshold. The highest and lowest performing students may be neglected because they do not represent a quality investment of teachers' time (Chamberlin, et al., 2002). In the same manner, if poorly performing schools are underfunded, a school-based strategy will not work until additional funds and expertise are provided (Malen, 1999). The literature argues performance-based reward schemes require significant performance related supplements in salary if they are to be implemented successfully. On these arguments, increased salaries would require increased education revenue, which may be politically difficult (Hoerr, 1998; Holt, 2001; Chamberlin, et al. 2002). Furthermore, if evaluation and reward is expensive, any attempt to level the salary schedule and supplement rewards is ignoring past failed attempts at performance-related pay (Barber & Klein, 1983).

Even some proponents of performance-based rewards acknowledge that administering such a system would also require an extensive bureaucracy. For example, Odden (2000) argues that it would be expensive to adequately evaluate every teacher, and would require considerable resources if this evaluation were to be completed regularly. Furthermore, the time needed to administer this kind of a system would have severe budgetary implications (Cutler & Waine, 2000). Numerous analysts question the application of market ideas to teaching. This body of literature argues education is a public good, and should not be analyzed within a market framework. For example, Richardson (1999) questions the success of individual performance-based reward systems in the public sector in comparison to the private sector. Their lack of success, he argues, means that these private sector models are ill suited to the public sector. Other analysts point out that teachers work with human beings, and not robots or inert objects. In this way, teaching is different from the private sector precisely because education fashions and works with human beings (Cited in Solomon & Podgursky, 2001). Teachers are not permitted to discard any of their “products”, and must consider a wide range of student outcomes, including reading, computation, inferential reasoning and critical analysis, creative expression, handwriting, exposition, social adjustment and more (Chamberlin, et al., 2002). Thus, it is argued, schools are not factories, and you cannot translate the systems of factories into schools and education institutions successfully. Closely related to this argument, Firestone and Pennell (1993) assert there is evidence that teacher commitment is positively correlated to reading and language arts achievement, meaning policies that damage teacher commitment would damage these student outcomes. So when teachers and the public believe that formal education is important to society and has important effects on individual life outcomes, any policies that have the potential to undermine teacher commitment should be rejected because the high stakes involved (Firestone & Pennell, 1993).

It is further argued that schools cannot operate in a purely ‘rational’ manner because they are not purely technocratic, nor are they apolitical (Malen, 1999). Management techniques based on the private sector are thus bound to fail when the work involves deliberative judgment rather than procedures. For example, merit pay is often used in workplaces where there is a visible output

which can be measured, and employee practices and outcome can be easily identified, such as in a clothing factory. In contrast, teachers must use different practices based on individual student characteristics, which are difficult to identify. This means the market has no capacity to increase productivity in these workplaces, because the factors that increase student achievement are difficult to identify and define (Holt, 2001). There are no universally accepted characteristics of a good teacher, so it is distinct from other services where output is easily measured, and techniques for improving productivity can be easily identified (Murnane & Cohen, 1986). There are numerous actors who have a stake in educational outcomes, including children, parents, taxpayers, potential employees, teachers and the government, which is separate from the private sector where the number of principals is limited (Burgess et al, 2001).

Most market-based group reward systems do not have a predetermined amount of revenue available, but will distribute a portion of profits from the additional benefit derived from increased productivity. This is not a possibility for public education since resources are fixed, and do not vary with changes in productivity (Mohrman, Mohrman, & Odden, 1996). Teachers rarely have control over 15 school resources, meaning extra salaries or bonuses can be difficult to fund (Mohrman, Mohrman, & Odden, 1996). This contrasts with the private sector, where increased productivity will generate increased profits, decreased outlays, or costs passed onto the consumer (Chamberlin, et al, 2002). This occurs because the product of labor is easily identified in the private sector, while the product of teachers' labor is not easily identified, nor rewarded (Mohrman, Mohrman, & Odden, 1996). This implies that individual merit pay will be difficult to administer in education because individual teacher quality is hard to measure on the basis of student outcome.

In summary, the main arguments in opposition to performance-based rewards are: objective evaluation of teachers is difficult, it would create hierarchies within school administration which would detrimentally affect student outcomes, which is particularly the case for individual forms of performance-based rewards; the incentive system would not motivate teachers; there would be reduced co-operation between teachers, which is presented as an argument primarily in opposition to merit-pay; and a range of unwanted and perverse outcomes would be promoted,

which is presented as an argument against using student outcomes as a measure of teacher performance. It would be an expensive programme, which is presented as an argument against all systems of performance-based rewards that offer a significant financial reward; and the market is an inadequate model for the public sector, which is used as an argument against any model of performance-based rewards.

