

**THE EFFECT OF EXTRINSIC REWARD SYSTEMS ON ORGANIZATIONAL
PERFORMANCE**

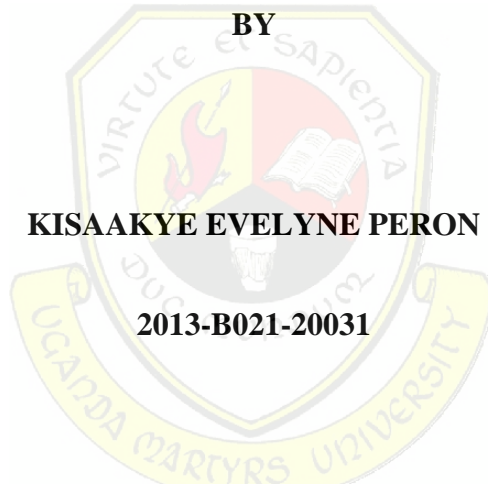
A CASE STUDY OF CENTENARY BANK

NAMIREMBE ROAD

BY

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2013-B021-20031



**A RESEARCH DISSERTATION SUBMITTED TO THE
FACULTY OF BUSINESS ADMINISTRATION & MANAGEMENT IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF A BACHELOR'S
DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENT OF UGANDA
MARTYRS UNIVERSITY.**

JULY, 2016

DEDICATION

This work is dedicated to my family for the tireless efforts, inspiration and encouragement throughout my course and for all their love, moral and financial support rendered to me.

ACKNOWLEDGEMENT

I thank the Almighty God for keeping me alive and healthy throughout my study period and for giving me all the required grace to fulfill all study requirements while undertaking this Degree program. In a special way, I would like to extend my sincere gratitude to my supervisor, Fr. Edward Ssemwogerere for having unconditionally accepted and exercised utmost patience to guide me in all activities that have led to completion of my dissertation. Without his guidance and commitment, this dissertation would not have been completed, may the Almighty reward him abundantly. I also thank all the lecturers of Uganda Martyrs University for their useful academic contributions since this study required a multi-disciplinary approach.

Finally my sincere thanks go to Centenary Bank Namirembe Branch staff for providing information, may God bless them.

ABSTRACT

The study focused on the effect of extrinsic rewards systems on Organizational performance and the major objective of this study was to establish the effect of extrinsic reward systems on organizational performance in Centenary Bank Namirembe Road branch. Specific objectives included: examining the contribution of promotions on organizational performance, assessing the role of bonuses on organizational performance and examining the relationship between pay rise as reward systems and organizational performance with dimensions such as productivity, profitability, quality. A case study was used to conduct the study with a sample size of 52 respondents, other various data collection instruments were also used in the study and these included; questionnaires and interview guides.

The findings revealed that there is a correlation between extrinsic reward systems with dimensions that include; promotion, bonuses and pay rise and the performance of the organizational. Basing on this study it was concluded that extrinsic reward systems strongly affect the organizational performance. The researcher therefore recommended that banks should emphasize the use of extrinsic reward schemes for the betterment of the organization.

Keywords: Extrinsic reward systems, organizational performance, promotions, bonuses, pay rise, productivity, profitability, quality.

ABBREVIATIONS

SPSS: Statistical Package for the Social Sciences

UMU: Uganda Martyrs University

PhD: Doctor of Philosophy

BBAM: Bachelors of Business Administration and Management

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

This chapter intends to evaluate the effect of extrinsic reward systems on the performance of organizations. It focuses on two variables, the independent variable as extrinsic reward systems with dimensions such as promotions, bonuses and pay rise likewise the dependent variable include Organizational performance with dimensions such as productivity, quality and profitability.

This is due to the existing competitive environment which require organizations to work very hard to boost up their products, services, internal & external operations and the whole performance of the business in a way of attaining the set goals and objectives in the most effective and efficient manner. For that reason therefore, this research focuses on the review of literature and collecting of the necessary data using both the qualitative and quantitative approach despite most studies showing only the qualitative approach.

The chapter basically focuses on the background of the study, problem statement, objective of the study, research questions, content of the scope, significance of the study, justification of the study, the conceptual framework, definition of key terms and conclusion.

