

**EXTRINSIC REWARDS AND EMPLOYEE  
PERFORMANCE**

**CASE STUDY; RED CROSS SOCIETY- KAMPALA**

**BY**

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## **DEDICATION**

I dedicate this work to my beloved parents Mr. and Mrs. Kyeyune. for their endless love since my childhood, their support, love and care has always motivated me and given me joy to accomplish my studies successfully well, May the Almighty bless the work of their hands.

I also dedicate it to my sisters, Nassal i Vicky. Nakiwunga Joyce, my brother's kiyonga Edward, Mulimira Ponsiano, Kazibwe Tadeo, Mukiibi William. My nephews, Katalaga, Patricko, I rumba Decon, my nieces Nassolo petrah, Nakirembe Noreen, plus other family members.

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My mum and dad, I always pray to God to grant you the gift of life so that you live and stay longer to see and witness the success of the lady that you have natured from childhood to adulthood, thank you so much my dear parents.

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## **LIST OF ABBREVIATIONS**

|      |   |
|------|---|
| IV   | Independent variables                   |
| DV   | Dependent variables                     |
| SPSS | Statistical Package for Social Sciences |

## **ABSTRACT**

The study was undertaken to examine the importance of extrinsic rewards on employee performance in Red Cross Society organization. The research objectives as to why the research was carried out were; to identify the effects of payment on the employee performance, to analyze the effect of promotion towards the employee performance, to determine the relationship between allowances and employee performance in the organization.

Data was collected from respondents by use of the case study design .Questionnaires and interviews were based on as the data collection instruments by the researcher when collecting the necessary information for the study. A sample of 68respondents was utilized by the researcher. The sampling methods that were based on when selecting the sample include; simple random sampling and purposive sampling.

Data was analyzed using SPSS and descriptive statistics were formulated and qualitatively and quantitatively analyzed using frequency tables and graphs were used in the study . The results showed that there is a significant positive relationship between extrinsic rewards and employee performance; therefore extrinsic rewards have positive importance on employee performance as reflected by the findings of the study obtained by the researcher.

The researcher makes the following recommendations to Red Cross Society; to also consider intrinsic rewards for better performance of the employees, extrinsic rewards should be looked at as a way of attracting capable employees into the organization but only motivating the already existing employees, Red Cross Organization should also take into account the non monetary rewards such as recognition for better employee performance.

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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

There is so much changing occurring in the business world and every business entity or organization has much rely on employee's good performance. Extrinsic rewards are considered important to check the employee's performance. Vouzas (2014); Management use extrinsic rewards for employee's motivation. This therefore means that an attractive reward system attracts new employees for the organization and motivates existing employees to perform high levels. Employee's good work is necessary to achieve the organizational goals. Employees give their good efforts for achieving goals and good effort depends on rewards. In other words good extrinsic rewards are most important way to engage the employees with their work and with the organization. Schuler and Jackson (2014), extrinsic rewards have a critical role in determining the organization's ability to attract high potential employees, to retain high performing employees to achieve greater levels of quality and performance. (Fay and Thompson 2015)

This chapter deals with definition of the variables of extrinsic rewards and employees performance. The statement of the problem, purpose of the study, research objectives, research questions, scope of the study, significance of the study, research hypotheses, justification of the study, conceptual frame work and definition of terms.

#### **1.1 Background of the study.**

Human resource provides basis for an organization to achieve sustainable competitive advantage. Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain the competent workforce. Now days, human asset

considered to be the most important asset of any organization and in order to get the efficient and effective result from human resource motivation is necessary (Zaman 2011) defined motivation as a set of processes concerned with the force that energizes behavior and directs it towards attaining goals. Therefore many approaches such as goal setting approaches, measurement and feedback approach, job design approach and reward and recognition approach have been developed and adopted in the world with the aim of increasing employee performance.

According to Barton (2004) rewards refer to all financial returns and tangible services and benefits an employee receives as part of an employment relationship. “Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility” (Colin, 2005). According to Searle (2000) rewards are categorized into two broad areas namely; extrinsic rewards and intrinsic rewards.

Extrinsic rewards are usually financial or tangible rewards which include; pay, promotion, interpersonal rewards, bonuses and benefits (Zaman, 2011). Stoner and Freeman (2002). The aim of this study is to establish the impacts of extrinsic rewards on employee performance. Extrinsic rewards are one of the ways/ factors a manager can use to positively motivate his employees. Motivation of people within an organization has its roots in the scientific management methods of Fredric Taylor. It is based on the assumption that a person will be motivated to work if rewards are tied directly to his performance. In other words, these rewards must be attached to effective performance (Victor H.V Vroometal, 1999).

Victor (1999) also gives examples of extrinsic rewards that motivate performance, and they include; promotion on merit, recognizing people for special accomplishment, increased salary paid leaves. He however emphasizes the need for defining standards to be used in allocating

these rewards; for example the employee's attitude, skills, initiative, attendance, quality and quantity of output. Continued monitoring is paramount in order to realize those standards for example management may ask the employee's supervisor to write essays describing the employee's performance or alternatively, accumulate a record of critical incidents both positive and negative. Developing an effective and efficient extrinsic reward system is an important role of the human resource management. It helps to attract and retain competent and talented employees who help in achieving organizational goals and objectives (Stephen Robbins et al). As far as an organization is concerned, employee extrinsic reward system is designed to do three things; attract capable employees to the organization, motivate them to superior performance and retain their services over an extended period of time (Edwin B. Fiippo, 1987).

Monetary values in the reward package still matter but are not the only factors. There are various ways in which people can be rewarded for their contribution covering both financial and non financial forms. Non financial reward may be recognition, autonomy, career development thus the notion of reward say there is more to rewarding employees than throwing money at them (Murlis and Watson, 2001).

Employees in keeping with the interest of the shareholders, and organizational goals turn to use financial motivational aspects like; bonuses, higher payrolls, pensions, sick allowances, risk payments, perks to reward and retained their employees and enhance their performance. Employee performance refers to the standards set by the organization for the employee's behavior at work. This may be assessed basing on the employees' level of productivity. Employee performance may also be used to analyze a business' level of operations and overall performance.



Although it may be found that one employee's performance is not good enough, it may not be necessary to fire the employee. It may instead be feasible to change other motivational factors such as; training. (Felicia Dye 2011). When we talk about employee performance we mean measuring an individual's level of performance and productivity against the pre-set standards and objectives.

Rewards are related with employee performance in that higher rewards motivate employees to work harder for the organization which enhances greater employee performance this therefore facilitates the need for the research.

## **1.2 Problem Statement**

Some employers cling to the old myth that high satisfaction enhances greater employee performance, but this assumption is so ambiguous because an employee can be satisfied by so many things, working with a reputable company, good and supportive co-workers among, but only not limited to those satisfiers (John W. Newstrom, 2002).

It is generally believed that high rewards lead to the motivation of the employees in the organizations which enhances better employee performance.

Despite the presence of rewards given to the employees accompanied by payment, promotion, job ranks and allowances, employee performance in many organizations is still low. This therefore implies that extrinsic rewards are important on employee performance and it is thus questionable as to what exactly may lead to high satisfaction which eventually leads to high performance It is upon this information that the researcher conducted the study so as to determine the extent to which extrinsic rewards are important on employee performance.

### **1.3 Objectives of the study**

#### **1.3.1 General Objective**

- To establish the importance of extrinsic rewards on employee performance in organizations with Red cross as a case.

#### **1.3.2 Specific Objectives**

- To identify the effect of payment on the employee performance in the organizations
- To analyze the effect of promotion towards the employee performance in the organizations.
- To determine the relationship between allowances and employee performance in the organizations.

### **1.4 Research question**

- a) What are the effects of payment on employee performance in the organization?
- b) How does promotion affect the employee performance in the organization?
- c) What is the relationship between and allowances with the employee performance in the organization?

### **1.5 Research Hypotheses**

Extrinsic rewards are important on employee performance.

## **1.6 Scope of the study**

### **1.6.1 Concept scope**

The study was establishing the importance of extrinsic rewards on employee performance focusing on extrinsic rewards as the independent variable which was limited to; payment, promotion and job ranks with allowances and employee performance as the dependent variable and was limited to; quality, quantity and time efficiency .

### **1.6.2 Geographical scope**

The study was conducted at Red Cross Society in Kampala district, Rubaga division along Rubaga Road.

### **1.6.3 Time scope**

The study was restricted to cover a period from the year 2009 – 2013 because this is the period when Red Cross' performance deteriorated.

## **1.7 Justification**

The justification of the study was emphasized with an idea about relative importance of extrinsic rewards on employee performance. There are many empirical studies that (Allen and Kilmann 2001) have been conducted by researchers on extrinsic reward system and employee performance. Regarding the previous researches and studies, scholars have considered the relationship between extrinsic rewards and employee performance. However, many researchers

(Taljaard, 2003, Frey 2007) have argued money is not the only motivator which helps employees to enhance their performance. Despite the vast research on the impact of reward in private sector organizations(Heng,2012: Taljaard,2003:Agwu,2013), a small number of researchers have investigated the case of Nonprofit making organizations, a case study of Red Cross Society. The justification of this study was to fill the gap in extrinsic reward literature in the context of nonprofit making organizations and to identify what kind of rewards the employees in such organizations value most and it aims to explore the attitudes of employees towards reward policy of their organization..

### **1.8 Significance of the study**

The study improved the researcher's skills such as the writing skills, listening skills and the communication skills.

The study equipped the managers of Red Cross Society with enough knowledge and information about how they should enhance better employee performance.