In general, merit-pay is the most contentious system of performance-based rewards, but there is also concern with skill and knowledge and school based models. Linking pay to performance carries risks. While there are relatively few problems when the employee or team is performing well and the company is financially healthy, there are downsides when performance falls below expectations and/or when times of recession restrict funding for performance pay. Some issues to be aware of include: The kind of motivation provided can have positive or negative effects; e.g. rewarding achievement of stretch targets provides a more positive motivation than does applying penalties for underachieving. Pay spirals & ratcheting can place organizations, particularly those with tight cash flows, at severe risk. Most current performance pay regimes simply increase remuneration as a reward for performance, thus increasing the overhead costs of the organisation. This is sustainable as long as the organisation is growing its wealth. However, when recession impacts on profitability; most organizations respond by cutting costs. For most organizations the greatest internal costs are employee costs. Thus, without a reward regime which responds to negative as well as positive pressures the usual result is a process of rationalization, restructuring and redundancy. Pay spirals and ratcheting refer to a situation where the rate for the job is driven up by the competition for skills where the labour supply isn't sufficient to meet demand. Skilled operators hop from job to job within the same market, driving up the rate. The corollary of ratcheting is the 'honey trap', i.e., exceptional employees can end up being paid more than they can afford to lose if they shift employment. The consequence can be highly paid employees becoming demotivated and unproductive. Economic recession restricts rewards even when performance is good. Performance pay loses credibility if good employees perceive poor performers not being sanctioned. Where performance pay is individually based, employees often perceive unhealthy competition between individuals for a share of the reward 'pie' at the expense of organizational effectiveness.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter describes the frame work within which the research was conducted. The chapter presents the research design, study population, sample size and sampling techniques, data collection instruments, validity and reliability of research instruments, procedure and data analysis.

#### **3.1 Research Design**

The study used a cross-sectional survey design adopting qualitative methodology to a smaller extent and quantitative method. The researcher chose this research design because of its advantages in obtaining data; it is also the simplest and least cost alternative compared to longitudinal (Neumann, 2003). According to Neumann, (2003), cross-sectional research can be exploratory, descriptive or explanatory. Babbie (2007) shares the same views by stating that there are three purposes of social research, exploration, description and explanation each of them with different purposes for the research design. The study was both qualitative and quantitative. According to Creswell et al. (2003), qualitative research helps in getting an in-depth analysis of the problem under investigation and qualitative research was applied in order to describe current conditions or to investigate relationships, including effects relationships. In addition, it helped in answering questions concerning the current state of the subject under study.

#### **3.2 Study Population**

The study population constituted mainly owners/proprietors of the private secondary schools, head teachers and teachers. This population was chosen because it was assumed to have adequate knowledge of the subject under investigation and the research variables under investigation.

#### **3.3 Sample Size and Sample Selection**

The sample size was 157 respondents of which 132 were teachers and 25 were head Teachers/proprietors of the private secondary schools. The purposive sampling technique was

used to select head teachers and proprietors in order to get in depth information about the problem under study. In addition, stratified random was used to select teachers since this category of respondents comprised of a big number. In each Division of Kampala district, 26 teachers were selected for interviews and 5 head teachers were interviewed.

**Table 3.1: Sample Size and Selection of Respondents**

Category	Frequency	Percentage	Technique
Head teachers and proprietors	25	39%	Purposive
Teachers	132	61%	Simple random sampling
<b>Totals</b>	<b>157</b>	<b>100%</b>	

### **3.4 Data Collection Methods and Instruments**

The research used primary data which was collected using self administered questionnaires to get information from teachers and guiding questions (interview guide) were designed for focus group discussions with head teachers and proprietors.

#### **3.4.1 Self administered Questionnaire**

This researcher used self administered questionnaires for the respondents. These were distributed among the teachers in their respective schools. The justification for using this instrument is that questionnaires are easy to quantify and analyze. In addition, the questionnaire was used because the study focused on opinions, attitudes, feelings and perceptions of teachers.

#### **3.4.2 Interviews**

An interview guide consisting of structured questions was designed and administered to the proprietors of secondary schools and head teachers. Information solicited by this instrument helped the researcher enhance responses from the self administered questionnaires and made it possible for the researcher to cross examine some key issues in the research. The choice of this instrument was made because it was considered a good method for producing data which dealt

with the topic in depth. Interviewing was also a good method for producing data based on informants' priorities, opinions and ideas. Informants had the opportunities to expand their ideas, explain their views and identify what they regard as the crucial factors.

### 3.4.3 Validity

Copies of the questionnaire consisting the objectives of the study were given to two research supervisors to find out whether the instruments measured what it was meant to measure and also check on the phrasing, understandability and wording of the statements. Content validity index (C.V.I) was used to establish whether the questionnaire measured what it was to measure. The content validity index (C.V.I) was found by considering the number of items declared relevant divided by total number of items presented. Overall, the questionnaire had a CVI index of .833 which was above 0.7, thus it was acceptable as valid (Amin, 2005).

### 3.4.4 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated results (Chronbach 1953). In this study, quality control was done by carrying out a pretest of the questionnaire on 27 respondents to test the reliability using Cronbach's alpha coefficient. Table3.2 shows the results of the reliability coefficients.

**Table 3.2: Reliability Statistics**

Cronbach's Alpha	No. of Items
.759	33

From Table3.2 above, the overall reliability coefficient of the questionnaire was .759. This implies that the instrument was reliable for use in data collection. A summary of the item statistics is attached in the appendix 2.



