

UGANDA MARYTRS UNIVERSITY

**EFFECT OF REMUNERATION ON EMPLOYEE.
A CASE STUDY OF KAMPALA IMAGING CENTRE**

BY

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DEDICATION

I dedicate this piece of work to my dear parents, Kasule Joseph and Namirembe Immaculate who foresaw the treasure in education, supported and inspired me in my academic pursuits. I also dedicate this piece of work to my friends who have helped me a lot in this education journey.

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ABBREVIATIONS

H.R.M	Human Resource Manager
K.I.C	Kampala Imaging Centre
CT	Computed Tomography
MRI	Magnetic Resonance Imaging
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
CPS	Central Police Station

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ABSTRACT

The study was about remuneration and performance of employees in organizations. The purpose of the study was to establish the relationship between the remuneration and employee performance. The objectives of the study were to establish the effect of salaries on employee performance, to determine the effect of wages on employee performance, and to assess the effect of bonuses/ incentives on employee performance.

Analytical and correlation designs were used in the course of the study. Quantitative data was gathered in order to establish the relationship between the independent and dependent variables. The data was collected from a total population of 48 respondents including managers, image editors, doctors, accountants and support staff. Data was presented in a tabular form with frequencies and percentages for singular classifications of responses. A statistical package for social sciences (SPSS) was used to establish the effect of remuneration on employee performance.

Findings on establishing the effect of salaries and employee performance revealed a strong and positive effect of remuneration on employee performance. Similarly, findings on determining the effect of wages on employee performance revealed a strong and positive relationship. Study findings also revealed that employees' benefit/ incentives greatly affect performance in organizations.

The management should put up strategies to ensure that employees' salaries, wages and other allowances are adequate and satisfactory so that employees can be able to provide individualized attention to their work, offer quality services and strictly follow the policies and regulations of KIC for improved performance to be achieved in organization. Finally the management should appreciate the significant relationship between the variables.

INTRODUCTION

1.0 Introduction

This study aimed at assessing the effects of remuneration on employee performance.

Remuneration can be defined as the reward or compensation usually in monetary terms given by management to employees for their work performance. It involves salaries, bonuses/incentives and wages.

Employee performance mainly looks at how well an employee will execute a given job or task according to or even beyond a given standard. It can be viewed in quite a number of dimensions such as; effectiveness, efficiency and productivity etc.

This chapter looked at the background of the study, background to the case study, problem statement, purpose of the study, general objective of the study, specific objectives, research questions, scope of the study, significance of the study, justification of the study, conceptual framework, definition of key terms and the conclusion.

1.1 Background of the study

Remuneration is defined as a reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, pension plan), bonuses, cash incentives, and monetary value of the noncash incentives.

According to Maicibi (2005) remuneration is referred to as pay or reward given to individuals for work done. He quoted that remuneration was an important factor especially in affecting performance in most organizations. The indicators of remuneration include; basic salary, wages,

healthy schemes, pension schemes, transport allowances, overtime allowances and responsibility allowances.

According to Armstrong (2012) remuneration can also be defined as the value of all cash payments (base pay, contingent pay and allowances i.e. total earnings) plus the pensions and benefits received by employees. It is viewed as one of the strategies used by Human Resource Management (H.R.M) to attract and maintain suitable employees as well as facilitating them to improve their performance and to as well comply with employee legislation and regulations. It can also be looked at as a method of promoting morale, increasing motivation and foster team cohesion.

Remuneration can be looked at in various dimensions namely; basic salary, commission, wages and bonuses/ incentives.

Wages refer to payment for labour or services of a worker, especially remuneration on an hourly, daily, or weekly basis or by the piece.

Is also a payment to manual workers, always calculated on hourly or price rates (Bratton and Gold, 2003:292). According to the Wages Act 1986, a wage is any sum payable to the employee by an employer in connection with that employment.

Therefore it includes; fees, commissions, holiday pay or other emolument relevant to the employment whether specified in the contract of employment or not. Wages include company sick pay and any other statutory payments for example payment for time off for trade union duties and jury service. According to Farazmand (2007) employees who receive the same wages regularly are more likely to perform poorly than employees who receive some incentives. Increasing wages motivates employees in the organization and makes it easy for them to perform well.

Commission as a method of remuneration under wages focuses on payment for services rendered or products sold by the sales people or agents on behalf of other people. Payments often will be calculated on the basis of a percentage of the goods sold. This is a way for firms to solve the principal–agent problem, by attempting to realign employees' interests with those of the firm. An example of commission is the payment got by car dealers in Uganda in the various car bonds. People who wish to sell their cars approach these agents and give them an amount they would like to earn from the sell. When the sell is done, the agents earn commission.

According to Bratton and Gold (2003:292) a salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity.

This is the most common system with most of the jobs in the country. Payments will be fixed for a specific period of time usually one month regardless of how much time is spent at work or what the employees' performance is or output produced. This method of remuneration mainly looks at the internal value attached to a specific job i.e. the complexities and requirements of a specific job.

Bonuses/ incentives is additional payment given to employees for work done beyond standards or over time paid. It can also be defined as an extra sum given as a premium.

Employee performance influences organizational success (Gardner, Wright, & Moynihan, 2011; Wright, Dunford, & Snell, 2001).

Employee performance is commonly used when referring to whether an employee will perform their job well according to the standards set by the employer in the organisation or business. Performance is a relative concept and hence it is often measured against some baseline or standard by looking at what has been accomplished in an organisation, comparing it to the budget or

compliance. It is with no doubt an important criterion that relates to a business' outcomes and successes.

Productivity can be defined as a ratio to measure how well an individual, organisation or country converts input resources into goods and services. In other words, productivity is the quantitative relationship between what we produce and the resources we use (Currie (1972).

Efficiency is defined as the ability to accomplish a given task or job with the least wastage of time according as reported by businessdictionary.com (2015). It is seen as the ratio of the time needed to perform a task to some predetermined standard time.

Effectiveness is the degree to which objectives are achieved and the extent to which targeted problems are solved as reported by businessdictionary.com (2015). When something is deemed effective, it means it has an intended or expected outcome, or produces a deep, vivid impression.

John Campbell's work and theory were used to explain this better. From a psychological perspective, Campbell describes employee performance as a variable on an individual level i.e. it is what is done by a single person. This alone sets it apart from departmental performance, organisational performance or national performance which are considered as higher level variables.

Employee performance has been affected by both internal and external factors. The internal factors mainly focused on core self-values of a single employee such as interest in the job, past experience with the job if any, and personal values and characteristics. The external factors ranged from management, working environment, working conditions, geographical location, government and legal issues, political environment among others and remuneration being one of the most

important. The way people were motivated by remuneration has more chances of producing positive results in regards to employee performance.

According to the Equity theory (Adams 1965), workers compare the reward potential to the effort they must expend thus the more the reward the higher the level of employee performance.

Attracting, retaining, developing and motivating employees is one of the most critical challenges facing organizations today (Banker, Lee, Potter and Srinivasan, 2000; Schuler, Jackson and Tarique, 2010) and as such pay or remuneration is regarded as a key issue in any employment relationship between an organisation and an employee (Gerhart, Milkovich and Murry, 1992).

1.1.1 Background to the case study

Kampala Imaging Centre (KIC) is a privately owned institution dealing in the provision of medical services mainly focusing on radiology. Under this, a number of services are provided such as; ultrasound, radiography and fluoroscopy, CT as well as MRI services.

It was established in the year 1997 by a group of medical imaging consultants with a vision of becoming a world class provider of excellent and state of the art privately run radiology and imaging services in Uganda and in the sub region. Its mission is to provide for each patient a dedicated personalized service by offering quality radiology and imaging services using state of art equipment and high calibre professionals positively impacting on the quality of health care delivery.

It currently has 150 staff operating in all the three branches both full time and part time.

It has a number of branches in and around the city such as; city centre branch located on Simbamanyo house, Kololo branch and Makerere - Kavule branch.

Kampala Imaging Centre is chosen as the case study because it uses the different remuneration methods that I chose to consider in my content scope.

1.2 Problem Statement

Organisations all over the world depend on their employees to achieve their set goals and objectives. For example to achieve the desired production levels, sales levels and many other set goals and objectives. With all this, it is safe to say that employees are the engine of many organisations and their performance is very vital.

Employee performance has been poor in quite a number of organisations and sectors despite the various forms of remunerations currently present and used in various organisations and such has been recognised.

Allen Kagina who has been recently appointed as the Uganda National Roads Authority's executive director (UNRA) recently proposed that UNRA should separate themselves from mediocre work. She accepted and was open about the poor performance of the various contractors who take long to finish road projects or do shady work. She finally declared that blacklisting all contractors with a history of poor performance from taking up any new or upcoming contracts from UNRA. (The New Vision Oct, 21st 2015).

An example has also been the teachers on the government pay roll attribute their poor performance and the general poor performance of the U.P.E program to the poor remuneration system. (New Vision, May 18th 2015) and this resulted into a nationwide strike. This occurrence greatly crippled the education system in the country for quite some time. Many schools had no teachers in the classes for example Nakasero primary School, Bat Valley Primary School, Kitante Primary School etc.

Employees perform poorly despite the fact that they are remunerated in various ways. This study therefore seeks to examine whether remuneration methods used have any effect on employee performance.