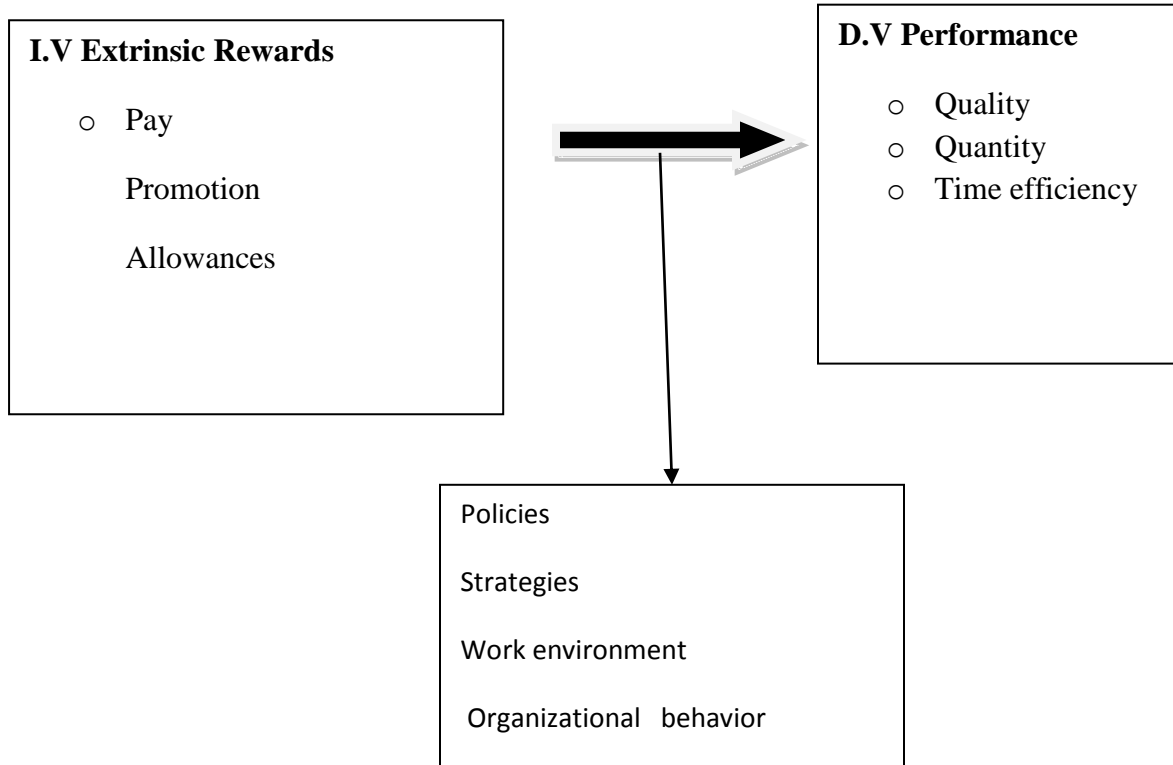
The study fulfilled one of the researcher's requirements for the award of a degree in business administration and management.

This study was also important as it is relevant for understanding the nonprofit making employees' reward preferences.

To conclude the results of the study may be helpful for exploring the utilization and motivational potential of the of the reward management in Red Cross Society organization.

## 1.9 Conceptual frame work

Different factors are responsible for the employee performance in Red Cross. This study puts more emphasis on extrinsic rewards as the independent variable and performance as the dependent variable.



**Source; adapted by and modified by Chay Hoon Lee and Norman T; Bruvold, (2003)**

The above Conceptual framework clearly states extrinsic rewards as an Independent Variable measured by pay, promotion and allowances on one hand. The second measuring side is Employee Performance a dependent variable measured by Quality of the employees' work, Quantity and Time efficiency. However intervening factors such as policies established by the

Board of Directors, strategies developed by the management and the work environment provided unto the workers.

### **1.10 Definition of the terms.**

#### **Reward,**

It refers to anything given in recognition of service, effort or achievement. Rewards typically serve as reinforcers. A reinforce is something that when presented after a behaviors, causes the probability of that behavior occurrence to increase. Just because something is labeled as a reward, it does not necessarily imply that it is reinforce only if delivery increase the probability of the behavior.

#### **Performance,**

Is the way in which someone or something function. In other words it means the accomplishment of a given task measured against preset known standards of accuracy, completeness cost and speed. In a contract, performance is deemed to be the fulfillment of an obligation in a manner that releases the performer from all liabilities under the contract.

#### **Promotion,**

Refer to the publication of a product, organization or venture to increase sales or public awareness. In other words it means the advancement of employees' position with in the organization. Job promotions usually include, a new job title, a great number of responsibilities and pay increase. They might also include n expansion of benefit and managerial authority over other employees. Job promotions are usually based on performance.

## **Variable,**

Refers to anything that takes on more than one value, under this there is dependent and independent variable. Dependent variable means what will be measured, its what he investigator thinks will be affected during experiment. Independent variable is what is varied during the experiment; it's the investigator thinks will affect the dependent variable.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

This chapter presents the literature on the research variables that is to say rewards and employee performance, looking at the different views of different scholars and authors and then examines the relationship between job ranks and allowances, impacts of payment towards employee performance and the effects of promotion towards employee performance.

#### **2.1 Theoretical Review:**

Cognitive Evaluation Theory is by far the most influential theory on this topic. Laboratory studies in the early 1970s indicated that under certain conditions extrinsic rewards could decrease intrinsic motivation. Edward Deci and his colleagues (Deci and Ryan 1985) developed cognitive evaluation theory to explain the results. The theory specifies that psychological needs for autonomy and competence under lay intrinsic motivation. Extrinsic rewards affect intrinsic motivation depending on how recipients interpret them. If recipients believe that rewards provide positive information about their own competence and self control over results, intrinsic motivation will increase. If recipients interpret the results as indicating external control, decreasing their feelings of self-control and competence, intrinsic motivation decreases. The belief is that the presence of powerful extrinsic motivators can actually reduce a person's intrinsic motivation, particularly if the extrinsic motivators are perceived by the person to be controlled by people. In other words, a boss who is always dangling this reward or that stick will turn off the intrinsically motivated people. Contingent rewards require that people complete the



task to obtain the rewards, so the rewards are likely to be experienced as even more controlling than engagement-contingent rewards, receipt of the rewards conveys competence if the task required skill and the person had a normative sense of what constitutes good performance on the task.

## **2.2 Conceptual review**

### **2.2.1 Extrinsic rewards:**

According to Zaman (2002), Human resource is the most important factor which brings competitive advantage by contributing their knowledge, skills and capabilities to the organization. The existing literature reveal that human resource can be preserved within the organization and optimally utilized through inspiring it using different strategies such as working conditions, leader's influence, training and development , learning culture, organization reputation and rewards. Among those strategies reward is a key factor. (Agwu 2013, Heng 2012). According to Pitts (2003) Reward is the benefits that arise from performing a task, rendering a service or discharging responsibility. The principal reward for performing work is pay, many employers also offer reward packages of which wages and salaries are only apart.

More theoretical studies support the implementation of various extrinsic rewards to stimulate employees to share knowledge (Bartol&Srivasta,2002,E.F.Cabrera&Cabrera,2005;Husted &Michailova,2002;McDermott & Dell,2001) Husted and Machilova (2002) persuade managers to introduce punishments, Barton and Srivasta (2002) propose the implementation of various extrinsic benefits while Cabrera and Cabrera(2005) favor intrinsic rewards. Mc Dermott & O'Dell (2001) state that rewards should be general to motivate people to share knowledge.

However when it comes to empirical findings of the influence of extrinsic rewards on knowledge sharing more divergent conclusions can be drawn.

Porter and Lawler (2000) defined extrinsic rewards as tangible benefits obtained as a result of doing the job, such as pay and promotions. Social and organizational rewards are extrinsic rewards. Social rewards refer to non related job factors such as the interpersonal relationships with colleagues and supervisory support. Organizational rewards appertain to visible rewards provided by the organization such as pay, bonuses, and fringe benefits (Katz & Van Maanen, 1977; Malhotra et al, 2007; Mottaz, 1985). Extrinsic rewards can also be classified as monetary and non monetary rewards. Extrinsic non monetary rewards may involve task oriented and socio-emotional actions such as; communication, goal setting, provision of constructive feedback, showing understanding and expressing concern. (Amabile, Schatzel, Moneta & Kramer, 2004). Extrinsic monetary rewards represent organizational rewards such as; pay, bonuses, security, formal recognitions and awards and fringe benefits including travel (Chen et al, 1999); Malhotra et al (2007); Mottaz, 1985; Weatherly, 2002).

Extrinsic rewards can be defined as all the employer's tools available that can be used to attract, retain, motivate and satisfy employees. World Work (2000). They encompass every single investment that an organization makes in its employees value and everything that the employees value in the employment relationship.

According to Armstrong Michael (2003) rewarding is the way of realizing and appreciating people's value to the organization based on the beliefs, value and culture of the organization as regards to what is important in terms of expected behaviors and outcomes.

Richard Lynch (2000) considers rewards as the result of successful strategy and observes these rewards add value of the employee. The different forms of reward include recognition, career development training, autonomy, paid leaves Stephen P. Robbins (2002) adding that they are aimed at showing appreciation of what employees have done.

### **2.2.2 Pay as a measure of extrinsic rewards:**

Pay is a key factor affecting relationships at work. The level and distribution of pay and benefits can have a considerable effect on the efficiency of any organization, and on the morale and productivity of the work force World Work (2000). It is therefore vital that organizations develop pay systems that are appropriate for them, that provide value for money, and that reward workers fairly for the work they perform. Pay systems are methods of rewarding people for their contribution to the organization. Ideally, systems should be clear and simple to follow so that workers can easily know how they are affected.