### **3.5 Data Processing and Management**

#### **3.5.1 Qualitative Data**

All the qualitative data collected from key informants was edited on a continuous basis to ensure completeness. Data collected with the use of interview schedules was put into meaningful and exhaustive categories. Content analysis was the main method of analyzing the data collected. Data collected was categorized according to emerging variables from each question in the interview guide.

#### **3.5.2 Quantitative Data**

Data collected at the end of each day, was checked to ensure regularity and accuracy; this was useful in ensuring that the objectives of the study were being addressed. Analysis was done according to the objectives of the study, data generated by questionnaires was cleaned, edited and coded before analysis was done; then analyzed using the Statistical Package for Social Sciences (SPSS) program. Summary statistics in form of qualitative and quantitative measures, frequencies and percentages were ran and interpretations were made. Finally, conclusions and recommendations were derived at as presented in chapter. Triangulation of these methods was correlated to improve on the validity and richness of the information gathered.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

This chapter presents findings from the study about the effect of performance based rewards on the performance of teachers in private secondary schools. The study intended to establish the types of performance based rewards used in private secondary schools, in Kampala district, the effect of these rewards on the performance of teachers. The objectives this study were to identify the types of performance based rewards used in private secondary schools and to establish the effect of the Performance based rewards on the performance of teachers. In this section the results of empirical analysis are presented. The upper level of statistical significance for null hypothesis testing was set at 5%.

#### 4.1 Demographic characteristics of Respondents

The study put into account the sex of the respondents and their academic qualification which were considered relevant to this study. Table 4.1 presents the background information of respondents.

**Table 4.1: Sex Distributions of Respondents**

		Frequency	Percentage (%)
	Male	90	57.3
	Female	67	42.7
Total		157	100

Table 4.1 is about the sex distributions of the respondents. It is evident from this gender frequency distribution table that the majority of respondents were males at (57.3%) while (42.7%) were females. This tentatively implies that the private secondary schools in Kampala district employed mainly more male teachers than female teachers.

**Table 4.2: Respondents by position held**

Position Held	Frequency(f)	Percentage (%)
Head Teachers and proprietors	25	15.9
Teachers	132	84.1
<b>Total</b>	<b>157</b>	<b>100.0</b>

Table 4.2 shows respondents by various positions they held in their respective schools. Out of the 157 total number of respondents, 84.1% were teachers and 15.9% were head teachers and proprietors, of which, all the head teachers of the 25 schools participated in the study as it was anticipated, the majority participated thus making the outcomes of the study reliable.

**Table 4.3: Respondents by terms of service**

Experience	Frequency(f)	Percentage (%)
Permanent	74	47.1
Fixed Term	21	13.4
Temporary	62	39.5
<b>Total</b>	<b>157</b>	<b>100.0</b>

Results in Table 4.3 revealed that most of the respondents (47.1%) were in the permanent category. 39.5% and 13.4% were in the fixed term and temporary categories respectively. The study noted from the above results that majority of staff in private secondary schools in Kampala district were regular employees on pay roll. This may seem that these in their desire operate effectively as educational institutions, needed regular staff on permanent basis.

**Table 4.4: Respondents by work experience**

Period Worked	Frequency(f)	Percentage (%)
Less than a year	21	13.4
1-2 years	18	11.5
2-5years	80	51
5-10 years	31	19.7
10 years and above	7	4.5
<b>Total</b>	<b>157</b>	<b>100.0</b>

Table 4.4 shows the respondent's work experience in the school. The results indicates the majority were in the category of 2-5 years represented by 51% of the total respondents. 19.7% were in the category of 5-10 years, and 13.4% and 11.5% in 1 year and below. 1-2 years categories respectively. Only 4.5% were in 10 years and above category. This may be true because most of the respondents were fresh graduates whose work experience was short. It was realized that most of the respondents had worked for not more than 10 years. However, since majority was on permanent job basis, they had relevant information needed for this study as individuals who had stayed in one place.

**Table 4.5: Respondents by Levels of Education**

Educational Levels	Frequency(f)	Percentage (%)
Diploma	19	12.1
Bachelors Degree	131	83.4
Post Graduate Degree	7	4.5
<b>Total</b>	<b>157</b>	<b>100.0</b>

Results in Table 4.5 revealed that the majority of the respondents (83.4%) had University Bachelor's degrees. The study noted that this was very important that schools should employ and retain competent and qualified staff because most of their activities are technical in nature and requires the use of knowledge, skills and abilities.

## 4.2 Results of the Specific Objectives

### 4.2.1 Types of Performance-Based Rewards used in Private Secondary Schools in Kampala District?

The first research question aimed at establishing the types of performance based rewards used in the Private Secondary Schools. Table 4.6 captures the response of the respondents.

