

REWARD AND EMPLOYEE PERFORMANCE: A CASE STUDY OF  
NASANA TOWN COUNCIL WAKISO DISTRICT.

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A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS AND  
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UNIVERSITY


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## DECLARATION

I KAYIREBWA DIANA hereby declare that this is my original work and has never been presented for award in institution of learning.

**BHR/10102/81/DU**

SIGNATURE.....

  
13-july-2011

## APPROVAL

I approve that this research has been under my supervision and it is ready for submission to the school of Business and Management as a requirement for the partial fulfillment for the award of a Bachelor's degree in Human Resource Management of Kampala International University.

Name of supervisor,

**MR.WANDIBA AUGUSTINE**

SIGNATURE.....

DATE...15/07/2011.....

## **DEDICATION**

I dedicate this work to my husband Mr. Kakaire William, my parents Mr. and Mrs. Rwiyamirira Celestine and my son Kakaire Christiane for their financial and moral support love and advice they rendered to me during the pursuit of my education.

## ACKNOWLEDGEMENT

First and foremost, praises and thanks be to the almighty God for giving me a sound mind and energy throughout this research.

I am highly indebted and thankful to my committed supervisor Mr. Wandiba Augustine for his intellectual and academic guidance that has enabled me in as far as this research is concerned.

My appreciation also goes to my lecturers and fellow course mates for their wonderful support and contribution towards my success.

## ABSTRACT

The study was about reward and employee performance in Nasana Town . The problem was that the reward system in Nasana town council is not fair hence it may have affected performance. Study purpose was to establish the relationship between rewards and employee performance in Nasana town council.

The study objectives were to: identify the forms of rewards used, establish the effects of rewards on employee performance and to establish the possible solutions to the problem of poor rewarding systems in Nasana Town council, Wakiso district.

Both qualitative and quantitative research designs were used in the course of the study.

The study findings showed the following: There is use of both financial and non financial rewards however; the mostly used one is financial rewards.

The use of rewards had significant effects on performance of employees in Nasana Town council ,Wakiso district. Through the study, it was discovered that there should be a sound system in Nasana Town council, to make the employees perform better at the work place.

In conclusion both financial and non financial rewards are used in Nasana Town council, Wakiso district. It was discovered that rewards have both positive and negative effects on the performance of employees in Nasana Town council, the solutions to poor rewarding systems in town council is through consideration of payment according to the level of education and having equitable system of payment.

The study recommendations were, Nasana Town council should introduce payment system based on the level of education that an employee has attained, equitable system of paying employees for better performance. It should consider also other factors such as seniority of an employee, performance of an employee due to the effort invested into task accomplishment, age and family background

## TABLE OF CONTENT

Declaration.....	i
Approval.....	ii
Dedication.....	iii
Acknowledgement.....	iv
Abstract.....	v
Table of Content .....	vi
CHAPTER ONE.....	1
1o Introduction.....	1
1.1 Background of the study.....	1
1.2 Statement of the problem.....	3
1.3 Purpose of the study.....	4
1.4 Research objectives.....	4
1.5 Research questions.....	4
1.6 The scope of the study.....	4
1.6.1 Geographical scope.....	4
1.6.2 The content scope.....	4
1.7 Significance of the study.....	4
CHAPTER TWO.....	6
LITERATURE REVIEW.....	6
2.0 Introduction .....	6
2.1 Theoretical frame work of the study.....	6
2.2 Conceptual frame work.....	7
2.3.1 Forms of reward.....	8
2.3.2 Effects of rewards on employee performance.....	10
2.3.3 Solutions to problems of poor rewarding.....	13
CHAPTER THREE.....	15
METHODOLOGY.....	15
3.0 Introduction .....	15
3.1 Research design.....	15
3.2 Study Population.....	15

3.3 Sample Population .....	15
3.4 Sampling procedure.....	16
3.5 Source of data.....	16
3.6 Data collection.....	16
3.6.1 Questionnaires.....	16
3.6.2 Interviews.....	17
3.6 Research procedure .....	17
3.7 Data analysis.....	17
CHAPTER FOUR.....	18
DATA PRESENTATION, INTERPRITATION AND ANLYSIS.....	18
4.0 Introduction.....	18.
4.1 Forms of rewards used in Nasana town council.....	19
4.3 Solutions to problems of poor rewarding systems in Nasana town council.....	21
CHAPTER FIVE.....	23
DISCUSSION FINDINGS, CONCLUTION AND RECOMMENDATIONS.....	23
5.0 Introduction.....	23
5.1 Discussion of the findings.....	23
5.2 Conclusion.....	24
5.3 Recommendation.....	24
5.4 Limitations of the study.....	25
5.5 Area of further research.....	26
REFERENCES.....	27
APPENDICES.....	29
Appendix 1.....	29
Time frame of the study.....	29
Appendix 11.....	29
Budget of the study.....	29
Appendix 111.....	30
Questionnaire.....	30
Appendix 1v.....	33
Interviewguide.....	33



## **CHAPTER ONE**

### **1.0 Introduction**

This chapter consists of the following background of the study, statement of the problem, purpose of the study, research objectives, and scope of the study and the significance of the study

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

Reward is a type of pay individuals or employees receive in exchange for performing organizational tasks that one is entitled to do –in most organizations in the world, reward is seen as a way of compensating workforce who contribute to the achievement of organizational goals. Also it is seen as a means of creating a way an organization can achieve its desired out comes (Milton L. Pock, 1991)

In countries like Australia, rewarding employees is viewed as a means of creating an environment that stimulates those employees in their jobs and improves on the organizational growth. It is therefore important to note that rewording system in an organization is the key aspect that leads to employees being fostered to perform high so that the organization achieves it goals and objectives.

