# THE EFFECT OF REWARDS ON EMPLOYEE PERFORMANCE IN NON-

# GOVERNMENTAL ORGANIZATIONS OF UGANDA

CASE STUDY: NKOZI HOSPITAL

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#### ABSTRACT

This study was carried out to find out the effects of rewards on employee performance of employees in Nkozi hospital. It was carried out in Nkozi sub-county found in Mpigi district Mawokota south constituency. The study population was the employees of Nkozi hospital and the study focused on getting these workers' views about whether and how recognition, Incentive pay and promotion influence their performance at work.

Literature was reviewed to supplement and support the research findings. The internet and text books were mainly used as major sources of literature. This literature greatly contributed to the study and the findings were compared with the literature.

Questionnaires were used as means of data collection and 30 questionnaires were distributed to the health workers. The data collected was then analysed properly to produce information. The findings of the study indicated that the employees in Nkozi hospital were positively and negatively affected by Recognition, Incentive pay and promotions. The positive effects included: improved employee performance, increased job satisfaction, increased productivity, increased morale for work and increased customer care whereas the negative effects included: decline in performance, job dissatisfaction, and decreased morale for work, high rate of turnover.

The study findings facilitated the recommendations that the research put to the management of Nkozi hospital. They included: training health workers, increasing health workers salaries, caring about workers issues and promoting them where necessary. It finally ends with suggestions to future researchers and what they should focus on when carrying out research in the same field and area of study.

# **Definition of terms**

Rewards: Something given or received in compensation for one's worthy behavior.

**Recognition:** The identification of something or the state of being recognised for something done.

**Incentive pay:** Refers to a wage system that rewards a worker for productivity above an established standard.

**Promotion:** Is advancement in rank or position

**Performance:** The accomplishment of a given task measured against present known standards of accuracy, completeness, Cost and speed.

**Turnover:** Refers to the number of employees leaving the company within a given period of time

**Productivity:** Is the amount of goods and services that a worker produces in a given period of time.

**Morale**: The general level of confidence or optimism felt by a person or group of people, especially as it affects discipline and motivation.

#### **CHAPTER ONE**

#### **1.0 INTRODUCTION**

Rewards are very important in an organisation and therefore need to be studied carefully because when misused they can affect the success of an organization and the challenge to management is to understand what measures to take in order to control the different methods of rewarding employees at the work place. When management is able to control this then employees will be encouraged to improve their performance and increase productivity. Therefore, this chapter provides a brief introduction about the background of the case study (Nkozi hospital), problem statement, purpose and objectives of the study, research questions, the scope and the significance of the study, definition of key terms and finally the conceptual frame work of the study.

# **1.1 Background**

According to Armstrong Michael (2006), Employee Reward is a monetary or non-monetary recognition that an organization provides to its employees in order to express appreciation for good performance or behaviour. Employee reward is usually considered as a concept different from employee compensation (a regular salary), benefits (regular extra options for compensation) and appreciation (saying thanks for specific contribution), so employee reward is considered as a frequent systematic payment or any supportive action that is regulated by appropriate organizational program. He goes ahead to talk about a systematic approach to employee rewarding as a part of corporate strategy which stands for continual rising of the performance level for the whole company, a workgroup, a company unit and individuals. It requires establishing an accurate system of employee performance monitoring. In a more advanced meaning employee rewarding combines the features of all other

remuneration types which are Employee recognition, appreciation and benefits. He further explains that the purpose of employee rewards is that they attract and retain employees.

Beer (2003), starts by asking 'do the non-financial rewards have the same impact with the financial rewards?' he goes ahead to disagree and explains that the non-financial benefit cannot be standing alone, the non-financial only supporting rewards to make the employee satisfied. The non-financial benefit only gives a low motivation to the employee because not all employees are motivated with these rewards, only a few employees get motivated because they have an individual personal goal in the organization. Until this day non-financial rewards can be another way to appreciate the employee for their work. The companies try to make impression to their employee so they will feel that the work environment is very supporting also the companies can fulfil the individual needs for their employees. From the non-financial benefit the employee has a chance to select their own rewards according to the individual needs. Sherk (2007), says that rewards like performance based pay encourages employees to work harder (be more productive) for more pay. He says roughly 50% of salaried workers in United States of America are now in jobs that offer performance pay.

According to John Bratton (1999), when running a company, choosing the proper method of compensating your employees can play a vital role in your company's success overall. One method of compensation that involves paying employees for the work they do instead of paying with a salary or wage rate. He also defines it as a method of compensation employees whereby they are paid depending on how they perform.

According to Lawson and Associates (2000), say that rewards are being implemented by companies' nationwide as means of promoting team work. In fact, the entire concept of a reward for programme is based on the idea that when a group effort is required to obtain rewards, then the individual members of the group will go out of their way to do more than is

required of them. They go ahead to say implementation of a reward program takes time, skill and careful analysis of industry conditions.

According to Everd Maniple (2008), defines rewards as the principle of which is that individuals, organisations and systems perform better when they perceive direct benefit to themselves and their performance varies directly proportionately with the benefits. He goes ahead to say that in Uganda individuals, systems and organisations are not motivated to work harder. If they know that harder work will not bring them extra benefit (remuneration, promotion or professional satisfaction in the case of individuals). There is therefore no incentive for hard work. On the contrary, if there is known or perceived direct benefit for harder work or punishment for poorer work, they will strive to work harder.

Everd Maniple also goes ahead to say that under public service arrangement in Uganda, the three forms of incentive (remuneration, promotion or professional satisfaction) that would motivate health workers are severely curtailed. Regarding remuneration, the salary budget is small and fixed at low levels. Moreover the salaries of health workers are fixed in compensation to other civil servants. In any case, once a health worker is on the payroll, their salary will come at the end of the month, come rain or shine whether they work or not, whether they work hard or less than expected. And those who work harder will get the same as those who work little or not at all hence discouraging health workers to perform beyond their expectations.

Nkozi hospital is located in Nkozi sub-county, in the parliamentary constituency of Mawokota County South, in Mpigi district, in Uganda's Central region. This location is approximately 85 kilometres (53 miles), by road, south west Kampala, on Kampala-Masaka Highway. , Nkozi hospital is catholic founded organization owned by Kampala Archdiocese that governs it through a Board with the help of a managing organization. It is a Private,

Community Hospital, serving Nkozi area and the surrounding areas of southern Mawokota County. The hospital also serves as the nearest and hospital of first choice for staff and students of Uganda Martyrs University located in Nkozi. It was founded by the Sisters of Our Lady of Africa in 1942; so it has been in a total dedication service for over 68 years. In 1994, it was handed over to the Sisters of the I.H.M.R (Immaculate Heart of Mary Reparatrix) as a managing organization who are currently managing it, and it is accredited to the Uganda Catholic Medical Bureau (UCMB). Nkozi hospital is staffed by three doctors who perform surgeries, Clinical Assistants, Midwives and Nurses, Nursing Assistants and other support staff, totalling 107 people.

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

Despite the fact that rewards provide greater incentive, opportunities to encourage higher performance, organisations do not use this method and so workers are de motivated to perform because they know that however much they perform best at their places of work they will not be rewarded which has discouraged employees from putting in a lot of effort at work which has brought about poor performance. This is because all workers are on a pay roll therefore their salary will come at the end of the month. Whether they work or not, whether they work hard or less and those who work harder will get the same as those who work little or not at all and will get the same treatment. This has made workers see no reason to work beyond their expectations. Nkozi hospital which is a rural based organisation and victim of poor performance because of low pay, low recognition and low promotions has a problem of demotivated employees who have been discouraged from providing quality services and high productivity the fact that rewards are not seriously carried out by the organisation which has brought about poor performance like low productivity, poor quality services therefore the research was taken to find out the effects of rewards on employee performance of the workers in Nkozi hospital so that the organisation can start using this method in order to motivate it's employees to perform.

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

The purpose of the study is to determine the role of rewards on performance of employees in Nkozi hospital.

# 1.4 Objectives of the study

To investigate the effects of Recognition on employee performance in Nkozi Hospital.

To find out the effects of Incentive pay on employee performance in Nkozi Hospital.

To find out the effects of Promotions on employee performance in Nkozi Hospital.

# **1.5 Research/study Questions**

What are the effects of Recognition on employee performance in Nkozi Hospital.

How does Incentive pay affect employee performance in Nkozi Hospital.

What are the effects of Promotions on employee performance in Nkozi Hospital.

# **1.6 Scope of the study**

#### **Geographical scope**

The study was carried out in Nkozi hospital located in Nkozi sub-county in Mpigi district North of Kayabwe town located on Kampala-Masaka highway, approximately 85 kilometres from Kampala city. Nkozi hospital was chosen as the case study because it is one of the rural hospitals in Uganda which is also unexceptional when it comes to facing the problem of poor reward methods.

#### Time scope

The study took a period of one year to collect all the necessary data and information on the topic being researched on.

