

**COMPENSATION AND EMPLOYEE MOTIVATION IN AN  
ORGANIZATION: A CASE STUDY OF WAR CHILD,  
HOLLAND, GULU DISTRICT**

**BY**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF APPLIED  
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### DECLARATION

I, Komakech Francis, do solemnly declare that this research report is my own original work and has not been submitted or, presented to any other Institution of learning for any academic purposes for the award of a Bachelors Degree or its equivalent, nor has it been published anywhere by anyone.

Signed  .....

Researcher

Date 03/12/2012 .....

### APPROVAL

This research report has been under my supervision as a University Supervisor and is now ready for submission to the college of applied economics and management science of Kampala international university for approval.

Signed .....



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Supervisor

Date .....

03/DEC/2012-

## **DEDICATION**

I dedicate this research report to my beloved parents Mr. Abu Martin and Mrs. Aol Mary for the time, kindness and encouragement throughout my education career.

## ACKNOWLEDGEMENT

Completion of this work was as a result of explicit support of many people to whom I owe acknowledgement. First and foremost I thank God for the protection and strength towards the completion of this research report and the entire programme at large.

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May the almighty God bless you all.

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## LIST OF ABRIVIATIONS

NLRB:	National labor Relations Board
HR:	Human resource
NGO:	Non-governmental organization
E.G:	Example

## ABSTRACT

The study was conducted in order to investigate the effects of compensation on employee's motivation in war child Holland Uganda. The study sought to establish the effect of benefits on motivation of employees in War Child Holland, to examine the effect to pay on motivation of employees in War Child Holland, to establish the relationship between incentives and motivation of employees in War Child Holland.

The literature review was conducted with the aim of establishing and shading more light the effects of compensation on employee's motivation. Different authors clearly agreed that, Motivation is a determinant of performance: however motivation is not synonymous with performance. Motivation does not wholly account for better performance but it is an important factor on bringing it about (Raymond et al 2004). Organizations that strive to meet the need of the employees reaps certain benefits. Maslow's theory provides guidance with respect to the needs that employees are motivated to achieve.

The study used an exploratory methodology in collecting the necessary data which included questionnaires and interview methods of data collection. The data was tabulated and then analyzed in order to draw inference from the data collected. The information collected from the respondents through questionnaires and interview guide questions were used in order to answer the objectives of the study. More so, the study contained the summary of the findings, conclusions, recommendation. Various findings have been obtained from chapter four where clear and satisfactory conclusions and recommendations have been made on the basis of the research objective stipulated in chapter one. It was evident from the findings that there is a close relationship between motivation and employee performance.

**Conclusively therefore,** it was found out that organizations can not prosper if compensation, motivation and employee performance are not catered for as important elements in an organization. The study further noted that the standards of living among the employees had improved as a result of increased productivity brought about by employee motivation.

## **CHAPTER ONE**

### **1.0 Introduction**

"War Child Holland" Uganda, is an independent humanitarian international non-governmental organization (NGO) assisting children, irrespective of their religious, ethnic, or social background. War Child Holland strives for a healthy mental development of children who have lived through war. This enables them to contribute to a peaceful future. War Child Holland specializes in providing psycho-social assistance to children in former war zones, using all kinds of creative methods. It establishes and implements: psychosocial, creative and sports programmes and also creation of public awareness of the problems of children in (former) war zones and the generation of support for these children.

"War Child Holland" Uganda, has its head office in Kampala with its branches in Gulu, Lira, Pader, Oyam, Kitgum, Amuru and Nwoya districts in northern Uganda. This study was conducted in Gulu district where the main branch is located.

### **1.1 Back ground of the study**

This study was set to investigate the effects of compensation on employee's motivation in war child Holland. Compensation is important though it is a major doing business today. It is the reason why most individuals seek employment. Employees trade fair and loyalty for financial and non-financial compensation (Ivancevich, 2001). According to Dessler, (1998) compensation is all form of pay or reward arising from deals with every reward an individual gets in exchange for performing organizational tasks. The reward an employee gets as a result of his efforts. In this study it was characterized by pay, Benefits and incentives (George 2005).

Motivation is a set of processes that initiate, directs and makes people persist in their efforts to attain a goal (Wastioiam, 2003). It was the way toingness to exert high level of efforts to attain organizational goals, conditioned by the efforts ability to satisfy individual needs (Robbins and Decenzo, 1998). The working definition in this study was

to be the force that energizes behavior gives direction to behavior and underlies the tendency to persist (Bartol and Martin, 1998).

Motivation is characterized by commitment, productivity and team work. Pay is a form of wage salary which represents the means by which employees are compensated for joining organization and attaining certain levels of work performance (Buckley and Ferris, 1996) this study was to show that pay is a main spring of motivation. Benefits are all indirect payments which an employee receives for continuing his employment with a firm (Dessler, 1998) this was to make employees satisfy their fore become motivated. Incentives are financial rewards given to workers whose production exceeds predetermined standards (Dessler, 2004) they are given to employees to motivate them to work a little harder to achieve the pre-determined goals.

However, compensation in War Child Holland does not to a certain extent exhibit the above features and therefore may be some of de-motivation to the employees and hence the reason why the researcher was to undertake this study.

### **1.2 Problem statement.**

Good compensation is important to the function of an organization. Organizations should have it in order to meet the objectives of compensation namely; to reward employees past experience. To remain competitive in the labor market, integrate employee's future performance with organization's goals. Control compensation budget attract employees and reduce turn over (Gupta 1996, Wayne 1998) the demerits of not having compensation program is that, it causes de-motivation hence leads to labor turn over. In War Child Holland the compensation program is poor hence employees poor performance and yet need a good and fair compensation to make ends meet.

### **1.3 Purpose of the study.**

This study was meant to investigate the effect of compensation on employee's motivation in War Child Holland one of the international non-governmental organizations (NGO) in Uganda with its head offices in Kampala.

#### **1.4 Research objectives.**

- i. To assess effect of benefits on motivation of employees in War Child Holland
- ii. To examine the effect of pay on motivation of employees in War Child Holland
- iii. To establish the relationship between incentives and motivation of employees in War Child Holland

#### **1.5 Research questions.**

- i. What is the effect of motivation on employees?
- ii. What is the effect of pay on employee's motivation?
- iii. What is the relationship between incentives and employees?

#### **1.6 Scope of the study.**

This was about the effect of compensation on the motivation of employees in “ War Child Holland” one of the international non-governmental organization (NGO) whose head office is in Kampala, Uganda with the main branch in Gulu District northern part of the country. This study was to be conducted in Gulu main branch. Between June-September 2011

#### **1.7 Significance of the study**

**The study was to be significant in the following ways;**

The study was to help the organization realize how employees can be motivated through compensation and therefore understand the essences of giving good compensation to their employees to achieve organization goals.

The results of the study contribute to the existing theories in the effort of compensation on employee's motivation.

This study was to be of useful experience and a contribution to the academic career of the researcher.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0. Introduction**

In this chapter the researcher acknowledged what other researchers have put forward about the topic of study which enabled the study get more data on the topic which was taken mostly from secondary sources of data.

#### **2.1 Definition of Key Terms**

##### **Compensation**

According to this research, it is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence. The tradeoff between assured, limited coverage and lack of recourse outside the worker compensation system is known as "the compensation bargain.