According to (kreiter, 2004) Reward is defined as the material and physiological payoffs for performing tasks in the work place, managers have found out that proper administering of rewards improves performance. According to the Griffin (2002) puts it that “rewards system is the formal and informal mechanisms by which employee performance is defined, evaluated and rewarded. According to (Griffin and Moorhead 1986) presents a reward as the incentives (salary, promotion, and public recognition) used by companies to provide positive reinforcement for desirable behavior.

Rewacr d system refers to one of the major set of human resource management activities that serve the strategic purpose of attracting , motivating and retaining in the organization. The wages paid to employees are based on a complex set of forces beyond the body of laws governing compensation (Bateman and Snell, 2002)

According to Daft, (2000) performance refers to the organization ability to attain its goals by using resources in an efficient and effective manner. The ultimate responsibility of managers is to achieve high performance.

Employee performance also is defined as the way in which an activity is accomplished in particular level of standards, to which a task is to be accomplished. It can be adopted, carried out or achieved within the working environment (Thomas, 1995)

(According to Robbins, 1998) Employee performance refers to the ability and effort achieved in terms of quality and quantity productivity by an individual and the organization in general towards the set goals and objectives

Employee performance refers to how well an employee is doing a job in relation to the set standards of the organization. If the performance is low then it means that an employee put less effort in doing the job but exhibition of high effort leads to high performance (Dalton, Holyle, 2000)

Rewards in the whole world are looked at as the fundamental part of the employment relationship in organizations and its employees.

Rewards try to align individual goals with cooperate objectives and provides return for the individuals contributions (Meshane and Glinow 2003) this concept of rewarding employees can be found across cultures. Organizations distribute rewards in exchange for employee's availability, competencies and good behaviors.

In African perspective of understanding rewards give meaning and significance to goals of the organization. The ultimate improvement in performance in any organization is based on the proper rewarding of the employees. (Daft 2000)

In Uganda there are numerous organizations that have adopted the system of rewarding employees especially high performance. This system of rewarding employees has led to

development of organizations, increased productivity, reduced labour turn over and has reduced strikes (conflicts between employees absenteeism at the work place leading to high performance in their respective areas of operations. according to daft (2003) the ultimate responsibility of managers is to achieve high performance, which is the attainment of organizational goals by using resources in the efficient and effective manner. Organization s adopted the system so as to achieve high performance including Nasana town council, Wakiso district.

In regard to Nasana town council, employees in this organization work hard but in return, they are not rewarded properly. Most organizations try to reward their workers fairly including Nasana town council as earlier stated

The idea of researching about this topic was developed after the researcher had heard serious argument that was characterized by abusive and unfriendly bitt

r words that were not building the image and reputation of the organization these people were employees namely (Muhindo Jefferson and Melda Joy) in their words they were claiming that the organization was not fair to them in terms of rewarding employees in general compared to the efforts they put in while performing organizations activities assigned to them.

Basing on the above argument, the researcher was able to quickly identify that, the organization had not clearly known that there's a relationship between proper rewarding and performance. From the argument that was heard, the employees above were no longer willing to work with the organization. Therefore it was from this such situation that the researcher developed the interest of researching on reward and performance in an organization. The researcher had clearly seen that unfair reward system would lead to low performance of Nasana town council, Wakiso district.

## **1.2 Statement of the problem.**

In organization , it is important having reward system that are fair as emphasized by many scholars to improve on the performance of employees but some of the organization s such as

Nasana town council have failed to practice a fair rewarding systems as expected by the employees. (Jefferson 2010)

In regard to Nasana town council, Wakiso district, employees have totally been not rewarded fairly, this may have affected the performance and productivity (Joy 2010)

### **1.3 The purpose of the study**

The purpose of the study is to establish the relationship between rewards and employee performance.

### **1.4 Research objectives**

The following are the research objectives:

1. To identify what forms of rewards are used in Nasana town council.
2. To establish the effects of rewards on employees performance in Nasana town council.
3. To establish the solutions to the problems of poor rewarding system in Nasana town council.

### **1.5 Research questions**

The research questions are;

1. What are the forms of rewards used in Nasana town council?
2. What effects do rewards have on employee's performance in Nasana town council?
3. What is the possible solution s to the problem of poor rewards system in Nasana town council?

### **1.6 The scope of the study.**

#### **1.6.1 Geographical scope**

The study will be carried out at Nasana town council, Wakiso district in central Uganda

#### **1.6.2 The content scope.**

The study will be focused on rewards and employee performance

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

The study will be useful in the following ways;

- Help the management of him a cement factory and other different organizations adopt the suggested forms of rewards that can be used to achieve higher performance.

- Help different researchers who would like to identify the effects of proper rewards on employee performance.
- Help the researcher reach the required standards of attaining his academic qualifications since research is part of the requirement that he must fulfill before graduation/ attaining a bachelors in human resource management.