**Table 4.6: Performance Based Rewards Available in Schools**

Types of PBR in Schools	Frequency	Percentage (%)
Salary Increment	14	9
Overtime pay	18	11
Certificate of merit	12	8
Packages/presents/gifts	25	16
Duty allowance	17	11
Individual/group photograph	13	8
Public appreciation	29	19
Promotions	30	19

Results in table 4.6 show that the most common rewards used included:- public appreciation (19%), promotion (19%), packages/presents (16%), duty allowances (11%) and overtime pay (11%). Analysis of the results indicate that public appreciation and promotion were mostly used, and this according to the respondents interviewed was due to the fact that they had no or little financial implication costs to the school as it would have been for salary increment, duty allowances and overtime pay where the school has had to incur financial costs. The study noted that in private schools, directors are after maximizing profits at the cost of over exploitation of workers. During discussions with the administrators it was often stated that they preferred to use public appreciation as a type of reward because it is considered cheap. For example good performing teachers could be appreciated during visiting days; teachers are recognized before parents and during assembly time. The study established from the teachers however that they preferred salary increment to any other form of reward. They stated that promotions would be

good but schools have put no proper yard stick upon which promotions are given. One respondent remarked, “teacher, and when they promote you, they do not pay what is equivalent to the position you are given. At times they add on you more responsibilities which are not paid for” .....“Promotions are given according to one’s relationship with the head” Packages were also found popular in private secondary schools. This was because; they have a cheaper financial implication to the school yet yield high satisfaction to the performer. One head teacher noted, “.....Packages, presents and gifts common to private schools included giving out home utensils, clothes, Christmas gifts, organizing performance parties, giving uniforms to performing students and books. Such gifts were financially cheaper not to constrain the school.....” Overtime and duty pay were also among the rewards in private secondary schools. It was however established that they were common in well established private secondary schools. In ‘small’ schools, it was discovered that the school budget cannot support it. The most common practice in small private schools of avoiding costs was to over load teachers. One teacher could teach more than one subject and in most cases teaching almost all papers in the specified subjects. However, a few allowances particularly for science teachers were regular in most schools despite the schools’ size. This was applied as a mechanism to retain and attract good science teachers, one head teacher revealed. Among other rewards were certificates of merit and individual/group photographs. The respondents were asked to state the importance of performance rewards. Table 4.7 shows findings about the importance of performance based rewards.

**Table 4.7: Importance of Performance-Based Rewards**

Importance of PBR	Number of Respondents	Percentage (%)
Motivate teachers	49	31
Certificates contribute to one's record	28	18
Promotes good performance	25	16
Improves administrator/teacher relations	26	16
Demonstrates fair and equal treatment	30	19

Statistics in Table 4.7 shows that PBR helped to motivate teachers to perform and 31% of the respondents supported it. While, 19% of the respondents revealed that PBR demonstrates fair and equal treatment to teachers. In interviews with the teachers, the study discovered that when teachers are rewarded for their performance it brought in a sense of fairness that their efforts are paid for thus making them to perform better. Teachers revealed that top administrators in the school are highly paid at the expense of their (teachers) token fee. One teacher remarked, “.....when I am given such rewards, I feel my efforts are compensated for and I am considered useful to the development of the school.....” Further still the study revealed from the Head teachers that rewards acted as reinforcements to teachers’ performance. One head teacher put it that; “..... since the introduction of performance based rewards, performance of teachers improved, some teachers were even forced to work for longer hours to earn bonuses as given by the school and others started working on Saturdays. “As a school, we benefited a lot because the syllabus can be covered in the required time and it gives students enough time to revise and consequently improved students’ grades.....” Furthermore the study revealed that rewards in form of certificates were much needed by teachers for record purposes; to add onto the Curriculum Vitae. One teacher stated; “it is useless to appreciate me in public without giving me anything for my records. I need papers for my future”. To the head teachers however, giving certificates mainly was intended to minimize on schools’ costs on pecuniary rewards.

#### **4.2.2 Effect of Performance-Based Rewards on the Performance of Teachers in Private**

##### **Secondary Schools in Kampala District?**

The second research question was set to establish the effect of performance-based reward on the performance of teachers in private secondary schools. However, the researcher first prompted the participants to reveal their skills and expertise in teaching. The teachers’ competence was measured by the academic performance of the students. It was after establishing the level of the teachers’ competence, that the researcher employed the independent samples t-test to establish whether performance based rewards had a significant effect on teachers’ performance. Table 4.8 presents teachers’ competencies in teaching.