1.3 General objective of the study

The study established the effect of remuneration on employee performance.

1.3.1 Specific objectives

To assess the effect of salaries on employee performance.

To establish the effect of wages on employee performance.

To determine the effect of bonuses/ incentives on employee performance.

1.4 Research questions

What is the effect of salaries on employee performance?

What effect do wages have on employee performance?

What is the effect of bonuses/ incentives on employee performance?

1.5 Scope of study

The study looked at the geographical, time and content scopes.

1.5.1 Geographical scope

The research study was intended to be carried out at Kampala Imaging Centre Simbamanyo branch. It is located on Simbamanyo building, Lumuba Avenue opposite Central Police Station (CPS).

1.5.2 Time scope

The study took into consideration the period from the year 2013 to 2015 due to the fact that the problem being looked at, took place in this time frame.

1.5.3 Content scope

Employee performance has quite a number of dimensions that can be looked at as a way of measuring the performance of employees such can be; timelessness, effectiveness, effectiveness, productivity among others. Out of these, the study focused on three dimensions namely; productivity, effectiveness and efficiency.

On the other hand when looking at remuneration, out of the many dimensions, the study focused on three main dimensions which are; salaries, wages and bonuses/ incentives.

1.6 Significance of the study

The study is to benefit different stakeholders at various levels and in ways as shown below;

This research will certainly generate more literature for further research which can be used to compare with related research about the effects of remuneration on employee performance. This will surely assist students in selecting a research topic, collecting and compiling the data.

The research will assist organizations in identifying the irregularities in employee remuneration that greatly affect their performance and ways in which to overcome these irregularities.

Management will achieve a broader understanding of the great relevance of remuneration coupled with employee performance in realizing the organizational goals and objectives.

Management and the human resource (employees) of Kampala Imaging Centre, Simbamanyo branch are likely to benefit since employee performance and remuneration are likely to improve once my findings are considered.

1.7 Justification of the study

Most people seek employment for quite a number of reasons which may include gaining experience in a specific field, career development, personal satisfaction etc. but the most outstanding of them all is the remuneration that comes with a specific job.

Remuneration is a very vital determinant of employee performance in any organisation and can as well be used as a motivational tool and so its effect in any organisation cannot be undermined. This study is meant to shine more light on the different remuneration methods and how deep remuneration can affect employee performance in an organisation.

1.8 Conceptual framework

According to Nyberg, Pieper, & Trevor in Journal of Management (2014), there are other factors affecting the relationship between remuneration and employee performance other than economic factors. These factors are mainly psychological such as nature of the job, employee characteristics, and organisational level characteristics among others.

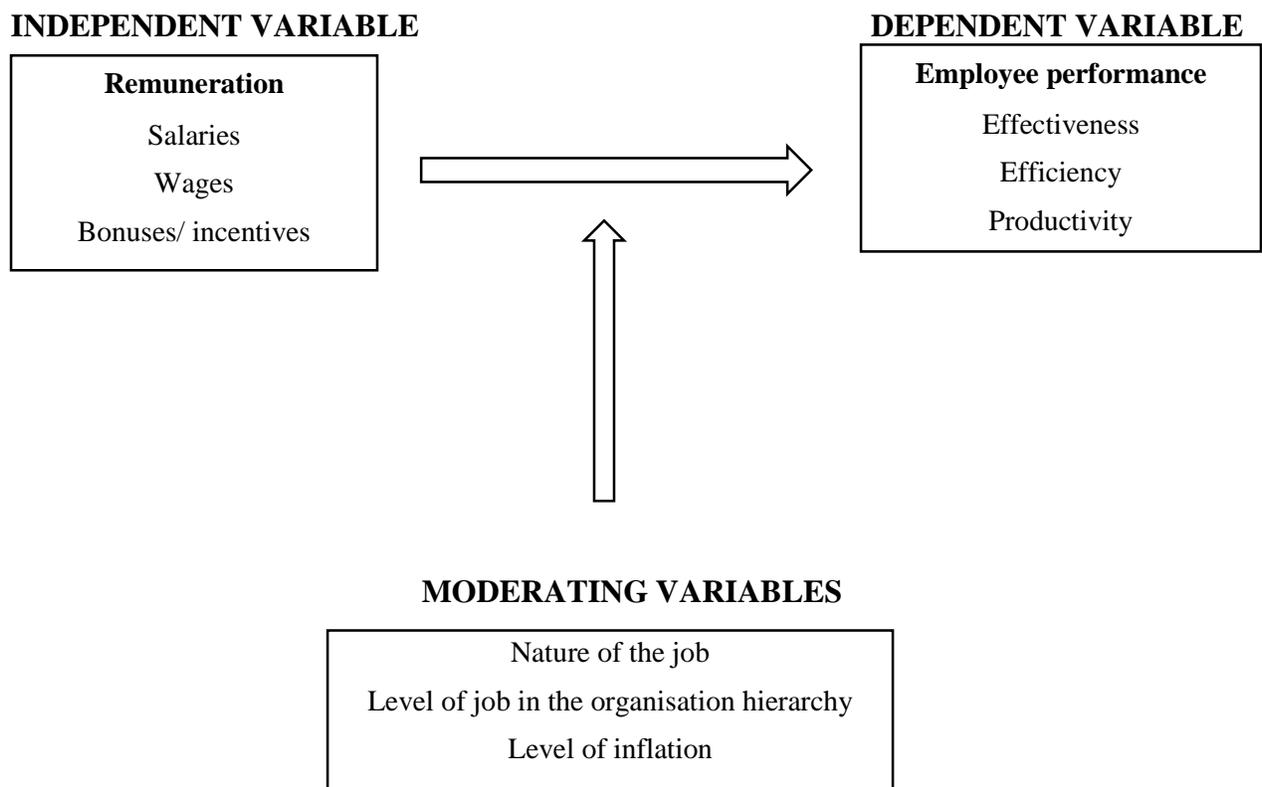
They go ahead to state that the nature of the job mainly determines the employees' attitude towards a given job and in turn affecting their performance besides the method of remuneration.

They look at employee characteristics as another factor affecting the relationship between remuneration and employee performance. They take into consideration that different people have different characteristics and values which can in turn affect their performance. For example, if an

employee is self-centred and feel they can perform a given job alone, it will affect their performance despite the remuneration method used.

They look at organisational level characteristics as another factor affecting the relationship between remuneration and employee performance. Here employee focus on the organisational level characteristics to perform despite the remuneration method being used.

Figure 1: Conceptual framework



Source: Adopted from, Nyberg, Pieper, & Trevor in Journal of Management (2014)

Using remuneration as the independent variable, three dimensions were considered that's to say salaries, wages and bonuses/ incentives and under employee performance as the dependent variable, effectiveness, efficiency and productivity are considered as dimensions.

The perfect relationship between these two variables is influenced by moderating factors. In the framework used, nature of the job, level of the job in the organisation hierarchy and level of inflation are used as dimensions.

The nature of the job can hinder the relationship between remuneration and employee performance. Jobs are usually classified into two i.e. white collar which may include accountants, managers, secretaries etc. and blue collar jobs e.g. off loaders, cleaners etc. These people almost have the same impact in the organisation but will not be remunerated the same way. As those who hold white collar jobs may be able to get salaries, the blue collar job holders will have a wage system. This may not hinder the performance of those holding blue collar jobs thus making their performance independent from remuneration.

Level of inflation can also stand as a hindrance between remuneration and employee performance.

When the level of inflation is low in a given economy, there is a lot that can be done with a given payment and the employees may feel appreciated and motivated to perform.

However, when the levels of inflation are quite high in an economy, payment may feel inadequate since there is little that can be done with a given amount of money and this pull down employee morale and affect their performance.

Level of job in the organisation's hierarchy serves as a moderating factor between the relationship between remuneration and employee performance. Jobs in various organisations are categorised according to which level of management they fall under. These levels are divide into three namely;

lower, middle and top management. Employees under the various levels will not earn the same payment. For example, an executive will not earn the same as a cleaner in lower management. This may not distort the performance of the cleaner thus making his performance independent from the remuneration he earns and yet the executive remunerated highly may still fail to performance.

Definition of key terms

Remuneration refers to the reward or compensation usually in monetary terms given by management to employees for their work performance.

Employee performance refers to whether an employee will perform their job well according to the standards set by the employer in the organisation or business.

Emolument refers to payment or compensation for a job.

Effectiveness is the capability of producing a desired result.

Efficiency defines it as the ability to accomplish a given task or job with the least wastage of time.

Productivity can be defined as a ratio to measure how well an individual, organisation or country converts input resources into goods and services.

1.9 Conclusion

This chapter has looked at the background of the study, background of the case study, problem statement, purpose of the study, general objective of the study, specific objectives, research questions, scope of the study, significance of the study, justification of the study, conceptual framework, and definition of key terms.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter focuses on the literature of other authors, assessing the effects of salaries on employee performance, establishing the effects of wages on employee performance and determining the effects of bonuses/ incentives on employee performance relating to the case study Kampala Imaging Centre (Simbamanyo branch).