## **CHAPTER TWO**

### **LITERATURE**

#### **2.0 Introductions**

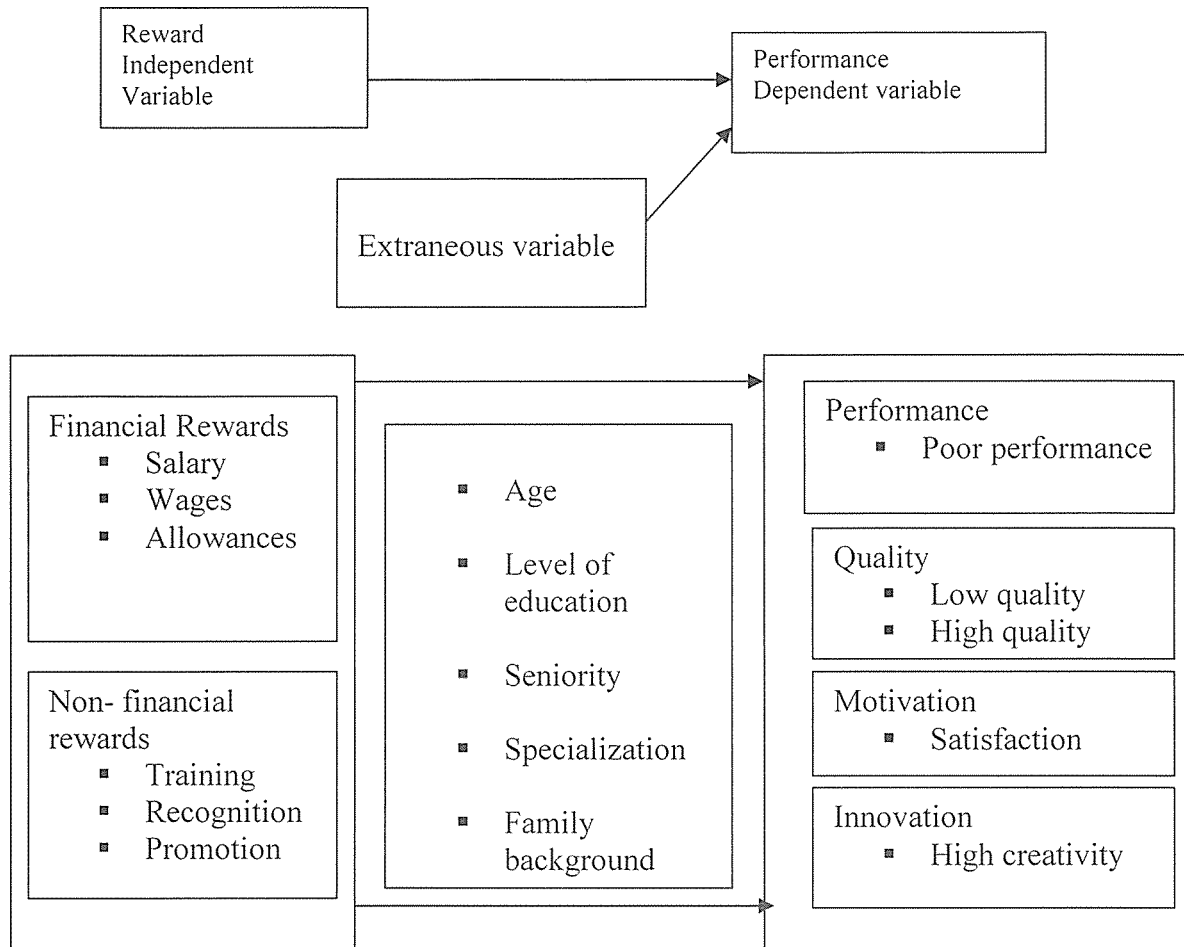
The chapter will review related literature and scholars and researchers views and ideas, theoretical frame work of the study, the conceptual frame work, forms of rewards, the effects of rewards on employee performance and possible solution in organization. The researcher will collect data using secondary source of data such as text books, internet and other sources that may provide relevant information.

#### **2.1 Theoretical frame of the study.**

In the course of the study, expectancy theory as put forward by Victor v Room will be used as a guide. This expectancy theory of motivation predicts that one's level of motivation to work depends on the attractiveness of rewards sought and probability of obtaining those rewards In practical terms, expectancy theory says that an employee will be motivated to exert high level of effort when he she believes that it will lead to good performance appraisal rewards like, salary increase or a promotion and that the rewards will satisfy employees personal goals. Expectancy theory holds that , employees will give maximum effort if it will be recognized in their performance appraisal , if good performance will lead to attaining organizational rewards and they will perform better when the towards they will get is valued by employees

Expectancy theory has relationship with pay for performance model which predicts that first high effort will leased to high performance .also that high performance should result in rewards that are appreciated or Valued.

## 2.2 Conceptual Frame work



Source: Bohlander, G. Snell; and Sharman

The conceptual frame work above shows the great relationship between dependent and independent variables. Reward is the independent variable; reward is in two forms that is financial rewards such as salary, wages and allowances and financial rewards recognition, promotion and training. The dependent variable is performance which is as a result of rewards. The rewards of employees have a positive effect on their performance. There are also extraneous variables such as age, seniority, level of education and family background which have also influence on employee performance and it is also important, because it leads to high performance of employee

### 2.3 Forms of rewards.

There are two forms of rewards that can be used in an organization to make employees perform high, these are: financial and non financial

Financial rewards: This refers to a reward given to workers in terms of monetary value such as wages, bonuses salaries allowances commission, these cover the basic needs to survive on and also to pay bills and have a feeling of stability and consistency. (Ivancevich, 2001). These include;

Wage: this refers to the remuneration paid by the employer for the service of hourly, daily, weekly and fortnightly employees; it also means that remuneration paid to production and maintenance or blue color employees.

Salary: is defined as the remuneration paid to the clerical and managerial personal employed on monthly or annual basis, it boosts performance of employees if paid as agreed.

Allowances: these are financial rewards employees receive due to work related disturbances such as travel allowances, medical allowances, lunch allowances and accommodation allowances while performing organizational duty (Scheermerhorn, 1996)

Commission; this is a financial payment to the employees by the employer based on the proportion to the items that an employee sold (Bartol and martin 1996) if the employees was able to sell much than the commission increase.