This is generally considered as a positive motivator. Pay is designed to reward productive employees with increases in compensation. For a pay system, it is critical that individual differences in performance are measureable and important to the organization typically as they relate to productivity and profit, and that employees have control over their performance Porter and Lawler (2000). Additionally the size of the increases must be large enough to warrant the necessary effort to attain them. Finally, it is important that effective communication exists between employees and management and those managers have requisite tools for administering rewards. Pay systems provide the basis on which an organization rewards workers for their individual contribution, skill and performance. Pay systems provide the foundation for financial reward systems.

### **2.2.3 Promotion as a measure of extrinsic rewards:**

A promotion is the transfer of an employee to a new position which commands higher pay, privileges or status compared with the old. In other word, it is a vertical move in rank and responsibility. Promotion usually implies several things to a person concerned-higher status, both at work and in the community outside, more pay and fringe benefits, perhaps greater service to the company. Arm Strong Michael (2003) Communication of the organization's promotion policy is very important. Employees expect to be informed about ladders of promotion, how they can prepare themselves for advancement and what will be expected of them in the higher rated jobs. Promotion is different from upgrading. It means advancement of an employee to a higher status while upgrading means as an increase of pay on the same job or moving to higher scale without changing the job. However, some regard it as a limited promotion. Upgrading is the movement of an employee to a more responsible job within the same occupational unit.

### **2.2.4 Allowances as a measure of extrinsic rewards:**

Allowances help organizations to survive and increase productivity. Allowances to employees are needed rapidly, changing the work place and performance as directly related to the allowances given to the workers. (Linder 1998)

### **2.3 Employee Performance as a dependent variable.**

Performance is the outcome of work, providing the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contribution Bernadine et al (1995).It is the

accomplishment, execution, carryout out, working out of anything ordered or undertaken (Oxford English Dictionary).

It is a behavior that should be distinguished from the outcome because they can be contaminated by the system factors Compbell (2001) Performance is both behavior and result. Behavior emanates from performance and transforms performance from obstruction to action. Not just the instruments for results, behaviors are also outcomes in their right. The product of mental and physical effort applied to tasks can be judged apart from results Brumbach (1988).

Performance is a multi dimensional contract the measurement of which varies depending on a variety of factors (Bates and Holton 1995).On an individual basis, performance is a record of the person's accomplishments a record of outcomes achieved Armstrong (2003).

According to Armstrong (2003), performance is a systematic process of improving organizational performance by developing the performance of individuals and teams. He further explained it as a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standard and competency requirements. In addition to that Armstrong and Murlis (2004) define employee performance as a process or set of processes for establishing shared understanding about what is achieved, and of managing and developing people in a way which increases the probability that it will be achieved in the short and longer term. To measure employee performance organizations use performance appraisal in order to ensure achievement of goals. Organizations measure under employee performance, employee productivity, job quality, job accomplishment, willingness to exert extra effort, commitment and goal achievement, Yapa (2002), Dharmasiri and Wickramasinghe,2006, Taljaard,2003).

### **2.3.1 Quality as a measure of employee performance:**

The extent to which the employee neatly, thoroughly, and accurately completes job assignments according to established standards of quality continuously improves the quality of work. Employees can get a feedback of how they are doing by seeking feedback from internal and external sources including asking their supervisors.

### **2.3.2 Time efficiency as a measure of employee performance:**

This is a key performance indicator that measures the utilization, performance, and quality of the workforce and its impact on productivity. Time efficiency allows managers to make operational decisions by giving them the ability to analyze the cumulative effect of the work force factors on productive output. When employees cannot perform their work within the standard times, performance can suffer. The employee is prompt in reporting for work and effectively and efficiently uses his/her time to accomplish his/her job tasks.

### **2.3.3 Pay and employee performance:**

Most compensation manager's implicitly assumes that high pay levels will maintain and enhance future performance. To date, this assumption has been largely untested given the importance of pay level and the large expenses that pay represents to most organization understanding how and why pay level influences the behavior of employees in an organization.

Lawler and Jenkins (1992) on strategic uses of pay, Gerhardt and Milkovich (1992) in a major review of the compensation literature, stated that our sense is that there is relatively strong evidence that individual incentives, merit pay and bonuses and gain sharing (all rein forcere for

past performance) can contribute to higher performance under the right circumstances (P. 533) Gerhardt and Milkovich (1992) and others Pletter (1998), Rynes and Gerbart (2000). However, also lament the fact that we do not know more about how pay characteristics affect employee attributes and behaviors. One key characteristics payment is the amount of total direct compensation or pay level that each employee is given in exchange for his or her work. A number of factors affect pay level such as type of work, prior performance based pay increases and tenure within the organization. Nevertheless, it remains an empirical question as to whether pay level, independently of pay increases or changes affects subsequently employee performance.

Most compensation manager's implicitly assumes (or perhaps hope) that high pay levels will maintain and enhance future high performance Kantar (1987) yet, this assumption remains largely untested. Thus, the purpose of this study is to examine the motivational effect of pay on performance.

Several researchers have noted the dearth of research that examines the role that individual differences might play in compensation – employee response relationship for example Barber and Bretz (2000), Heneman and Judge,(2000) Shae, Dutty, Mitra, Lock hard and Bowler (2003). Their research focuses on one such individual difference construct organization based self esteem (the degree to which employees believe they are competent, need satisfying members of their organization) as one way in which pay level may affect future's employment performance.

Specifically, a single change in pay in contrast is often a function of many factors including overall health of the economy, financial ability of the firm to raise wages, union negotiations, the need to retain an important individual or class of performance of a particular employee.

Furthermore, consistent with Thierry's (2001), emphasis on the meaning of pay, we theorize that pay level across time communicates more to employees about their value to the firm than the information conveyed by a single change in pay which may be influenced by the above external factors.

There is some empirical evidence that pay has direct effect on performance for example (Gneezy and Kustichini (2000), Heckler and Wiener (1997) sometimes moderated by other variables like self esteem for example Bruckner (1985). There is substantially more evidence that positive outcome such as high subsequent performance are more likely when pay increases are made contingent on good performance than when pay increases are not contingent on performance. For example Gerhardt and Milkourch (1992) should also have higher pay levels than their low performing counterparts. Under such consideration, equity theory Adams, (2003) would suggest that high pay level represents high outcomes that should motivate employees to adjust their inputs (performance) upward.

#### **2.4 Promotion and employee performance:**

Gibbons (1997) asserts that more talented workers are usually more productive higher up in organizational hierarchies. Promotions assign workers to job better suiting their abilities and quickly more talented workers.

These are better purposes of promotion. They can be used to reward past employee efforts, promote investments in specific human capital and lower job turn over Lazear (1998) and this still facilitates an improvement on worker's performance.



According to Savych (2005), the simplest form of incentive pay is promotion ladder. This requires recruits to accept lower paid-port-of-entry jobs. This early period of employment is a screening process. Good performance leads to promotion. When promotion ladders are used as deferred compensation, almost all senior workers who prove themselves are promoted.

The prospect of promotion encourages the workers to stay and invest in specific human capital. Job seekers will self-select by limiting their applications to the type of jobs where they expect to succeed and to be promoted out of the less well paid-port-of entry jobs. Older workers may have reached a career peak in their wage and accumulate human capital Drucker (1987). This may reduce their access to jobs that use promotions as incentives. Promotion as motivators for additional effort may not be effective for older workers because they may not wish to wait.

In lower paid port-of-entry jobs that are the precursor to some promotions once performance is proven. To extent that the rule of promotion is designed to encourage recruits to invest in specify human capital, promotion ladders may not work as effectively with workers with pack back horizons on new skill investments and who have a preference for harvesting their existing human capital. This may reduce access to jobs that use promotions to reward investments in specify capital.

According to Lazear and Rosen (1981), Malcomson (1984), Rosen 1986, there is no need for tasks, responsibilities and output rates to differ between pre and past-promotion jobs for firms to profit from promotion. Workers can be promoted because those left behind are motivated to supply more effort and invest in hard to verify specific human capital by the prospect o a wage rise upon their own promotion later on.

Workers enter at one level and are promoted if they win a promotion tournament. The promotions are prizes for past effort, not future potential. Even if individual output and specific human capital investment cannot be measured with any precision, it is often possible to identify who is the best worker with relative performance, evaluation which is a common reason for running promotion tournaments. They also asserted that the actions and outputs of competing employees performance similar tasks provides information to employees on what has been done and what could be done.

To induce greater employee effort and human capital investment, the best performer (highest scorer) is promoted to a better paid job. In addition to motivating workers promoted to the higher level the prospect of future promotion is a prize to motivate those left behind at the lower levels.

Competition for promotion has large effect on employee incentives. Promotion system balances the allocation of talent across jobs and the corporate hierarchy, the rewarding of team and individual effort provision and the accumulation of human capital. It is the structure of wages within the firm rather than the individual current wages and productivities that can be important to the overall productivity of the firm and so this facilitates the motivation of employees which forces them to work hard hence improve on. Promotion systems complicate the hiring of older workers because they often perform different tasks and organizational roles to young workers. Older workers appear in most types of jobs up and down the entire job ladder. Young workers in all countries studied old workers as a group have more human capital so they can compete for middle level and senior vacancies that young employees aspire to now or in future who is hired as incentive repercussions beyond the vacancy at large (Lazear 1998).

Hiring an outsider with superior ability may reduce the long run profits of the firm. Internal candidates are favored because incentive effects on the employees. By promising a promotion system that favors internal candidates, this increases the effort level of young workers and the possibility of receiving the higher wage in the future reduces the wage required to initially attract young workers into the firm World work (2003)

## **2.5 Allowances and employee performance.**

Obimoye (1987), Olumide (1983) established the relationship between allowances and workers job performance.