2.1 Theoretical framework

Victor Vroom's expectancy theory

The concept of expectancy was originally contained in the valency-instrumentality-expectancy (VIE) theory which was formulated by Vroom (1964). Valency stands for value, instrumentality is the belief that if we do one thing it will lead to another, and expectancy is the probability that action or effort will lead to an outcome. This concept of expectancy was defined in more detail by Vroom as follows:

Where an individual chooses between alternatives which involve uncertain outcomes, it seems clear that his behaviour is affected not only by his preferences among these outcomes but also by the degree to which he believes these outcomes to be possible. An expectancy is defined as a monetary belief concerning the likelihood that a particular act will be followed by a particular outcome. Expectancies may be described in terms of their strength. Maximal strength is indicated by subjective certainty that the act will be followed by the outcome, while minimal strength is indicated by subjective certainty that the act will not be followed by the outcome.

The strength of expectations may be based on past experiences, but individuals are frequently presented with new situations such as a change in job, payment system etc. where past experience is an adequate guide to the implications of the change. In these circumstances, employee performance may be reduced.

Employee performance is only likely when a clearly perceived relationship exists between performance and outcome, and the outcome is seen as a means of satisfying needs. This can also explain why remuneration such as incentives/ bonuses work only if the link between effort and reward is clear and the value is worth the effort.

This theory was developed by Porter and Lawler (1968) into a model which follows Vroom's ideas by suggesting that there are two factors determining the effort people put into their jobs:

One being the value of the rewards/ remuneration to individuals in so far as they satisfy their needs for security, social esteem, autonomy, and self-actualization and the second being the probability that the rewards depend on effort, as perceived by individuals that's to say their expectations about the relationship between effort and remuneration. (**A hand book for Human Resource Management and practice 7th edition, Pg.116, 117**)



Figure: 2

According to the figure above, it is a sequence of expectations.

Employees will apply effort in expectation of good or better performance as compared to the previous time. In turn, they will expect organisational rewards befitting their efforts and overall performance which they expect to use to satisfy their personal goals.

The Expectancy Theory envisages that employee motivation will be boosted, and the possibility of desired performance improved, under reward for performance plans when the following circumstances are met:

- Employees understand the performance plan's goals and view them as feasible given their own abilities, skills, and the restrictions posed by task structure and other aspects of the organizational context.
- There is a clear link between performance and salary increases that is regularly communicated and followed through and;
- Employees value salary increases and view the salary increases connected with a plan as significant (that is, large enough to validate the effort required to achieve plan performance goals).

J. Stacey Adam's theory of equity 1965

John Stacey Adams, workplace and behavioural psychologist, put forward his Equity theory on job motivation in 1963.

The theory states, in effect, that people will be better motivated if they are treated equitably and demotivated if they are treated inequitably. It explains only one aspect of the process of motivation and job satisfaction, although it may be significant in terms of morale.

As suggested by Adams (1965), there are two forms of equity: distributive equity, which is concerned with the fairness with which people feel they are rewarded/ remunerated in accordance

with their contribution or performance and in comparison with others; and procedural equity which is concerned with the perceptions employees have about the fairness with which company procedures in such areas as performance appraisal, promotion etc. are being handled.

According to the equity theory, employees output from a given job to input they must expend. According to J. Stacey Adam, equity exists when employees perceive that outputs are equal to the inputs. He defined outputs to be salaries, wages and everything else that can be got from a given job. The inputs he described them as the effort, time, skill and everything else that one puts into a given job for it to be accomplished. Payment is the main concern and therefore the cause of equity or inequity in most cases so this theory can be used to assess the effects of wages on employee performance. When employees believe that their input is being fairly rewarded by the output they get from a given job, they are like to perform up to the expectations and when they feel that there is inequity, performance is likely to reduce.

However, this theory goes beyond - and is quite different from merely assessing effort and reward. Equity Theory adds a crucial additional perspective of comparison with 'referent' others (people we consider in a similar situation). Employees do not just look at their rewards, they look at rewards of others as well. Inequalities occur when people feel that their rewards are inferior to the other persons sharing the same workloads. The actual sense of equity or inequity within the Equity Theory is arrived at only after incorporating a comparison between our own input and output ratio with the input and output ratios that we see or believe to be experienced or enjoyed by others in similar situations.

According to the theory, what matters most is the ratio, not the amount of effort or reward per se. This explains for example why and how full-time employees will compare their situations and input-to-output ratios with part-time colleagues, who very probably earn less, however it is the

ratio of input-to-output - reward-to-effort - which counts, and if the part-timer is perceived to enjoy a more advantageous ratio, then so this will have a negative effect on the full-timer's sense of Equity, and with it, their performance.

2.2 Remuneration and the dimensions

Remuneration is part of the many methods that are used by management to motivate human resource in a bid to achieve the set goals for the organisation. Barry Gerhart, George T. Milkovich, Brian Murray (1992) consider remuneration from two perspectives one of the employee and that of the employer. From the perspective of an employee, remuneration has an important influence on the standard of living, status and security whereas from the employer's perspective, remuneration is a major cost of doing business that needs to be controlled and an investment that must generate adequate returns in terms of employee performance and overall organisation performance.

According to Maicibi (2005) remuneration is referred to as pay or reward given to individuals for work done. He quoted that remuneration was an important factor especially in affecting performance in most organizations.

According to K Aswathappa, (1997) remuneration is the compensation an employee receives in return for his contribution to the organization.

Remuneration can be looked at in quite a number of dimensions namely; basic salary, wages and incentives/ bonuses.

2.2.1 Salaries

According to Bratton and Gold (2003:292) a salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity. This is usually standard pay despite the time or piece covered by the employee.

Furthermore, salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed.

Salaries are usually preferred by employers due to various advantages they possess i.e. help in employee retention. Employees look at amount earned as salary before they quit their jobs.

Paying salaries also safe guards the employer against changes in the economy. Usually the amount set to be paid to employees is included in the employment contract and it is a standard rate not changeable often.

Salaries do a lot to motivate the workforce due to the monetary value they carry as compared to benefits such as promotions. However, salaries can also promote laziness among the employers since they are certain that they will receive a standard rate of payment no matter the work they have done.

2.2.2 Wages

Bratton & Gold (2003) consider a wage as payment to manual workers, always calculated on hourly or piece rates. This takes into account the time an employee spends at a given job or the piece of work covered by the employee. This kind of remuneration is common among manual workers such as builders, excavators, cultivators among others but can also cut across to other types of workers.

Wages as a mode of remuneration is preferred by some employers for the quite a number of reasons i.e. it does not favour idleness among employees since they are paid according to the work they have done. Here the employees know that a little work load will earn them little pay and vice versa.

Wages incentives may prove advantageous to employee's good performance since it depends on the employees bargaining power meaning the wage rates are subject to change according to the employee's bargaining power. If an employee has little bargaining power, the employer will be favoured since they will pay less.

Wages system proves to be efficient and favourable according to the employer since they consider cost and time. Employees are only paid for the work done and time spent. Employers don't feel like they are incurring any unnecessary costs in labour since they are not paying employees for the time away from their respective duties

2.2.3 Bonuses/ incentives

Bonuses/ incentives is additional payment given to employees for work done beyond standards or over time paid. It can also be defined as an extra sum given as a premium. These can be broken down into two practical terms namely; merit pay and bonus pay.

According to Milkovich et al, (2011), merit pay is an incremental increase in base salary used to recognize past performance and bonus pay is a lump sum cash payment used to recognize past performance of employees. Reward packages are given to employees in full according to their past performance and set future expectations.

Payment by Result is historically the most widely used incentive scheme, it rewards employees according to the number of items or units they produce or the time they take to produce them. Bonuses consider reward quantity of output rather than quality which can lead to reduced quality

of the product or service. There is a great need to modify and evaluate the effectiveness of this bonus scheme if it is to retain the impact of productivity. (*Dessler, 2003, p. 335-336*).

2.3 Employee performance

There are different views on what performance is, according to Bates and Holton (1995), performance is a multi-dimensional construct, the measurement of which varies depending on a variety of factors. On the other hand Kane (1996) argues that performance is something that the person leaves behind and that exists apart from the purpose.

Brumbach (1988) goes for a more comprehensive definition where he looks at performance as embracing both behavior and outcomes. In defense, he goes ahead to state that, behaviors emanate from the performer and transform performance from abstraction to action.

In order to ensure high employee performance, performance has to be managed which has to begin by setting standards that will enable employees achieve the set goals of departments and the organizations. Results or outputs are compared with the set standards.

According to Michael Armstrong in his book, “A hand book of Human Resource Management practice 7th edition (Pg. 437), performance management is defined as a process of measuring outputs in the shape of delivered performance compared with expectations expressed as objectives.

Grassing (2002) observed that performance entails effectiveness, which refer to firm’s ability to serve and produce what the market requires at a particular time and efficiency which means meeting the objectives at the lowest possible cost with highest possible benefits. He emphasizes ‘that organizational performance should be looked at in terms of economy, efficiency and effectiveness which are usually measured in financial terms.

Performance in the medical sector may be related to the quality of medical care that a doctor or medical practitioner offers to a client and how long it takes them to offer the service. This is the basis of measuring employee performance at Kampala Imaging Centre an institute that falls directly under medical practice.

To encourage performance, especially repeated good performance, managers must provide a sufficient number of rewards that employees really value, and do so in a timely and fair manner.

There are a number of theories that have been developed overtime by some scholars that can be used to throw more light on remuneration and its effects on employee performance.