##### **Employee motivation**

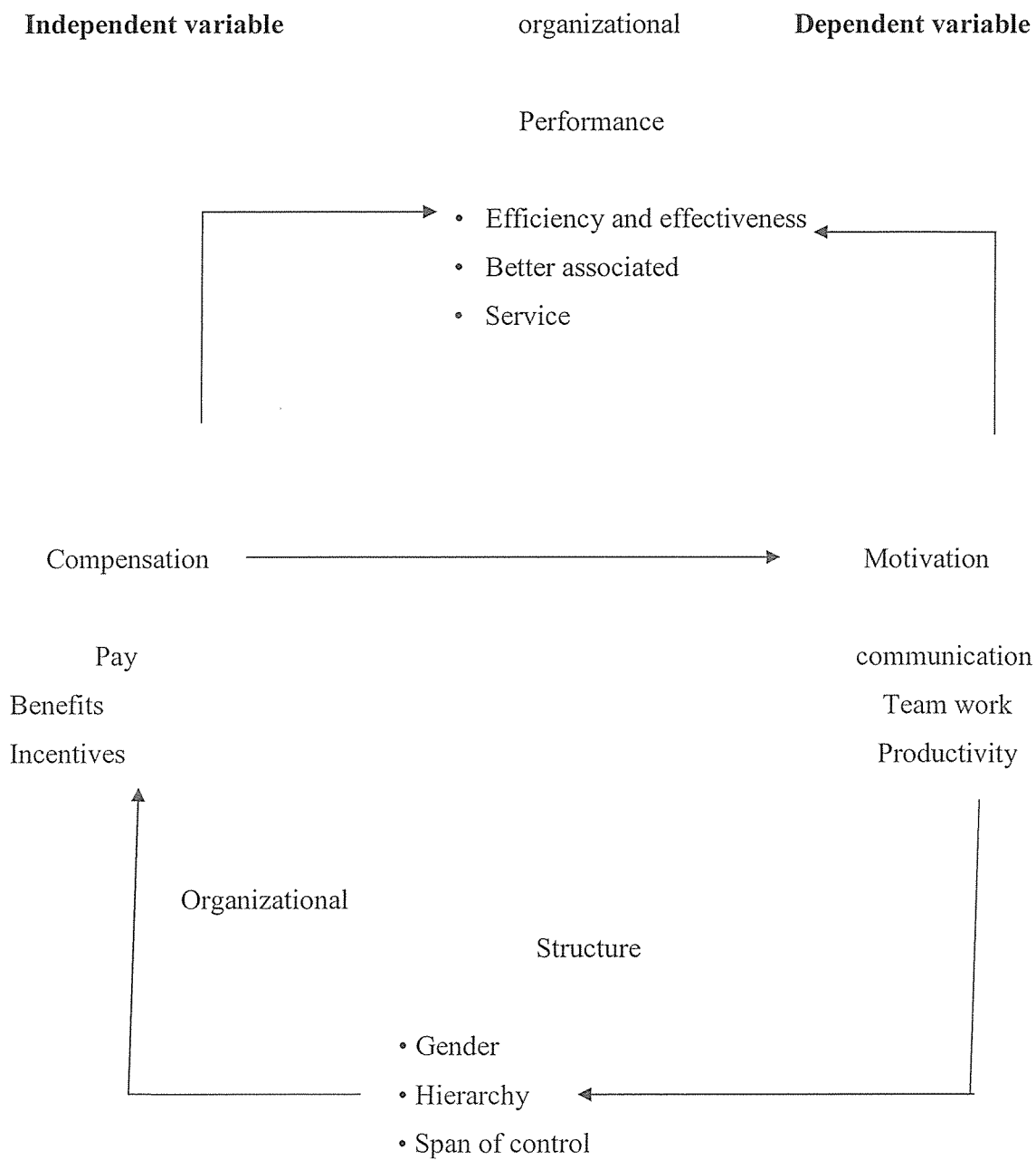
According to this research, it is a reflection of the level of energy, commitment, and creativity that a company's workers bring to their jobs.

##### **An organization**

According to this research, it is a social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems they affect and are affected by their environment

## 2.2 Conceptual frame work

Figure 1: Conceptual frame work



Sources: Was toiam Chuck (2003)

From the two variables that is compensation and employee motivation it can be seen that in if employees are compensated in form of pays, benefits and incentive there can be improved efficiency and effectiveness of employees, there can be better associated better organizational service delivery therefore all these factors was to depend Motivation and out of motivation there was to be good communication among the employees, good team work and improved productivity and output. On the other hand organizational structure should bas on gender, Hierarchy and span of control.

### **2.3. The effect of pay on employee's motivation.**

Pay is the basic compensation received usually as a wage or salary (Matias and Jaction, 1998) it has an effect on motivation since it energies them to persist in their work. According to scientific management theory managers believe that money acts as motivators (Ricky 2002, Prasad, 2001).

The lower acts as motivator in Abraham Maslow's hierarchy of needs theory motivate employees and they are satisfied through. Earning direct compensation to provide for basic needs (French 2003). Pay affects employee motivation especially when they are not compensated above or per market value. The equity theory regards individual as existing in a social environment where they make compensation o what they and others receive and determine whether it's fair or suitable (scarpello and Ledvinka, 1988) there are two types of equity. Internal equity which is the fairness of the pay structure within a firm and external equity which is the fairness of pay relative to what other employees pay for similar labor (Mejia et al 2002).

### **2.4 Effect of benefits on motivation of employees.**

Benefits are indirect rewards given to employee as part of organizational memberships. (Leslie et-al 2000) which include, unemployment insurance, paid holiday, land unemployment benefits. Competitive benefits offer safety needs according to Maslow theory. The hierarchy arranges needs from physiological through safety, social and self-esteem to self-actualization. A high level need becomes a motivator when a lower need is satisfied. Benefits were to help an employee more from one level to another in the

hierarchy. A typical organization like Child Holland in the alternative classification and pay system generally starts with at least a couple assumptions. One assumption is that management has an interest in alternative pay methods, such as competency-based pay, or market-based pay, or other methods available in the broad band pay system. The other assumption is that an agency's top leadership supports management's interest in alternative pay methods. Approaches for initiating a project may vary, but one constant in the unionized workplace is the legal obligation to bargain with the employees' exclusive representative over proposed pay changes.

Cannon- Bower, (2003) argued that, in factories, the union and management developed, through collective bargaining every component of the new system. These mutual labor-management efforts included the initial building of the competency pay link. In other projects, generally where time lines were shorter and greater numbers of employees were involved, management developed the competency model and the performance appraisal tools as a management proposal for collective bargaining over pay and promotion opportunities. Generally, extensive employee involvement in the development stage seems to pay off in the form of smoother negotiation and better employee buy-in at the implementation stage. Any efficiency that might be perceived or associated with minimal employee involvement in the early design stage could be offset by protected or contentious when management eventually submits its proposed system to the union. Employees and unions were to have difficulty buying into a proposed system if they had no role in its development. Different approaches have different costs and benefits to be weighed in analyzing the technical aspects of the future pay system and in determining a productive bargaining strategy.

Additionally, Experts seem to agree that involving employees with their union representatives in the early design and implementation process helps the alternative pay system and eases the agency's transition to a new pay program. In response to a survey conducted by the American compensation association, about one third of organization that were reforming their pay systems felt that employee participation in the design process was a large factor in the success of the program. Majority of the organizations

felt that employee participation in the ongoing administration of the program was crucial to its success (Blickensderfer, 1999).

However in a non-union workplace, many non-supervisory and non-managerial employees who are not in collective bargaining units still may be covered by collective bargaining laws and entitled to certain bargaining rights. The Montana Board of personnel Appeal uses case law of the federal court and precedent of the National labor Relations Board in interpreting and enforcing Montana's collective bargaining statute. In the well-publicized electromation case, the National labor Relations Board (NLRB) found an employer guilty of unfair labor practice in a non-union environment when employer established employee committees to discuss mandatory subjects of bargaining. The board determines the employer unlawfully dominated the committee by selecting the size, structure, topics procedure and number of employee committees. In other words, the board held that the committee constituted a labor organization, because they were created to address issues that were mandatory subjects of bargaining. The board found that employer's domination of the committee created an employer-dominated union, which is prohibited under collective bargaining laws. The Montana board of personnel appeals holds public employers to standards similar to those of the NLRB because of similarities between the state and federal bargaining laws.