Profit sharing; This refers to the system where by employees receive apportion of the company's profit depending on the company profit may be distributed quarterly, semiannually or annually (Mescon,B 2002).

Bonus: It refers to cash payments to employees in addition to the regular wage or salary which h serves as a reward for achievements. Employees feel happy or motivated when they are given bonus; this improves on their performance at the work place.



Incentives; It refers to the cash payment to workers who produce at a desired level or whose unit (often the company as a whole produces at a desired level of production or profitability). In other words, achievements, not activities are made the basis for payments to the employees. (Byars and Roa, 1991)

Award; This is one of the time reward received and it is tangible rewards for better performance by an employee in the organization. Such award may be in form of house offer, car, laptops and television (Cole, 2002)

Peace work payment: this is a type of payment from an employer to employees for the work done at a unit cost as assigned to be done, the payment is made after the completion (Colanders and Snell, 2004).

Non financial rewards: this refers to rewards given to the employees which is in non monetary value or terms and these include retirement and pensions plans health and life insurance, company car for transport, health care services entertainment services and employee recognition for their contribution, feed backs. (Stephen, 1996)

Non financial rewards is the most important of which is probably job satisfaction, a feeling of completing challenges.

Recognition of employees; this is a tool that reinforces and results into the most important outcomes people create for their business. Effective employee recognition system is simple, immediate and powerful reinforcing (Adelaide, 2006)

Training employees, this one of the best non financial rewards, companies have adopted the system of allowing employees time off job attend workshop, seminar or a teaching classes. (Longnecker and Nicole, 2004)

## **2.4 Effects of rewards on employees' performance**

The following are positive effects of rewards on employee performance in Nasana town council, Wakiso district

Organizational culture and values – implementation of a clear rewards system in organization, improves on the organization culture and values. The behaviors and actions that are valued can be experienced among the employees of the organization, with the realization of such behaviors, the organization improves in performance (power of praise)

Employee motivation; Good rewarding system in an organization, motivates workers, they are able to spur their potential towards the achievements of the organizational goals.

Effectiveness and high productivity; employees in any organization become effective in their performance basing on the rewards system in progress if the system is good then employees enjoy thus performance perform high. (Bohlander et al, 2001)

Innovation and creativity, innovation refers to a new idea applied to initiating or improving a process, product or service, good reward system of an organization result into innovation and creativity by the employees. Thus high performance (Bartol and Martins 1998)

Reduction in the rate of labor turnover; in organization high reward employees, the rate of labor turnover is low. An organization that does not experience high rate of labor turn over performance is good (Gomez Balkin and Candy 2001) commented that high turnover rate compared to industrial standards is often a system of problems within the organization.

Reduced rate of employees absenteeism; employees who are highly rewarded not absent themselves for the organization work. Reduced rate of employees absenteeism lead to high performance thus there is appositive effect on the performance (Griffin, 1999) commented that” the important concern of an organization is to minimize absenteeism.

Utilization of available resource; this refers to the situation in which the available resources can be optimally utilized to accomplish the organizations work in order to achieve the aims and objectives

Promotion of team work. Properly rewarded employees work in teams and groups. This allows them to share ideas that are beyond ones understanding, this comes as a result of brainstorming new ideas that are important in the process of developing the organization (Cook and Hunsaker 2001)

Computability of employees; Employees who are rewarded systematically become competent in the organization, they are able to perform well basing on the rewards received from the employers. In a accordance to (Robbins and Decenzo2001) men and women will exercise self direction and self control if they are motivated.

Creation of good industrial relation fair rewarding of employees leads to good relations with the employer. Good relation enhances the spirit of sharing through involvement and participation as a result, organizational productivity improves.

Decision making and implementation, important to note is that “a decision is a choice among alternative courses of action for dealing with a problem, a problem in turn, is a difference situation.(Schermerborn 1993) god rewarded employees involves the decision making so as to solve the problem and reach a desired goal for an organization.

Attaining organization goals systematically rewarded employees play a big role in making sure that the organization attains its goals and objectives. (Williams 1995)

Increases stress, Stress refers to a situation in which h an individual physiologically and emotionally responses to stimulates physical or psychological demands on the individual and create uncertainty and lack of personal control when important outcomes are at stake thus poor performance (daft 2000)

High labor turn over this refers to a situation in which the employees join and leave the organization due to unfavorable conditions in the organization. Poor rewarding system results into high labor turn over, high labor turn over rate compared to industrial standards is often a symptom of problems within the organization (Gomez Mesia Balkin and Cardy, 2001)

Increased rate of strikes, lack of well established standards of rewarding system results into strikes and conflicts. These leave the organization disorganized and reduce on employee commitment at the work place. Thus performance reduces in terms of both quality and quantity of productivity for an organization.

Poor relation between employer and employees, unfair rewarding system creates a negative effect on the relations between employers and employees. An employee relation covers a wide range of issues such as negotiation of a written contract concerning pay hours. And for other terms and conditions of employment. When the relation is poor such will not be there thus reducing of competence and performance of employees. (Ivanvich 2001)

Absenteeism and earlier departure, this refers to a situation in which employees are reluctant to be fulltime at the work place. Poor rewarding system as administered by the organization lead employees being absent and also depart earlier. This ends up in reducing the performance thus a negative effect.

Lack of decision implementation, important to note is that employees need to have a sense of belonging in order for the organization to develop and form high but if the organization has failed to reward employees properly, the sense of belonging in employees is killed thus reduced in time dedication to work for the organization

Poor image and reputation of the organization, bad reward system can damage the health and well being of the organization because if the reward system of the organization regard unfair and low market standards, employees unions can organize for strikes and stay away from the work place (Beach 1980).