**Table 4.8: Teachers' Rating of their Performance under the following aspects**

Teachers' competencies		Number of Respondents	Percentage (%)
Possession of Adequate Problem Solving Skills	Very Poor	1	0.6
	Poor	19	12.2
	Average	56	35.9
	Good	46	29.5
	Very Good	34	21.8
Commitment to teamwork	Very Poor	2	1.3
	Poor	7	4.5
	Average	68	43.3
	Good	42	26.8
	Very Good	38	24.2
Understanding students' problems	Very Poor	3	1.9
	Poor	11	7.0
	Average	30	19.1
	Good	64	40.8
	Very Good	49	31.2
Teachers' level of enthusiasm for teaching in this school	Very Poor	8	5.1
	Poor	58	36.9
	Average	28	17.8
	Good	41	26.1
	Very Good	22	14.0
Willingness to help students' learn	Very Poor	3	1.9
	Poor	39	24.8
	Average	38	24.2
	Good	58	36.9



	Very Good	19	12.1
Doing their job effectively without Complaining	Very Poor	7	4.5
	Poor	7	4.5
	Average	64	41.0
	Good	45	28.8
	Very Good	33	21.2
Having pride in their work	Very Poor	6	3.8
	Poor	8	5.1
	Average	69	43.9
	Good	43	27.4
	Very Good	31	19.7
Strive to be consistently accurate in all aspects of their work	Very Poor	3	1.9
	Poor	8	5.1
	Average	68	43.3
	Good	45	28.7
	Very Good	33	21.0

Findings in Table 4.8 reveal that a number of items upon which teachers were rated and they included possession of adequate problem solving skills, commitment to teamwork, understanding students' problems, teachers' level of enthusiasm for teaching in this school, willingness to help students' learn, doing their job effectively without complaining, having good working practices, having pride in their work and being consistently accurate in all aspects of their work. Most teachers on average possessed adequate problem solving skills. This was indicated by 87.2% of respondents. It was also found out that 94.3% of the respondents were competent in working in teams. Teachers disclosed that schools encouraged working in teams (teamwork) for example, administrators provided tasks such as ensuring punctuality among students, school cleaning, and enforcing discipline and other kinds of group work and in the process team work was enhanced.

According to the findings in the Table, many teachers (91.1%) had the ability to effectively diagnose and understand students' problems. However, teachers' enthusiasm to teach in private schools was low according to the findings. Statistics show that 42% of respondents disclosed that they never wanted to teach in private schools. According to them, this was due to low level of motivation accompanied with too much load; teaching and non-teaching activities at school. Nevertheless, 58% respondents had high level of enthusiasm for teaching. Results show that 73.2% participants unveiled to have willingness to help students to learn. This implies that teachers were ready to do all that is needed to ensure students' development and growth. This then drives the study to establish whether rewards added any value to teachers' performance despite their willingness to assist students to learn. And on top of that, teachers according to the results in Table 4.4 could do their work effectively without complaining, this was revealed by 91% respondents.

However, teachers pointed out that in some cases they could complain but they found out that in private schools complaints rarely solve their problems, for example when salaries were over delayed, the only solution for a worse situation could be resignation from the job to other schools where the situation is better. One teacher noted, ".....our directors are money minded, I teach in four schools but again my income is still very low because I am paid in time but the salary is still very low....." Further still results in Table 4.8 indicate that 91% respondents were proud of being teachers. This could have been due to the fact that most of the participants were professional teachers, so they liked their profession. This implies that participants despite the unavailability or availability of rewards, they effectively perform their duties as teachers. So it is imperative to establish the effect of performance based reward on teachers who highly regard their profession as prestigious. And it was realized that many teachers strove to be consistently accurate in all aspects of their work, this was unveiled by 93% respondents. After ascertaining teachers' competencies, the researcher intended to find out whether performance based rewards had affected performance of teachers. Through use of independent samples t-test was done and Table 4.9 indicates this.

**Table 4.9: Effect of Performance Based Rewards on Teachers' Performance in Private Schools**

Performance based rewards	N	Mean	Std. Deviation	t-statistic	p-value
Poor	85	30.39	4.257	-4.034	.000
Good	72	33.42	5.151		

The t-test results in Table 4.9 revealed that participants whose welfare was good as a result of performance based rewards have 33.42 mean statistics which is higher than 30.39 mean statistics of those whose welfare was poor. It was noted that this mean difference was significant since the p value of .000 was less than .05 level of significance. The implication of this was that performance based rewards affected the performance of teachers in private schools.

### 4.3 Summary of findings

The data used in this study was gathered from a total of 157 respondents of whom 57.3% males and 42.7% females participated. This population comprised of Head teachers/ Proprietors and Teachers and these made 15.9% and 84.1% respectively. Majority (47.1%) of the respondents were found to be permanently employed, while 39.5% and 13.4% were in the fixed term and temporary categories. With regard to the educational levels 83.4% of the respondents were degree holders, 12.1% were diploma and 4.5% were Post Graduate Degree holders. With regard to the type of performance based rewards used in private secondary schools in Kampala district, it was established that Public appreciation, promotions, packages/presents, duty allowances and overtime pay, certificate of merit, salary increment and individual/group photographs were commonly used. It was also established that performance based rewards significantly motivated teachers to perform better. In addition, it was revealed that PBR demonstrate fair and equal treatment to the teachers. Other respondents stated that certificates contribute to one's personal record and promote good performance and improves administrator-teacher relations. Results also show that PBR have significant effect on the performance of students in private secondary schools in that in schools where PBR are used teachers can confidently demonstrate that their students competently perform and show that learning has taken place since they could ably interpret questions and thus provide desired correct answers to the questions.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the discussion of results, draws conclusions according to the findings on each of the study objective and gives recommendations as per research objective.