## **2.5 The effects of incentives on motivation of employee's incentives are compensation that rewards an employee for performance expectation.**

Armstrong (2009), whether individual or group performance. They have an effect on motivation as illustrated by expectancy theory which leads to outcomes that they value (John 2001, Mick et-al 2006).thus performance base rewards are valued by employees since they believe that their hard work was to lead to attainment of these reward hence engage in behavior directed to hard work. According to reinforcement theory which assumes that behavior is a function of consequence (Denisi and Griffin, 2001) performance can be reinforced through incentives which was to make the employee motivated to performance

## **2.6 Organizational performance**

Today performance is not on individual terms but it emphasize on the organization as whole.(Dereck et al 2002) asserts that performance variation are as a result of system that are put in place by managers not individual differences. There should be a critical perspective on the import once of systems, process and culture for organizational performance (Richard2002).

Total quality management should be emphasized for building quality un everything that's undertaken such as customer service (Thomas et.al 2004) customer needs should be identified and important to a maximum possible level. Continuous process improvement theory refers to substantive and systematic change team building should be advanced as a means of improvement and continuous improvement work place teams such as quality circles to seek for high level organizational performance and improvements continually.

## **2.7 Organizational structures.**

French et.al (1999) defines organizati0nal structure as the overall design of an organization, within which organizations does its work (Jenifer et.al 1999). There is a study migration towards team building and collaboration. It however takes note of the fact that expectation of the organization has been out stripped by their structures which do not facilitate team objective. The structure works well and adds charity, stability and discipline to the coordination effort while organizational life span of control and responsibility provide guidance (Robert 1988).it should not be assumed that clear and disciplined structure promote the necessary team building that leads to effective decisions but these dynamics are the heart of an organization(Gates 1995). Front(1999) equally argues that an entrenched structure can come to serve itself rather than organizations goal because it can over control decision eventually dismantling efforts geared toward collaboration on task accomplishment and team building.

## **2.8 Work force diversity**

According to comings et.al-(1993) diversity from people bring different resources and perspective to work place and have destructive needs, expectations and life styles Organization must design human resource systems that cater for these differences so as to attract and retain production labor and diversity in to a competitive advantage seeks to build on many good initiatives undertaken through equal opportunities. However, this concept was to not only consider ethic origin and gender but was to also consider issues like age, personal work preference and corporate back ground (Stephen, 1996). Aghazader ( 2004) notes that in order to fully compete in the market place there was to be need to consider working towards attracting, recruiting and developing a diverse work force.

## **2.9 Motivation and performance.**

Motivation is a determinant of performance: however motivation is not synonymous with performance. Motivation does not wholly account for better performance but it is an important factor on bringing about it (Raymond et al 2004). Organization that strives to meet the need of the employees reaps certain benefits. Maslows theory provides guidance with respect to the needs that employees are motivated to achieve.

Organizations have taken action that suggested by the theory and have been successful. However it cannot be concluded that there are only five needs that motivates individual, and that they follow a certain order. (Gray 1994). However Maslow provides a variable theory is that a goal serves as a motivator because it makes people compare their present performance required to achieve a goal having a goal enhances performance, because the goal makes exactly what type and level of performance is expected (Stephen 1997, Robertson et al 1985)

## **2.10 Employees performance incentives in organizations employee's incentives important ingredients in performance management practice.**

They are provisions that are provided to the normal salary to motivate people to work more than the salary allocated. They can be financial or non-financial. Plus (1993)

observed that a large percentage of workers cherish their job even if financial attachments are not attached. Individual employee needs are different and there for it was to be sensible to relate benefit package to those needs by giving employees a of incentives to select from, Deway ( 2000) Micibi (2004) presents example as such as cars, health insurance and long service awards.

Armstrong (2001) present benefits to include time off, sabbatical leave, social facilities and subsidized mortgage, from the above Gashaijas (1007) point was to bring right to say that the current thinking is based on single opinion that pay should be seen as part of the wider relationship between management and employees and reward system applied should act as medium for the expression of management style.

Bratton (1988) presents salaries as the most widely recognized type of employee payment. It is a fixed periodical payment given to employees usually in form of cash(Herbert et al 2000) salary structure should comprise job grade, responsibility, status and authority with corresponding pay incentives (Bowey, 1976) incentive such as shift pay and over time are also important to compensate than for inconvenience or hardship during employment (Richard et al 1998). Special additions of incentives should be paid to risks involves in the job and dirty jobs that is conditions regarded as abnormal in the Armstrong(2006) this suggestion is also supported by(George 2005).

Rotundo, (2002) argues that the reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailing the right rewards to the right people. It would, however, be impossible to list all of the various types of recognition and rewards that companies actually give their workers, and experts in the HR literature address.

Nevertheless, it is clear that recognition and rewards-as part of the more comprehensive efforts at keeping workers or adopting good work practices-can all phrase as it includes a diverse range of formal and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff. They come in all shapes



and sizes; small employee of the month (e.g., gift certificates, recognition plaques), Bank-sponsored sports teams, Bank parties, prizes, clothing, and etc.

Morale was to plummet if employees see you as arbitrary, unfair or playing favorites. As with many other authors (Harris and Brannick, 1999) offer the general principal that “what get rewarded gets done and they emphasize that principal must be connected to the organization’s core culture. Our own observations of Canadian plastic companies suggest that recognition and rewards are strongly tied to the ‘culture’ of a particular workplace\_ they support that culture, and they are consistent with that culture, whether or not that culture is something consciously managed or iterated by the Bank. Rewards must, in other words ‘fit in’ with people’s perception of *their* employer and their workplace. In work places where labor- management relations are strained or workers are distrustful of management’s intentions, people was to always react with skepticism when rewards are suddenly introduced. Writing from the employer’s perspective, Suzan Dibble (1999) does include money in her discussion of financial incentives but she also points out that money is not always an appropriate reward. In a survey that she conducted, almost a quarter of respondents said that they left their previous jobs because they did not feel valued or appreciated.

According to Harris and Brannick (1999), people are the key asset that firms trade on, especially within the management consulting industry. However, the ability to leverage the internal knowledge that resides within them and encourage best practice is more difficult than might be expected. Linked in with the firm’s corporate and HR strategies, reward management becomes an integral tool to encourage the active sharing of knowledge. However, it is also important in reducing labor turnover, especially in tight labour markets, as well as motivating employees to improve organizational performance. This dissertation examines the linkage between corporate, HR and reward strategy, as well as some key aspects of financial and non-financial reward management. Next it asks the question; to what extent can Accentor use remuneration as a means of reducing turnover and motivating employees. The analysis involves understanding the competitive environment within which Accentor competes through to the emphasis the firm places on

different types of remuneration package. A dissertation would be useful for anyone interested in the linkages between corporate, HR and reward strategy, as well as those interested in reward management, the psychological contract and work-life balance and their application to real life case.

### **2.11 conclusion**

In a nutshell, basing on the objectives and research questions that were a guide in exploring the works of other scholars in relation to the study topic, the literature reviewed shows and agrees with the researcher that that is always need for an organisation to look into its motivation policies if a any organisation is to achieve its set goals. This is due to the fact that researchers like Harris and Brannick (1999), Bratton (1988) and others all agreed on the contribution of compensation as a motivator on employee performance in the organisation.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3. 0. Introduction**

This chapter present and described the methods and techniques of data collection and data analysis.

#### **3.1. Research design**

The study was to adopt a survey design people was to be sought using a structured questionnaire and percentage generated for comparison. It was to involve quantitative and quantitative approaches which were to help to get sufficient and relevant data (Russell 1999) on the effect of compensation on employee's motivation.