### **2.3.3 solutions to the problems of poor reward system**

Implementation of system of scientific payments, the system of scientific payment of employees should be used. It refers to the payment of employees after the evaluation of the job given to determine the relative worth of the job, in job evaluation, methods such as job classification method can be used to determine the worth of the job. (Schuler, 1995)

Compensation system of rewarding employees, this refers to the assessment of employees' contributions towards the organization, it is done to distribute fair and equitable rewards in exchange for their contributions, the rewards can be both direct and indirect, the performance based pay indirect compensation is the private protection programs, paid leave and health care services (Schuler 1995)

The system of pay fairness, this system involves paying workers what they believe they deserve to be paid in relation to the work done. It can also be called internal equity pay. The tendency is for people to determine what they and others deserve to be paid by comparing what they give to the organization with what they get out of the organization (Schuler 1995)

Consideration of external equity, it is important to note that for the organization to consider external equity, external equity means paying workers in comparison with how much other organizations are paying for the same job. This makes the employees feel comfortable in the organization and perform high (Schuler 1995)

Consideration of cost of living, this is another factor that has to be considered, when the cost of living is high and the organization considers it in rewarding employees, it portrays that the organization is having an equitable pay system that attracts more employees into the organization thus high performance (Bohlander and Snell, 2001)

Nature of job consideration in payment of rewards the nature of job should be considered, this is because there are direct jobs which are paid differently from the others as a result of tasks attached to each job. In such considerations, the workers of the job feel satisfied for the job thus perform high. (Schermerhorn, 1996)

Individual pay system this is a consideration in the payment based on how much knowledge and skills an employee contributes or the job that he or she occupies. It motivates and improves performance (Gomez-Mejia, Balkin and Cardy, 2001)

Provision of job security this is an important aspect in lives of employees. Proper rewarding of employees, proper rewarding of employees is part of job security and a sign that the employers appreciate the services rendered by the employees. It creates a sense of belonging in the employees once the job is protected.

Proper performance appraisal system, this is where by the employees are made aware about how they are performing and rewarding them in regard to the performance and expectation. It is discussed with employees who fail to perform up to the required performance standards and receive similar rewards (Schermerhorn 1996).

Delegation of responsibilities with rewards, employees should be delegated responsibilities and be rewarded after performing them. It helps employees acquire more skills and also develop a sense of belonging for the organization thus it improves on performance (Scheler 1995)

Open system of communication. An open communication between management and employees results into job satisfaction. It increases interaction between management and employees themselves relate well and share ideas through brainstorming leading to high performance (Scheler, 1995)

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introductions**

This chapter presented a detailed description of methodology that was used in data collection, it includes the research design , area of the study , study population, source of data, sampling procedure, data collection instruments ,research procedure and data analysis.

#### **3.1 Research design**

In carrying out the study, the researcher used a case study to help in gathering the relevant information about the research problem. Under this research design, information was got from respondents who were workers from the area chosen.

#### **3.2 Study Population.**

The study will involve 150 employees of Nasana town council, Wakiso district. The respondents will include; town clerk, technical staff and heads of departments.

#### **3.3Sample Population**

The sample population will be 60 employees of Nasana town council who included the Town clerk, the technical managers, and heads of department's especially human resource, finance and production departments. The sample selected included both men and women irrespective of religion, age, and tribe. This was done to help the researcher get relevant information or data about the research problem.

### **3.4 Sampling procedures**

The researcher used simple random to select the respondents who helped him to get the information or data about the study problem. Under this sampling procedure, each member of the targeted population had an equal chance of being included in the sample.

Also stratified procedure was used, under this subgroups in the population were selected to form a sample. This was done to help the researcher get data from different sub groups which reduced gathering false information about the research problem.

### **3.5 Source of data**

The researcher used both primary and secondary data. In primary source, the researcher reached the area of study and collected the information from the employees of Nasana town council.

Also in the secondary source the researcher reviewed other authors' literature in relation to problem of study.

### **3.6 Data collection**

The researcher used questionnaire and interview methods as the main tools for collecting data. Under questionnaire method, the researcher had to set questions about the research problem and send them to the respondents so as to read, interpret and attempt them in writings. This was suitable for the researcher because information needed was described by the respondents in writings, also interviewing method was used by the researcher to collect information that can not be directly observed or are difficult to put down in writing.

#### **3.6.1 Questionnaires**

This refers to asset of printed questions addressed by the researcher to the respondents for them to answer and then return them back. The researcher personally administered the questions to the respondents and collected them after a set interval of time. The questions comprised of open-ended and closed- ended questions that required respondents to answer all questions to the best of their knowledge.

The researcher chose to use questions because they were cheap, quicker to cover many respondents, they were free from interview bias, and gave accurate information because respondents took their time to answer the questions.



### **3.6.2 Interviews.**

The researcher used interviewing questions which were both structured and unstructured for respondents to answer in Nasana town council. The interview questions centered on the effects of rewards on the performance of employees in him a cement factory. The researcher chose to use this method because it allowed interactions with the respondents that make clarification of some questions to the respondents possible.

### **3.7 Research procedures**

The research sought for an introductory letter from Kampala international university school of business and management to Nasana town council to allow the researcher to conduct this study . The respondent were given information on how to go about with the questionnaire filling process and same questions were asked by the respondent where by necessary clarifications would be done by the researcher.