#### **Content scope**

It was carried out using the employees of Nkozi hospital.

#### 1.7 Significance and choice of the study

The study will help to identify the root cause of poor performance in Nkozi hospital this will form a basis on which the problem of poor performance will be solved or reduced by the management and decision makers in Nkozi hospital.

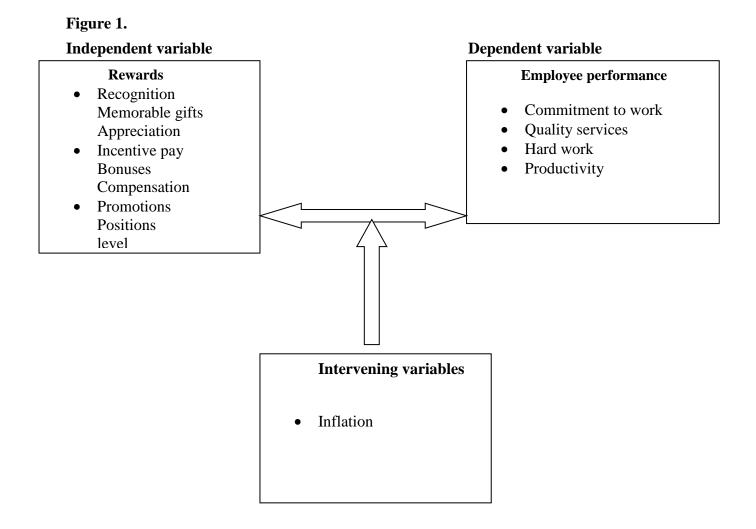
The study will establish the relationship between the dependent and the independent variables. The relationship will institute the link between Rewards and employee performance.

To the future researchers, they will use the results of the study as source of literature most especially those who will carry out research in the same area of study and those who will research about the related topics of this study.

The study will help the government (decision makers) to realize the existing gap in performance of workers and devise appropriate strategies for proper performance of workers in the country.

#### 1.8 The conceptual frame work

Conceptual framework, according Smyth (2004), is structured from a set of broad ideas and theories that help a researcher to properly identify the problem they are looking at and frame their questions and find suitable literature. The conceptual framework shows the relationship between the research variables. They include: independent, dependent and intervening variables. This is shown in the figure below



Source: Developed by the Researcher

According to **figure 1** above, there is a relationship between the independent, dependent and the intervening variables.

Promotion of employees increases their work morale and effort to perform to the expectations of the organization because; they are satisfied with their jobs. This leads to high productivity. However, employees can be promoted as a way of motivating them and other factors like family issues intervene, here, their performance may be affected. For instance if there are mis-understandings between husband and wife at home, it may affect employees morale at work and productivity.

When employees are paid well, their attitude towards work is positively changed. This brings about good performance a result which in turn leads to increased quality services from the employees. However, even if workers are well paid, when there are inflationary tendencies in the economy in which they operate, pay as a motivator ceases to be a source of motivation and performance hence may decline because of intervention of inflation that makes pay insufficient and this affects the attendance of employees negatively.

#### **CHAPTER TWO**

## 2.0 LITERATURE REVIEW

#### **2.1 Introduction**

This chapter involves a review of the relevant literature that has been advanced by many writers or authors like Silver (1998), Greenberg (2005), Holman (2000) and internet sources in the field of Rewards following the objectives of the research.

## 2.2 Rewards

The only way employees will fulfil your dream is to share in the dream. Reward systems are the mechanisms that make this happen. "However, reward systems are much more than just bonus plans and stock options. While they often include both of these incentives, they can also include awards and other recognition, promotions, reassignment, non-monetary bonuses (e.g., vacations), or a simple thank-you. Silver (1998)

According to Edmund (2001), the greatest management principle is that the things that get rewarded get done. "You get more of the behaviour you reward. You don't get what you hope for, wish for or beg for. You get what you reward. "When your employees do hit the target and meet a stretch reward you set for them, reward them immediately. Never stall. By doing this, you help employees directly connect the reward with behaviour and higher performance they've attained.<sup>4</sup> "Fail to reward the right behaviour and you will most likely get the wrong results.

#### **2.3 The effects of recognition on employee performance**

According to James Gibson (1973), there is a relationship between recognition and organisational commitment whereby it brings about a sense of identification with the organisations goals, feeling of involvement in organisational goals and a feeling of involvement in organisational duties as well as a feeling of loyalty for the organisation. Research evidence indicates that the absence of commitment can reduce organisational effectiveness. Committed people are less likely to quit and accept other jobs. Thus costs of high turnover are not incurred he adds on by saying when an employee is given a public recognition, he feels that he is on right career way. I suppose that annual greeting of best workers should encourage them for further good work. Memorable gifts, for instance an expensive watch with a boss signature also won't be unnecessary.

According to Paul (2005), Recognition means acknowledging someone before their peers for specific accomplishments achieved, actions taken or attitudes exemplified through their behaviour. Appreciation, meanwhile, centres on expressing gratitude to someone for his or her actions. Showing appreciation to your employees by acknowledging excellent performance and the kind of behaviour you want to encourage is best done through simple expressions and statements. For example, you might send a personal note or stop by the employee's desk to convey your appreciation. Another approach is to combine recognition and appreciation in the form of a public statement of thanks in front of the employee's co-workers or team, citing specific examples of what they've done that has positively impacted the organization.

According to Brun (2002), first, recognition is constructive, genuine feedback based on acknowledging people as sincere, worthy of respect, having needs, and equipped with their own personal expertise. It is a consideration of the human being as a whole. Employee

recognition is a judgment on a worker's contribution, in terms of the work process as well as dedication and motivation. It also involves evaluating and acknowledging the results of this work. In short, it looks at the unique contribution of each worker and stresses the value of his or her professional expertise and experience. Recognition is expressed in human relationships and is practiced on a daily, regular, or ad hoc basis. It is more effective when personalized and specific. It must be adapted and meaningful to the recipient. Employee recognition can take various forms: spoken, written, material, or symbolic.

He also goes ahead to add that recognition is closely tied to the concept of identity. Identity is built initially in the private sphere and continues to develop in the public sphere, particularly in the workplace. Work therefore becomes "a crystallizing medium for identity." Through their work, individuals can define themselves as human beings and confirm their earlier development. In the public sphere, identity is built through others' perception of us, and especially the self-perception they mirror back to us. Employee recognition can promote identity development by putting individuals in a positive light and acting as a catalyst for personal growth.

According to Bob Cicerone (2007), Rewards are a powerful method for encouraging good job performance. Good work may not be repeated and employees can upset customers when managers don't recognize, encourage, and reward them for job performance that meets or exceeds customers' expectations. But these rewards must be used effectively. Consider this actual example. Many employees of a state government agency work outdoors in all weather conditions. To show these employees that their work was appreciated, the agency's executives decided one summer to take cold soda to workers at their job sites and tell them their work was both important and appreciated. The workers criticized these visits for two reasons. First, they were concerned that citizens would be upset by seeing the workers drinking soda while not working, and then judge them to be non-productive and wasting tax dollars. Second, the executives' words of appreciation were considered to be meaningless. Most of the workers had been in their positions for many years.

In the collective experience of these long-term employees, no agency managers, let alone the executives, had ever before expressed appreciation to workers. Since the tasks they performed were done every year, this expression of appreciation for doing important work well was seen as just another example of 'flavour of the month' management practice. The executives had good intentions. However, their good intentions were not enough. The resources invested to produce a positive effect on the workers created a negative reaction instead. Worse, having the soda breaks in full view of the agency's customers threatened citizen satisfaction with the agency. In this situation, an effective method for encouraging good job performance was made ineffective by the way it was used. The method, rewarding employees, can be used by managers in any organization to help create satisfied, loval customers. Rewards are used when managers want employees to repeat job performance that meets or exceeds customer expectations. When you use individual pay-for-performance incentive programs, you are creating a system that will help you to identify top producers and recognize them for their efforts. By continually motivating top performers to maintain their high level of productivity through incentive payments, you are ensuring that your top employees will always be recognized for the work that they do.

According to Armstrong Michael (2006), this is a hugely under rated and underutilized reward approach and yet is one of the cheapest and most powerful. Employees like to see that their work is appreciated and acknowledged and formally recognising their hard work within the organisation will make for a more content employee in the long term. It is vital that this is done both in the short and long term to maintain motivation levels. This can be achieved

through weekly team meetings where employees can be acknowledged publicly but also through the use of an annual staff event where those that have performed or delivered consistently are singled out for praise and offered an award or certificate for their efforts.