According to Sanguine (1999), Bass (1985), Coad and Barry (1998), people can only put their best when their needs are satisfied and this can be done by giving them allowances. In support to this, Baker and Sandore (1991) argued that allowance is a wilful desire to direct one's behaviors towards achieving certain goals. Allowance is a motivation factor concerned with how workers get energized, sustained, directed and the kind of reaction that are present in them and so, this encourages them to perform their tasks effectively which improves their performance.

Allowances help organizations to survive and increase productivity. Allowances to employees are needed in rapidly, changing the work place and performance as directly related to the allowances given to the workers (Linder 1998).

In the study conducted by Sanguine (1999), using a sample of 123 subject specialist, it was found that their high performance was related to the abilities of employers to communicate with their employees the workers wanted transport and travelling allowances to be paid in order to perform their duties effectively in another development Linder (1998), using a descriptive survey, of

twenty five (25) employees in research centre, rank-ordered the motivational factors affecting performance.

Obimoyo (1987), Olumide (1983) asserts that allowances increase workers performance in any field of human endeavor and since many factors have been found to have motivational effects on workers, the problem now is incentives like rewards and prompt payment of salaries of employees on the one hand and their level of performance on the other hand.

Allowances help the employee to perform better on their jobs. Incentives and rewards from employers should have contributed to the employees' job performance. (Kelvech 1987 and Linder 1998) in their view allowances motivate individuals to perform better in their duties than others not given allowances incentives.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter presents the methods and research techniques that were used to conduct the study. The methods are both quantitative and qualitative approaches, the study population and area, the research procedure, the research design and the data collection methods.

#### **3.1 Research design**

A research design refers to a detailed outline of how an investigation will take place (Resnik 2000). A research design typically included how data was collected, what instruments were employed and how the instruments were used and the intended means for analyzing the data collected. The study adapted the case study design which included the descriptive research design since it aimed at providing an accurate and valid representation of the factors or variables that were relevant to the research questions. Qualitative approach broadened the understanding and interpretation of the data that was collected. Quantitative approach helped the researcher draw the pie charts, graphs and determine the numerical frequencies.

#### **3.2 Study Area**

The study was carried out at Red Cross Society located along Rubaga road, Rubaga division and in Kampala district. This organization was found to be the best for the study since it has a variety of rewards that it offers to its employees which in turn enhances employee performance.

### **3.3 Study population:**

Population is a well defined collection of individuals or objects known to have similar characteristics (Merman 2004). All individuals or objects within a certain population usually have a common, binding characteristic or trait.

Respondents made up a total population of 60 which was provided by the organization's Human Resource it Manager where the employees of the Red Cross Society from the various departments of the organization. 35 employees were from Human Resources department, 15 from the finance and internal audit department and 10 were the top level managers of the different departments. This is because it's this target population that provided all the necessary information required for the study.

### **3.4 Sample size and sampling:**

Sample is simply a subset of the population. The concept of sample arises from the inability of the researchers to test all the individuals in a given population.(Kniskern 2004) .The sample size of the population under study was 52 respondents working within Red cross organization along Rubaga road in Kampala. The sample size determination method is based on the study by R.V Krejcie and D.W Morgan (1970) as presented in the table below. This ensured a selection of adequate numbers of subject with the appropriate characteristics.

### **3.5 Sampling techniques:**

Sampling is concerned with the selection of a subset of individuals from within a statistical population to estimate the characteristics of the whole population.(Hill, Robin 2008)

The study employed the following sampling techniques;

**Simple Random Sampling;** This technique involves selecting a particular group of people called a sample from the total population under study. Amin ;( 2005). The researcher used this technique because all members in the organization had equal chances of being selected this therefore implies that there was no bias.

**Purposive sampling;** this technique involves selecting particular people that the researcher regards and considers to have all the relevant knowledge and information concerning the topic under study. The researcher employed this method because it is time saving since the researcher focuses on a particular group of people having the relevant knowledge and information for the study.

### **3.6 Data collection sources:**

These are sources that facilitated the availability of data during the study. These included the primary source and the secondary sources.

Primary sources: These were used by the researcher to obtain first hand information about the study. They include; the questionnaires, interview guides and the focus group discussions.

Secondary sources: in this case, the researcher based on already existing sources such as; the organization's documents, organization's magazines and the internet websites of the organization.

### **3.7 Data collection methods:**

The Data collection methods used were; questionnaire, interview and document review

#### **Questionnaire:**

This was the main and major data collection method that the researcher used when gathering primary data from the individual respondent. A list of semi structured, open ended and close ended questions were formulated and sent to the respective respondents for purposes of collecting all the relevant and necessary data for the study since they were given to the respondents to fill in. The researcher used questionnaires because the respondents could answer the questions at their own pleasure time and they were also cheap compared to the other methods.

#### **Interview**

Interview method was also used in data collection because it provided an immediate feedback from the respondents and the researcher could easily assess the characteristics of the respondents through their facial expressions. . It gave the respondents freedom to express their views and opinions about their assessment of the subject matter under study.

The secondary sources used by the researcher include;

#### **Document review**

This involved reviewing information that was previously written by other researchers. This helped the researcher obtain information from the already existing documents from which the information was extracted to explain the research problems.



Sources included; newspapers, internet and journals, textbooks, handbooks, articles in literature review and the organizational reports plus any other secondary source of information.

### **3.8 Data collection procedure:**

The researcher was introduced to the study area by a letter of introduction from the University; subsequently permission to conduct the study from Red Cross organization was granted by the Managing Director of the organization which enabled the researcher collect data from the respective departments of the organization.

The respondents identified were given Questionnaires and were assured of confidentiality so as to enable them fill in the questionnaires to the best of their knowledge and will without fear.

### **3.9 Data management and analysis:**

Both qualitative and quantitative methods were used in the analysis of the data. Quantitative analysis was used for data that was in form of descriptive statistics which included; frequencies cross tabulation graphs, charts and comparison of statistics. SPSS computer package was used in comparing the statistics of the data gathered during the study. Correlation analysis was drawn using SPSS 16.0 version to establish the relationship between extrinsic rewards and employee performance.

### **3.10 Measurement of variables:**

Reward and employee performance variables were measured by adopting a five-point-likert scale ranging from strongly agree (5) to strongly disagree (1).

Rewards and employee performance were measured on the above scale based on the captured indicators of each variable under study.

### **3.11 Validity and Reliability:**

#### **Validity of the data collection instruments:**

An instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed.(Frankel,2001). The researcher ensured the validity of the data collection instruments such as the questionnaires and interview guides by editing them with experts which included the researcher's supervisor.

#### Reliability

Reliability of the tools was ensured by testing the instruments for the reliability of values (Alpha values) as illustrated by Cronbatch, (1946). Cronbatch asserts that Alpha values for each variable under study should not be less than 0.6.

### **3.12 Ethical consideration;**

The researcher identified ethical concerns that were considered when collecting data from the respondents. These concerns include; confidentiality; all the information collected from the respondents was not disclosed at all by the researcher. Voluntary participation, in this case the researcher ensured that whoever participated in the study was not forced but was willing.

### **3.13 Study limitations:**

Inability to get the accurate data on time since most respondents were not willing to co-operate with the researcher but this was mitigated by the researcher selecting unbiased samples from the sample size and this was done through by using purposive and simple random sampling methods.

Reconciling varying answers from the respondents working with the same organization in the same departments that were utilized for the study but with informed consent, the researcher explained the purpose of the study to the respondents.

The researcher needed a lot of time to conduct all the necessary sources of data to cover all the details of the study.

Lastly, inability to obtain copies of some documents of the respondents. In this case, the researcher made sure that maximum confidential cases were carefully handled at the respondent request in order to collect all the necessary and reliable information needed for the study.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.0 INTRODUCTION

This chapter presents analysis of information obtained from various respondents within Red Cross organization on extrinsic rewards and employee performance.

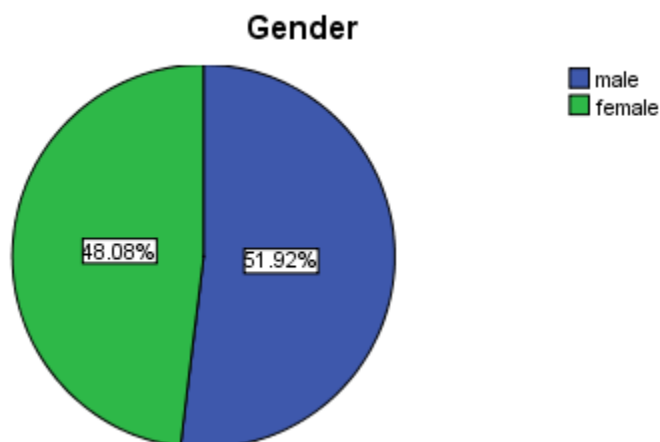
#### 4.1 RESPONSE RATE

The researcher gave out 68 questionnaires and 52 questionnaires were returned back. This means a response rate of 76.4%, this implies that the information can be relied on by the researcher since it is above 50% the average.

#### 4.2 Gender

The frequency table below shows the gender of the respondents.