#### **5.2 Discussion**

**5.2.1 Performance-Based Reward used in Private Secondary Schools in Kampala district**  
Research established that the most commonly used types of rewards in secondary schools were public appreciation, promotion, packages/presents, duty allowances and overtime pay. The study revealed however that, public appreciation and promotion were so common and this was due to the fact that they had no or little financial implications on the private secondary schools. This is corroborated by APPA, (2007) which indicated that traditionally there were a variety of models for recognizing employees on the basis of the quality of their performance. Among the models included paying employees, wholly or partially, on the basis of the quality of their performance. Noting the fact that private schools in Uganda are mostly aimed at profit making, they ensure high level minimization of costs. So they cannot afford financial rewards to the performing teachers. APPA (2007) further indicated that the system of determining payments could only be effective with quantifiable out puts; payments were made as per the volume of output which would be difficult with the provision of services say, in education. An effective and workable system of performance pay in schools, one of the more crucial questions to be answered is that of whether the contributions of individual teachers can be measured in a way which will provide a valid, fair, and generally accepted basis for varying pay rates (Odden, 2002). Very often the yard stick majority private schools have used to gauge the performance of individual teachers is the performance outcomes of students in a given subject.

Teaching is process and collective effort of many individuals; it is at times difficult to determine which teacher performed better than the other and be rewarded accordingly. Further still evaluating teacher performance is difficult, as Murnane and Cohen's (1986) research demonstrated. Despite this difficulty, teachers' impressions of performance-evaluations systems

play a crucial role in the success of performance-based pay programs. However, DEST Research Paper (2007) indicates that the United States (US) Teaching Commission acknowledges that there is no single way to measure classroom excellence. The Commission suggests, however, that a balanced merit pay plan links pay increases to some or all of the following elements: Student achievement gains; satisfactory evaluations by principals or peers; Additional pay for extra responsibilities; Incentives for earning National Board Certification and Special rewards for specialists. Despite other aforementioned most common forms of rewards, teachers opted for rewards in form of salary increment to any other form of reward. It was argued that school boards of governors are not always reliable to live up to their promises. For other forms of rewards, there are no stipulated clear measures to enforce them, for example, giving allowances, bonuses, gifts. Again, salary increment would help teachers in acquiring bank loans unlike with allowances, bonuses and gifts. However it has been a common practice for private schools to deny their teachers access to loans because they do not always avail them with formal appointment letters. Odden (2002), put it under most current systems of a salary scale, teachers are rewarded for the number of years spent teaching and the number of tertiary degrees, rather than their performance. This is contrary to the Ugandan context, rewards or promotions are given according to the number of distinctions scored by students in a given subject, one's relationship with the head teacher, directors and when they promote you, they do not pay what is equivalent to the position you are given. At times they add you responsibilities which are not paid for.

Heneman et al. (2000) disagree with Odden (2002), by asserting that there are no consistent links between teachers' education credits or degrees and students' performance, and only modest links between teaching experience and student performance. Heneman et al. (2000) argument might be true on the grounds that some teachers are talented in teaching despite their poor academic performance in colleges, some rhetoric; others are comedians in such a way that they at times deploy all means of ensuring that the student has understood the subject content. In some other cases what is taught in colleges and universities is different from what is taught in secondary schools.

Apart from teacher performance, performance-based reward according to Tomlinson (2000), depended on additional responsibilities as a master or mentor teacher (for example supervising new teachers), teaching in a shortage field such as physics, biology, chemistry and mathematics. Other rewards could be given depending on teaching in a high priority situation such as in an inner-city school. In conformity to Tomlinson (2000), it was discovered that some allowances particularly for science teachers were common. This was applied as a mechanism of retaining and attracting good science teachers. Packages were also found popular in private secondary schools together with overtime and duty pay. It was revealed that they had a cheaper financial implication to the school yet yielded high satisfaction to the performer. They included giving out home utensils, clothes, Christmas gifts, organizing performance parties, giving uniforms to performing students and books. Such gifts were financially cheaper and did not strain the school budget.

In the DEST Research Paper (2007) about Performance-based rewards for teachers, Knowledge and skill-based compensation or reward was pointed out. It is suggested that in knowledge and skill-based compensation schemes, teachers are compensated for the acquisition of specific knowledge and skills required to meet higher expectations for performance. This seemed otherwise according to the findings of this study. Private schools reward teachers according to students' grades and unfortunately rarely have they supported teachers for academic advancement and if it happens in some cases, such teachers' services are terminated. This has always been attributed to the fact that some directors of private schools do not employ qualified head teachers. So, if a teacher went for further studies, it would seem as if he/she is plotting to oust the unqualified head teachers. However, knowledge- and skills-based pay is regarded as appropriate to education because teachers have a complex and changing knowledge and skill set DEST Research Paper (2007).