According to Bob Nelson (2003), founder and president of Nelson Motivation - "you get what you reward". "Research tells us that human behaviour is shaped by its consequences, and that one of the most powerful ways to enhance employee performance is by providing positive consequences for that performance. If you notice, recognize and reward specific behaviours and performance, for instance excellent customer service – that behaviour will tend to be repeated." A fundamental reason for the use of recognition is that it has a measurably positive impact on the job performance of employees. Bob Nelson's doctoral study found evidence to support the link between the use of recognition and enhanced performance. When you are building a business case to support recognition, it is important to make the connection between employee recognition and its impact on; employee performance, the achievement of department goals, employee engagement, the attraction and retention of employees, the creation of supportive work environments and overall organizational success. Through the employee surveys we have heard that it is very important for employees; to receive recognition from their supervisors, to receive meaningful recognition, to receive feedback, and to feel valued.

According to Internal Communications, Employees prefer to receive information from their supervisors. They like to get the big picture information from the organization's leaders, but they want to hear the impact on their work-group directly from the people to whom they report. (It's not Rocket Science) Employees look to managers for feedback on their performance. Consistent feedback whether it is in the form of praise or constructive suggestions for improvement can be a valuable from of recognition. Government's Performance Management Policy provides a vehicle for managers and supervisors to provide

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employees with the information they need to do their jobs well, to find out more about what motivates their employees and provide them with constructive feedback. Research reveals that recognition and appreciation contribute to employee engagement.

A 2004 Hewitt and Associate's research report revealed "employee recognition is a key driver to employee engagement and ultimately company growth." Important links have been established between employee recognition and employee satisfaction, morale, and productivity. Employee recognition is one way to motivate staff, make them feel valued, and to improve the overall attraction and retention of employees. A 2005 study by Maritz Research found that employees satisfied with their company's employee recognition program were significantly more satisfied with their jobs, were more likely to stay and felt more valued. A 2005 Tower Perrins study also substantiates the claim that employee recognition can positively influence the drivers of employee engagement. Ultimately, engaged employees provide a higher level of service to Nova Scotians.

According to Beer (2003), Recognition is essentially positive feedback that lets employees know they are valued and appreciated by their co-workers and the organization. To have the greatest impact in the workplace, recognition activities should also reinforce and encourage work that advances employee, departmental, and/or institutional goals and values. While the Institute as whole and individual departments are responsible for providing resources and programs for recognition activities, employee recognition is fundamentally about relationships. Employees want their contributions and efforts to be acknowledged by those they work with on a day-to-day basis, including managers and peers. In fact, employees are most satisfied when recognition comes from a blend of sources.

According to Kim Harrison (2005), Employee recognition is the timely, informal or formal acknowledgement of a person's or team's behaviour, effort or business result that supports the organization's goals and values, and which has clearly been beyond normal expectations.

To be really effective in your job, you need to understand the psychology of praising others for their good work, to apply the principles of employee recognition yourself and to encourage others to initiate it in their working relationships. Appreciation is a fundamental human need. Employees respond to appreciation expressed through recognition of their good work because it confirms their work is valued. When employees and their work are valued, their satisfaction and productivity rises, and they are motivated to maintain or improve their good work. Praise and recognition are essential to an outstanding workplace. People want to be respected and valued for their contribution. Everyone feels the need to be recognized as an individual or member of a group and to feel a sense of achievement for work well done or even for a valiant effort. Everyone wants a 'pat on the back' to make them feel good. There are two aspects to employee recognition. The first aspect is to actually see, identify or realize an opportunity to praise someone. If you are not in a receptive frame of mind you can easily pass over many such opportunities. This happens all too frequently. The other aspect of employee recognition is, of course, the physical act of doing something to acknowledge and praise people for their good work. As a PR practitioner, why should you get involved in employee recognition? Firstly, because you can use the principles to great effect in your own working relationships and personal relationships.

Secondly, because employee recognition has a *huge* communication component! Recognizing people for their good work sends an extremely powerful message to the recipient, their work team and other employees through the grapevine and formal communication channels. Employee recognition is therefore a potent communication technique. Employee recognition isn't rocket science – it is an *obvious* thing to do. Despite the unquestioned benefits arising from employee recognition, one of the mysteries of the workplace is that recognition invariably is done badly, if done at all. Managers need reinforcing and coaching. Employee recognition remains an undervalued management technique. One thing you can do is to

ensure there are questions on employee recognition in your organization's employee surveys. The results can be used to prove the need for greater employee recognition. Surveys conducted by Sirota Consulting have revealed that only 51% of workers were satisfied with the recognition they received after a job well done. This figure is as conclusive as you could get – it has been reached from interviewing 2.5 million employees in 237 private, public and not-for-profit organizations in 89 countries around the world in the ten years to 2003.

According to Robert Kreitner (2003), companies that deliver superior financial results are not co incidentally top performers in the area of employee engagement. Reward and recognition are key components of employee engagement. Reward and Recognition are key component of employee engagement. The best practices followed by companies that place a premium on rewards and recognition can be put down to the fives Cs which are: consistency whereby programme objectives are measurable, attainable and aligned with the company's core values. Recognition opportunities and processes are consistent and fair across the organisation. Control whereby the organisation knows who was recognised where they were recognised and how much they earned. A systematic tracking and reporting system is in place. Communication expectations are clear and employees receive timely, personal feedback and re enforcement. Managers understand why and how to recognise. Choice where employees receive meaningful recognition and awards they want plus flexibility to satisfy near-term desires or invest in long term goals and lastly Commitment by making employee reward and recognition a priority and by providing adequate funding.

## 2.4 The effects of Incentive pay on employee performance

Edmund (2001) said that incentives are cash payments or some other rewards that is offered to employees conditional on an improvement in performance. The purpose of an incentive is to induce motivation. It is generally given for specific performance results rather than simply for time worked. Therefore incentives are not the answer to all personal challenges; they can do much to increase worker performance.

Incentive pay is a wage system that rewards a worker for productivity above established standards. A variation of the piece rate system developed by Fredrick W Taylor, incentive pay is based given to the worker who exceeds a given standard of production rate within a defined period of time Darrous (2000). Incentives therefore are based on factors such as time keeping, increased productivity, and increased profitability, maintaining certain levels of production or reducing operational costs.

According to Chris bank (2007), defines an Incentive pay as a form of compensation that awards employees based on some aspect of job performance. There are many different types of incentive pay. One of the most well-known is the commission, which awards sales person a percentage of the sales income they bring into the company; but incentive programs also offer bonuses based on overall success or particular awards for reaching goals or performing well in different areas. While many companies believe that incentive pay is closely linked to employee performance, different incentives can have different effects on workers.

He goes ahead to explain that an Incentive pay plans are the compensation plans which companies usually adopted for raising the motivational level in the employees. Incentive pay plans have been termed as differently like motivational plan or the payment for the results. The basic idea behind this compensation strategy is the acknowledgement of the employees by giving them a valuable amount which causes them to motivate. An organization usually increases the worth of the job rather than increasing level when it goes for the incentive pay plans. Employees have different perception regarding the incentive pay plans those who believe on their abilities find the incentive pay plans a really working one but the employees who believe that world is driving them find this incentive pay plan as a cause of dissatisfaction to work in that particular organization. There are several advantages and disadvantages are associated with this incentive plan as when the organization is in hard time, the incentive pay plan act as a fixed cost of labour and management find no other path except to lay off the employees which have its own adverse effects. On the other hand if the organization makes it compatible with its goal will definitely help to increase its outcomes. Employees usually believe that incentives have nothing to do with performance it causes more problems than its benefits, such employees believe it is the management which can increase the performance to achieve the objective of the organization rather than incentive based compensation plan.

According to John Bernardin (1993), a pay-for-performance incentive model is an important tool to managers if it is used in the proper manner, writing on the Harvard Business School Working Knowledge website. To maximize the effects of incentive pay, a company needs to understand what the advantages are for its use in the first place. A comprehensive understanding of the effects of a pay-for-performance bonus system can assist in creating one that works well for your company. Once an employee understands the guidelines to the incentive pay plan, the effects on staff efficiency are almost immediate. After the incentive plan is in place for the short term, it will be necessary to reevaluate it to determine whether it will be an effective long-term solution. The short-term effect can be very advantageous to the company and the staff.

According to Ramlah (2003), Incentive pay awards for good performance can encourage employees to keep working at a high level. It provides compensation for performance, rather than an hourly wage or set salary based on a contractual agreement. Studies show this approach to compensation can be helpful in some settings, and may reduce overall expenses for employers in the long term by promoting efficiency and activities that lead to customer satisfaction.

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According to Allison and Jennifer (2010), A 2007 World at Work survey found that 70 percent of compensation professionals believe that incentive pay is "important or very important" to the success of their organization. The economic down turn has accentuated the need to contain compensation costs by holding down fixed-based salary expenses. To maintain competitive pay plans, an increasing number of companies are giving more employees across different job functions the opportunity to earn variable, performance-driven incentives for achieving individual and organizational goals. Implementing a pay for performance system has been shown to resolve organizational problems because it aligns the preferences of firms and employees. In addition, creating a pay for performance system serves as a sorting mechanism to identify and attract the most capable employees. This type of system has shown that individual pay incentives significantly improve productivity. Pay for performance systems have further been proven to have two advantages for organizations: attracting more high-quality employees and motivating employees to exert more effort at their jobs. There is some risk involved with pay for performance systems, and the incentive effects of the system may negatively impact risk-averse employees since they have a fear of failure under this plan.