2.4 Actual literature review

According to Alex Bryson Babatunde Buraimo and Rob Simmons, they assert that although psychologists point to the inherent value of work to human beings and identify the beneficial impact it has on their wellbeing, the rational economic behavioral model underpinning labor economics equates effort with disutility. As such, economists assume employees are motivated by monetary rewards.

This segment makes a review of the effect of remuneration on employee performance objective by objective. Employee performance is a necessity in any organisation as it is an avenue through which pre-set objectives and goals of the organisation can be achieved. Good employee performance has to be stimulated by a number of factors among which is remuneration.

Employers and managers in most organisations use this method of motivation to foster employee performance for the sole reason that it has quick results. Similarly Perry et al (2006), reviewed diverse literature and financial incentives significantly improve performance and effectiveness is dependent on organizational conditions. This means that better salaries and wages availability

and provision of adequate fringe benefits will attract better performance, whereas, poor organizational conditions like poor salaries and wages , inadequate provision of fringe benefits always attract poor performance in an organization. Robbins (2003) observed that employees who are unsatisfied with their jobs had many absenteeism rates than those with job satisfaction and with many attendance levels. He concluded that employee satisfaction and performance are connected with absenteeism.

2.4.1 Effect of salaries on employee performance

Many organizations use salaries as a way of improving their employee performance. A study was carried out in Mali seeking to understand factors that motivate health workers and improving their job performance. The study revealed that health workers in Mali are mainly motivated and driven by salary followed by others such as training, recognition which were found to be important. (Kohn, 1987). Kohn's research is not independent as he used different theories to guide this research.

Kohn's view of salary as one of the motivating factors is also in line with Henry Lawrence Gantt (1861-1819). He was a qualified mechanical engineer who become F.W Taylor's assistant at Midvale Street Company.

He assumes a negative attitude among the human resource towards work and suggests that as a way of motivating them, rewards or compensation have to be given. The equity theory better explains the relationship that exists between salaries and employee performance.

According to John Stacey Adams, equity exists in two forms i.e. the procedural and distributive forms of equity. The distributive form of equity is concerned with the fairness with which people (employees) feel they are rewarded/ remunerated in accordance with their contribution or

performance and in comparison with others. If employees feel equity in how they are rewarded compared to their input and qualification in a certain job, they will perform well and produce better output. However if the employee feels that they are being unfairly rewarded or treated compared to their input or compared to other people in or outside the organisation, performance is likely to drop gradually.

Salaries can work as a factor that can stimulate employee performance for a while but then if it remains static with no additions or increments in bad economic situations, it loses value among the employees with time.

Using Maslow's theory developed in 1954 where he categorised the needs into five major need categories i.e. physiological, safety, social, esteem and self-fulfilment. He stated that once one need is achieved, an individual's attention moves to another need along the hierarchy.

If one relates this theory to practice, an employee may be attracted to a job by the salary offered at that specific job which at the time of appointment can fully cater for the needs that they have at that given time. However, that will not entice him or her to continue performing to the required standards since the needs will have changed over time and the salary may not be able to cater for the new needs at hand.

Research studies by Armstrong (2003), observed that external motivational practices like salaries have a powerful effect on employees performance but do not necessarily last long. According to Maicibi (2003) postulates that salary increment paid promptly is a motivator to some employees since they adjust to a new style every time. This perception makes them feel that the next quantity of money would be appropriate to meet their needs hence administrators should never expect their staff to openly say that they are satisfied and no longer need a salary increment'. This

is in line with the research findings by Robbins (2003) that additional amounts of money offered for performance, are not always perceived as significant by employees.

Other scholars like Victor Vroom observed that money becomes a motivator only when it satisfies individual personal goals and this is dependent on performance criteria (Robbins,2003:80).

2.4.2 Effect of wages on employee performance

Wage refers to payment for labor or services to a worker, especially remuneration on an hourly, daily, or weekly basis or by the piece. Is also a payment to manual workers, always calculated on hourly or price rates (Bratton and Gold, 2003:292). According to the Wages Act 1986, a wage is any sum payable to the employee by an employer in connection with that employment.

This is mainly received by manual workers and usually the payment is arrived at through effort bargaining.

According to Michael Armstrong in his book “A hand book of Human Resource Management practice,” effort bargaining mainly involves an employee striking a bargaining with their employer between what the employee regards as a reasonable contribution and what the employer is prepared to offer to elicit that contribution. In other words it is an agreement which lays down the amount of work to be done for a rate of pay or wage rate.

According to Farazmand (2007) motivation of employees is affected by the wage system.

Employees who receive the same wages regularly are more likely to perform poorly than employees who receive some incentives. Increasing wages to be attractive motivates employees in the organization and makes it easy for them to perform well. Employee motivation is also affected by rewards. Managers are supposed to appreciate the performance of different employees in an organization so as to motivate them towards improved performance.

Employees are usually attracted to firms that offer attractive and higher wages compared to others and having this in mind, many managers pay their employees slightly above market value as a way of attracting and retaining employees.

Managers put into practice the efficiency wage theory which proposes that firms will pay more than the market rate because they believe that high levels of pay will contribute to increases in performance and therefore productivity by motivating superior performance, attracting better candidates, reducing labor turnover and persuading workers that they are being treated fairly. This theory is also known as 'the economy of high wages'. This theory assumes that employees are solely motivated by high wages and these would motivate them to perform well and increase on their productivity.

This makes the managers' work easy since they don't have to provide so many motivators. All they have to do is keep the attractive wages and paid as soon as tasks are finished and employees will perform up to the expected standards.

However, managers may find a challenge when they do offer the attractive wages that the employees want but still get low performance from the employees. This can also be traced to the Agency theory which mainly describes the relationship between the employer (principal) and the employee (the agent).

Agency theory as described above can be extended to the employment contract within firms. The employment relationship may be regarded as a contract between a principal (the employer) and an agent (the employee). The payment aspect of the contract is the method used by the principal to boost the agent to perform work to the satisfaction of the employer. But according to this theory, the problem of ensuring that agents do what they are told remains. It is necessary to clear up

ambiguities by setting objectives and monitoring performance to ensure that those objectives are achieved.

On the other hand, other factors may also come into play such as working conditions, organizational behavior such as favoritism and nepotism that may affect the relationship between wages and employee performance. The employees may look at other factors besides remuneration as a prerequisite of improving their performance.

In conclusion, wages do a lot in stimulating high performance among employees but also employers should not only focus on payment as the only motivating factor to improve employee performance because they might be disappointed.

2.4.3 Incentives/ bonuses and employee performance

Bonuses/ incentives is additional payment given to employees for work done beyond standards or over time paid. It can also be defined as an extra sum given as a premium.

The term fringe benefits refer to various extra benefits provided to employees, in addition to the compensation paid in the form of wage or salary. Balcher (1961) defines these benefits as, "any wage cost not directly connected with the employees' productive effort, performance, service or sacrifice." Cockmar (1975) defines fringe benefits as, "those benefits which are provided by an employer to or for the benefit of an employee and which are not in the form of wages, salaries and time-related payment".

Kharbanda (1986), and Appa Rao (1988) confirm that money as an incentive can influence the job behavior of employees and will motivate the workers. The money provides a symbolic value as a measure of recognition for accomplishment, status and place in the society, but the effect may be negative, when (i) The material needs are minor in his need hierarchy, (ii) The individual feels that he is unfairly rewarded for his efforts, and (iii) peripheral factors are not satisfied.

Nowadays, companies are rewarding performance bonuses to junior employees to increase output, unlike the past where they used to be a privilege of top executives. Performance bonuses are now on the rise in many organizations because managers want to link performance to reward. (Block & Lagasse, 1997).

Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011)

Vroom suggested that individuals will choose behaviors they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behavior, individuals are likely to consider three things; valence, instrumentality and expectancy. All these factors are often referred to as 'VIE' and they are considered to influence performance in a combined manner. According to Ryan & Pointon (2005), managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards.

Rewards in form of cash bonuses can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. According to Maund (2001), when the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more.

Reward packages must also be considered in their totality. Executive reward is complex, typically including fixed short-term pay in the form of salary and benefits; fixed long-term pay in the form of pension; variable short-term pay in the form of annual bonus; and variable long-term pay in the form of deferred bonus and long-term incentive awards. With the exception of salary and benefits, all of the other components of reward introduce uncertainty. However the remuneration committee must place a value on these different elements, which can move significantly in value over time, when making decisions on incentive awards. They must give thought not just to the value of reward today, but to the potential payouts and the impact on future retention value. Robust valuation methodologies involving specialist advice may be required to do this effectively (Gerald Seegers, 2009).

2.5 Conclusion

The reviewed literature clearly shows that the importance of remuneration in performance of employees in institutions cannot be overemphasized. Remuneration policies must be clearly outlined in institutions if expected performance of the institutions will be achieved.

The literature also clearly shows that failure to consider remuneration factors namely salary scale, pay reviews, pay secrecy, direct involvement of employees in developing a remuneration plan and labor union involvement will greatly affect employee performance in institutions.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

In this chapter, the researcher discusses the methodology of the study which Bell (1999) defines as a framework associated with a particular set of assumptions that one uses to conduct research. This chapter seeks to describe the research designs, sample procedure, size and sampling technique, data instrument and collection tools as well as data management and analysis, population of the research, ethical considerations and the difficulties/limitations encountered during the research. To be able to accomplish the task at hand, there is a need to gather adequate and comprehensive data on remuneration on employee performance.