### **5.2.2 Effect of Performance-Based Rewards on the Performance of Teachers in Private**

#### **Secondary Schools in Kampala District?**

In private schools, performance-based rewards were considered important due to the fact that they motivate teachers, promote good performance, improve on administrator/teacher relations, demonstrate a fair and equal treatment and contribute to individual records. It was discovered performance-based rewards demonstrate fair and equal treatment to teachers. It was realized that many private school pay less to their teachers despite their academic qualifications and performance. As a supplement on the salary, rewards play a big role to cover up the gap. Head teachers disclosed that rewards act as reinforcements to teachers' performance. There disquiet over educational standards in Newcastle which resulted from poor education service delivery to students as a result of 'failure in the teachers' deficiencies in teaching were said to stem from inadequate concern to inculcate 'the simplest but most essential part of instruction (pp. 295–6); teachers were indicted for giving insufficient attention to basics Searle, (1993: 249). The proposed solution was to link pay with performance. This in other words imply that performance-based rewards have got an impact on the performance of teachers, confirming the disclosure by head teachers that rewards act as reinforcements to teachers' performance. Also James et al. (2001) assertion that interest in performance-based pay for teachers rose, in part, from a basic dissatisfaction with the traditional salary schedule can therefore be approved.

James maintains that many policy makers believed that the traditional salary schedule provided no incentive for teachers to demonstrate subject matter competence, improve teaching, or increase academic performance by students. True also for this research, results indicated that teachers' salaries in private school were not attractive, they could only be supplemented by other rewards such as bonuses, allowances, gifts just to mention but a few. The DEST Research Paper report (2007) indicated that the lack of financial recognition of teaching performance is a likely contributor to teachers leaving the profession - especially those with attractive job prospects elsewhere. Other teachers in Kampala district were fond of part-timing in more than three schools to top up onto their salary, others could even teach on Saturdays and Sundays while some at night. This therefore implies that financial rewards have a bigger contribution to retention, attraction and performance of teachers. OECD Paris, (2005) indicate that while people

who have chosen teaching as a career are chiefly motivated by 'intrinsic' rewards (such as wanting to make a difference), extrinsic factors such as remuneration are the most significant factors influencing people not to choose teaching as a career, and to leave the profession. It thus means that performance-based rewards play a significant role in the performance of teachers in secondary schools. So, performance-based pay seems to be a plausible way both to motivate teachers to direct effort at performance goals and to attract and retain teachers who are high performers.

To emphasize the effect of performance-based rewards, DEST Research Paper (2007) quoted Harvey-Beavis (2003) identifying a range of responses in favor of performance-based rewards such as, School administration would improve, especially when school-based compensation programmes are implemented. An emphasis on knowledge and skill and school-based reward models would improve teacher motivation and increase collegiality.

Student outcomes would improve. Proponents of pay-for-performance programs believe they will attract and retain better teachers if they are able to offer increased salaries to the best teachers. They argue that paying teachers poorly in the same way as those who work longer hours, engage more effectively with their students and consistently produce improved academic outcomes, is unfair, inequitable and does little to improve the overall quality of teaching. This is also highlighted by Lavy (2007) and identified benefits of performance-based rewards as; Improved productivity; that if rewards are based on student performance, they provide teachers with powerful signals about what is valued and what is not. If these signals are absent, even well meaning teachers may emphasize materials that are generally not valued by parents or the labour market.

Improved efficiency is another benefit Levy identified with PBR; he urged that individual performance-based pay schemes improve efficiency because they provide some incentive for teachers to 'do the right thing'. That is, they encourage teachers to find ways to enhance student performance; encourage individual teacher professional development; and discourage teachers who are unable to lift performance to continue in the profession. However, Harvey-Beavis



(2003) argued that performance-based compensation programs encourage competition rather than collaboration among teachers. Many would argue that the concept of individual merit is at odds with the collegiate approach of effective schools, stifling collaboration and creating conflict and tension in the school environment. Nevertheless, Harvey- Beavis (2003) argument contradicts with the findings of Solomon and Podgursky, 2001; Cohn, 1996, who realized that performance-based reward systems can increase collegiality by rewarding cooperation between teachers especially through administering group-based rewards, also, Mohrman, and Odden, (1996; McCollum, 2001) proved it. Opponents of pay-for-performance, on the other hand, argue that it is almost impossible to evaluate and measure teachers' performance fairly. They point to the many variables involved in student academic outcomes, such as family support, socio-economic status, ethnicity, natural ability, location, and ask how can teacher performance be measured fairly?

Another problem in relation to pay-for-performance is the fact that the true outcomes of education might not materialize for many years. If we accept that one of the key goals of education is to empower students with skills that they can use to enhance a productive career and sustain their economic well being (Lavy, 2007), it may be many years before we can measure whether or not a teacher has been successful. Nevertheless, it can then be concluded that performance-based rewards affect the performance of teachers in private schools.

### **5.3 Conclusions**

#### **5.3 1 Performance-Based Reward used in Private Secondary Schools in Kampala district**

As regards the types of performance-based rewards, it was concluded that, the most commonly used types of performance based rewards were public appreciation, promotion, packages/presents, and duty allowances and overtime pay. Salary increment was the least considered by many head teachers because it often constrains the school budget and it cannot easily be re-adjusted in case of any financial crisis. Purposely, PBR motivate teachers; promote good performance, improve on administrator/teacher relations, demonstrate a fair and equal treatment and contribute to individual records.