### **3.8 Data analysis**

The researcher used correlation as a technique of analyzing data. Under this technique, the researcher measured the degree of association between two or more variables that had been obtained from the same group of subjects. Using the two groups, the researcher was able to describe variables interns of magnitude and direction. Also after collection, only correctly filled questionnaire were edited and coded and analysis was done by use of frequencies, percentages and then true findings were presented using pie charts and tables.

## CHAPTER FOUR

### INTERPRETATION, ANALYSIS AND PRESENTATION OF DATA

#### 4.0 Introduction

This chapter presents data interpretation, analysis and presentation. It mainly summarizes key issues from the theoretical and literature review. The systematic analysis was done on regard/accordance with the research study objectives and study variables which are reward and employee performance.

In the analysis, the researcher used various tools to analyze the data collected such as frequencies and percentages. Also quantitative data presentation techniques were used

#### 4.1 Forms of rewards used in Nasana Town council, Wakiso district.

On this objective, respondents were asked a question what are the forms of rewards used in Nasana Town council, Wakiso district . The response were as in table 4.1

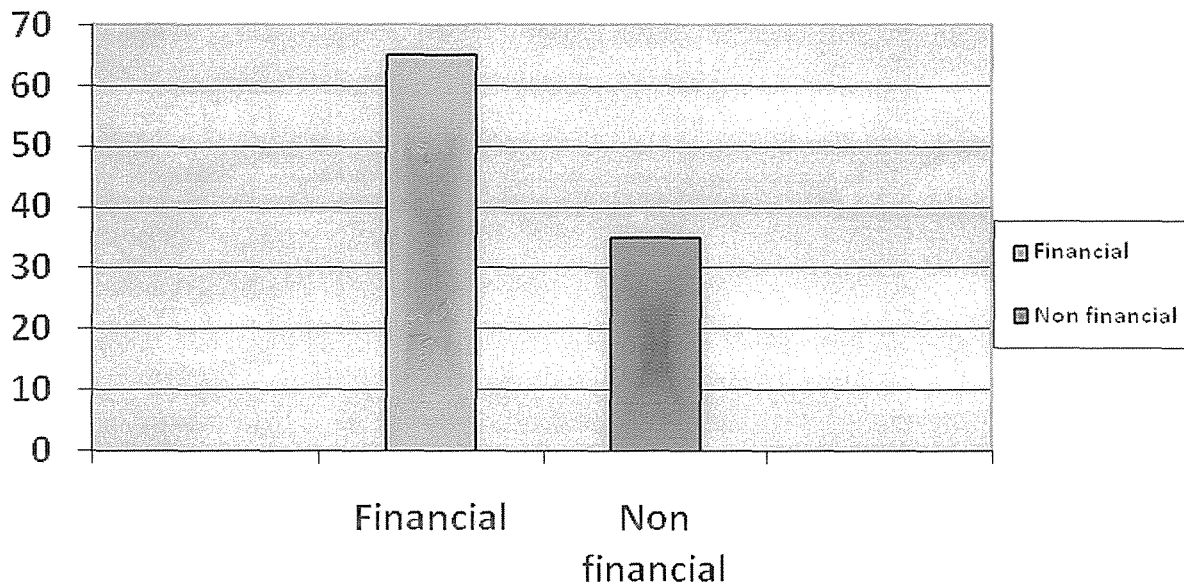
**Table 1, Forms of rewards used in Nasana Town council, Wakiso district.**

Response	Frequencies	Percentages (%)
Financial rewards	39	65
Non Financial rewards	21	35
Total	60	100

**Source: primary data**

The findings in the table above showed that many of the respondents believed that Nasana town council, Wakiso district mostly use financial rewards. This is made clear in regard to the percentages that are shown by the table which are 65% of respondents and 35% of the respondents for financial and non financial rewards respectively. The information in table 4.1 can be illustrated on a bar as on figure (1).

**Figure1. Forms of rewards used in Nasana town council, Wakiso district.**



According to the research study that was conducted, using interviews, the forms that are used in Nasana town council are in two forms that is financial and non financial rewards.

According to the graph provided, 55% believed that there is financial rewards and 45% strongly responded that there is non financial rewards in the organization/company.

#### **4.2 Effects of rewards on employee performance in Nasana Town council Wakiso district.**

On this objective respondents were asked a question, what are the effects of rewards on the employees' performance in Nasana town council. The response were as on table 4.2

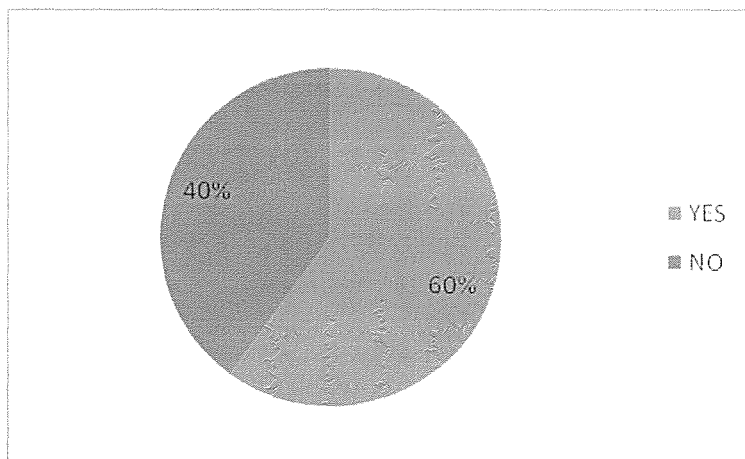
**Table 2 Effects of rewards on employee performance in Nasana town council Wakiso district.**

Response	Frequencies	Percentages (%)
Yes	36	60
No	24	40
Total	60	100

**Source: primary data**

According to the findings, rewards have effects on employee performance in Nasana town council; this is shown by 60% Of the respondents while 40% of the respondents responded with answer no. the information in table 4.2 above can also be illustrated in the pie chart on figure 2 below

**Figure2 Effects of rewards on employee performance in Nasana Town council Wakiso district.**



According to the research carried out using interviews, showed that the reward has effects on the employee performance which are both positive and negative effects. This was found out as follows: 62% of the respondents answered that records have positive effects on employee performance in Nasana town council whereas 38% of the respondents believed that rewards have negative effects on performance in Nasana town council.