3.1 Research design

The study adopted a case study design on remuneration on employee performance of Kampala imaging center (Simbamanyo branch). This study design is considered appropriate as it's aimed to make an in-depth analysis with a view to discover more information and relationship among the variables in the study. The researcher considered both qualitative and quantitative research approaches for data collection. A study is classified as qualitative if the purpose of the study is primarily to describe a situation, phenomenon, problem or event and on the other hand, the study is classified quantitative if you want to quantify the variation in a phenomenon, situation or problem and here analysis is geared to establish the magnitude of the variation (Kumar, 2005). The quantitative approach yields numbers, graphs and tables which are convincing (Mugenda and Mugenda, 2003).

3.2 Area of the study

The study took place at Kampala imaging center (Simbamanyo branch). It is located in Kampala opposite CPS. The area of study was sufficient for the researcher since it's one of the biggest and busiest branches of Kampala Imaging Centre hence it enabled the researcher to identify the gaps in relation to the research topic.

3.3 Study population

The research population is a group of individuals, objects, or items from which the items were taken for measurement (Kumar 2005). The target population of the study included the Manager, doctors, accountants, image editors, and support staff. The target population of this study is comprised of 50 respondents basing on the information provided by the Human Resource Manager from which information was obtained.

3.4 Sampling procedures.

Sampling is a procedure of selecting a part of population on which research can be conducted, which ensures that conclusions from the study can be generalized to the entire population. According to Mugenda and Mugenda, (2003) a sample size of between 10% and 30% is a good representative of the target population. Researchers have developed a number of techniques where only a small portion of the total population is sampled, and attempts to generalize the results and conclusion for the entire population.

3.4.1 Sample size

For ease of sampling in this study, the population size was 50, the sample size is 48 basing on Krejcie and Morgan table (1970) which were used and were selected from the study area being Kampala imaging center as follows; Manager, accountant, doctors, image editors, and support staff

were chosen since they were involved in a day to day running of operations especially staff remuneration.

Formula for determining sample size

$$S = \frac{x^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)}$$

S=required sample size

X²=the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N=the population size

P=the population proportion (assumed to be 50 since this would provide the maximum sample size)

d=the degree of accuracy expressed as a proportion (05)

Source krejcie and Morgan (1970)

Table 3.0 Category of samples

Category	Target population	Sample
Managers	1	1
Accountants	3	3
Image editors	12	11
Doctors	18	17
Support staff	16	16
Total	50	48

Source: *the researcher (2016)*

3.4.2 Sampling techniques

The process of defining a representative subpopulation to study is called sampling. There are two main categories of sampling, probability and non-probability. For the purpose of this study the

non-probability category was used. Random sampling was used and subjects were selected because of their convenient accessibility to the researcher. The researcher also used purposive sampling because some elements were chosen purposely for the study. The subjects were chosen simply because they are the easiest to obtain for the study and it was used because it was easy, fast and usually the least expensive.

3.5 Data collection sources

The researcher used both primary and secondary sources of data. The primary sources included questionnaires that were delivered to the respondents and they answered the questions in those questionnaires with the help of the researcher and interviews. The secondary sources of data mainly included the data got and tabulated from the questionnaires given to the respondents.

3.5.1 Questionnaire

Kumar, (2005) defines a questionnaire as a written list of questions, the answers to which are recorded by the respondents. It is a device for gathering information consisting of a list of questions or statements calling for information from the respondents. Usually the respondent writes in the spaces provided on the form as guided by the researcher. Self-administered questionnaires covering all the aspects of the study variables and accompanied with a five-point Likert scale response continuum, that is 1= strongly agree, 2 = agree, 3 = undecided, 4 = disagree and 5= strongly disagree, were used for this study to collect data.

3.6 Data collection instruments

The main data collection instruments included questionnaires and interview guides. The questionnaires were formulated by the researcher and given to the respondents to answer the questions accordingly. The interview guides were used as another data collection instrument meant to supplement the data collected by the questionnaires.

3.6.1 Data validity

Data validity ensured through subjecting the drafted tools such as the questionnaire questions to be reviewed by experts to ensure that the right questions for research study are asked. The questionnaire was reviewed by the supervisor before being granted permission to go and collect data. The researcher also ensured that the right questions for the study were asked basing on the study objectives.

$$CVI = n/N \times 100$$

Where

n = number of items related as relevant

N = total number of items in the in the instrument

The CVI for the questionnaires was 74.0% therefore the instrument was considered valid because the validity was above 70% acceptance level. Amin (2004) observes that in a survey, the least CVI recommended in a study should be 70%. A few other adjustments were made in the instrument to make it more valid

3.6.2 Data reliability

Judith, (2005) states that data reliability is the degree to which an assessment tool produces stable and consistent results. To ensure data reliability, the researcher administered different forms of data collection instruments that is; questionnaires and there results were compared. The instrument was modified on the basis of the pilot test before administering it to the study respondents. In this study, quality control was done by carrying out a pretest of the questionnaire on the respondents to test the reliability using Chronbach's alpha coefficient.

Table.3.1. Chronbach alpha value for reliability of data

VARIABLES	ALPHA VALUE
Salaries	0.652
Wages	0.654
Bonuses/ incentives	0.661
Employee performance	0.396

The table above shows the scored alpha values of tested study variables. The table shows the alpha values above 0.6 when a reliability test was conducted implying that the tools used to collect data were reliable as asserted by Sekaran (2003).

3.7 Data management and processing

The format of a typical five-level Likert item, for example, could be: 1) Strongly disagree, 2) Disagree, 3) Not sure, 4) Agree, 5) strongly agree. Likert scaling is a bipolar scaling method measuring either positive or negative response to a statement. This is what the researcher used to measure the independent and dependent variables to find out whether there is positive or negative

relationship between them. Presentation of findings were done using tables, graphs. This was done by the help of computer program SPSS version 16 and micro-soft word. These were used to present the data collected in tabulation form in order to identify the similarities and differences between the variables and finally use of inferential statistics to derive conclusion on remuneration and employee performance.

3.8 Data analysis

Two types of analyses were conducted and they are quantitative and qualitative analyses. The following subsections explain the analysis in detail.

3.8.1 Qualitative Data Analysis

Qualitatively the data was sought into themes, categories and patterns. This enabled the researcher to make general statements in terms of the observed attributes hence conceptualization according to (Saunders, 2009).

3.8.2 Quantitative Data Analysis

Data from questionnaires has been summarized, coded, tabulated and analyzed. Editing was done to improve the quality of data for coding. Coded data was then fed into the statistical package for social sciences (SPSS) version 16. This version of SPSS has been selected for analysis since it offers a more user friendly interface and can easily be linked with Microsoft office utility programs. Descriptive statistics were employed to analyze the data. According to (Cooper et al, 2001) descriptive statistics reveal characteristics of an array of data and enable the researcher to use few indices or statistics to meaningfully describe the phenomena under investigation. Descriptive statistics such as mean scores, standard deviation, correlation analysis and regression have been used to analyze the data and the results have been presented in tables and graphs.

3.9 Ethical issues.

The researcher requested for permission from the administration to carry out this research hence presented a letter to the management where the research was conducted prior to the date when the data collection was actually carried out.

The researcher also ensured that responses from recipients especially personal or sensitive matters is kept confidential and well protected by making sure that information on respondent's attitude, feelings or personal life is not disclosed.

The researcher ensured that participation of participants is voluntary not forced; the researcher has also debriefed the recipients before the data was collected from them.

The researcher has cited all the sources used in the study either in the literature or appendices and also accessed data through official channels

3.10 Limitations of the study.

The issue of finances has also been a limit to the research in that the researcher did not have enough funds to facilitate various activities like printing, transportation for various trips to the study area and this has been minimized by the use of soft copies via E-mail.

Again the outcomes were based on the information solicited from the respondents and therefore subjected to human errors, omissions and possible misstatements. However, in spite of the above, the researcher ensured that the research meets all the relevant requirements for a scientific research and thereby reducing errors to the barest minimum if not to eradicate them completely.

3.11 Conclusion

This chapter has given the researcher an understanding on how data has been collected and analyzed during the study. This included understanding the population and the sample size which has been sampled during the research. Therefore through these methods, the researcher believes the information presented is of a required result that it is valid and reliable.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The chapter presents the findings captured from the field of the study. The researcher presents, interprets and discusses the findings of the study on “*effect of remuneration on employee performance*” The chapter is organized in that the background information of the respondents is presented first, and then the findings relating to the research objectives are presented next. The total number of people who participated by filling in the questionnaires were 48 respondents which presented 100% of the response of the sample size. The presentation of findings results were presented inform of tables.

4.1 Background Information of the Respondents

In this section, efforts are made to document the background information of the respondents such as gender, age, education qualification, and duration in the organization.

4.1.1 Gender of respondents

The research study sought to establish the gender of the respondents who participated in the study. The figure below presents the findings of the study.

Table 4.1 showing gender of respondents

Detail	Frequency	Percentage
male	25	52.1
female	23	47.9
Total	48	100.0

Source: *primary data (2016)*

Table 4.1, indicates that there were more males than female respondents. This is shown by the male having a percentage of 52.1%, while the female are shown by a percentage of 27.9%. This

therefore implies that during the research most of the respondents were men since there were available.