#### **3.2. Population of the study**

The population is 200 employees from which a sample of 100 employees was to be drawn. They were to include the managers, Human resources section, Supervisors and other employees within the organization who have knowledge about the topic under study.

#### **3.3. Sample sizes**

For this case, the sample was to comprise of 100 respondents and the study population was to range from the managers, Human resources section, Supervisors and other employees within the organization both in different departments.

### 3.3.1. Presentation of the respondent

**Table 1; Nature of respondents that were considered for the study**

Nature of respondents	Number	Frequency
Managers	05	05
Human Resource section	10	10
Supervisors	10	10
Other Employees (social workers)	75	75
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Researcher's conceptualization 2012

### 3.4. Sampling procedure.

The selection of respondents was to use both probability and non-probability sampling methodology. Stratified sampling was to be used to ensure that both men and women participate equally.

### 3.5. Data collection methods

#### 3.5.1 Questionnaires

A questionnaire is given to various respondents in the organization. They was to have various merits such as high level of accuracy given respondents' time to verify their answers and they are easy to administer.

#### 3.5.2. Interviews

This technique is used to supplement on the questionnaire to help get in-depth data which was to not possible to acquire while using questionnaires. Interviews were to have various advantages such as yielding high rate since respondents was to not completely refuse to answer question that was to not be clarified. There was to be face to face interviews with the respondents (Carl et al 2002)

### 3.6. Data control and measurement

The validity of data was to be measured through content validity and reliability through test-techniques

### **3.7. Data processing and analysis**

The data that was to be collected was to be raw in nature. Therefore the data was to be post coded so that it can easily be understood and be conformed to the study. This was to lead to a new data that was to be presented and the true findings were to be represented by tabulation.

### **3.8 Anticipated Limitations of the study**

In the process of carrying out this investigation, a number of limitations were to be met. These limitations were to obstruct the speed at which the study was to be carried out. These were to include;

- i. Some targeted respondents was to not be going to set aside time to respond to the investigator's questions this was to end up frustrating the researcher's efforts to collect substantial data. The researcher is likely to face a problem of some rude and hostile respondents.
- ii. The study was to require a lot of time to be dedicated to collecting substantial data from one respondent to another making observations, continuous review of literature, data analysis and report writing.

### **3.9 Ethical considerations**

It is important during the process of research for the researcher to make respondents to understand that participation is voluntary and that participants are free to refuse to answer any question and to withdraw from participation at any time they are chosen.

Another important consideration was to involve getting the informed consent of those going to be met during the research process, which was to involve interviews and observations on issues that may be delicate to some respondents. The researcher undertakes to bear this seriously in mind.

Accuracy and honesty during the research process is very important for academic research to proceed. A researcher was to treat a research project with utmost care, in that there was to be no temptation to cheat and generate research results, since it jeopardizes the conception of the research.

Personal confidentiality and privacy is very important since the report was to be public. If individuals have been used to provide information, it is important for their privacy to be respected. If private information is to be accessed then confidentiality was to to be maintained (Stephen, P. 2002). All respondents were to therefore, re-assured of this before being involved.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.0 Introduction

This chapter presents the facts, which the research discovered. The findings were presented in line with the objectives of the study whereby the raw data in form of questionnaires was edited and interpreted which ensured uniformity, legibility and consistency. The data-filled questionnaires were copied and analyzed by tallying and tabling in frequency polygons while identifying how often certain responses occurred and later evaluation was done. The information was then recorded in terms of percentages. Also, interview results were coded on frequency tables which were calculated in terms of percentages and presented in this study as illustrated below.

#### 4.1 Background Characteristics of the respondents

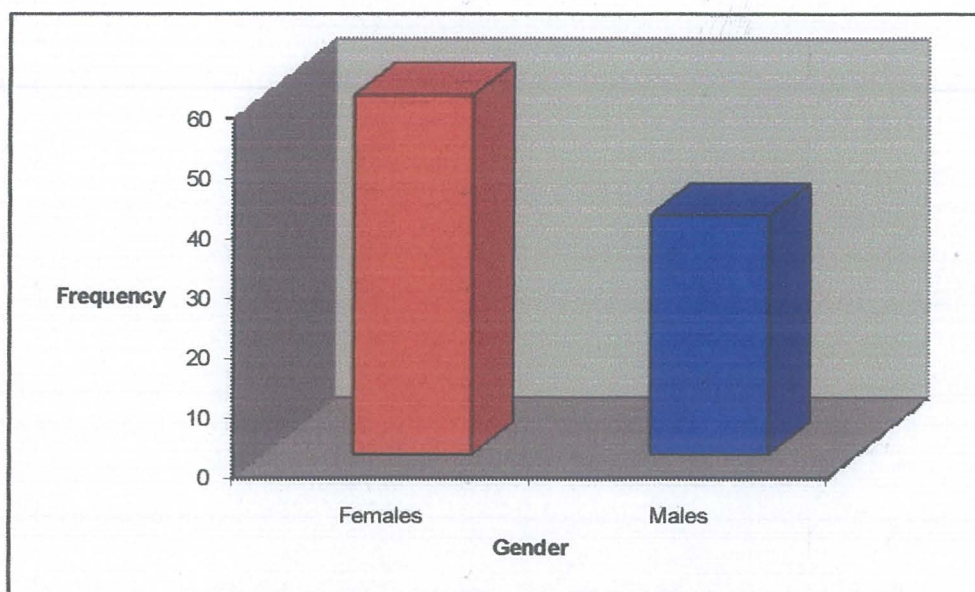
The Background information of the respondents was important because they comprised of both sexes but of different marital statuses and age groups from various settings. This was intended in order to get a variety of views and unbiased responses which made the study a reality. The respondents were divided into the administrative and general staff groups of war child Holland. The findings are shown in the figures below;

**Table 2: Gender of respondents**

Gender	Frequency	Percentage
Male	16	40
Female	24	60
Total	40	100

Source: primary data, 2012

**Figure 2: Gender of respondents**



Source: Primary data, 2012

During the field it found out that, females took a greater percentage in the survey as represented by 60% whereas 40% represented male, implying that, females to a greater extent participated in the study.

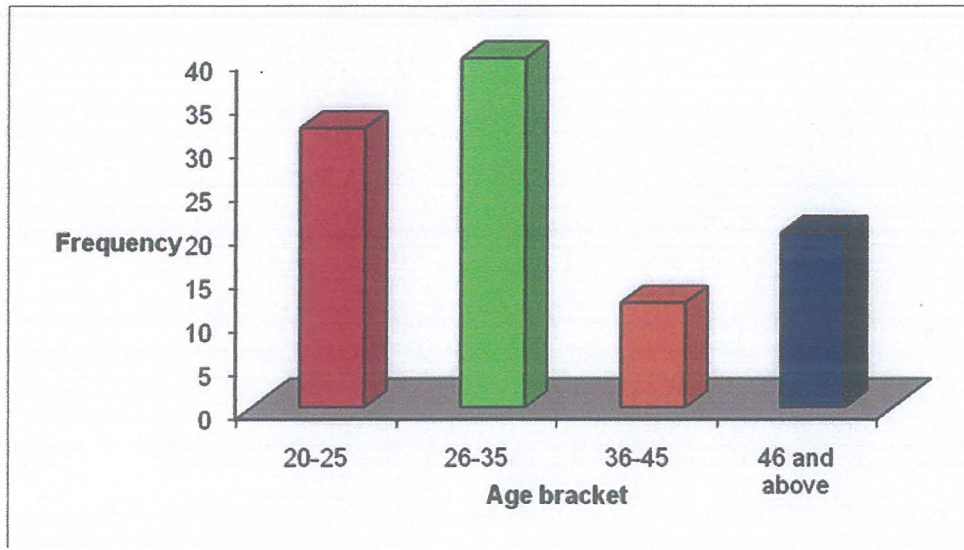
**Table 3: Classification of respondents by age**

Age	Frequency	Percentage
20-25	12.8	32
26-35	16.0	40
36-45	4.0	10
46 and above	7.2	18
Total	40.0	100

Source: primary data, 2012



**Figure 3 Classification of respondents by age**



Source; Primary data, 2012

Figure 3 shows that the biggest percentage of the interviewees were in the age bracket of 26-35 years as showed by 40% while 32% represents interviewees who were in the age bracket of 20-25 years, over 10% of the represents were in the age bracket of 36-45 years, implying that it is to a greater extent the War Child Holland employs people who are still energetic who are in the age bracket of 26-35years as portrayed in figure 3 above.