According to Mary McMahon (2013), some companies take a casual approach to incentive pay. They offer employees random benefits to thank them for their work, or in response to an exceptional performance. The random nature of such incentive pay means employees never know when it might occur, which creates a motivation to work to a high standard all the time. Such compensation may also be offered around times when companies are unexpectedly busy. For example, if a bookstore changes locations, employees could be given incentive pay after the move to thank them for helping out. Likewise, if an employee at a grocery store defuses a tense situation quickly and effectively, a pay bonus or other gift might be given. These incentives could include gift certificates, tickets to events, and other presents designed to thank employees.

According to Torrington et al (2002), given recent economic developments, many organizations are seeking ways to get away from an entitlement mentality and better use their limited funds to drive performance. As salary increases have shrunk or been frozen for most organizations, incentives have quickly become the most powerful tool to differentiate employees, drive performance and establish a clear link between performance and rewards within the organization. Our experience indicates that the shift to a pay for performance culture not only helps to attract and engage employees, but also ensures the retention of high performers. Working together with clients, Sibson develops client-tested incentive plans that reduce the mentality of entitlement and ensure that employees focus on activities that support the organization's agreed-upon business objectives. Our approach is always specifically designed to establish the desired pay for performance alignment for our clients. He goes ahead to say an incentive program may apply to everyone within the entire company, or programs may be modified and targeted to specific departments or even individual employees. Many companies offer a combination of incentives. Though the specifics of each particular incentive program vary according to a company and its employees, there are three major factors that shape the ultimate success of any incentive program: do the employees value the incentives, are the goals realistically achievable and are the incentives sufficiently valuable to warrant the effort necessary to obtain them? The demographic makeup of a company's employees plays a major role in determining the effectiveness of an incentive motivation program. Well-executed incentive programs motivate employees of various age groups and at all levels of the company to perform their best work. A properly-conducted incentive program can improve employee performance by 25 to 44 percent, according to a 2008 report published by the Incentive Research Foundation.

According to Angelo Kinicki (2003), research results show mixed out comes from incentive pay. In a recent experiment with college students, incentive pay resulted in greater productivity than paying a fixed salary at the end of every month. Not only did the subjects put forth more effort but higher performing individuals also tended to opt for incentive pay. The results suggest that companies can improve productivity by offering an incentive pay which should help them attract workers with the best skills.

According to Ivancevich (2008), money is a major extrinsic reward. It has been said, 'Although it is generally agreed that money is the major mechanism for rewarding and modifying behavior in industry in which very little is known about how it works.' To really understand how money modifies behavior, the perceptions and preferences of the person being rewarded must be understood which is challenging to the manager unless employees can see a connection between performance and payment, money will not be a powerful motivator. Equally challenging is how motivation is affected after managers implement a pay cut during difficult economic times. He goes ahead to talk about a controversial issue regarding pay systems centers on whether they are public or private matters. Openness versus secrecy is not an either issue; it is a matter of degree. Some organizations will disclose the pay ranges. Research indicates that a totally open pay system, in which there no secrets about how much people are being paid and so this encourages employees to work according to the performance standards and also avoiding conflicts amongst employees which can create a big negative impact on the employees.

Fred Luthans (2005), despite the tendency in recent years to downgrade the importance of pay as an organizational reward, there is ample evidence that money can be positively reinforcing for most people and if the pay system is designed properly to fit the strategies, can have a positive impact on individual, team, and organizational performance. For example many organizations use pay to motivate not just their upper level executives but everyone throughout the organization. Moreover, these rewards may not always have to be immediately forthcoming. Many individuals will work extremely hard for rewards that may not be available for another 5 to 10 years. He adds that not only is money a motivator, but the more some people get, the more they seem to want. The idea here is that once money satisfies basic needs, people can use it to get ahead, a goal that is always just out of their reach, so they strive for more. Conversely, there is evidence that shows that if an organization reduces its pay, morale may suffer. So pay may need to continue to escalate. One researcher for example interviewed more than 330 business people and found that employee morale can be hurt by pay cuts because the employees view this is as an insult that impacts on their self-worth and value to the organization. There is recent basic research indicating that reward systems have a strong influence on employee trust in the work place. In other words, employee morale and other psychological variables such as trust are very fragile and employees feel they are not being compensated fairly this can impact on their performance and hurt the bottom line.

#### 2.5 The impact of promotions on employee performance

According to Gary Johns (1996), promotion is a form of recognition for employees who make significant and effective work contributions. Consequently, a dilemma arises in organizations since repeated promotions generally place an employee in a management role. Employers are challenged to provide alternative career paths for employees who deserve the benefits and recognition provided by a promotion, but do not aspire to manage the work of other employees.

According to Hollman (2002), a promotion is viewed as desirable by employees because of the impact a promotion has on pay, authority, responsibility, and the ability to influence broader organizational decision making. A promotion raises the status of the employee who receives a promotion which is a visible sign of esteem from the employer. A promotion is a form of recognition for employees who make significant and effective work contributions. Consequently, a dilemma arises in organizations since repeated promotions generally place an employee in a management role. Employers are challenged to provide alternative career paths for employees who deserve the benefits and recognition provided by a promotion, but do not aspire to manage the work of other employees.

According to Edmund P. Lazear (1996), properly administered transfers and promotion improve morale, stimulate efficiency and provide opportunity for advancement to loyal employees. Generally the following reasons for promoting employees are advanced whereby promotion is the stepping up of an employee to a position in which he can render greater service to the company. The knowledge that deserved promotions are being made increases the interest of other employees in the company and the desire to serve the interests of the company. Such knowledge causes other employees to believe that their turn will come and so they remain with the company and reduce the labor turnover. This creates a feeling of contentment with the present conditions and encourages ambition to succeed within the company and also increases interest in training and in self-development as necessary preparation for promotion. Promotion from within fosters are inbreeding. It creates an inside market of talent and experience which is sheltered from competition and readily available as a resource to the company. However, selection of staff from inside candidate is not always good. If internal candidates do not have adequate skill or are advanced in age, new employees have to be selected from outside the company. Sometimes it is necessary to introduce new blood into the organization to foster new thinking and ideas. Sound personnel policy demands that whenever there is a vacancy for a high post, it should, if possible be filled in by promotion from within. If all higher posts are filled from outside there will be no inducement for the existing staff to increase their efficiency. Although it is not always a good practice to fill every vacancy in this way and never bring in 'new blood,' it is very encouraging for employees to stay with an employer. A sound promotion policy should give preference to internal candidates for senior posts in selecting candidates for promotion, careful and objective review of records of performance as well as appraisal is necessary. A company which has no clear-cut promotion policy will have disgruntled and dissatisfied workers who see no prospects for themselves. Discontent will produce frustration and turn good workers into "trouble-makers."

According to Bhatia (2005), Promoting employees from within is an effective way you can maximize the use of the talent in your organization since it creates employee satisfaction, be recognized as an employer of choice and save money. Promoting or hiring employees within the company include existing company knowledge and improved morale. Employees already in the organization are more knowledgeable of the organization's needs and goals, as well as the industry as a whole, and will approach the new position with this added perspective.

According to Chandan J.S (1997), while applying for a job, one prefers a job with promotional prospects which can take them to higher levels and positions in an organization. Promotions surely have more weight-age than better perks and emoluments. Even at a later stage in a job, if an employee realizes that there are no further chances of growth or promotion, his zeal and enthusiasm are bound to suffer immensely and irreparably. It is said that only a growing person is seen as a successful person. Growth gives hope of a better future which sustains a person through adversities, hardships, frustration and despair. It also helps a person to perform efficiently and enthusiastically. One can witness a huge contrast in

a company's atmosphere while those who are promoted rejoice and celebrate; there is anguish and pain amongst those who are not promoted. There are mixed feelings of joy and grief; high spirits and broken spirits around. Only when one steps into the shoes of the socalled "un-promotable" that one can realize how everything appears disastrous to him who has ceased to grow and how he aspires to grow further. The most crucial part of promotions is that if an incompetent incumbent is assigned a pivotal position in a company, it not only demoralizes the other employees but may cost the company adversely. Therefore whichever measures and policies are adopted by a company for giving promotions to its employees, they should be exercised with utmost care and caution.

According to Peter Boxwell (2003), promotion in exchange for hard work people often conflate 'hard work' with performance concepts which may overlap but which do not perfectly coincide because of ability and resourcing differences their personal assumption that they can be promoted in a single year is that, it may have been encouraged by the recruitment rhetoric but is not grounded in anything the employer has specifically promised. In actual fact, something like 2% of individuals are promoted in an organisation in a single year so the individual is more than likely heading for disappointment and disillusionment.