### 4.3 Solutions to the problems of poor rewarding systems in Nasana Town council Wakiso district

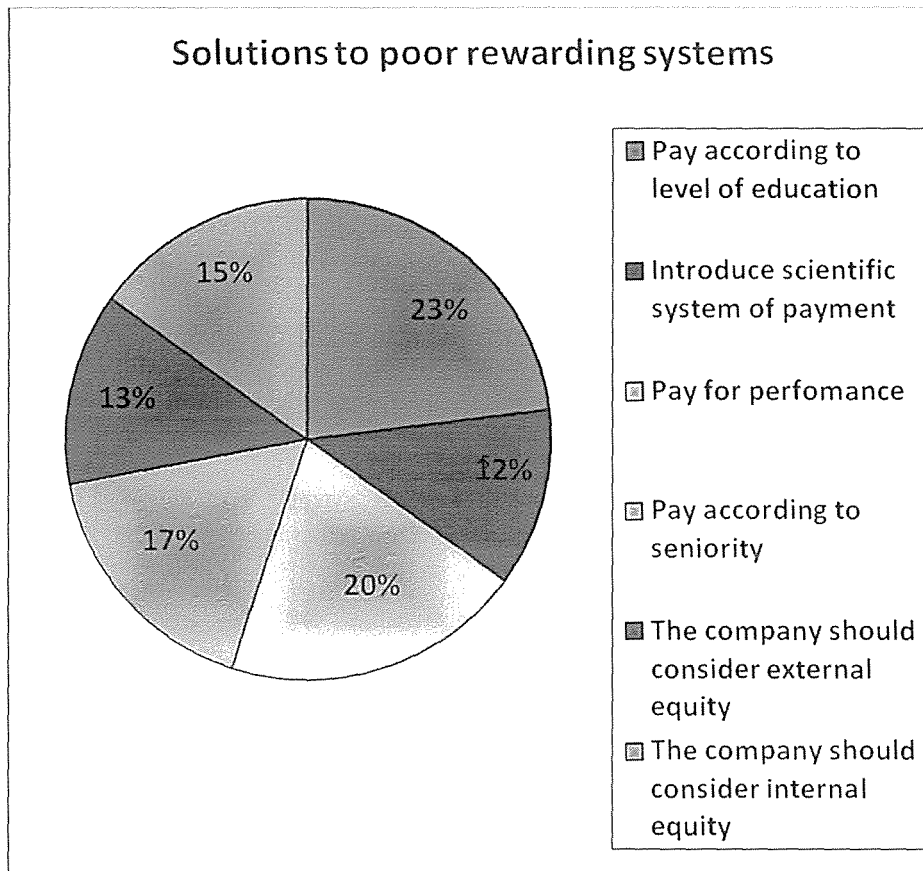
On this objective respondents were asked about the solutions to the problem of poor rewarding systems in Nasana town council. The responses were as follows in the table 4.3

Response	Frequencies	Percentage (%)
Payment according to the level of education	14	23
Introduce scientific system of paying staff	07	12
Pay for performance	12	20
Pay according to seniority	10	17
The company considering external equity	08	13
The company considering internal equity	09	15
Total	60	100

**Source: primary data**

The findings of the study as shown on the table above showed that, the respondents gave ways of how to solve the problem of poor rewarding systems in Nasana town council. Figure 3 below also demonstrate the same. The information in the table 4.3 can be illustrated in the pie chart on figure 3 below.

**Figure 3 solutions to the problems of poor rewarding systems in Nasana Town council Wakiso district**



In regard to the data that was collected using interviews showed that, the problems of poor rewarding systems in Nasana town council can be overcome by adapting the system of paying employees according to the level of education, introducing scientific system of payment, pay for performance, pay according to seniority, the company considering external equity, the company considering internal equity, promotion of employee after training recognition of employees after performance, practicing open door policy and the use of effective means of communication. The following percentages according to the respondents clearly show this, 23%, 12%, 20%, 17%, 13% and 15% respectively.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The chapter covers the discussion of findings of the research carried out, conclusion and recommendations for further research.

#### **5.1 Discussion of findings**

##### **5.1.1 Forms of rewards used in Nasana Town council**

According to the study findings, the forms of rewards used in Nasana town council are both financial and non financial rewards: but the most useful one is financial rewards as said by many respondents, other previous researchers had also reported the same that the company uses both financial and non financial rewards (Mescon B, 2002) and (Snell 2004).

##### **5.1.2 Effects of rewards on employee performance in Nasana Town council Wakiso district.**

According to the research findings, the effects of rewards on employee performance in Nasana town council Wakiso district are both positive and negative effects: the positive effects are reduction in strikes, employee loyalty reduce of absenteeism, reduction in late coming, increase employee commitment and relationship of employees and employers. However, there are negative effects of rewards such as absenteeism, reduced commitment from employees, strikes in the company and labor turnover. This is in relation to the reports from the previous researchers such as Gomez (2001), Bohlander (2001) and Robbins (2001) who also stated that rewards have both positive and negative effects which are employee commitment, employee loyalty, and reduced absenteeism while the negative effects are late coming, absenteeism and increase in strikes.