#### Respondents' level of education

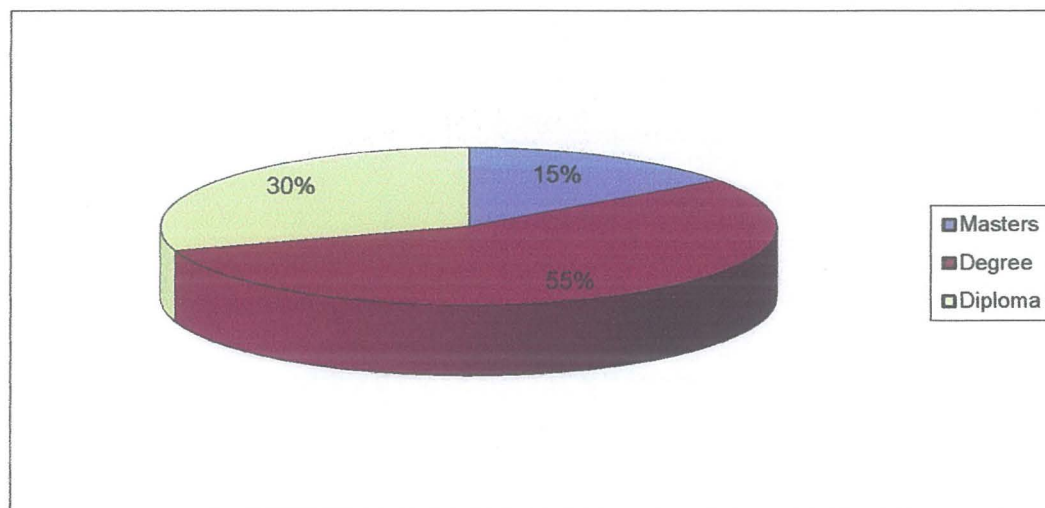
The biggest percentage of respondents had completed bachelors' degree in different fields as it was revealed by 55% of the respondents, then 30% represented respondents who had completed diploma education in different fields associated to the company management whereas 15% of the interviewees were Masters' degree holders, as showed in the figure below.

**Table 4: Respondents' level of education**

Level of education	Frequency	Percentage
Masters	6	15
Degree	22	55
Diploma	12	30
Total	40	100

Source; Primary data, 2012

**Figure 4; Respondents' level of education**



Source: Primary data, 2012

#### Number of years of service of respondents at War Child Holland

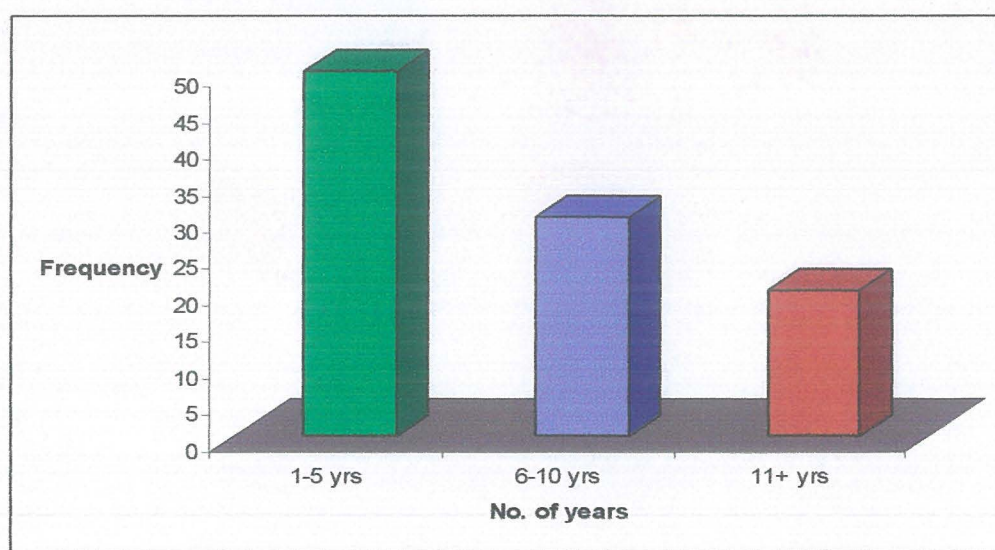
From the figure below, it was found out that the biggest percentage of the respondents had worked with the organization for a period between 1-5 years as represented by 50% whereas 25% shows respondents who had worked with the organization for the period between 6-10 years. 15% represents interviewees who had worked with the company for the period of 11 years and above, implying that they have been organization employees for a long time, thus possessing a lot of experience.

**Table 5: Number of years of service of respondents at War Child Holland**

Years of service of respondents at war child Holland	Frequency	Percentage
1-5 years	20	50
6-10 years	12	30
11 years and above	08	20
Total	40	100

Source: primary data, 2012

**Figure 5: Number of years of service of respondents at War Child Holland**



Source: Primary Data, 2012

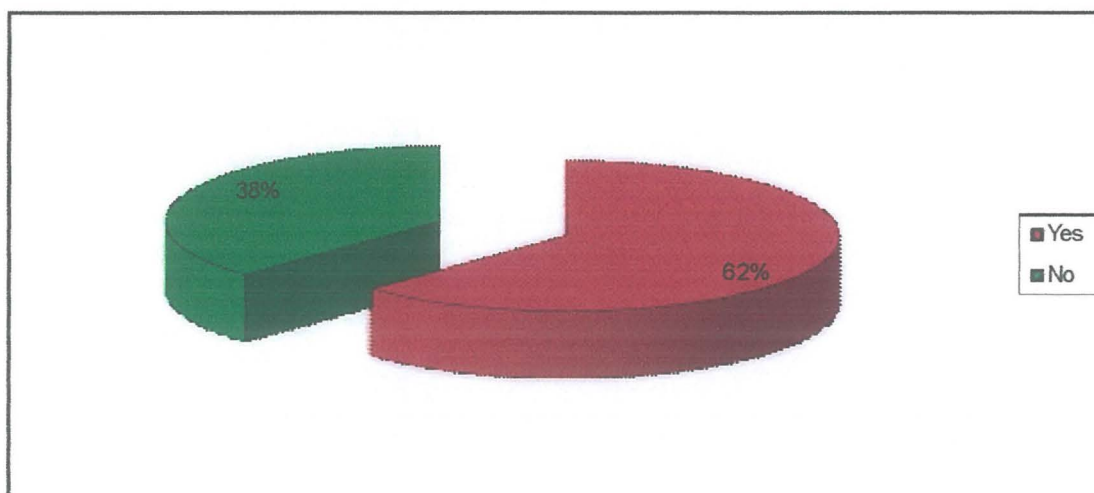


**Table 6: Awareness of compensation and employee motivation in this organization**

Responses	Frequency	Percentage
Yes	24.8	62
No	15.2	38
Total	40	100

Source: Primary Data, 2012

**Figure 6; Awareness of compensation and employee motivation in this organization**



Source: primary data, 2012

From figure 5 above, it was found out that the biggest percentages noted with 62% aware of compensation and employee motivation in the organization whereas 38% of the respondents were not aware of compensation and motivation of employees in the company implying that those who were not aware they were either not active employees of the organization.