4.1.2 Respondents' level of Education

The researcher intended to know the academic qualification of the people employed so that he could establish whether they were well acquainted with knowledge and internal control systems.

Table 4.2: showing the Level of Education

Details	Frequency	Percentage
Certificate	12	25.0
Diploma	12	25.0
Degree	22	45.8
Post graduate	2	4.2
Total	48	100.0

Source: *Primary data, (2016)*

Results from table 4.2 above indicate that majority of the respondents (45.8%) had attained degrees and, (25.0%) had attained diploma and certificate and the minority (42%) had post graduate education. This implies that the majorities of the employees have a good educational background and fully understand the concept of remuneration and employee performance.

4.1.3 Duration spent in the organization

The study, looked at the Duration spend in the Kampala imaging centre and details are presented below.

Table 4.3: Showing Duration spend in the organization

Details	Frequency	Percentage
1 year	10	20.8
5 years	32	66.7
10 years	4	8.3
More than 10 years	2	4.2
Total	48	100.0

Source: *Primary data, (2016)*

Table 4.3 reveal that a majority of the respondents 66.7% have worked with organization for over a period of 5 years, 20.8% respondents for a period of 1 year and 8.3% for 10 years and more than 10 years constituted to 4.2%. This implies they had much knowledge about remuneration and their response based on an informed knowledge.

4.2 Descriptive Statistics basing on study objectives

Data analysis and correlation analysis was based on study objectives and results were presented basing on the objectives. Questionnaire used to generate data was designed in likert scale with different levels of agreement for each statement that is, 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree and 5-Strongly agree. Therefore the mean average level of agreement was computed as $(5+4+3+2+1)/5 = 15/5 = 3.0$. This therefore implies that all responses averaging 3.0 and above amounted for Agree whereas all responses averaging below 3.0 accounted for Disagree.

4.2.1 Effect of salaries on employee performance

Table 4.4 showing Descriptive statistics salaries on employee performance

Details	N	Min	Max	Mean	Std. Deviation
Employee salaries are paid promptly	48	1	5	4.09	1.029
Employee salaries can cater for all their needs	48	1	5	4.00	1.116
Salaries are used to motivate and improve employee performance	48	1	5	4.07	1.143
Employees are fairly rewarded	48	1	5	4.04	1.074
Salary given according to the qualification of the employee	48	1	5	3.22	1.548
Salaries are changed with changes in economic situation	48	1	5	3.87	1.147
Valid N (list wise)	48				

Source: *Primary Data, (2016)*

Employee salaries are paid promptly

Table 4.4 shows that the majority of the respondents agreed that Employee salaries are paid promptly with a mean value of 4.09. This is in line with Maicibi (2003) postulates that salary increment paid promptly is a motivator to some employees since they adjust to a new style every time. However there was a deviation in respondent's opinion with a standard deviation value of 1.029 which means that even if many agree that salaries are paid promptly, some don't share a similar view.

Employee salaries can cater for all their needs

Table 4.4 shows that the majority of the respondents agreed that Employee salaries can cater for all their needs with the mean value of 4.00. An employee may be attracted to a job by the salary offered at that specific job which at the time of appointment can fully cater for the needs that they

have at that given time. However respondent's deviated with a standard deviation value of 1.116 which implies that whereas many agree that salaries given are enough to cater for their needs, there are others who don't agree with this.

Salaries are used to motivate and improve employee performance

Table 4.4 it is noted that majority of the respondents agreed that Salaries are used to motivate and improve employee performance with a mean value of 4.07 and this is in line with Kohn, (1987) in his study who revealed that health workers in Mali are mainly motivated and driven by salary followed by others such as training, recognition which were found to be important. However there was a deviation among the respondents with a standard deviation of 1.143 thus implying that some respondents agree that salaries act as a motivating factor hence improvement in employee performance, others strongly disagreed with this.

Employees are fairly rewarded

Table 4.4 shows that the majority of the respondents agreed that Employees are fairly rewarded with the mean value of 4.04. The distributive form of equity is concerned with the fairness with which people (employees) feel they are rewarded/ remunerated in accordance with their contribution or performance and in comparison with others. However deviation in opinion with a standard deviation value of 1.074 existed which implies that some employees feel they are fairly rewarded while a few are not content and strongly disagreed.

Salary given according to the qualification of the employee

Table 4.4 shows that respondents were neutral about Salary being given according to the qualification of the employee with the mean value of 3.22. Employees feel equity in how they are rewarded compared to their input and qualification in a certain job, they will perform well and

produce better output. However there was a minimal standard deviation of value 1.548 thus implying that majority of the respondents were neutral that qualification acts as a base for salary award but there are also some that strongly disagreed with this assertion.

Salaries are changed with changes in economic situation

Table 4.4, it can be noted that majority of the respondents were neutral about the assertion that Salaries are changed with changes in economic situation with a mean value of 3.87. Salaries can work as a factor that can stimulate employee performance for a while but then if it remains static with no additions or increments in bad economic situations, it loses value among the employees with time. However there was a standard deviation with values of 1.147 which indicates that majority of the respondents were neutral about the assertion that salaries are changed when economic situations change but then the majority strongly disagreed.

4.2.2 Descriptive Statistics on wages

Table 4.5 showing descriptive statistics wages

Details	N	Min	Max	Mean	Std. Deviation
Wages are attractive	48	1	5	3.80	1.128
Wage rates are competitive in the market	48	1	5	3.93	1.143
Wages are paid as soon as the task is completed	48	1	5	3.80	1.067
Wages are reasonable in regards to contribution made	48	1	5	3.78	1.052
Wage system is effective and favorable	48	1	5	3.85	1.032
Wages can act as an incentive for good performance	48	1	5	3.91	1.092
Valid N (list wise)	48				

Source: *Primary Research Data, (2016)*

Wages are attractive

Table 4.5 above noted Wages are attractive with majority being neutral with a mean value of 3.80. Increasing wages to be attractive may motivate employees in the organization and makes it easy for them to perform well. However study revealed some standard deviation with values of 1.128 which implies that even though majority are neutral about the assertion that wages paid are attractive to employees, others strongly disagree.

Wage rates are competitive in the market

Table 4.5, noted that Wage rates are competitive in the market with the majority of respondents being neutral or not sure with a mean value of 3.93. Employees are usually attracted to firms that offer attractive and higher wages compared to others and having this in mind, many managers may pay their employees slightly above market value as a way of attracting and retaining employees. However from the findings, there was a deviation of 1.143 thus implying that even though majority are neutral, there are some who strongly disagree.

Wages are paid as soon as the task is completed

From the findings of the research study in table 4.5 it can be noted that wages are paid as soon as the task is completed this was in respect to the majority of respondents who were neutral with the mean value of 3.80. Keep the wages attractive and pay as soon as tasks are finished and employees may perform up to the expected standards. However from the findings of the research study, also revealed that there was a standard deviation of values 1.067 which implies that though majority was neutral, some of them strongly disagreed with the assertion.

Wages are reasonable in regards to contribution made

Table 4.5 above revealed that Wages are reasonable in regards to contribution made with a neutral mean value of 3.78 which is in line with Nyberg, Anthony J who emphasized that effort bargaining mainly involves an employee striking a bargain with their employer between what the employee regards as a reasonable contribution and what the employer is prepared to offer to elicit that contribution. However from there was a deviation too with the standard deviation of values of 1.052 thus implying that though the majority respondents are neutral, there are a few who strongly disagree.

Wage system is effective and favorable

Table 4.5 noted that the majority of respondents were neutral about whether the wage system is effective and favorable with the mean value of 3.85 which is in line Alex Bryson who confirmed that Wages system proves to be efficient and favorable according to the employer since they consider cost and time. However from the findings of the study, it was also revealed that there was a standard deviation with values of 1.032 which is minimal implying that some of the respondents were strongly disagreeing with the assertion that the wage system is effective and favorable.

Wages can act as an incentive for good performance

From the findings of the research study in table 4.5 it can be noted Wages can act as an incentive for good performance this was in respect to the neutral mean value of 3.91 which is in line with Perry et al who addressed that wages can act as incentives for good performance thus propelling employees to perform. However from the findings of the research study, also revealed a standard deviation of values 1.092 which implies that some strongly disagree with the assertion that wages act as incentives for good performance though majority are neutral.

4.2.3 Descriptive Statistics on incentives

Table 4.6 showing the descriptive statistics control activities

Details	N	Min	Max	Mean	Std. Deviation
Bonuses increase output of employees	48	1	6	3.91	1.132
Bonuses are given upon task completion	48	1	5	4.20	1.067
Bonuses reflect performance achieved	48	1	5	4.04	.988
Bonuses are tagged against set targets	48	1	5	3.93	1.020
Reward packages offered in their totality	48	1	5	4.00	1.033
The incentive scheme is satisfactory	48	1	5	4.02	1.105
Valid N (listwise)	48				

Source: *Primary Data, (2016)*

Bonuses increase output of employees

Table 4.6 revealed that Bonuses increase output of employees where the majority of respondents were neutral with a mean value of 3.91. Bonuses consider reward quantity of output rather than quality which can lead to reduced quality of the product or service. Though there was a minimal deviation with standard deviation values of 1.132 thus implying that even though majority of the respondents were neutral, some of them strongly disagreed.