##### **5.1.3 Possible solution to the problem of poor rewarding systems in Nasana Town council. Wakiso district.**

According to the findings of the research, possible solutions to the problems of poor rewarding systems in Nasana town council are: individual payment system whereby there is consideration of level of education, consideration of internal equity by the company is needed, determination

of the relative worth of the job through job evaluation should be practical, the company should consider external equity, total compensation of rewarding employees which involves the assessment of employee contributions towards the success of the organization and pay them accordingly, finally performance should be considered. Also, this is in relation to the previous researcher's reports, Snell (2001) and (Bohlander 2001) who said in their report that employees need to be paid according to performance level of education, training attained, considering seniority, promote job evaluation and also consider internal and external equity, by doing this in the company, it would solve the problem of poor rewarding systems in Nasana town council.

## **5.2 Conclusion**

The study's conclusion is that, the forms of rewards used in Nasana town council, Wakiso district are largely both financial and non financial rewards. In relation to performance, rewards have effects on performance of employees in Nasana town council, Wakiso district; they are both positive and negative effects. The positive effects are: reduction in strikes, reduction in absenteeism, reduction in late reporting at work place, employee commitment, employee and employer good relation also reduction in labor turnover, however, the negative effects are late coming, absenteeism, high rate of strikes and poor relation between employer and employees. Also, it can be concluded that, the problems of poor rewarding systems in Nasana town council, Wakiso district.

has to be solved by adaptation of using both internal and external equity, carrying out job evaluation to determine the relative worth of the job an employee is doing, payment according to the level of educational standards one has attained, consideration of seniority and finally payment based on employee performance.

## **5.3 Recommendations**

The study recommendations were made in relation to the findings and the conclusion of the study which concluded the following;

Much as the top managers are highly paid, there is a gap between the earnings of the managers and employees. It is important to recommend that there should be equitable reward system to the employees of Nasana town council, Wakiso district.



Nasana town council should consider compensation system of rewarding employees. It involves the assessment of employee contribution towards the organizational success.

Individual pay system should be considered. It also involves the payment based on how much knowledge and skills an employee has attained that leads to high performance.

There should be also promotion of workforce after an employee has attained new skills it satisfies the employee and improve on his/her performance in the organization.

Nasana town council should also use the system of delegation of responsibilities with rewards to the employees. This creates a sense of belonging in them and performs highly.

There should also be rewards based on the profitability of the organization. Here if the profit has been high then employees need to be rewarded more, this makes them satisfied.

There should be also open system of communication about rewards between employer and employees. This makes employees have all the information about their rewarding system in the organization.

#### **5.4 Limitations of the study**

The following were the problems faced during the research study.

- Lack of trust between the researcher and respondents. Most of the employees were not willing to give out information to the researcher. This limited the researcher to collect enough information about the problem.
- There was also transport problem. The researcher made numerous journeys to the area of study which was costly for him.
- There was also a problem of confidentiality, where by some of the information was not supposed to be disclosed to any person, this hindered the researcher to collect enough information.
- Some of the employees also claimed that they were busy. This meant less time would be given to the researcher in gathering information.

## **5.5 Area of further research**

- The effect of remunerations on employee performance
- The effect of reward on employee retention
- The effect of reward on organizational development

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## APPENDICES

### Appendix I

#### *The time frame of the study.*

Proposal	January to February
Data collection	March
Dissertation writing	April
Submission	July

### Appendix ii

#### *Budget for the study*

No	Items	Rate	Amount ug sh
1	Transport	8 weeks 8*12500	100,000=
2	Lunch	6000*8	48,000=
3	Typing and printing	110 pages 100*110	11,000=
4	Photocopying	110 110*100	11000=
5	Stationary	10000	10,000=
6	Miscellaneous	50,000	
	Total		230,000=

**Appendix iii**  
***Questionnaire***

Dear respondent;

I am Kayirebwa Diana a researcher pursuing a bachelor degree in human resource management at Kampala international university. Am conducting a research on the effects of rewards on employee performance. This research will be for purely academic purposes. The findings of this research will benefit Nasana town council, Wakiso district please take time to answer for me these questions. All answers will be treated with total confidentiality.

**Section A. Back ground information**

(Please tick in the most appropriate box or write in the most appropriate space provided).

1. Name of the respondent (optional)

Surname.....

Other name.....

**2. Sex**

Male ☐

Female ☐

3.

Age	
Age group	
18-25	
26-30	
31-35	
36-40	
41 and above	

**4. Marital statuses**

a) Single ☐

b) Married ☐

c) Widow ☐

d) Widower ☐

e) Divorced

☐

5

Levels of education	
Primary	
Secondary	
Professional	
Certificate	
Diploma	
Degree	
Others(specify)	

## SECTION B

6 What forms of rewards are used in Nasana town council?

.....

.....

7 Of all the forms, what are the most used in Nasana town council?

.....

.....

## SECTION C

8 What are the effects do rewards have on employee performance in Nasana town council?

.....

.....

9. Among the effects given of reward system on the workers performance in Nasana town council which are,

I. Positive

.....

.....

II. Negative

.....

.....

**SECTION D**

10. What solutions would you suggest for the problem of poor rewarding system in Nasans town council?

.....

.....

.....

11. Which of the solutions suggested can be used in Nasana town council?

.....

.....

.....

**Thank you for your sincere cooperation.**



## **Appendix IV**

### **Interview guide**

1. What are forms of rewards used at Nasana Town council, Wakiso district?
2. What effects do rewards have on employee's performance in Nasana town council?
3. What solutions would you suggest for the problem of poor rewarding systems in Nasana town council?