**Table 7: respondents' views about the extent they are satisfied with the company's compensation system**

Compensation System	Extent
Equality	Greater extent
Equity	Less extent
Needs Pay	Greater extent
Labor laws	Less extent
Trade unions influence	Not at all
Fringe benefits	Less extent
Incentive rewarding	Less extent
Performance related pay	Greater extent

Source: Primary data, 2012

Numerous responses were put forward when respondents were asked extent they are satisfied with the company's compensation and they were as follows; respondents revealed that to a greater extent there was equality among employees, on equity respondents said it was on a lesser extent, respondents also revealed that to a greater extent their needs were paid by the company and surprising on labour laws respondents said at a less extent they are respected, respondents said Trade unions influence they are not respected at all whereas on fringe benefits respondents said are respected at a less extent, respondents on incentive rewarding they said are got at a less extent and lastly respondents about performance related pay that they get them at a greater extent as shown in table 7 above.

**Table 8: Effects of compensation in relation to employee motivation**

Effects of compensation	Frequency	Percentage
Increased output	18	45
Improved worker relationship	12	30
Increased absenteeism	6	15
Increased corruption	4	10
Total	40	100

Source: primary data, 2012

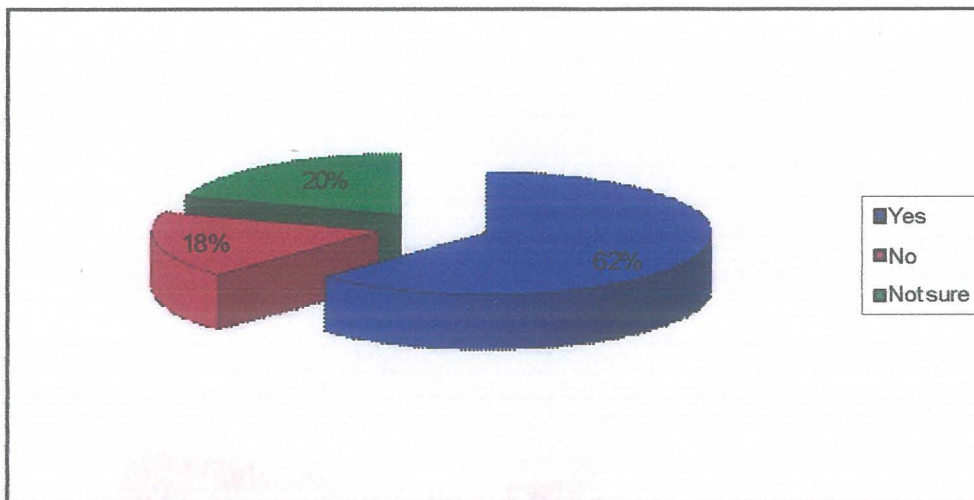
During the study in the field, it was found out from the interviewees that compensation had got various effects whereby the biggest percentage noted with 45% said there was increased output/productivity and 30% of the interviewees said workers relationship had improved because of employee performance, surprisingly the other group of respondents said it increased on the absenteeism since employees trusted their fellows that they was to help them when they are absentee and lastly to note on this was 10% said employee performance increased corruption since the relationship that existed could enable them take a bribe as clearly shown in the table 8 above.

**Table 9; Are the effects felt in the entire company or on the individual basis**

Responses	Frequency	Percentage
Yes	24.8	62
No	7.2	18
Not sure	08	20
Total	40	100

Source: primary data, 2012

**Figure 7; Are the effects felt in the entire company or on the individual basis**



Source: Primary data, 2012

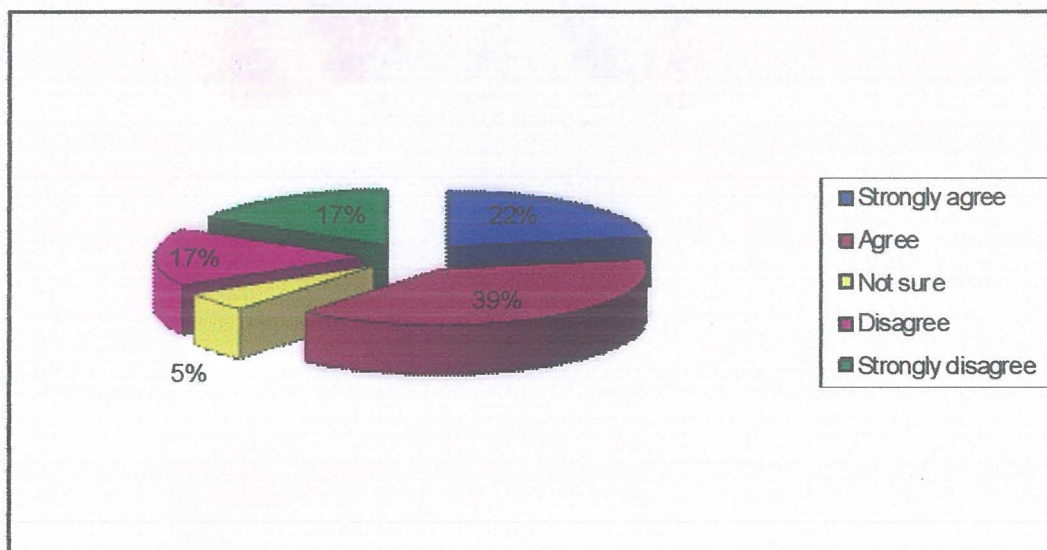
When the respondents were asked effects felt in the entire company. From their responses the biggest percentage noted with 62% agreed with the statement whereas 20% of the respondents said that they were not sure whether the effects of reward system are felt in the entire company and surprisingly only 18% of the respondents disagreed with the statement and said the effects of reward system are not felt all which was shown clearly in the previous figure 7 above.

**Table 10; Responses on whether every employee knows the mission of the company**

Responses	Frequency	Percentage
Strongly agree	8.8	22
Agree	15.6	39
Not sure	02	05
Disagree	6.8	17
Strongly disagree	6.8	17
Total	40	100

Source; primary data, 2012

**Figure 8; Responses on whether every employee knows the mission of the company**



Source: Primary data, 2012

According to figure 9 above, 38% of respondents agreed that every employee knows the mission of the company in a similar way 22% of respondents strongly agreed every employee knows the company's missions whereas surprisingly 17% of the respondents strongly disagreed that employee don't know the missions of the company and 17% of



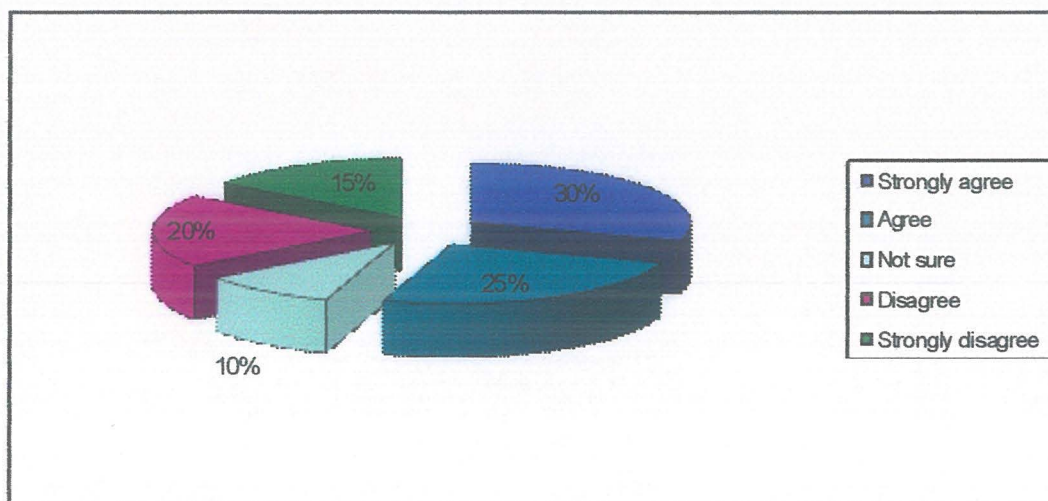
respondents disagreed too that every employee does not know the company's missions lastly 6% of the respondents were not sure.