Figure 4.1



**Table 4.1**

*Gender*

|            | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Valid Male | 27        | 51.9    | 51.9          | 51.9               |
| female     | 25        | 48.1    | 48.1          | 100.0              |
| Total      | 52        | 100.0   | 100.0         |                    |

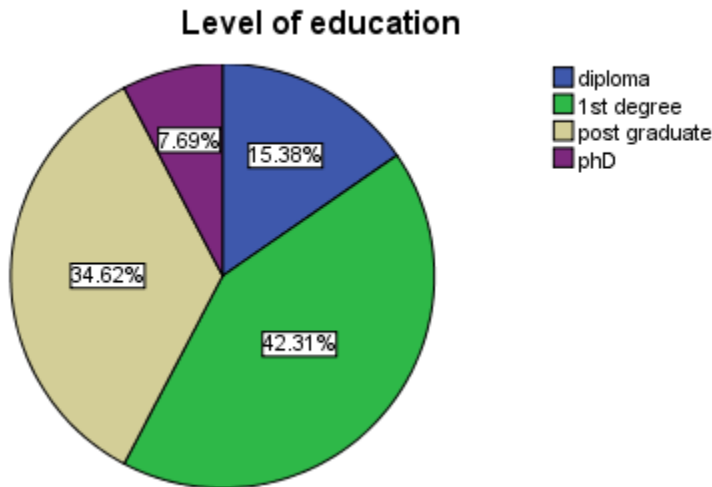
Source: Primary data (2015)

From the frequency table and pie chart below, the males were 51.92% and females were 48.08%. This indicates that the sample consisted of both genders and so there was equality when filling in the questionnaires by the respondents

**4.3 Education background**

**The table and figure showing the Education back ground of the respondents**

**Figure 4.2**



**Table 4.2**  
**Level of education**

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Valid Diploma | 8         | 15.4    | 15.4          | 15.4               |
| 1st degree    | 22        | 42.3    | 42.3          | 57.7               |
| post graduate | 18        | 34.6    | 34.6          | 92.3               |
| p hd          | 4         | 7.7     | 7.7           | 100.0              |
| Total         | 52        | 100.0   | 100.0         |                    |

Source: Primary data (2015)

From the frequency table and pie chart, the respondents with diploma were 15.38%, first degree were 42.31%, post graduate were 34.62% and PHD were 7.69%. This indicates that majority of the respondents had ever attended school and so were knowledgeable about the study.

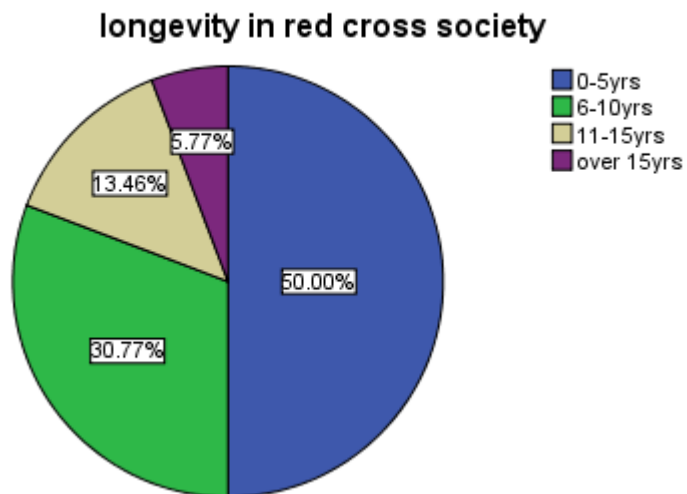
### 4.3 Longevity in Red Cross society

The table and figure below show the period of time spent by the respondents while working at Red Cross Society.

longevity in red cross society

|              | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Valid 0-5yrs | 26        | 50.0    | 50.0          | 50.0               |
| 6-10yrs      | 16        | 30.8    | 30.8          | 80.8               |
| 11-15yrs     | 7         | 13.5    | 13.5          | 94.2               |
| over 15yrs   | 3         | 5.8     | 5.8           | 100.0              |
| Total        | 52        | 100.0   | 100.0         |                    |

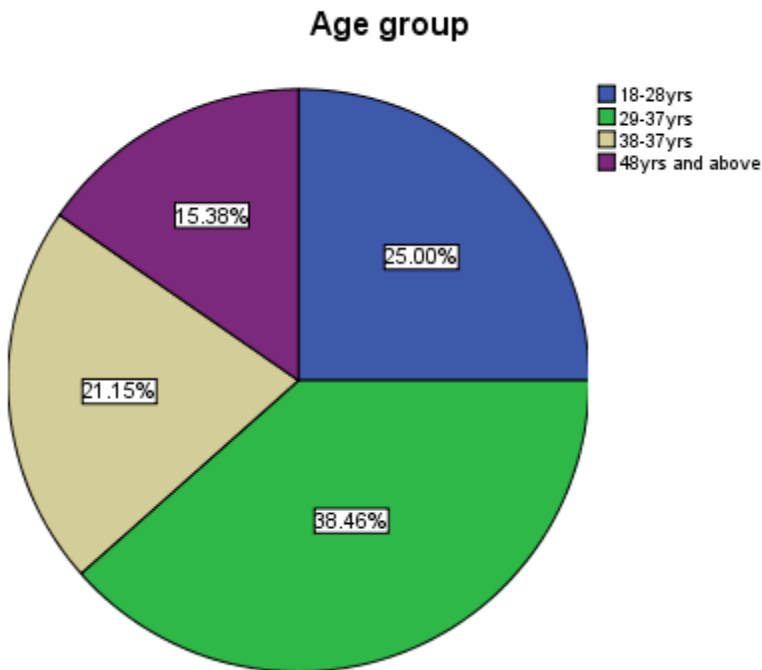
Source: Primary data (2015)



From pie chart and frequency table, 0-5 years were 50.00%, 6-10 years were 30.77%, 11-15 years were 3.46% and over 15 years were 5.77%. This shows that most of the respondents had spent quite a long period of time in the organization and so had enough information.

#### 4.4 Age group

From the frequency table and pie chart, respondents between 18-28 years were 25.00%, 29-37 years were 38.46%, 38-47 years were 21.15% and 48 years and above were 15.38%. This reveals that most of the respondents were above 18 years and so could answer the questions with full consent.



Age group



|                 | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid 18-28yrs  | 13        | 25.0    | 25.0          | 25.0               |
| 29-37yrs        | 20        | 38.5    | 38.5          | 63.5               |
| 38-37yrs        | 11        | 21.2    | 21.2          | 84.6               |
| 48yrs and above | 8         | 15.4    | 15.4          | 100.0              |
| Total           | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

From the frequency table and pie chart, respondents between 18-28 years were 25.00%, 29-37 years were 38.46%, 38-47 years were 21.15% and 48 years and above were 15.38%. This reveals that most of the respondents were above 18 years and so could answer the questions with full consent.

#### 4.5 Findings on Extrinsic Rewards:

##### **Tangible rewards engage the employees with their work and with the organization**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 7         | 13.5    | 13.5          | 13.5               |
| Disagree                | 4         | 7.7     | 7.7           | 21.2               |
| Not sure                | 6         | 11.5    | 11.5          | 32.7               |
| Agree                   | 23        | 44.2    | 44.2          | 76.9               |
| Strongly agree          | 12        | 23.1    | 23.1          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

Source: Primary data (2015)

13.5% of the respondents strongly disagree that tangible rewards engage the employees with their work and with the organization, 7.7% of the respondents disagreed, 11.5% of them were not sure, 44.2% of them agreed with the statement and 23.1% strongly agreed with the statement. This indicates that majority of the respondents are in agreement with the statement and which means that it is applicable in Red Cross organization and this is still in line with (World Work 2000) statement that extrinsic rewards engage the employees with their world and organization.

**4.6 Tangible rewards determine the organization’s ability to attract high potential employees**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 2         | 3.8     | 3.8           | 7.7                |
| Not sure                | 6         | 11.5    | 11.5          | 19.2               |
| Agree                   | 23        | 44.2    | 44.2          | 63.5               |
| Strongly agree          | 19        | 36.5    | 36.5          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

3.8%% of the respondents strongly disagreed that tangible rewards determine the organizations’ ability to attract high potential employees, 3.8% of the respondents disagreed, 11.5% of the respondents were not sure, 44.2% of the respondents agreed with the statement and 36.5 % strongly agreed, this implies that in Red Cross organization, its applicable since majority of the respondents agree with the statement which is also in agreement with Schuler and Jackson (2014), extrinsic rewards have a critical role in determining the organization’s ability to attract high.

**4.7 Social and organizational rewards are all tangible rewards**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 3         | 5.8     | 5.8           | 9.6                |
| Not sure                | 9         | 17.3    | 17.3          | 26.9               |
| Agree                   | 26        | 50.0    | 50.0          | 76.9               |
| Strongly agree          | 12        | 23.1    | 23.1          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source :Primary data (2015)*

In line with the statement that social and organizational rewards are all tangible rewards, 3.8 % of the respondents strongly disagreed, 5.8 % disagreed, 17.3% were not sure, 50.0 % were in agreement with the statement and 23.1% strongly agreed. In addition to that, Porter and Lawler defined extrinsic rewards as tangible benefits obtained as a result of doing the job, such as pay and promotions. Porter and Lawler (2002) asserted that social and organization rewards are extrinsic rewards. Social rewards refer to non related job factors such as the interpersonal relationship with colleagues and supervisory support. Organizational rewards appertain to visible rewards provided by the organization such as pay, bonuses.

**4.8 Tangible rewards involve both the monetary and non monetary rewards**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 1         | 1.9     | 1.9           | 5.8                |
| Not sure                | 4         | 7.7     | 7.7           | 13.5               |
| Agree                   | 30        | 57.7    | 57.7          | 71.2               |
| Strongly agree          | 15        | 28.8    | 28.8          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

The line with the statement that tangible rewards involve both monetary and the non monetary rewards, 3.8% of the respondents strongly disagreed, 1.9% disagreed, 7.7% were not sure, 57.7% agreed and 28.8% strongly agreed. This therefore means that the tangible rewards at Red Cross organization involve both the monetary and non monetary rewards which is in agreement with (Katz and Van Maanen, 1977, malhotra et al, 2007) who say that extrinsic rewards can also be classified as monetary and non monetary rewards.