According to Betts (1977), promotion generally includes a pay increase, additional privileges, a rise in status and more authority and responsibility. The main points for consideration are whether the scheme for promotion is fair and whether the concern as a whole will benefit for the concern and all employees to benefit. It is essential that the person is found for the particular job. A fair scheme with this view in mind is to assess all possible internal applicants and if a suitable person is not available outside the company. Such a policy of promotion from within whenever possible is sound and is seen to be fair by existing employees. However problems may arise concerning those who have given long, loyal service but are unsuitable material.

#### **CHAPTER THREE**

#### **3.0 METHODOLOGY**

#### **3.1 Introduction**

In this chapter the researcher describes the procedures that were followed in conducting the study. Which includes the research design, target population, sample size, study population and sampling techniques, data collection and analysis methods, ethical consideration and limitations to the study?

# 3.2 Research design

Qualitative research design was used, the research was descriptive in nature showing what is going on in Nkozi Hospital for the purpose of this research, a number of reports on rewards at different levels of the organisation were analysed in relation to decision making at Nkozi Hospital as a whole to reach a dependable conclusion.

#### **3.2.1 Study population**

Since the study focused on based hospitals (rural based hospitals) with the case study of Nkozi hospital, the population of interest was made up of the medical personnel which included: doctors, nurses, medical assistants, mid-wives and all together they totaled up 45 health workers which formed the study population from which the sample was selected. With

these respondents 30 questionnaires were administered to be answered by the respondents (health workers)

### 3.2.2 Sample size

The researcher chose a sample size of 30 that was big enough to generate enough data that the researcher was able to carefully analyze to get information out of it. The researcher worked with the above size since it had the attributes the researcher was interested in, that is, they were rural health workers and they knew how this hospital operated since they had worked there for some time.

### 3.2.3 Area of study:

The study was carried out in Nkozi hospital located in Mpigi district in the sub-county of Buseese and Nkozi County. This hospital was chosen because it is one of the rural based hospitals in Uganda that is also facing of the problem of poor performance of health workers.

### 3.2.4 Sampling Technique

The researcher used the Random sampling method while selecting the respondents in the research. This ensured that the respondents gave the accurate information which was relevant to the study. Convenience sampling was also used in which the researcher concentrated on the respondents who could be accessed to generate the relevant data for the research during the period of the study.

### 3.3 Methods of data collection

Under data collection methods, the researcher used both primary and secondary sources of data.

### 3.3.1 Primary sources of data:

The researcher used the information gathered from the study because it gave first hand information. Here questionnaires and an interview guide were used.

### Questionnaires

According to http://www.answers.com/topic/questionnaire, a questionnaire refers to a research instrument consisting of a series of questions for the purpose of gathering information from the respondent.

A Linkert scale type of questionnaire was used. The questionnaire was designed using closed ended questions which enabled the researcher to get a better understanding of the opinions such that an appropriate analysis was got from the respondents. The researcher gave the respondents some time to answer the questions and after, the questionnaires were collected for analysis. Questionnaires enabled the researcher get different opinions of different respondents/health workers in Nkozi Hospital that acted as the basis of data analysis.

### **Interview guide**

An interview guide was designed with a number of questions in which the key informants were asked to give their opinion on those questions. Here the researcher had a one on one interview with the key informant.

### 3.3.2 Secondary source of data:

Under the secondary source, the researcher looked at what other researchers found out about the performance of health workers in rural areas, and some of the secondary materials were got from the administration of Nkozi hospital. The researcher also used academic journals, articles, text books, pamphlets and the internet as other secondary sources of data. By looking at the secondary sources, the researcher was in position to compare these sources with what he had found out which assisted the researcher in time of analyzing the collected data.

#### **3.4 Data collection instruments**

The researcher used Questionnaires of which 30 respondents answered the questionnaires and some employees were also interviewed.

### 3.5 Data management and analysis:

Data management involves the way data is handled and treated after collection and data analysis involves checking data to see the level of correctness. Data was kept intact after collection before analysis could start. The researcher used SPSS during the course of data analysis. This helped in generating the tables that consisted of quantitative data. Then the qualitative approach was used to describe data embedded in figures.

### **3.6 Research procedures**

A letter of introduction was obtained from the university authority and presented to different parts of Nkozi Hospital to assist in availing work. Data was collected, edited, summarised and tabulated then finally analysed and results were interpreted and discussed after which conclusions and recommendations were made.

### 3.6.1 Reliability and validity

The researcher carried out a pilot study to test the appropriateness of the tools. Validity has to do with data accuracy whereby it refers to data with total correctness and truthfulness. The

findings were measured by use of face to face validity where the researcher concluded what was intended which was achieved using different respondents.

### 3.7 Ethical considerations

Under ethical consideration, the researcher first sought for permission from the study area. This enabled the respondents to prepare in advance for the researcher to provide the information that the researcher needed. The researcher also offered to give a copy of the research report to the concerned people of the case study.

The researcher tried very much to avoid causing physical and emotional harm to the respondents. This was adopted in all the data collection methods used, that is questionnaires and interviews. This created a free environment for the respondents to give the researcher all the information he required.

In addition to the above, the researcher tried to be objective enough both in the questionnaires and the interviews. Personal biases and opinions were done away with here and the respondents gave the data to the researcher as required. In reporting the results of the data collected, the researcher relied so much on accuracy of the data. The data collected was presented the way it was given by the respondents from the field. This made the results more objective and less subjective.

### 3.8 Limitations of the study

There was limited time since I had to create time for reading my books at the same time carry out the research.

Financial constraints where the budget was less than what I expected and had to spend beyond what I expected.

### **3.9 Conclusion**

In conclusion, this chapter focused more on the area of the study, data collection and the techniques used in data collection. This was followed by data analysis as well as testing the validity and reliability of the data collected. This chapter was very fundamental in determining the quality of data the researcher collected from the field of the study.

### **CHAPTER FOUR**

### 4.0 DATA PRESENTATION AND DISCUSSION

### **4.1 Introduction:**

This chapter focuses on analyzing, and interpreting data collected from the field. This was done using tables and people's ideas and opinions. This research has objectives and the interpretation and analysis of the data collected was done basing on these objectives which included: to investigate the effects of Recognition on Employee Performance in Nkozi Hospital, find out the effects of incentive pay on employee performance in Nkozi Hospital and to find out the effects of promotions on employee performance in Nkozi Hospital

### 4.2 Summary of methodology:

All respondents filled the same questionnaire; they were all employees who included: doctors, nurses, clinicians, midwives, administrators, and radiographers. The targeted population was 45 employees. The sample size was 30 employees. 30 questionnaires were given of which they were filled and returned.

Respondents	Number of ques	tionnaires	Percentage	of
			questionnaire	
			returned	
Medical personnel	Distributed	Returned		
doctors, nurses,	30	30	100%	
clinicians, midwives,				
administrators, and				
radiographers				

Table 1:	Summary	of res	pondents
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The table above shows that all the 30 questionnaires that were distributed were filled in and returned giving a percentage of 100%.

### 4.3 Back ground information of the respondents:

Below is the table showing the age range of respondents. The age was given a range or an interval of 10 starting from 20-30, 30-40, 40-50, 50-60 and 60 and above

### Table 2: Age of the respondents

Age	of	respondents
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		Frequenc	Percent	Valid	Cumulative
		У		Percent	Percent
	20-30yrs	25	83.3	83.3	83.3
Valid	30-40yrs	5	16.7	16.7	100.0
	Total	30	100.0	100.0	

Table 2 shows that in the research at Nkozi hospital majority of the employees were ranging from the age of 20-30 years giving a percentage of 83.3% implying that majority of the employees that filled in the questionnaires were youths who have not worked at the hospital for a very long time and they are in the process to learn more during the period that they are to work at the hospital which in turn will make them get experience and become better performers.

### **Table 3: Marital status**

		Frequenc	Percent	Valid	Cumulative
		У		Percent	Percent
	Single	20	66.7	66.7	66.7
Valid	married	10	33.3	33.3	100.0
	Total	30	100.0	100.0	

### Marital status of respondents

Table three shows the marital status of the medical personnel's were by 20 (66.7%) were single and 10 (33.3%) were married implying that the employees who filled in the questionnaires majority are single with the percentage of 66.7% and very few are married with the percentage of 33.3%.

### Table 4: Gender

### Gender of the respondents

		Frequenc	Percent	Valid	Cumulative
		У		Percent	Percent
	Male	12	40.0	40.0	40.0
Valid	Female	18	60.0	60.0	100.0
	Total	30	100.0	100.0	

Table 4 shows the gender of the respondents were by 12 males filled in the questionnaires giving a percentage of 40% and the females were 18 who filled the questionnaire giving a percentage of 60%. This implies that there were more female respondents than male. This

was because most of the health workers who answered the questionnaires were nurses and which positions are mostly occupied by female members in Nkozi hospital.