1.1 Background of the Study

Allen and Kilmann (2001), assert that reward systems play a vital role in improving employee performance and achieving the organizational goals. Rewards are the benefits that arise from performing a task, rendering a service or discharging a responsibility (Colin 1995). According to

Searle (1990), rewards can be categorized into two broad areas, namely extrinsic rewards and intrinsic rewards. Extrinsic rewards in particular are monetary bonuses; they are incentives provided by other people and are external to the recipient.

They are usually financial or tangible rewards which may include pay, promotion, interpersonal rewards, bonuses and benefits (Zaman, 2011). Organizations need to develop strategic reward systems for employees in order to retain competent employees that result into sustainable competitive advantage. Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation (Hunter et al 1990). This enables the highly motivated employees to serve as competitive advantage for any company since their performance leads to accomplishment of organizational goals (Rizwan and Ali, 2010).

According to Eisenberger (2011) Heng (2012), an organization that fails to reward its employees will directly result into decrease in employee performance while an efficient reward system can be a good motivator but if it is inefficient it can lead to de-motivation of the employees in terms of low productivity, internal conflicts, absenteeism, high turnover, lack of commitment and loyalty, lateness and feeling grievances.

This therefore confirms that reward systems are very crucial for an organization's success (Maund 2001). As we are all aware that organizations are operating in a dynamic and competitive business environment, considering that currently, human asset is the most important asset of any organization and in order to get the efficient and effective result from human resource, motivation is essential (Zaman , 2011).

1.2 Problem statement

The current research show that the impact of reward systems on employees varies from individual to individual, and that some individuals respond more positively towards extrinsic rewards Delery (2008). For that reason therefore most employees prefer working with organizations with a much rewarding system which recognize employee performance through the administration of rewards as appreciation and motivation for higher performance characterized by productivity, cost efficiency, competitive edge and profitability.

Regardless of the benefits enjoyed by employees, they face numerous challenges which eventually result into a high level of decline in their performance in many organizations in Uganda. This was evidenced in 2014, when College students demonstrated for not being taught for two weeks because lecturers had not been paid their allowances and other several benefits hence affecting staff performance (*New Vision*, November 04, 2014).

Reports also showed that among the five government Universities including Makerere University, lost over twenty five top academic staff between 2010 and 2012, Gulu University lost over ten Doctors (PhD) and Senior lecturers and Mbarara University lost over twenty academic staff members in September 2011 alone due to job dissatisfaction.

This undesirable performance has been attributed to numerous factors for instance; low pay, low bonuses, unfairness during promotions, demotion of employees without clear justifications, poor reporting structures, ineffective use of budgets and improper reporting systems which pose a great challenge to employee performance. Therefore, based on the high decline in performance, this study aimed at examining the effect of extrinsic reward systems on organizational performance.

1.3 General objective

The general objective of this study is to examine the effect of extrinsic reward systems on organizational performance.

1.3.1 Specific objectives of the study

- i. To examine the contribution of promotions as a reward system on organizational performance
- ii. To assess the role of bonuses as a reward system on organizational performance
- iii. To examine the relationship between pay rise as a reward system and organizational performance

1.4 Research questions

- i. What is the contribution of promotions as a reward system on organizational performance?
- ii. What is the role of bonuses as a reward system on organizational performance?
- iii. What is the relationship between pay rise as a reward system and organizational performance?

1.5 Scope of the study

1.5.1 Content Scope

The researcher mainly focused on the effect of extrinsic reward systems on organizational performance. With the independent variable as extrinsic reward systems and its dimensions being; promotions, bonuses and pay rises, likewise the dependent variable with dimensions such as productivity, quality and profitability.

1.5.2 Time scope

The study concentrated on the period between 2009 and 2013 considering the rapid evolution of the financial industry that could have caused a number of changes in the service delivery within commercial banks

1.5.3 Geographical scope

The study was confined to Centenary Bank situated on Namirembe road. This institution was selected owing to the fact that it is one of the upcoming banks in the country with an impressive recruitment system. The branch was particularly chosen because it is one of the highly desired and accessible branches with relatively large numbers of employees and clients with numerous interests.

1.6 Significance of the study

The results of this study will help Centenary Bank managers know how to maximize their Human resource management practices mainly the use of extrinsic rewards in order to promote organizational performance. Academic institutions, scholars and practitioners in the same field will also benefit in utilizing the findings by setting the best tools for rewarding employees in their upcoming or already existing businesses so as to boost the performance of the organization.