Bonuses are given upon task completion

Table 4.6 noted that the majority of the respondents agreed that Bonuses are given upon task completion with the mean value of 4.20 which is in line with Trevor, Charlie O who stressed that money provides a symbolic value as a measure of recognition for accomplishment, status and place in the society, but the effect may be negative, when (i) The material needs are minor in his need hierarchy, (ii) The individual feels that he is unfairly rewarded for his efforts, and (iii) peripheral factors are not satisfied. Though there were some respondents who deviated with a standard

deviation of 1.067 though minimal thus implying that though majority agreed, there are still some that strongly disagree that bonuses are given upon task completion.

Bonuses reflect performance achieved

Table 4.6 noted that Bonuses reflect performance achieved where the majority of respondents agreed to the statement with a mean value of 4.04 which is in line with Maund (2001), who noted that when the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more. However findings of the study revealed that some respondent deviated though minimal with the standard deviation of value 0.988 thus implying that there is a minority that strongly disagrees that bonuses reflect achieved performance.

Bonuses are tagged against set targets

Table 4.6 above noted that Bonuses are tagged against set targets where majority of respondents were neutral with the mean value of 3.93 which is in line with Newman, J.M, who elaborated that rewards in form of cash bonuses can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. However there was a minimal deviation of 1.033. This therefore implies that however much some respondents are neutral, there is a minority that strongly disagrees.

Reward packages offered in their totality

Table 4.6 revealed that Reward packages offered in their totality with the majority of respondents in agreement to the statement with a mean value of 4.03. This stresses that reward packages are given to employees in full according to their past performance and set future expectations. However from the findings of the study, it was also revealed that some respondents deviated

though minimal with standard deviation values of 1.105 thus implying that however much some of the respondents agreed, there was a minority that strongly disagreed.

The incentive scheme is satisfactory

From the findings of the research study in table 4.6 above, it can be noted The incentive scheme is satisfactory where majority of respondents agreed with the statement with the mean value of 4.03 which is in line with Payment by Result is historically the most widely used incentive scheme, it rewards employees according to the number of items or units they produce or the time they take to produce them. However there was a minimal deviation of 1.028. This therefore implies that whereas majority of the respondents agreed, there was a minority that strongly disagreed.

4.2.4 Employee performance effectiveness

Table 4.7 showing the descriptive statistics Employee performance effectiveness

Details	N	Min	Max	Mean	Std. Deviation
Remuneration motivates employees to be more effective	48	1	5	4.02	.977
I accomplish all my assignments	48	1	5	3.78	1.094
Am provided with all the necessary equipment's to accomplish my tasks	48	1	5	3.80	1.108
Valid N (list wise)	48				

Source: *Primary Data, (2016)*

Remuneration motivates employees to be more effective

Table 4.7 noted that Remuneration motivates employees to be more effective where the majority of respondents agreed to the statement with a mean value of 4.02. Though there was a minimal

deviation with the standard deviation values of 0.977 thus implying that there was a majority that strongly disagreed that remuneration motivates employees to be more effective.

I accomplish all my assignments

From the findings of the research study in table 4.7, it can be noted that the majority of the respondents were neutral about whether they accomplish all their assignments with the mean value of 3.78 which is in line with Moynihan, L.M. Though there were some respondents who deviated with the standard deviation of 1.094 though minimal thus meaning that though the majority were neutral, some of them strongly disagreed.

Am provided with all the necessary equipment's to accomplish my tasks

From the findings of the research study in table 4.7, it can be noted that am provided with all the necessary equipment's to accomplish my tasks where the majority of respondents were neutral to the statement with a mean value of 3.80. However from the findings of the study, it was also revealed that some respondent deviated though minimal with a standard deviation of value 1.108 thus meaning that there was a minority that strongly disagreed with the statement.

4.2.5 Employee performance efficiency

Table 4.8 showing the descriptive statistics Employee performance efficiency

Details	N	Min	Max	Mean	Std. Deviation
I accomplish my tasks on time	48	1	5	3.83	1.060
I put time in executing all my assignment	48	1	5	3.84	1.165
Low costs encountered in accomplishing tasks	48	1	5	3.71	1.160
Valid N (list wise)	48				

Source: *Primary Data, (2016)*

I accomplish my tasks on time

From the findings of the research study in table 4.8 above, it can be noted that they accomplish their tasks on time where majority of respondents were neutral about the statement with the mean value of 3.83 which is in line with. However, there was a minimal deviation of 1.060. This mainly implies that there is a minority that strongly disagreed with the assertion.

I put time in executing all my assignment

From the findings of the research study in table 4.8, it can be noted that they put time in executing all my assignment with the majority of respondents were neutral to the statement with a mean value of 3.84. However from the findings of the study, it was also revealed that some respondents deviated though minimal with a standard deviation values of 1.165 thus indicating that some of the respondents were in disagreement with the statement.

Low costs encountered in accomplishing tasks

From the findings of the research study in table 4.8 above, it can be noted that Low costs encountered in accomplishing tasks where majority of respondents were neutral about the statement with the mean value of 3.71. However there was a minimal deviation of 1.014 thus an indicator of the minority that strongly disagreed with the statement.

4.2.6 Employee performance productivity

Table 4.9 showing the descriptive statistics Employee performance productivity

Details	N	Min	Max	Mean	Std. Deviation
Management is interested in improving the productivity of each employee	48	1	5	4.04	.988
You take part in achieving total organizational productivity	48	1	5	3.93	1.020
Employees productivity is recognized by management	48	1	5	4.00	1.033
Valid N (listwise)	48				

Source: *Primary Data, (2016)*

Management is interested in improving the productivity of each employee

From the findings of the research study in table 4.9 above, it can be noted that Management is interested in improving the productivity of each employee where majority of respondents agreed with the statement with the mean value of 4.04. However there was a minimal deviation of 0.988. This is an indicator of the minority that strongly disagreed with the assertion.

You take part in achieving total organizational productivity

From the findings of the research study in table 4.9, it can be noted that you take part in achieving total organizational productivity with the majority of respondents neutral to the statement with a mean value of 3.93. However from the findings of the study, it was also revealed that some respondents deviated though minimal with a standard deviation values of 1.020 thus an indicator of the minority that strongly disagreed with the statement.

Employees' productivity is recognized by management

From the findings of the research study in table 4.9 above, it can be noted that Employees productivity is recognized by management where majority of respondents agreed with the statement with the mean value of 4.00. However, there was a minimal deviation of 1.033 thus implying that there are few respondents who strongly disagreed with the statement.

4.3 Correlation analysis

In order to determine the relationship between salaries, wages and incentives/bonuses on employee performance, the researcher conducted correlational analysis and the following were the results;

4.3.1 Correlation analysis between salaries and employee performance

Table 4.10: Correlation results of salaries and employee performance

		Salaries	Employee performance
Salaries	Pearson Correlation	1	.416**
	Sig. (2-tailed)		.005
	N	48	48
Employee performance	Pearson Correlation	.416**	1
	Sig. (2-tailed)	.005	
	N	48	48

** . Correlation is significant at the 0.01 level (2-tailed).

Source: primary data (2016)

The study sought to determine the effect of salaries on employee performance. This was done by computing Pearson correlation co-efficiency determinant. From the table 4.10 above, correlation value ($r = 0.416^{**}$ $p < 0.01$) revealed that there is a positive and a significant relationship between salaries and employee performance. This meant that salaries lead to an improvement in employee performance by 0.498 which is above the Pearson correlation determinant of 0.01. This meant that salaries has an increasing effect on employee performance which is in line with Armstrong (2003)

who observed that external motivational practices like salaries have a powerful effect on employees performance but do not necessarily last long. According to Maicibi (2003) postulates that salary increment paid promptly is a motivator to some employees since they adjust to a new style every time. This perception makes them feel that the next quantity of money would be appropriate to meet their needs hence administrators should never expect their staff to openly say that they are satisfied and no longer need a salary increment’.

4.3.2 Correlation analysis between wages and employee performance

Table 4.11: Correlation results of wages and employee performance

		Wages	Employee performance
Wages	Pearson Correlation	1	.871 **
	Sig. (2-tailed)		.000
	N	48	48
Employee performance	Pearson Correlation	.871 **	1
	Sig. (2-tailed)	.000	
	N	48	48

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (2016)

The study sought to determine the relationship between wages and employee performance. This was done with the support of the Pearson correlation product moment technique. From the table 4.11 above, correlation value ($r = 0.871^{**}$ $p < 0.01$) revealed that there is a positive and a significant relationship between wages and employee performance. This meant that wages leads to an improvement in employee performance by a value of 0.871 which meant that wages has a stronger increasing effect on employee performance since the correlation co-efficiency determinant above 0.01 which is in line with Robbins, P.S, (2003) who stressed that Managers put into practice the

efficiency wage theory which proposes that firms will pay more than the market rate because they believe that high levels of pay will contribute to increases in performance and therefore productivity by motivating superior performance, attracting better candidates, reducing labor turnover and persuading workers that they are being treated fairly.