### 4.4 Education levels:

**Table 5** shows the different levels of education of the respondents who filled in the questionnaires. Those that had diploma level were 13 having a percentage of 43.3%, those that had degree level were 9 having a percentage of 30.0, those that had at masters level was 1 having a percentage of 3.3% and those that had at certificate level were 7 having a percentage of 23.3%

### **Qualification of the respondents**

		Frequenc	Percent	Valid	Cumulative
		У		Percent	Percent
	Diploma	13	43.3	43.3	43.3
	Degree	9	30.0	30.0	73.3
** 1* 1	Masters	1	3.3	3.3	76.7
Valid	Certificat e	7	23.3	23.3	100.0
	Total	30	100.0	100.0	

From the above table it is indicated that most of the employees were holding diplomas. This reveals that most of the health workers were of low qualifications who required training and this might have contributed to failure to perform at expected levels.

### 4.5 Recognition

## **Objective 1:** To investigate the effects of recognition on employee performance in Nkozi Hospital.

Objective above aimed at investigating the effect of recognition on employee performance in Nkozi hospital and its research question was: what are the effects of recognition on employee performance in Nkozi hospital? The above research question was answered by posing different questions to the respondents of which the percentages of those who filled in the questionnaires were got as shown below

		SA	Α	Ν	D	SD
Question	Recognition	5	4	3	2	1
1	I am appreciated for the work I do which in turn has encouraged me to perform	3.3%	50.0%	33.3%	10.0%	3.3%
2	Recognition is often carried out which has made all the employees perform beyond their expectations	0.0%	33.3%	43.3%	20.0%	3.3%
3	For the period I have been working in the organisation my hard work is recognised	3.3%	33.3%	46.7%	13.3%	3.3%
4	When I do a good job, I receive the praise and recognition I deserve	3.3%	13.3%	46.7%	16.7%	20.0%
	Average	2.47%	32.47%	42.5%	15%	7.475%

### Table 6: Recognition

**Table 6** shows the different questions on recognition. The discussions to the answers of these questions were as follows;

**First question** asked the respondent if was appreciated for the work which in turn encouraged the respondent to perform. The respondents who strongly agreed were 3.3%, agree were 50.0%, neutral were 33.3%, disagree were 10.0% and strongly disagree were 3.3%. of which the majority agreed giving a percentage of 50% which implied that the fact that the work of the employees was appreciated, it encouraged them to perform in a way that the employees were committed to meeting the goals of the organisation and as well as their willingness to perform their duties. According to James (1973), there is a relationship between recognition and organisational commitment whereby it brings about a sense of identification with the organisations goals, feeling of involvement in organisational goals and a feeling of involvement in organisational duties as well as a feeling of loyalty for the organisation.

The 50% score of the first question also showed that the employees were dedicated and motivated to work since each contribution of an employee was appreciated in terms of their value and experience and this in turn encouraged the employees to perform their duties at Nkozi hospital.

The second question asked the respondents if recognition is often carried out which has made all the employees to perform beyond their expectations. The respondents who strongly agreed were 0.0%, agree were 33.3%, neutral were 43.3%, disagree 20.0% and strongly disagree were 3.3%. Majority of the respondents were neutral which carried a percentage of 43.3%. The fact that the majority of the respondents were youth that means that majority were fresh graduates and those that were working at the hospital had been there for a short

time and so for the fresh graduates after graduating, they were desperate for jobs so they didn't have any experience and expertise to be recognised. However youths need to be recognised for the work they do because it's at that stage that youth are very excited at getting jobs and so will try their best to perform and so if not recognised for the work done it implies that it will affect their performance negatively in a way that they will keep reducing their efforts to perform with time since they will develop the attitude that however much they perform they won't be recognised.

The third question asked the respondents whether the period they have been working in the organisation they were recognised. The respondents who strongly agreed were 3.3%, agree were 33.3%, neutral were 46.7%, disagree were 13.3% and strongly disagree were 3.3%. The majority were neutral with a percentage of 46.7% which implied that the majority of the employees in Nkozi hospital were employees who had just been recruited and so were ignorant of recognition as an incentive and another thing is that it also implied that since the time Nkozi hospital was constructed very few employees were able to sustain their jobs but majority had left which implied that there were no incentives like recognition which is the cheapest yet most important tool which when used would have motivated the employees to work and also sustain them. According to Armstrong (2006) Employees like to see that their work is appreciated and acknowledged and formally recognising their hard work within the organisation will make for a more content employee in the long term. It is vital that this is done both in the short and long term to maintain motivation levels.

In addition to the above answer in question three it showed that the employees understood the procedures taken before one is recognised for the work done whereby they clearly knew that the fact they hadn't worked for long they were not so sure whether they needed to be

recognised but the fact the answer is neutral they do see others being recognised and hope that after serving a given period of time at the hospital, they will be recognised which in turn has enabled them to work at the required standards with the hope of being recognised.

The answer to question three also indicated that the employees were not satisfied with the number of times their efforts were recognised despite the period they had been working at Nkozi hospital and so they needed to be recognised more as compared to what the organisation was doing as a way of recognising its employee's efforts which in turn will enable the employees to perform better at their places of work.

**Question four** was asked to the respondents which was: when I do a good job, I receive the praise and recognition I deserve. The respondents who strongly agreed were 3.3%, agree were 13.3%, neutral were 46.7%, disagree were 16.7% and strongly disagree were 20.0%. Majority answered it as neutral with a percentage of 46.7% which meant that yes there is a possibility that the respondents were praised and recognised but they were not satisfied with the reward most probably because they do a lot yet the praise and recognition is little or few employees were rewarded in that manner which explains why majority of the nurses are rude at the hospital which is a sign of poor performance in terms of customer care services and so there is need for the reward to be improved in terms of the number of employees rewarded and also the most hard working employees should be recognised which will improve the performance of employees in Nkozi hospital.

In conclusion in any organisation employees would love to see their efforts and performance be recognised as a way of showing appreciation for hard work. When it came to the average percentages majority of the respondents were neutral implying that employees in Nkozi hospital are appreciated for the work they do but are not satisfied with the number of times their hard work is recognised. During an interview with one of the lab technicians, he said rewards improve productivity only if the organisation chooses a reward that is not expensive to maintain yet effective on performance. He went ahead to talk about recognition being one of them that it can increase productivity as well as commitment to meet the goals and objectives of the organisation and also spoke of the organisation identifying specific and measurable productive goals that will match the recognition reward and clearly communicating those goals so that employees are aware of what they need to do in order to be recognised for their hard work which in turn will make the employees more productive and more committed to work because they expect to be recognised if they are highly productive. According to Bob Cicerone (2007), Rewards are a powerful method for encouraging good job performance. Good work may not be repeated and employees can upset customers when managers don't recognize, encourage, and reward them for job performance that meets or exceeds customers' expectations.

## 4.6 Incentive pay Objective 2: To find out the effects of incentive pay on employee performance in Nkozi Hospital.

Objective above aimed at finding out the effects of incentive pay on employee performance in Nkozi hospital and its research question was: How does incentive pay affect employee performance in Nkozi hospital? The above research question was answered by posing different questions to the respondents of which the percentages were got as shown below

## Table 7: Incentive pay

		SA	Α	N	D	SD
Questio	Incentive pay	5	4	3	2	1
n						
5	I do receive a large or small share of the value created when there is a profit	0%	0%	50.0%	23.3%	26.7 %
6	I receive an equal amount of salary increment like any other colleague of mine	6.7%	26.7%	20.0%	30.0%	16.7 %
7	I am motivated to perform because of the amount of money I am paid at the organisation	0%	10.0%	40.0%	36.7%	13.3 %
8	My salary is increased whenever I perform beyond the organisations expectations	0%	0%	30.0%	40.0%	30.0 %
9	I am encouraged to perform because the company surprises me with an incentive pay	0%	3.3%	26.7%	36.7%	33.3 %
	Averages	1.34%	8%	33.34 %	33.4%	24 %

**Table 7** has percentages to the answers on Incentive pay that were given by the respondents

 during the research exercise.

**Question five was**: I do receive a large or small share of the value created when there is a profit. The respondents who strongly agreed were 0.0%, agree were 0.0%, neutral were 50.0%, disagree were 23.3%, strongly disagree were 26.7%. Majority of the respondents were neutral about this question and had the highest percentage of 50%. The research indicated that majority of the employees in Nkozi hospital were not sure about the time when incentive pay is given to the employees the fact that majority had not worked for long in Nkozi hospital. Also the respondents did not know when the organisation made profits and the basis in which the incentive pay was given but were aware that the organisation gave an incentive pay implying that majority of the employees were performing in terms of producing the required output (productivity) with the hope of getting an incentive pay after a given period of time. According to Chris bank (2007), explains that an Incentive pay plans are the compensation plans which companies usually adopt for raising the motivational levels in productivity in the employees at their place of work.