The findings will also widen the knowledge of the researcher in the respective area of study since she is able to access reliable data in order to make reasonable conclusions. This will therefore greatly contribute to the researcher's attainment of a degree in Business Administration and Management from the current institution.

1.7 Justification of the study

The study intends to increase accurate and reliable literature for the various stakeholders so as to resolve the degree of uncertainties they face during decision making, since extrinsic reward system is one of the human resource management practices that has been given a lot of prominence throughout the world because it is vital within organizations and has been widely researched upon. However, in the researcher's opinion there were still gaps in the research so far done.

1.8 The Conceptual framework

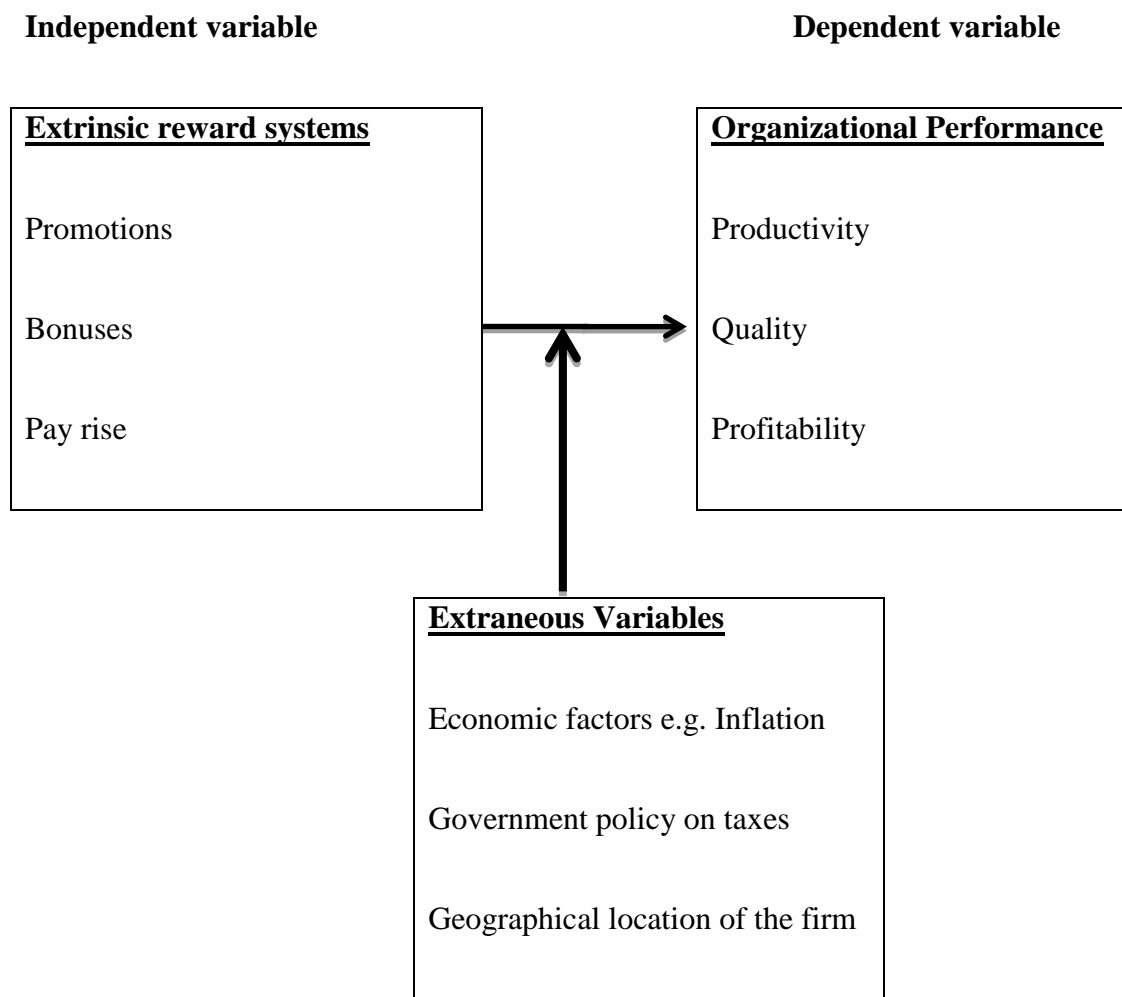
A reward is a broad construct that has been said to represent anything that an employee may value and is willing to offer in exchange for his or her contributions (Chiang and Birtch 2008). The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees.