It was also concluded that performance-based rewards affect the performance of teachers in different ways and it was realized that PBR motivate teachers and increases their performance, improve teachers' productivity and efficiency. However, the approach encourages competition rather than collaboration and affects the concept collegiate approach of effective schools, stifling collaboration and creating conflict and tension in the school environment. Nevertheless, it was concluded that performance-based reward affects the performance of teachers in private secondary schools.

#### **5.4 Recommendations**

The current system of rewarding teachers as it is in schools is inadequate, unfair and limited in scope because the rewards are given on levels of experience and formal qualifications instead of performance. This means that reward based systems should be based on performance considerations. The offer of rewards based on non-performance considerations should be done after a fair and accurate evaluation of its effects on the beneficiary. Since, performance-based rewards improve the governance of schools by increasing the efficiency of resource allocation, the nature of performance-based rewarding systems in schools should be based on the essence of ensuring that teachers are looked at as the prime component of resource allocation and distribution where school administration becomes hierarchical and cooperation between school management and staff becomes furthered interdependently. Administrators should be trained and sensitized about the value of performance-based rewarding systems. They should be made aware that pay motivates teachers to perform at their best. This means that to implement a performance-based scheme, administrators should not perceive the process as being expensive and time consuming, but rather, a necessity where performance-based financial incentives do not provide enough incentives for teachers to improve.

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## **APPENDICES**

### **APPENDIX 1: QUESTIONNAIRE QUESTIONNAIRE TO TEACHERS AND HEAD TEACHERS**

Dear respondent,

Thank you in advance for your time and willingness to share your views on **performance-based rewards and their effect on the performance of teachers' and students in private secondary schools**. Research has demonstrated that performance-based rewards are critical to increasing employee performance in organizations. The researcher is therefore interested in using your responses to establish the relationship between performance-based rewards and their effect on the performance of teachers' in private secondary schools in Kampala District. Please know that your anonymity is guaranteed. No one in your school will be able to view your responses and the results will not include data that could identify individuals. You are being asked demographic information to learn whether teachers from different backgrounds and different characteristics look at performance based rewards differently.

#### **SECTION A: DEMOGRAPHIC PROFILE**

1. Please indicate your position:

- a) Teacher
- b) Head teacher

2. Is your job permanent, temporary or for a fixed-term?

- a) Permanent
- b) Temporary
- c) Fixed-term

3. How many years in total have you been working in this school?

- a) Less than 1 year
- b) 1 to less than 2 years
- c) 2 to less than 5 years
- d) 5 to less than 10 years
- e) 10 years or more

4. What is the highest educational qualification you hold?

- a) Diploma
- b) Degree
- c) Postgraduate degree

6. Which of the following describes your current status?

- a) Single
- b) Living with spouse or partner
- c) Divorced/Separated
- d) Widowed

**7a. SECTION B: Performance Based Rewards in Schools**

Each of the following statements describes an aspect of performance based rewards used in organizations to compensate employees for the services they provide. Please indicate the ones that are available in your school

	No	Yes
a. Salary Increment	<input type="checkbox"/>	<input type="checkbox"/>
b. Overtime pay	<input type="checkbox"/>	<input type="checkbox"/>
c. Certificate of merit	<input type="checkbox"/>	<input type="checkbox"/>
d. Packages/presents/gifts	<input type="checkbox"/>	<input type="checkbox"/>
e. Duty allowance	<input type="checkbox"/>	<input type="checkbox"/>
f. Individual /group photograph	<input type="checkbox"/>	<input type="checkbox"/>
g. Public appreciation	<input type="checkbox"/>	<input type="checkbox"/>
h. Promotions	<input type="checkbox"/>	<input type="checkbox"/>

7b. Why do you think it is important to have performance based rewards in your school  
(Please tick all that apply)

	No	Yes
a. Motivate teachers	<input type="checkbox"/>	<input type="checkbox"/>
b. Certificates contribute to one's record	<input type="checkbox"/>	<input type="checkbox"/>
c. Promotes good performance	<input type="checkbox"/>	<input type="checkbox"/>
d. Improves administrator/teacher relations	<input type="checkbox"/>	<input type="checkbox"/>

- e. Demonstrates fair and equal treatment ☐ ☐
- f. Others (specify) ☐ ☐

### SECTION C: TEACHERS' PERFORMANCE

8. How do you rate teachers' performance under the following aspects?

	Very Poor	Poor	Average	Good	Very good
i. Possession of adequate problem solving skills					
ii. Commitment to teamwork					
iii. Understanding students' problems					
iv. Teachers' level of enthusiasm for teaching in this school					
v. Willingness to help students' learn					
vi. Doing their job effectively without complaining					
vii. Having good working practices					
viii. Having pride in their work					
ix. Strive to be consistently accurate in all aspects of their work					