**Question six was**: I receive an equal amount of salary increment like any other colleague of mine. The respondents who strongly agreed were 6.7%, agree were 26.7%, neutral were 20.0%, disagree were 30.0% and strongly disagree were 16.7%. Majority disagreed with a percentage of 30.0%. The respondents to this answer were not happy with the way at which salary is increased on an individual basis whereby some receive salary increments while others do not despite their efforts they put in to perform at Nkozi hospital. This meant that employees at Nkozi hospital were discouraged from doing hard work the fact they did their best but their salaries were not increased but instead received a standard salary at the end of the month despite the long periods they have been working at the hospital.

**Question seven was**: I am motivated to perform because of the amount of money I am paid at the organisation. Those who strongly agreed were 0.0%, agree were 10.0%, neutral were 40.0%, disagree were 36.7% and strongly disagree were 13.3%. Here majority had a percentage of 40.0 with a neutral answer. Here the majority of the respondents believed that they did not perform only because they knew they were receiving a salary at the end of the month but because it was their duty to serve the sick and also had professional standards and ethics to perform the fact their jobs were crucial in saving human life but then again they believed that they needed a salary increment at least once in a while other than being given a standard pay for all the years they had worked at the hospital to give them morale to perform and also to feel that the work they were doing was appreciated the fact they put in a lot of effort to make sure they saved lives.

Question eight was: My salary is increased whenever I perform beyond the organisation expectations. The respondents who strongly agreed were 0.0%, disagree were 0.0%, neutral were 30.0%, disagree were 40.0 and strongly disagree were 30.0%. Majority of the respondents disagreed with a percentage of 40.0%. The majority of the respondents were not happy the fact that they were performing beyond what the organisation expected from them for all the years that they had been working of which some have worked for four years while others five years of which they are few in number because most of their colleagues have left Nkozi hospital the fact there is a limited incentive pay to help sustain them at the place of work and also there is a high possibility that these few employees who have worked for up to four to five years are about to leave the fact that the salary given is little compared to what they do for example the doctors who carry out several surgeries and operations in a day yet the pay is little.

**Question nine was**: I am encouraged to perform because the company surprises me with an incentive pay. Those who strongly agreed were 0.0%, agreed were 3.3%, neutral were 26.7%, disagree were 36.7% and strongly disagree were 33.3%. The majority of the respondents disagreed with a percentage of 36.7%. This implied that the majority of the respondents had never been given an incentive pay probably because majority had not worked for long at the hospital and so were not qualified to get an incentive pay. This doesn't mean that they should not be given an incentive pay because majority of the employees are youth and so it's at that stage that they are very hard working and energetic and need incentive pay to make them maintain that kind of attitude at Nkozi hospital to enable them to perform.

In conclusion incentive pay may require proper planning by the organisation for it to be effective and when carried out many employees will retain their jobs the fact that their efforts to performing at the hospital are rewarded through salary increment. Generally in the entire research on incentive pay majority disagreed about having incentive pay related rewards with a percentage of 33.4% implying that the employees receive a standard payment at the end of the month whether they perform beyond the organisations expectations or not which in turn has brought about negative performance like poor quality services. In an interview with one of the doctors, he said that there is a relationship between rewards and employee performance and went ahead to explain that employees feel unappreciated and suffer from decreased morale when there no rewards. He went ahead to say that him and his colleagues work a lot especially when they are on call and you find you have to operate like five people in a given period of time and what is disappointing is that the pay is little yet saving a life in the hospital is something not easy and it is very tiring and because of that he adds that many of the colleagues he started working with have left and gone to work elsewhere for better pay.

One of the nurses during the interview also said that the reason why most of the nurses and mid wives of Nkozi hospital are rude to their patients is because they rarely reward them for their work and particularly pointed out the incentive pay whereby she complained about being given a standard payment of which it's too little to cater for her personal needs yet the work they do is a lot especially when it comes to helping mothers deliver and also she spoke of nurses working the whole night especially when taking care of a patient. She concluded by saying that at least the hospital should try increasing on the salary so that nurses and mid wives can provide quality services to their customers in a way that they will be happy that their payment matches with their hard work and in turn will make the nurses and mid wives more friendly (customer care) to their patients bringing about quality services. According to Ramlah (2003), Incentive pay awards for good performance can encourage employees to keep working at a high level. It provides compensation for performance, rather than an hourly wage or set salary based on a contractual agreement.

### 4.7 Promotion

# **Objective 3:** To find out the effects of promotion on employee performance in Nkozi Hospital.

Objective above aimed at finding out the effects of promotion on employee performance in Nkozi hospital and its research question was: what are the effects of promotions on employee performance in Nkozi hospital? The above research question was answered by posing different questions to the respondents of which the percentages of those who filled in the questionnaires were got as shown below

### **Table 8: Promotion**

		SA	Α	Ν	D	SD
Questio	Promotion	5	4	3	2	1
n						
10	The organisation keeps alternating its employees to different positions as a way of encouraging them to work	16.7%	36.7%	30.0%	10.0%	6.7%
11	The organisation promotes its employees on merit	6.7%	43.3%	26.7%	16.7%	6.7%
12	The organisations gives better positions to its most hard working employees	16.7%	20.0%	36.7%	16.7%	10.0%
13	The company uses a specific criteria that is known to the employees when carrying out promotions	10.0%	33.3%	23.3%	16.7%	16.7%
	Averages	12.525	33.325	29.175	15.025	10.025
		%	%	%	%	%

The discussions for the percentages are as follows;

The tenth question was: The organisation keeps alternating its employees to different positions as a way of encouraging them to work. The respondents who strongly agreed were 16.7%, strongly agree were 36.7%, Neutral were 30.0, disagree were 10.0% and strongly disagree were 6.7%. The highest percentage was 36.7% were the majority of the respondents agreed. This implied that majority of the employees worked the fact they were promoted after a given period of time. This was because of their hard work and in turn increased their

interest as well as other employees with the desire to serve the interests of the company which has acted as a motivator to encourage them to work hard to meet the objectives of the organization as well as sustain them at the place of work. According to Edmund P. Lazear (1996), the knowledge that deserved promotions are being made increases the interest of other employees in the company and the desire to serve the interests of the company. Such knowledge causes other employees to believe that their turn will come and so they remain with the company and reduce the labor turnover.

**Question eleven was**: The organization promotes its employees on merit. The respondents who strongly agreed were 6.7%, agree were 43.3%, neutral were 26.7%, disagree were 16.7% and strongly disagree were 6.7%. The majority of the respondents agreed to the question. Here the respondents were encouraged to work because they were promoted depending on the effort they put in to perform at the company and so majority worked hard to ensure that they performed their duties knowing at the back of their minds they were going to be promoted.

**Question twelve was**: The organization gives better positions to its most hard working employees. The respondents who strongly agreed were 16.7%, agree were 20.0%, neutral 36.7%, disagree were 16.7% and strongly disagree were 10.0%. The majority were neutral with a percentage of 36.7%. This implied that not all most hard working employees were promoted at Nkozi hospital. Some are promoted while others are not and because of this it has created biasness amongst employees whereby they do their duties but not at maximum effort because however much they perform beyond what is required they are not sure whether they will be promoted.

**Question thirteen was**: The Company uses a specific criteria that is known to the employees when carrying out promotions. The respondents who strongly agreed were 10.0%, agree were

33.3%, neutral were 23.3%, disagree were 16.7% and strongly disagree were 16.7%. The majority agreed with a percentage of 33.3%. This showed that the company used a specific criteria when choosing the employees to be promoted and the employees clearly understood the policy that is used when promoting them. This encouraged them to work to meet the standards of a promotion hence encouraged them to perform with the aim of being promoted.

From the information above, one concludes that promotion positively affects the performance of employees in Nkozi hospital. Based on the average percentage, majority of the respondents agreed that promotion takes place in Nkozi hospital with a percentage of 33.325%. During an interview with one of the data clerks, he said that promotions are an effective way of improving performance in a way that an employee is influenced to work when he or she is promoted because it gives one more responsibilities and a higher pay and so one is encouraged to work hence increasing productivity. This is in agreement with Fairburn & Malcomson (2001; Bhatia, 2005) who noted that promotions contribute to the organizations performance, improved employee morale which results into employee motivation to work at higher level.

In conclusion, in this chapter the study declared that recognition, incentive pay and promotions are elements of rewards that play an important role in positively influencing the performance of employees in Nkozi hospital. In any organisation employees would love to be rewarded for their performance which in turn affects their performance positively. And so for the hospital to have a positive performance from employees like quality services, high productivity, hard work and commitment to work, it should consider using rewards to encourage and motivate its employees in performing beyond the organisations expectations.