**Table 11; Responses on whether every employee has to undertake his or her assignment with the view of seeing the organization better**

Responses	Frequency	Percentage
Strongly agree	12	30
Agree	10	25
Not sure	04	10
Disagree	08	20
Strongly disagree	06	15
Total	40	100

Source: primary data, 2012

**Figure 9; Responses on whether every employee has to undertake his or her assignment with the view of seeing the organization better**



Source: Primary data, 2012

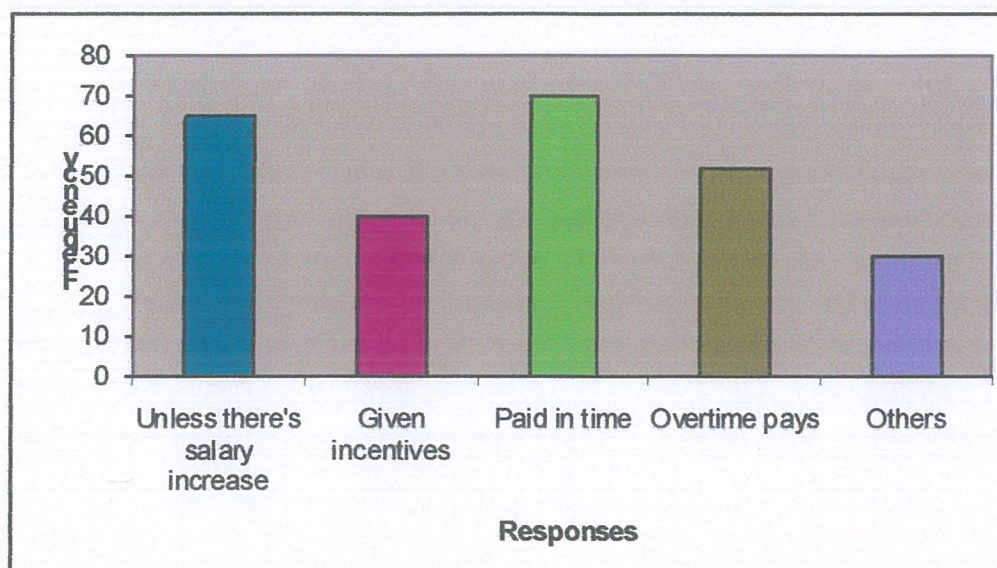
An assessment on whether every employee has to undertake his or her assignment with the view of seeing the organization better was as follows; 30% of the interviewees strongly agreed with the statement, 15% of the interviewees also agreed that assignments are done with the view of seeing the organization better whereas surprising 10% of the interviewees were not sure, 20% of the interviewees disagreed with the objective that assignments are done with the view of seeing the organization better and lastly 25% of the interviewees strongly disagreed assignment are undertaken with the view of seeing the organization better

**Table 12; Responses on whether War Child employees really feel proud of their organization**

Responses	Frequency	Percentage
Unless there is salary increment	26	65
Given incentives	16	40
Paid in time	28	70
Overtime pays	20.8	52
Others	12	30
Total	40	100

Source: primary data, 2012

**Figure 10; Responses on whether War Child employees really feel proud of their organization**



Source: Primary data, 2012

According to the field questions, the biggest percentage of respondents 70% said they are paid in time and they really feel proud at company, 40% of respondents said the company gives them incentives whereas 65% of respondents revealed that unless there is salary increase that's when they really feel proud at company and 50% of respondents also said that overtime pays

**Table 13; Comments on the employee performance in this organization**

Comments	Frequency	Percentage
Poor	5	12.5
Fair	7	17.5
Better	10	25
Good	15	37.5
Excellent	3	7.5
Total	40	100

Source: Primary data, 2012



During the interviews in the field, a good number of respondents were asked to comment on the employee performance of the company and responses were as follows; poor, fair, better which was noted with 12.5%, 17.5% and 25% to note also was that the biggest percentage of the interviewees said the employee performance in the company was good which was shown with 37.5% and the least of them finalized saying that employee performance was excellent and they were noted with 7.5% as shown in the table 5 above.

### **Relationship between compensation and employee motivation**

**Table 14; organization's objectives have been achieved as a result of employee motivation**

Responses	Frequency	Percentages
Strongly agree	8	20
Agree	20	50
Disagree	5	12.5
Strongly disagree	3	7.5
Neither agree nor disagree	3	7.5
Total	40	100

Source: Primary data, 2012

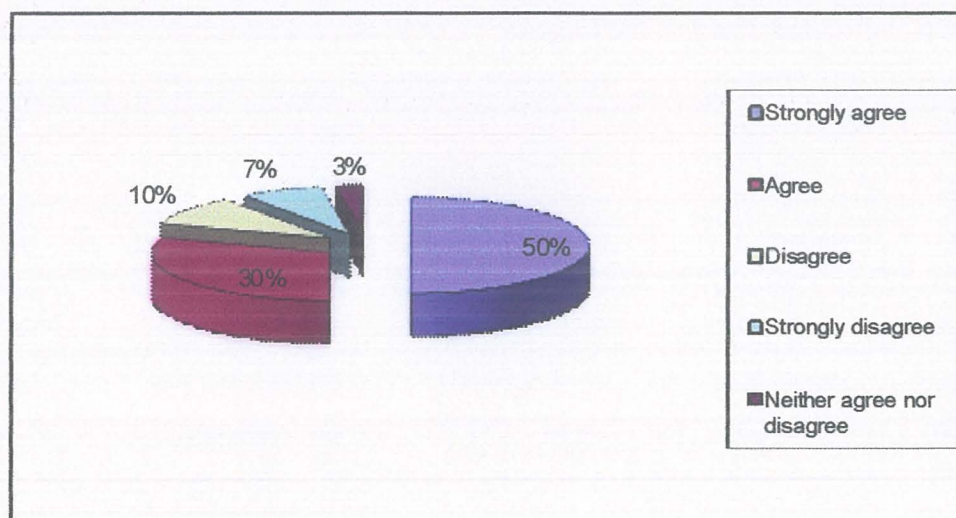
An assessment of 20% of the respondents attributed that the organization's objectives have been achieved as a result of employee motivation. Whereas the biggest percentage noted with 50% of the interviewee also agreed that the objectives of the organization had been achieved and surprisingly 12.5% of the interviewee disagree with the statement and said that the organization has not achieved as result of employee motivation, similarly to that also a group of respondents responded strongly disagreeing that the organization's has totally achieved nothing as a result of employee motivation which was noted with 7.5% respectively.