**4.9 You offer tangible rewards to all your employees**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 10        | 19.2    | 19.2          | 19.2               |
| Disagree                | 8         | 15.4    | 15.4          | 34.6               |
| Not sure                | 2         |         | 3.8           | 38.5               |
| Agree                   | 18        | 34.6    | 34.6          | 73.1               |
| Strongly agree          | 14        | 26.9    | 26.9          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In accordance with the statement that Red Cross offer tangible rewards to all their employees, 19.2% of the respondents strongly disagree, 15.4 % of them disagreed, 3.8% of them were not sure, 34.6% of them agreed and 26.9 % strongly agreed. This means that majority of the respondents are in support of the statement. In line with the statement, Vouzas (2014) states that extrinsic rewards are considered important to check the employee’s performance and so every organization consider them necessary.

**4.10 Tangible rewards in your organization stimulate the employees to share knowledge**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 6         | 11.5    | 11.5          | 11.5               |
| Disagree                | 4         | 7.7     | 7.7           | 19.2               |
| Not sure                | 5         | 9.6     | 9.6           | 28.8               |
| Agree                   | 16        | 30.8    | 30.8          | 59.6               |
| Strongly agree          | 21        | 40.4    | 40.4          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In accordance with the statement that tangible rewards in Red Cross organization stimulate the employees to share knowledge, 11.5% of the respondents strongly disagree, 7.7% of respondents disagreed, 9.6% were not sure, 30.8% agreed with the statement and 40.4% strongly agreed. Since the majority agreed with the statement, this means that in Red Cross, tangible rewards stimulate the employees to share knowledge. This is in agreement with Mc Dermott and O'Dell (2001) state that rewards should be general to motivate people to share knowledge.

**4.11 Tangible rewards are results of a successful strategy of the organization**

|                | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Valid Disagree | 2         | 3.8     | 3.8           | 3.8                |
| Not sure       | 4         | 7.7     | 7.7           | 11.5               |
| Agree          | 28        | 53.8    | 53.8          | 65.4               |
| Strongly agree | 18        | 34.6    | 34.6          | 100.0              |
| Total          | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

3.8% of the respondent strongly disagreed that tangible rewards are a result of a successful strategy of the organization of them disagreed, 7.7% were not sure, 53.8% agreed and 34.6% strongly agreed. This shows that most of the respondents are in line agreed. Richard Lynch (2000) considers rewards as the result of successful strategy and observes these rewards a value of the employee.



#### 4.7 Employee performance:

Findings on employee performance are presented in the frequency tables below basing on the liker scale.

#### 4.12 Employee performance is an outcome of work

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 3         | 5.8     | 5.8           | 7.7                |
| Not sure                | 1         | 1.9     | 1.9           | 9.6                |
| Agree                   | 29        | 55.8    | 55.8          | 65.4               |
| Strongly agree          | 18        | 34.6    | 34.6          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

Source: Primary data (2015)

1.9% respondent strongly disagreed that employee performance is an outcome of work, 5.8% disagreed, 1.9% were not sure, 55.8% agreed and 34.6% strongly agreed. (Bernadine et al 1995) assert that performance is the outcome of work, providing the strongest linkage to the strategies goals of the organization, customer satisfaction and economic contribution. This reflects that most of the respondents are in agreement with Bernadine et al 1995.

**4.13 Accomplishment and execution of duties and work are part of employee performance**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 3         | 5.8     | 5.8           | 5.8                |
| Disagree                | 2         | 3.8     | 3.8           | 9.6                |
| Not sure                | 9         | 17.3    | 17.3          | 26.9               |
| Agree                   | 23        | 44.2    | 44.2          | 71.2               |
| Strongly agree          | 15        | 28.8    | 28.8          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In line with the statement that, accomplishment and execution of duties and work are part of employee performance at Red Cross organization. 5.8 % of the respondent strongly disagreed, 3.8% disagreed, 17.3% were not sure, 44.2% agreed and 28.8% strongly agreed. In line to the above, oxford English dictionary asserts that employee performance is accomplishment, execution, carryout work of anything ordered undertaken

**4.14 Employee performance is both behavior and result**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 5         | 9.6     | 9.6           | 9.6                |
| Disagree                | 1         | 1.9     | 1.9           | 11.5               |
| Not sure                | 4         | 7.7     | 7.7           | 19.2               |
| Agree                   | 18        | 34.6    | 34.6          | 53.8               |
| Strongly agree          | 24        | 46.2    | 46.2          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source : Primary data (2015)*

9.6% of respondents strongly agreed that employee performance is both behavior and result, 1.9% disagreed, 7.7% were not sure, 34.6% agreed and 46.2% strongly agreed. This indicates that most of the respondents agreed that employee performance comprises of both behavior and result which is in agreement with Campbell 2001 who says that performance is both behavior and result. Behavior emanates from performance and transforms performance from obstruction to action

**4.15 Employee performance is a product of mental and physical effort**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 1         | 1.9     | 1.9           | 5.8                |
| Not sure                | 2         | 3.8     | 3.8           | 9.6                |
| Agree                   | 18        | 34.6    | 34.6          | 44.2               |
| Strongly agree          | 29        | 55.8    | 55.8          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: primary data(2015)*

3.8% of respondent strongly disagreed that employee is a product of mental and physical effort, 1.9% disagreed, 3.8% were not sure, 34.6% agreed and 55.8 % strongly agreed. This shows that most of the respondents agreed with the statement and so are in support of Brumbach (1988's) statement that extrinsic rewards are a product of mental and physical effort applied to tasks that can be judged apart from result.

**4.16 You carry out evaluations as a way of assessing and determining our**

**employees performance**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 2         | 3.8     | 3.8           | 5.8                |
| Not sure                | 7         | 13.5    | 13.5          | 19.2               |
| Agree                   | 20        | 38.5    | 38.5          | 57.7               |
| Strongly agree          | 22        | 42.3    | 42.3          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In line with the statement that Red Cross organization carryout evaluation as a way of assessing and determining the employee performance, 1.9 strongly disagree, 3.8% disagreed,13.5 % were not sure,38.5 % agreed and 42.3% strongly agreed. This indicates that 47% (majority) of the respondents supported the statement that evaluations are done as a way of assessing and determining the employees' performance.

**4.17 You periodically evaluate your employees performance by setting standards**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 4         | 7.7     | 7.7           | 9.6                |
| Not sure                | 5         | 9.6     | 9.6           | 19.2               |
| Agree                   | 17        | 32.7    | 32.7          | 51.9               |
| Strongly agree          | 25        | 48.1    | 48.1          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In line with the statement that, Red Cross organization periodically evaluate its employee performance by setting standards, 1.9% respondent strongly disagreed, 7.7% disagreed,9.6 % were not sure,32.7 % agreed and48.1 % strongly agreed.

#### 4.8 PAY

The frequency tables below reveal the findings that were obtained by the researcher during the study.

#### 4.18 High pay levels maintain and enhance future performance

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 2         | 3.8     | 3.8           | 5.8                |
| Not sure                | 3         | 5.8     | 5.8           | 11.5               |
| Agree                   | 20        | 38.5    | 38.5          | 50.0               |
| Strongly agree          | 26        | 50.0    | 50.0          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

Source: Primary data (2015)

1.9% of respondent strongly disagreed, 3.8 % disagreed, 5.8% were not sure, 38.5 % agreed and 50.0% strongly agreed. With the statement that high pay levels maintain and enhance future performance. This show that majority of the respondents (46%) are in support of Gerhart and Milkrich 1992 in a major review of the compensation literature, stated that our sense is that is relatively strong evidence that individual incentives, merit pay and bonuses and gain sharing that can contribute to higher performance under the right circumstances.

**4.19 Pay level influences the behaviors of employees in the organization**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 3         | 5.8     | 5.8           | 9.6                |
| Not sure                | 2         | 3.8     | 3.8           | 13.5               |
| Agree                   | 17        | 32.7    | 32.7          | 46.2               |
| Strongly agree          | 28        | 53.8    | 53.8          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

With reference to the statements that pay levels influence the behavior of employees in the organization. 3.8% of respondents strongly disagree, 5.8 % disagreed, 3.8 % were not sure, 32.7% agreed and 53.8 % strongly agreed. This reflects that at Red Cross, pay levels influence the behavior of the employees in the organization since most of the respondents agreed with the given statement. In line with the above Lawler and Jenkins 1992 asserts that Lawler and Jenkins 1992 asserts that pay level influences the behavior of employees in an organization.



**4.20 Individual incentives under the right circumstances contribute to higher performance**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 3         | 5.8     | 5.8           | 9.6                |
| Not sure                | 5         | 9.6     | 9.6           | 19.2               |
| Agree                   | 12        | 23.1    | 23.1          | 42.3               |
| Strongly agree          | 30        | 57.7    | 57.7          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source; Primary data (2015)*

From the table above, 3.8% respondents strongly disagreed, 5.8% disagreed, 9.6% were not sure 23.1% agreed and 57.7% strongly agreed with the statement that individual incentives under the right circumstances contribute to higher performance. This indicates that majority of the respondents are in support of the statement.

**4.21 Pay level across time communicates more to employees about their value to the organization**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 1         | 1.9     | 1.9           | 3.8                |
| Not sure                | 4         | 7.7     | 7.7           | 11.5               |
| Agree                   | 27        | 51.9    | 51.9          | 63.5               |
| Strongly agree          | 19        | 36.5    | 36.5          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

With the analysis in the table above, most of the respondents agreed with the statement that pay level across time communicate more to employees about their value of the organization. This is because 1.9% of the respondents strongly disagreed, 1.9% disagreed, 7.7% were not sure, 51.9% agreed and 36.5% strongly agreed. This is in support with Thierry's (2001) emphasis on the meaning of pay who theorizes that pay level across time communicates more to employees about their value to the firm.