4.3.3 Correlation analysis between incentives/bonuses and employee performance

Table 4.11: Correlation results of incentives/bonuses and employee performance

		incentives/bonuses	employee performance
incentives/bonuses	Pearson Correlation	1	.654**
	Sig. (2-tailed)		.000
	N	48	48
employee performance	Pearson Correlation	.654**	1
	Sig. (2-tailed)	.000	
	N	48	48

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (2016)

The study sought to determine the relationship between incentives/bonuses and employee performance. This was done with the support of the Pearson correlation product moment technique. From the table 4.9 above, correlation value ($r = 0.654^{**}$ $p < 0.01$) revealed that there is a significant positive relationship between incentives/bonuses and employee performance. This meant that incentives/bonuses lead to a progressive improvement in employee performance. The value of 0.654 meant that incentives/bonuses is greater 0.01 of Pearson co-efficient determinant which implies that when incentives/bonuses is given to employees, it will have an increasing effect on their performance which is in line with Balcher D.W. (1961) who explained that companies use cash bonuses to reward their employees' performance during the year under appraisal. But

there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too.

4.4 Conclusion

The analysis of the primary data indicates that the independent variables through the predictor variables; salaries, wages and incentives/bonuses all have a positive effect on employee performance as it has been revealed in the findings of the study in this chapter. This implies that those minor deviations of performance still exist. Further explanation and summary of findings is presented in chapter five.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 Introduction

The chapter presents summaries of the research findings, conclusion, recommendations and areas for further study. The summaries relate to the general objectives of the research study which aimed at investigating the relationship between salaries, wages and incentives/bonuses and employee performance of Kampala imaging center as a case study. In addition, this research aims to give recommendations on how remuneration facilitates performance through Increase in efficiency, effectiveness and productivity.

5.1 Summary of the findings

The findings revealed that majority of the respondents in the selected were males with a percentage of 52.1%. The researcher discovered that majority of the employees' attained degrees and post graduate with 45.8% and findings further showed that majority of the employees had worked with an organization with a percentage of 66.7%. The study also assessed study objectives. Research data was collected using questionnaires and analyzed using descriptive analysis.

5.1.1 Salaries and employee performance

The study revealed that salaries influences employees to be attracted to a job by the salary offered at that specific job which at the time of appointment can fully carter for the needs that they have at that given time and is in consideration of effectively and efficiently. With a value of 0.416 revealed that there is a positive and a significant relationship that exist between salaries and employee performance. This meant that emphasis on salaries leads to improvement on employee performance by 0.416 which above the Pearson correlation co-efficiency. This corresponds with

respondents views which were positive implying that salaries has to be taken into serious consideration because its leads to an improvement in employee performance.

5.1.2 Wages and employee performance

The study also that consideration wages paid leads to a positive significance contribution to employee performance especially wage payment contribute to increases in performance and therefore productivity by motivating superior performance, attracting better candidates, reducing labor turnover and persuading workers that they are being treated fairly. Thus a positive and a significant relationship exist between wages and employee performance with values 0.871. This illustrates that an emphasis on wages improves performance by 0.871. Wage payment helps Kampala imaging center to motivate employee in line with production activities.

5.1.3 Incentives/bonuses and employee performance

From the research findings it is revealed that emphasized on incentives/bonuses in terms of rewards in form of cash bonuses can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets and when the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more. This introduces a fact that emphasis on incentives/bonuses improves and enhances finances performance by 0.654. Thus a positive and a significant relationship exist between wages and employee performance

5.2 Study conclusions

Objective one of the study which was to establish how salaries affects employee performance indicated that salaries greatly influences employees to work as a result of salary offered at that specific job which at the time of appointment can fully carter for the needs that they have at that

given time in terms of results, increased productivity, increased efficiency and effectiveness since there was a positive relationship that exist between salaries and employee performance.

The second objective assessed wages and employee performance, the researcher found out that there is a positive relationship between wages and employee performance. This therefore implies that Kampala imaging center should consistently strive to pay wages since wage payment contribute to increases in performance and therefore productivity by motivating superior performance, attracting better candidates, reducing labor turnover and persuading workers that they are being treated fairly which contribute to efficiency and effectiveness

The last objective established whether incentives/bonuses affect the employee performance. It was found out that payment of incentives/bonuses positively affects the employee performance. Therefore a firm should always pay incentives/bonuses in terms of rewards in form of cash bonuses can be used to improve performance by setting targets in relation to the work given especially surpassing some targets and when the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more hence increase in productivity, efficiency and effectiveness.

To summarize, the research revealed that salaries, wages and incentives/bonuses positively affects the employee performance of Kampala imaging center and this performance is inversely influenced by increase in productivity, efficiency and effectiveness in resource utilization by employees of Kampala imaging center.

5.3 Recommendations

The study recommends that Kampala imaging center should pay and increase employee salaries as situation change which will make them feel empowered to perform better.

The study recommends that Kampala imaging center should motivate employees whereby the emphasis is put on wages, salaries and incentives paid to employee which will motivate them to perform to their best.

The study recommends that factors such as working conditions, organizational behavior such as favoritism and nepotism that may affect the relationship between wages and employee performance should be avoided to achieve goals of the organization.

The study recommends that management offer attractive wages that the employees want so that they get improvement performance from the employees.

5.4 Areas for Future Research Studies

There is need to conduct research on the impact of remuneration on employee turnover in an organization.

Another suggestion would be to concentrate only on salaries in relation to employee performance.

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QUESTIONNAIRE

EFFECT OF REMUNERATION AND EMPLOYEE PERFORMANCE

Dear respondent,

I am Kasujja Alexander, a student of Uganda Martyrs University, faculty of Business Administration and Management. The purpose of this questionnaire is to help the researcher obtain your opinion about the relationship that exists between remuneration and employee performance considering Kampala Imaging Centre as my case study.

The researcher is purposely academic in nature and will not be used anywhere else besides academics.

You have been selected as one of the respondents due to the fact that you possess the knowledge and information concerning this topic (Effect of remuneration on employee performance) deemed necessary in this research.

All information collected will be treated with utmost confidentiality.

SECTION: A

Demographics information. (Please tick (√) appropriately)

1. Gender.

Male

Female

2. Age (years)

20-24

25-30

31-34

35-50

Above 50

3. Marital status

Single Married Separated

4. Educational level

Certificate Diploma Degree Post graduate

5. Post held in the organization

Manager Doctor Image Editor Support staff

Accountant

6. Time spent at the organization

1year 5years 10 years More than 10 years

SECTION: B

Please tick your appropriate choice in answer box

1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree

SALARIES

No	STATEMENT	1	2	3	4	5
S1.	Employees' salaries are paid promptly					
S2.	Employee's salary can cater for all their needs					
S3.	Salaries are used to motivate and improve employee performance					
S4.	Employees are fairly rewarded					

S5.	Salary given according to the qualifications of the employee					
S6.	Salaries are changed with changes in economic situation					

In your opinion, what do you suggest can be done to improve on the organization's salary system?

.....

.....

WAGES

No.	STATEMENT	1	2	3	4	5
W1.	Wages are attractive					
W2.	Wage rates are competitive in the market					
W3.	Wages are paid as soon as the task is completed					
W4.	Wages are reasonable in regards to contribution made					
W5.	Wage system is effective and favorable					
W6.	Wages can act as an incentive for good performance					

According to you, do you think employees' needs are considered before setting a wage and do you think considering them would affect their performance?

.....

.....

INCENTIVES/ BONUSSES

No.	STATEMENT	1	2	3	4	5
I1.	Bonuses increase output of employees					
I2.	Bonuses are given upon task completion					
I3.	Bonuses reflect performance achieved					
I4.	Bonuses are tagged against set targets					
I5.	Reward packages offered in their totality					
I6.	The incentive scheme is satisfactory					

Do the employees react positively to the incentives and bonuses offered by the organization and if not, what do you think can be done so as to obtain a positive reaction?

.....

.....

.....

EFFECTIVENESS

No.	STATEMENT	1	2	3	4	5
1.	Remuneration motivates employees to be more effective					
2.	I accomplish all my assignments					
3.	Am provided with all the necessary equipment to accomplish my tasks					

EFFICIENCY

No.	STATEMENT	1	2	3	4	5
1.	I accomplish my tasks on time					
2.	I input time in executing all my assignments					
3.	Low costs encountered in accomplishing tasks					

PRODUCTIVITY

No.	STATEMENT	1	2	3	4	5
1.	Management is interested in improving the productivity of each employee					
2.	You take part in achieving total organizational productivity					
3.	Employees' productivity is recognized by management					

Thank you for sparing your precious time.

RELIABILITY RESULTS

SALARIES

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.652	6

WAGES

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.654	6

EMPLOYEE PERFORMANCE

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.396	9

BONUSES/ INCENTIVES

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.661	6



making a difference

**Office of the Dean
Faculty of Business Administration and Management**

Your ref.:

Our ref.:

Nkozi, 15th March, 2016

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:

Greetings and best wishes from Uganda Martyrs University.

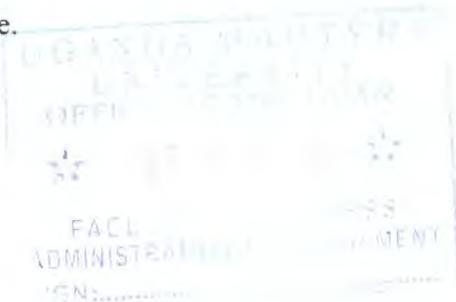
This is to introduce to you KASUJJA ALEXANDER who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a dissertation which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,

Mr. Edward Segawa
Associate Dean



Morgan and Krejcie Table

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	10000	384
								0	

“N” is population size

“S” is sample size.