**Table 15; I have a positive attitude towards increased productivity as a result of employee motivation**

Responses	Frequency	Percentage
Strongly agree	20	50
Agree	12	30
Neither agree nor disagree	1.2	03
Disagree	04	10
Strongly disagree	2.8	07
Total	40	100

Source: primary data, 2012

**Figure 11; I have a positive attitude towards increased productivity as a result of employee motivation**



Source: Primary data, 2012

Skepticism arose when this question was asked during the field study where interviews were conducted from, where by the biggest percentage of the employees strongly agree with the statement which was noted with close to 50% of the respondents, this was followed by 30% of the employees who also agreed with the statement whereas

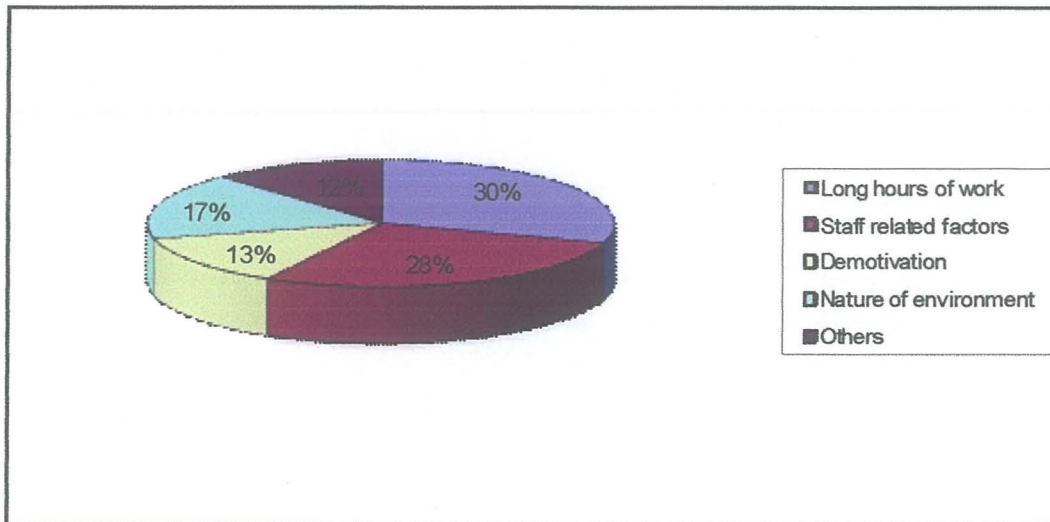
surprisingly the other group of the employees disagreed as one of the employees was quoted to have said “I have a negative attitude towards increased productivity as a result of employee motivation” which was noted with 10% and similarly 8% strongly disagreed, with finally only 3% neither disagreed nor agreed in other words they were neutral to the statement.

**Table 16; other factors that affect employees’ other than compensation**

other factors	Frequency	Percentage
Long hours of work	12	30
Staff related factors	11.2	28
De motivation	5.2	13
Nature of environment	6.8	17
Others	4.8	12
Total	40	100

Source: primary data, 2012

**Figure 12; other factors that affect employees' other than compensation**



Source: Primary data, 2012

Among the factors that affect employees' other than compensation ranged from; the biggest attributed to long hours of work at times as represented by 30% in the figure above, followed by 28% of the respondents who said that staff related factors like discrimination, females being harassed by males employees, then 17% emphasized on the nature of environment sometimes does not favor employees and 13% represented respondents who said that de-motivation for instance some employees have stayed with the organization for many years without salary increment and lastly, 12% represented those who said others like personal factors, family factors, cultural factors i.e. working on Saturday when you are an advent as portrayed in the figure above.

## **CHAPTER FIVE**

### **SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter mainly dealt with summary of key findings, conclusion and recommendations related to compensation and employee motivation in an organization drawn from the finding and analysis made after conducting the study. The compensation aspect was characterized by salary, benefits and incentives while employee's motivation was characterized by self-drive, was toingness to work and motive/desire.

#### **5.1 Summary of the key findings**

The summary of the findings were presented in accordance with the research objectives of the study as follows; The first objective was to assess the effects of benefits on motivation of employees in War child Holland The study conducted revealed that the compensation was used when it comes to organization performance. Most of the respondents expressed that if War child Holland had a good working condition and employee performance spirit amongst the workers, there would be improved organization performance. It was also noted that compensation affected organization performance.

Examining the effects to pay on motivation of employees in War child Holland was the second objective of the study and the outcome of the study indicated that employee performance improved organization performance, and this was mainly on the type of work done. Respondents said that the performance remained low if there was low pay.

Respondents noted that employee performance should be emphasized in order to realize better organizational performance, also to note was that incentives which is related to performance should be given to every worker supporting the campaign of improved compensation.



According to the answers received, the study revealed that employee performance had a two folded impacts on organization performance. This means that most of the respondents agreed to the fact that they were working and committed to the organization's objectives but when it comes to organization performance they had different views that employee performance improved organization's performance while for others it meant nothing to them and the organization.

## **5.2 Conclusions**

In accordance with the first objective of the study which was to asses effects of benefits on motivation of employees in War child Holland the researcher concluded that indeed employee performance had a positive impact when it comes to organization performance War child Holland. This is contrary to what the researcher had learnt in class about poor methods of compensating labor does not result into improved organizational performance. The analysis made revealed that employee performance had a great importance attached to it that even some employees decided to quit due to related employee performance issues.

It was found out that the two are related in way that organizational objectives have been achieved as a result of employee performance, War child Holland has got many branches all over the country due to employee performance among its employees. Also it was noted by the researcher that the standards of living among the employees had improved as a result of increased productivity brought about by employee performance.

## **5.3 Recommendations**

In accordance with the findings and conclusion of the study of the researcher findings it was vital to make the following recommendations which could help in bringing about a positive change in regards to employee performance on company performance.

War Child Holland should encourage employee motivation as system which was to put into consideration about the type of work an employee is doing, level of education, the

skills needed to execute such tasks among many. This was to improve on the organization performance.

The organization should realize that all employees have to work in a team for example groups and not individually. Since employee motivation increases productivity, saves time as far as decision making is concerned. With this all the top managers, administrators, auditors and supervisors should all be involved to ensure increased organization's performance.

Employee motivation which is related to performance of an employee should continue being administered because they have shown a positive impact on the organization performance. However, the Human Resource manager should ensure that the system is consistent and should explain the employee motivation policy program to all employees for them to be aware of what to do in order improve on the organization performance and hence increased productivity.

#### **5.4 Further research areas**

Impacts of compensation being wide and vital areas in as far as organization performance is concerned, the researcher cannot claim that he has exhaustively and accurately looked into this area. This is because of the limitations by the scope of the study and therefore the areas below could warrant further research.

The above completed study mainly followed on the effects of compensation and employee motivation in War child Holland Gulu district. However, it was discovered that not only employee motivation could be used to improve organization performance at War Child Holland but also factors like management styles, working environment for the employees, good communication and many others but not only narrowing down to employee commitment.

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## APPENDIX I: QUESTIONNAIRE

### Introduction

I am Komakech Francis, a student of Kampala International University, from the College of Applied Economics And Management Science, Human Resource Department, doing a research on the effects of compensation on employee motivation; As part of the requirements to fulfill the award of a degree am requested to write a report therefore, the information provided will be purely for academic purposes therefore request for a few minutes of your time to answer the questions below. Thank you.

Yours sincerely

.....  
Komakech francis

BHR/26016/111/DU

RESEACHER.

Research questionnaires

BIO-DATA

i) Name

ii) Sex

Male ☐

Female ☐

iii) Non categorical binary variables

Categorical

binary variables

1. Age: \_\_\_\_\_

iv) Marital status

(a) Single ☐

(b) Married ☐

(c) Cohabiting ☐

(d) Widow ☐

v) Service in the company: \_\_\_\_\_

vi) Contract of service: \_\_\_\_\_

vii) Job security

(a) Contract ☐

(b) Non contract ☐

(c) Neutral ☐

viii) Appointment letters: \_\_\_\_\_

(iii) Question

d War Child Holland has a Sound Compensation System	Agree	Disagree	Neutral

(a) Agree

☐

(b) Disagree

☐

(c) Neutral

☐

(d) Strongly agree

☐

(e) Strongly disagree

☐

(i) How do you find compensation system of war child, Holland?

Good ☐

Bad ☐

(ii) Why do you think is good or bad

(iii)

Paid in time ☐

Not paid in time ☐

## APENDIX II

Table-17: Time frame

Month	Period	Days
3 months	From June-September	Monday-Friday

## APENDIX III

Table 18 : Budget

ITEMS	AMOUNT
Typing and Printing	15,000/=
Writing materials	5,000/=
Transport	25,000/=
Others	30,000/=
Total	75,000/=