In conclusion, pay has a very strong relationship on employee performance It means that an increase or decrease in pay will bring corresponding changes on employee performance. As well it shows bonus, benefits and promotion and employee performance have respectively. According to Pratheepthanths (2011) findings, he also concluded that extrinsic reward has positive impact

on employee performance. As well as Newstrom and Davis (1997) supported money as a vital factor in extrinsic reward since, money has always been important to employees because of the goods and services that will purchase.

#### 4.9 Promotion

Findings on promotion as a measure of extrinsic rewards are illustrated below;

#### 4.22 Promotion motivates employees and this facilitates an improvement on workers performance

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 1         | 1.9     | 1.9           | 3.8                |
| Not sure                | 3         | 5.8     | 5.8           | 9.6                |
| Agree                   | 30        | 57.7    | 57.7          | 67.3               |
| Strongly agree          | 17        | 32.7    | 32.7          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

Source : Primary data(2015)

From the table above, 1.9% of the respondents strongly disagreed, 1.9 % disagreed, 5.8% were not sure, 57.7% agreed and 32.7 % strongly agreed that promotion motivates employees and this facilitates an improvement on worker’s performance. This implies that most of the respondents

are in agreement with Gibbons 1997 who asserts that promotion assign workers to job better suiting their abilities and quickly more talented workers.

**4.23 Promotions are a basis for rewarding past employee efforts and promoting investment in specific human capital**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 4         | 7.7     | 7.7           | 7.7                |
| Disagree                | 6         | 11.5    | 11.5          | 19.2               |
| Not sure                | 8         | 15.4    | 15.4          | 34.6               |
| Agree                   | 21        | 40.4    | 40.4          | 75.0               |
| Strongly agree          | 13        | 25.0    | 25.0          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

Source: Primary data (2015)

7.7% of the respondents strongly disagreed, 11.5% disagreed, 15.4% were not sure, 40.4% agreed, 25.0% strongly agreed with the statement that promotion is a basis for rewarding past employee efforts and promoting investments in specific human capital. In this case, majority of the respondents are in agreement with Lazear 1988 who asserts that, promotion can be used to reward past employee efforts as a way of motivating them which facilitates and promotes an improvement on worker’s performance.

**4.24 Because of promotion, workers stay and invest in specific human capital**

|                      | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid strongly agree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree             | 3         | 5.8     | 5.8           | 9.6                |
| Not sure             | 5         | 9.6     | 9.6           | 19.2               |
| Agree                | 16        | 30.8    | 30.8          | 50.0               |
| Strongly agree       | 26        | 50.0    | 50.0          | 100.0              |
| Total                | 52        | 100.0   | 100.0         |                    |

*Source : Primary data (2015)*

With reference to the statement that due to promotion, workers stay and invest specific human capital, 3.8% of respondents strongly disagree, 5.8% disagreed, 9.6% were not sure, 30.8% agreed and 50.0% strongly agreed. This is in support with Lazear 1998 who asserts that promotion can be used to reward past employee efforts, promote investments in specific human capital.

**4.25 The simplest form of incentive pay is the promotion ladder**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 3         | 5.8     | 5.8           | 5.8                |
| Disagree                | 4         | 7.7     | 7.7           | 13.5               |
| Not sure                | 9         | 17.3    | 17.3          | 30.8               |
| Agree                   | 13        | 25.0    | 25.0          | 55.8               |
| Strongly agree          | 23        | 44.2    | 44.2          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

5.8% of respondents strongly disagreed, 7.7% disagree, 17.3% were not sure, 25.0% agreed, 44.2% strongly agreed with the statement that the simplest form of incentive pay is the promotion ladder. This indicates that majority of the respondents are in agreement with the statement and so in line with (Savych 2005) asserts that the simplest form of incentive pay is promotion ladder. This requires recruits to accept lower paid-port-of-entry jobs.

#### 4.10 Allowances:

Findings on allowances are shown below using frequency tables.

#### 4.26 Allowances increase the organizations level of productivity

|                         | Frequency | Percent | Valid<br>Percent | Cumulative<br>Percent |
|-------------------------|-----------|---------|------------------|-----------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9              | 1.9                   |
| Disagree                | 1         | 1.9     | 1.9              | 3.8                   |
| Not sure                | 3         | 5.8     | 5.8              | 9.6                   |
| Agree                   | 19        | 36.5    | 36.5             | 46.2                  |
| Strongly agree          | 28        | 53.8    | 53.8             | 100.0                 |
| Total                   | 52        | 100.0   | 100.0            |                       |

In line with the statement that allowances increases the organization's level of productivity, 1.9% strongly disagreed, 1.9% disagreed, 5.8% were not sure, 36.5% agreed and 53.8% strongly agreed. In support of this Olumide (1983) asserts that allowances increase worker's performance in any field of human endeavor which raises the organization's level of productivity.

**4.27 You motivate your workers by giving them a variety of allowances**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 1         | 1.9     | 1.9           | 5.8                |
| Not sure                | 2         | 3.8     | 3.8           | 9.6                |
| Agree                   | 16        | 30.8    | 30.8          | 40.4               |
| Strongly agree          | 31        | 59.6    | 59.6          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

From the table above, 3.8% strongly disagreed, 1.9% disagreed, 3.8% were not sure, 30.8 % agreed and 59.6% strongly agreed with the statement that the organization motivate its workers by giving them a variety of allowances. In support with thin, (Linder 1998) in their view, allowances motivate individuals to perform better in their duties than others not given allowances incentives.



**4.28 Allowance is a willful desire to direct ones behaviors towards achieving certain goals**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 1         | 1.9     | 1.9           | 1.9                |
| Disagree                | 1         | 1.9     | 1.9           | 3.8                |
| Not sure                | 5         | 9.6     | 9.6           | 13.5               |
| Agree                   | 11        | 21.2    | 21.2          | 34.6               |
| Strongly agree          | 34        | 65.4    | 65.4          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In reference to the table above, 1.9% strongly disagreed, 1.9% disagreed, 9.6% were not sure, 21.2% agreed and 65.4 % strongly agreed that allowances is a willful desire to direct one's behaviors' toward achieving certain goals. In support to this, Baker and S and Ore (1991) argued that allowance is a willful desire to direct one's behaviors towards achieving certain goals.

**4.29 Allowances increase the employees and employers abilities to communicate**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 3         | 5.8     | 5.8           | 5.8                |
| Disagree                | 1         | 1.9     | 1.9           | 7.7                |
| Not sure                | 3         | 5.8     | 5.8           | 13.5               |
| Agree                   | 15        | 28.8    | 28.8          | 42.3               |
| Strongly agree          | 30        | 57.7    | 57.7          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data(2015)*

5.8% strongly disagreed, 1.9% disagreed, 5.8% were not sure, 28.8% agreed, 57.7% strongly agrees\ d that allowances increase the employees and employer’s abilities to communicate. In line with this, Sanguine (1999) discovered that high performance in organizations is related to abilities of employers to communicate with their employees the workers wanted transport and travelling allowances to be paid in order to perform their duties effectively in another development.

**4.30 All your employees are given allowances such as the housing allowances and transport allowances**

|                         | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid strongly disagree | 2         | 3.8     | 3.8           | 3.8                |
| Disagree                | 3         | 5.8     | 5.8           | 9.6                |
| Not sure                | 5         | 9.6     | 9.6           | 19.2               |
| Agree                   | 11        | 21.2    | 21.2          | 40.4               |
| Strongly agree          | 31        | 59.6    | 59.6          | 100.0              |
| Total                   | 52        | 100.0   | 100.0         |                    |

*Source: Primary data (2015)*

In reference to the table above, 3.8 % strongly disagreed, 5.8 % disagreed, 9.6% were not sure, 21.2% agreed and 59.6% strongly agreed with the statement that all employees are given allowances such as housing allowances and the transport allowances.

**Correlation Analysis:**

**The relationship between pay and employee performance**

1 Correlations

|                      |                     | pay    | Employee performance |
|----------------------|---------------------|--------|----------------------|
| Pay                  | Pearson Correlation | 1      | .987**               |
|                      | Sig. (2-tailed)     |        | .000                 |
|                      | N                   | 52     | 52                   |
|                      |                     |        |                      |
| Employee performance | Pearson Correlation | .987** | 1                    |
|                      | Sig. (2-tailed)     | .000   |                      |
|                      | N                   | 52     | 52                   |
|                      |                     |        |                      |

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

The table above shows the correlation analysis between pay and employee performance. It reveals that the correlation was .987\*\* which shows that the two have a strong positive and significant relationship. This implies that pay has positive impacts on employee performance as said by that pay level influences the behavior of employees in an organization.

**Relationship between promotion and employee performance:**

**Correlations**

|                      |                     | promotion | Employee performance |
|----------------------|---------------------|-----------|----------------------|
| Promotion            | Pearson Correlation | 1         | .362**               |
|                      | Sig. (2-tailed)     |           | .008                 |
|                      | N                   | 52        | 52                   |
| Employee performance | Pearson Correlation | .362**    | 1                    |
|                      | Sig. (2-tailed)     | .008      |                      |
|                      | N                   | 52        | 52                   |

**Correlations**

|                      |                     |           |                      |
|----------------------|---------------------|-----------|----------------------|
|                      |                     | promotion | Employee performance |
| Promotion            | Pearson Correlation | 1         | .362**               |
|                      | Sig. (2-tailed)     |           | .008                 |
|                      | N                   | 52        | 52                   |
| Employee performance | Pearson Correlation | .362**    | 1                    |
|                      | Sig. (2-tailed)     | .008      |                      |
|                      | N                   | 52        | 52                   |

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

The correlation analysis in the table above shows that there is positive relationship between promotion and employee performance. This is revealed by the correlation coefficient of 0.362. This therefore indicates that there is a strong relationship between promotion and employee performance therefore promotion has positive effects on employee performance.