### **CHAPTER FIVE**

### 5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### **5.1 Introduction:**

The research objectives and questions aimed at investigating the effects of rewards on employee performance in Nkozi hospital. It was found out that the effects of rewards on employee performance in Nkozi hospital were both positive and negative. This chapter presents the conclusions of different findings under every objective, the recommendations to future researchers.

### 5.2 Summary of findings

During the research it was confirmed that recognition, Incentive pay and promotion were rewards that were carried out once in a while in Nkozi hospital and the respondents and key informants were positively and negatively affected by these rewards whereby positively they were encouraged to perform and negatively implied they were discouraged from working beyond their expectations the fact they were not being rewarded for their hard work.

### **5.2 Conclusions**

It was confirmed that there was a direct relationship between rewards and performance of employees in Nkozi hospital. The elements of rewards which included: recognition, incentive pay and promotions had a direct effect on the performance of the employees. The effects were both negative and positive.

### **5.3 Recognition:**

Recognition had an effect on performance of employees in Nkozi hospital which included both positive and negative effects. Positively, it improves employee performance, increases commitment to meeting the goals and objectives, increases morale for work, increased customer care and increased attendance. On the other hand, the negative effects include: decline in performance, job dissatisfaction, turn over and decreased morale.

### **5.4 Incentive pay:**

Incentive Pay had an effect on performance of employees in Nkozi hospital which were both positive and negative. The positive effect of pay on performance of Nkozi employees included: Increased morale for work, improved performance, increased productivity and increased job satisfaction. The negative effect include: job dissatisfaction, decline in performance, decreased morale for work and decreased productivity.

### 5.5 Promotion:

Promotion had an effect on performance of employees in Nkozi hospital which included both positive and negative effect. Positively, it improves employee performance, increases job satisfaction, increases productivity, increases morale for work, increases commitment and increased quality services. On the other hand, the negative effects include: decline in performance, job dissatisfaction, decreased morale for work and high turnover. The positive effects concur with Edmund p. Lazear (1996), who stressed that properly administered transfers and promotion improve morale, stimulate efficiency and provide opportunity for advancement to loyal employees. Generally the following reasons for promoting employees are advanced whereby promotion is the stepping up of an employee to a position in which he can render greater service to the company. The knowledge that deserved promotions are being made increases the interest of other employees in the company and the desire to serve the interests of the company.

### 5.6 General conclusion:

From the research findings, it clear when workers are recognised, given an incentive pay that is pleasant, and promotion, they will be motivated and this will eventually raise their performance, morale for work, job satisfaction and productivity. On the other hand, when workers are not recognised, not well paid and are not promoted, they cannot be motivated and therefore their performance, productivity and job satisfaction will decrease which will eventually make their work un pleasant hence leading to high turnover.

### **5.7 Recommendations:**

The study findings revealed a number of views to the researcher and the results led to the formulation of the following recommendations. In particular the recommendations were geared towards the management of Nkozi hospital to see that the performance of health workers is raised. They include:

The management of Nkozi hospital should come up with a recognition plan of how they are going to recognise their employees of which care must be taken to create a tactical plan with specific and measurable objectives and putting the plan in writing in a way that it will solicitate feedback to clarify the measurability and effectiveness of the plan in terms of performance of the employees in Nkozi hospital.

The management of the hospital should find ways of reasonably raising the salaries of employees in Nkozi hospital. Majority of the employees in Nkozi hospital are not happy with their current pay and this has contributed to their low performance. Therefore, the management should look in to this issue to see that this problem is handled. Compensation can also be given when direct increment in salaries/pay of employees is not made. This can raise the employees' morale for work, reduce job dissatisfaction, raise their productivity and eventually lead to better performance.

The management of Nkozi hospital should design a proper promotion policy and apply it to all employees in their respective departments. Workers who try their level best to perform to their maximum should be fairly promoted at their jobs and their payment changed. This can help to reduce the problems of job dissatisfaction, decreased morale for work and low productivity which can eventually result in to improved performance of employees in the hospital.

The research findings revealed that most of the health workers were diploma holders. This implies that they were of low qualifications and this could have partly affected their performance. For this matter, the management of the hospital should offer training facilities to such workers to make sure that their performance is improved. This can contribute to improved performance of the whole organisation in turn.

Finally, the management of Nkozi hospital should lay down clear policies and procedures of employee performance. Employees should be provided with a varying number of motivators at their work and off the work. Such motivators include: insurance of workers' lives, nonmonetary rewards such as performance appraisal, reducing their work load and maintaining a good and close relationship between the management itself and employees. This helps to motivate employees hence leading to increased performance of the employees of Nkozi hospital.

### 5.8 suggestions for further research:

Basing on the findings of this study, and the recommendations given, the researcher urges future researchers to focus on the following areas related to the study that has been carried out:

I encourage future researchers to look at the effects of rewards on productivity of workers in an organization, the effects of job satisfaction on performance of workers in organisations, the effects of non-monetary rewards on employee performance as well as the effect of performance appraisal on performance of employees and organisations. This is because the scope of the study was not big enough to look at all the above aspects.

### APPENDICIES

## Appendix One: Questionnaire NKOZI HOSPITAL

Dear Respondent, I hereby present myself as Nabukwasi Sharon pursuing the degree of Bachelor of Business Administration and Management. I am currently in third year. Below I am presenting my questionnaire in line with my research topic Effects of Rewards on Employee performance in Non-Governmental Organisations specifically Nkozi Hospital. You have been chosen to participate in this study due to the importance of your information in the study. This questionnaire aims at analysing and assessing your organization's current and potential employee reward program specifically Recognition, incentive pay and promotions as a tool for improving the performance of its employees. This research is purely conducted for academic purposes. The responses to this questionnaire will be kept strictly confidential.

### **SECTION A**

### **General information**

Position.....

Number of years of service in the organization .....

### 1. Age of the respondent.

a) 20-30 b) 30	0-40 c) 40-50	□ <sub>d) 50-60</sub>	e) 60 and above	
2. Marital status.	a) Single	b) Married		

3. Gender.	a) Male	b) Fema	le			
4. Qualification.	Diploma	Degree		Masters	Certificate	
Other specify		 				

## **SECTION B**

## In this section, the respondent is required to tick in the most appropriate box

(a) To investigate the effects of Recognition on Employee Performance.

Please tick in the most appropriate box provided.

5	4	3	2	1
Strongly agree	Agree	Neutral	Disagree	Strongly disagree

Question	Recognition	5	4	3	2	1
1	I am appreciated for the work I do which in turn has encouraged me to					
	perform					
2	Recognition is often carried out which has made all the employees					
	perform beyond their expectations					
3	For the period I have been working in the organisation my hard work					
	is recognised					
4	When I do a good job, I receive the praise and recognition I deserve					

## **SECTION C**

(b) To find out the effects of Incentive pay on employee performance

## Please tick in the most appropriate box provided

5	4	3	2	1
Strongly agree	Agree	Neutral	Disagree	Strongly disagree

Question	Incentive pay	5	4	3	2	1
5	I do receive a large or small share of the value created when there is a					
	profit					
6	I receive an equal amount of salary increment like any other colleague					
	of mine					
7	I am motivated to perform because of the amount of money I am paid					
	at the organisation					
8	My salary is increased whenever I perform beyond the organisations					
	expectations					
9	I am encouraged to perform because the company surprises me with					
	an incentive pay					

## **SECTION D**

(c) To find out the effects of promotion on employee performance

## In this section the respondent is required to tick in one box for each statement given

5	4	3	2	1
Extremely well	Very well	Average	Fair	Not at all

In your experience, how well does the organisation perform in delivering each of the following:

Question	Promotion	5	4	3	2	1
10	The organisation keeps alternating its employees to different positions					
	as a way of encouraging them to work					
11	The organisation promotes its employees on merit					
12	The organisations gives better positions to its most hard working					
	employees					
13	The company uses a specific criteria that is known to the employees					
	when carrying out promotions					

### Appendix two: Interview guide

- **1.** Do you think there is a relationship between rewards and employee performance? If yes what?
- 2. In relation to the above, how do you regard your performance? Is it low or high?
- **3.** Do you think rewards have a contribution towards commitment of employees meeting the goals and objectives of the organisation? If yes why?
- In your opinion, do rewards improve on the quality services of an employee?
   Give your reason.
- **5.** Do you think rewards improve employee performance in terms of productivity?
- 6. What do you think are some of the strategies that can be done to increase employee performance in Nkozi hospital?

## Appendix Three: The Budget

## **RESEARCH BUDGET**

ITEMS	QUANTITY	UNIT COST	TOTAL (UGX)
STATIONERY			
Pens	3	500	1,500
Duplicating papers	2 reams	15,000	30,000
Ruler	1	2,000	2,000
Printing & binding of proposal	1 сору	17,000	17,000
Printing & binding dissertation	2 copies	31,400	62,800
photocopying	30 copies	600	18,000
flash	1 (2GB)	25,000	25,000
Lap top	1	1,500,000	1,500,000
CD	1	5,000	5,000

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