**Relationship between allowances and employee performance:**

**Correlations**

|                      |                     | allowances | Employee performance |
|----------------------|---------------------|------------|----------------------|
| Allowances           | Pearson Correlation | 1          | .337*                |
|                      | Sig. (2-tailed)     |            | .015                 |
|                      | N                   | 52         | 52                   |
|                      |                     |            |                      |
| Employee performance | Pearson Correlation | .337*      | 1                    |
|                      | Sig. (2-tailed)     | .015       |                      |
|                      | N                   | 52         | 52                   |
|                      |                     |            |                      |

\*. Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis in the table above indicates that  $r = .337^{**}$  which shows that there is a positive and significant relationship between allowances and employee performance. As said by Olumide (1983) who asserts that allowances increase worker's performance in any field of human endeavor which raises the organization's level of productivity.

## CHAPTER FIVE

### SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 INTRODUCTION

This chapter presents the summary of the findings, conclusion and recommendations of the study as regards the stipulated study objectives.

#### 5.1 Summary of findings:

##### 5.1.1 The impact of payment on employee performance:

The findings showed the following results; high pay levels maintain and enhance future performance pay levels influences the behavior of employees at Red Cross society. The results still portrayed that individual incentives under the right circumstances contribute to higher performance, pay level across time communicates more to employees about their value to the organization and lastly the findings showed that pay increases are made contingent on the employees performance. The findings still tested the correlation analysis of the impact of payment on employee performance and this was found to be positive and significant, therefore there is a strong relationship between payment and employee performance since  $r = .982^{**}$

##### 5.1.2 The effect of promotion on employee performance;

There is sarong and positive relationship between promotion and employee performance as shown by the correlation analysis which is showed by  $r = .362^{**}$  The results also show that promotion assigns workers to jobs better suiting their abilities, promotion motivates employees



and this facilitates an improvement on workers performance. At Red Cross Society, promotions are a basis for rewarding past employee efforts, and promoting investments in specific human capital. Because of promotion, workers stay and invest in specific human capital. Lastly, the simplest form of incentive pay is the promotion ladder.

### **5.1.3 The relationship between allowances and employee performance;**

The findings as analyzed using correlation portray a positive and significant relationship between allowances and employee performance. This is indicated by  $r = .337^{**}$  which is also obtained by the following findings; allowances increase Red Cross Society's level of productivity, the workers at Red Cross Society are motivated by being given a variety of allowances. Still, allowance is a willful desire to direct one's behaviors towards achieving certain goals and also allowances increase the employees and employers' abilities to communicate. Lastly, all Red Cross Society's employees are given allowances such as the housing and transport allowances.

### **5.2 Conclusion;**

In conclusion, the correlation analysis between the dimensions of the independent variable which are, pay, promotion, allowances and the dependent variable which is employee performance portray a strong and positive relationship. This therefore indicates that there is a strong and significant positive relationship between extrinsic rewards and employee performance and so in conclusion the extrinsic rewards promote the employees' performance. In addition to that, there are other factors that led to low performance and these include, if the appraisal is not done in an appropriate way where it is done not basing on the experience of the employees but it is done

basing on personal interest. Inadequate training given to various employee most especially the lower employees who mostly carry out day today activities of the organization which at end of the day leads to low performance.

### **5.3. Recommendations.**

According to the findings, the study recommends that Red Cross Society should not only consider extrinsic rewards as a way of facilitating employee performance, it should also look at the intrinsic rewards for better employee performance.

The study recommends that Red Cross Society should not look at extrinsic rewards only on the side of motivating their employees but also attracting capable employees to the organization.

Red Cross Society should not only consider monetary rewards but it should also consider and take into account the non monetary rewards such as recognition.

The study recommends that Red Cross Society should also motivate its workers by promoting effective communication between the employees and management so as to facilitate apposite relationship between the two.

The study also recommends that Red Cross Society should use clear job description and specifications when assigning workers to jobs better suiting their abilities other than promotions.

### **5.4 Areas for further research;**

The researcher suggested the following areas for further research;

1 The relationship between motivation and employee performance.

2. The effect of both intrinsic and extrinsic rewards on employee performance.

3. The impact of extrinsic rewards on job productivity.

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## APPENDICES

### APPENDIX 1

#### Appendix 1: D.W Morgan's Table (1970)

(Assuming data are collected from cases in the sample)

| Population(N) | Sample size |
|---------------|-------------|
| 10            | 10          |
| 15            | 14          |
| 20            | 19          |
| 25            | 24          |
| 30            | 28          |
| 35            | 32          |
| 40            | 36          |
| 45            | 40          |
| 50            | 44          |
| 55            | 48          |
| 60            | 52          |
| 65            | 56          |
| 70            | 63          |
| 75            | 70          |
| 80            | 73          |
| 85            | 76          |

*Source: R.V Krejcie and Morgan (1970)*

**APPENDIX 11**

**QUESTIONNAIRE**

**Dear Respondent,**

I am Nakyambadde Caroline a student at Uganda Martyrs University undertaking an academic research entitled “**extrinsic rewards and employee performance**” in partial fulfillment for the requirements of the award of the Bachelor’s degree in Business Administration and Management. I kindly request you to respond positively towards this by filling in the questions below to the best of your knowledge, confidentiality will be highly maintained.

**SECTION A: RESPONDENT’S BIO-DATA**

**Please tick in the appropriate option box is provided**

1. Gender: a) Male  b) Female

2. Education: a) Diploma  b) 1st Degree   
c) Post Graduate  d) PhD  f) Other

3. Period spent in business)

1) 0-5 years  2) 6-10 years  3) 11-15 years  4) over 15 years

4 Age bracket

18-28 years  b) 29-37 years  c) 38-47 years  d) 48 years and above

**SECTION B.**

Please respond by ticking the most appropriate response to the statement based on the scale provided below.

| <b>Strongly disagree</b> | <b>Disagree</b> | <b>Not sure</b> | <b>Agree</b> | <b>Strongly agree</b> |
|--------------------------|-----------------|-----------------|--------------|-----------------------|
| <b>1</b>                 | <b>2</b>        | <b>3</b>        | <b>4</b>     | <b>5</b>              |



| <b>Extrinsic Rewards</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| Extrinsic rewards engage the employees with their work and with the organization            |          |          |          |          |          |
| Extrinsic rewards determine the organization's ability to attract high potential employees. |          |          |          |          |          |
| You offer extrinsic rewards to all your employees   |          |          |          |          |          |
| Extrinsic rewards in your organization stimulate the employees to share knowledge           |          |          |          |          |          |
| Social and organizational rewards are all extrinsic rewards                                 |          |          |          |          |          |
| Extrinsic rewards involve both the monetary and non monetary rewards.                       |          |          |          |          |          |
| Extrinsic rewards are a result of a successful strategy of the organization.                |          |          |          |          |          |

| <b>Employee Performance</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Employee performance is an outcome of work   |          |          |          |          |          |
| Accomplishment and execution of duties and work are part of employee performance.            |          |          |          |          |          |
| Employee performance is both behavior and result   |          |          |          |          |          |
| Employee performance is a product of mental and physical effort                              |          |          |          |          |          |
| You carry out evaluations as a way of assessing and determining your employees' performance. |          |          |          |          |          |
| You periodically evaluate your employees' performance by setting standards.                  |          |          |          |          |          |

| <b>Pay</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| High pay levels maintain and enhance future performance                                     |          |          |          |          |          |
| Pay level influences the behavior of employees in the organization                          |          |          |          |          |          |
| Individual incentives under the right circumstances contribute to higher performance.       |          |          |          |          |          |
| Pay level across time communicates more to employees about their value to the organization. |          |          |          |          |          |
| Pay increases are made contingent on performance.   |          |          |          |          |          |

| <b>Promotion</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Promotions assign workers to jobs better suiting their abilities.  |          |          |          |          |          |
| Promotion motivates employees and this facilitates an improvement on workers' performance                        |          |          |          |          |          |
| Promotions are a basis for rewarding past employee efforts, and promoting investments in specific human capital. |          |          |          |          |          |
| Because of promotion, workers stay and invest in specific human capital.   |          |          |          |          |          |
| The simplest form of incentive pay is the promotion ladder.  |          |          |          |          |          |

| Allowances  | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Allowances increase the organization's level of productivity  |   |   |   |   |   |
| You motivate your workers by giving them a variety of allowances                                    |   |   |   |   |   |
| Allowance is a willful desire to direct one's behaviors towards achieving certain goals.            |   |   |   |   |   |
| Allowances increase the employees and employers abilities to communicate                            |   |   |   |   |   |
| All your employees are given allowances such as the housing allowances and the transport allowances |   |   |   |   |   |

Thank you for your time, God Bless You

## **APPENDIX 111**

### **INTERVIEW QUESTIONS:**

1 How do you measure the performance of your employees?

2 What do you consider to be good employee performance?

3 Do you provide tangible rewards? If yes how? If no why?

4 Do employees perform to the expectations? If yes how?

If no what other measures do you implement?

5 How is payment done in your organization?

6 How is promotion done in your organization?

7 Are employees provided allowances? If yes how and why?