Organizations often use financial rewards to prevent employee dissatisfaction and to motivate employees, although it may not be the best motivator for the long term, (Mossbarger and Eddington 2003). Since extrinsic rewards relate to financial rewards or cash related factors like formal recognition, fringe benefits, incentive type payments, pay and promotion. Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization.

Giving rewards has become a part of the firm's policies since it has shown to improve workers' performance and the organization's productivity. This compensation package consists of both

extrinsic and intrinsic rewards. Extrinsic rewards drive workers morale and the distribution of these rewards always has loomed large in companies, especially in accordance with performance evaluation in the present globalization era (Appelbaum et al., 2011; Datta, 2012). In this regard, a significant and direct association exists between extrinsic rewards and employee motivation to improved organizational performance (Hafiza et al., 2011).

Figure 1: The conceptual Framework



Source: Payam G, Akram A, Majid B. B, Seyed J. H (2013) title revised by researcher after the review of literature.

In the event that corporations reward the customer's intimacy and satisfaction, they are more probably prepared to regulate and change behavior in order to establish a good relation with customers and satisfy their needs (Nyaribo, 2006). Therefore studying the effect of extrinsic reward systems on organizational performance has been greatly affected by many factors as explained below.

Economic factors such as inflation that greatly affect the organisational performance since companies incur high costs in footing employees' personal bills which greatly discourage them to work harder and perform better since the extrinsic rewards are directly affected by high costs of living in the country. Likewise, government policy on taxes also directly affect organisational performance since an increase in income tax discourages employees to improve on their skills so as to better the organization's service quality, productivity and profitability.

Furthermore, the geographical location of the firm also greatly affect the organizational performance, this means that incase an organization is located in a city centre, management has to provide numerous rewards in order to positively influence its employees to work harder, better and aggressively towards improving the overall profitability, quality, cost efficiency and productivity of the organization.

1.9 Definition of key terms

Extrinsic rewards: These refer to any tangible benefits of a particular job or activity, which are external to the job itself. They include vacations, promotions, alliances with contact networking opportunities, compensation and supervision among others.

Organizational performance: This refers to the firm's ability to achieve its stated goals and objectives in the most effective and efficient manner.

Reward system: This is a system used by companies where employees who achieve particular results are paid more or get other advantages.

Promotion: This refers to the advancement of an employee's rank or position in a hierarchical structure.

Bonuses: A bonus is an additional compensation given to an employee above his or her normal wage. It can be used as a reward for achieving specific goals set by the company, or for dedication to the company.

Pay rise: It is an increase in wages or salary or it can be defined as an increase in the amount of hourly pay or salary that an employee receives for work performed within an organization.

Productivity: Is a measure of the efficiency of a person, machine, factory, system in converting inputs into useful outputs. It can be expressed as the ratio of output to inputs used in the production process that is to say output per unit of input.

Quality: This is a subjective term for which each person or sector has its own definition. In technical usage, quality can have two meanings; the characteristics of a product or service that bear its ability to satisfy stated or implied needs or a product or service free of deficiencies and defects.

Profitability: This is the ability of a business to earn a profit. A profit is what is left of the revenue that a business generates after it pays all expenses directly related to the generation of

the revenue, such as when producing a product and other expenses related to the conduct of the business activities.

1.10 Conclusion

This chapter focuses on the review of literature on the general background of the study so as to conceptualize the effect of extrinsic reward systems on organizational performance. Therefore in the opinion of the researcher this chapter is basically meant to give an over view of the study so as to generate accurate and reasonable results in the forth-coming chapters.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is based on the review of literature in relation with the present study covered by previous researchers on the effect of extrinsic reward systems on organizational performance in order to come up with reasonable and accurate conclusions. The researcher therefore considers that the discussions in this chapter will include; theoretical framework, overview of extrinsic reward systems, overview of organizational performance, actual review of literature and conclusion.

2.1 Theoretical framework

The primary aspect of all organizations is to motivate their employees from an organizational perspective. Bearing in mind that motivation is important because it empowers high-performing employees to stay within the organization and this enables employees through a higher degree of motivation develop their overall skills in their specific jobs and be more engaged to perform at higher levels. (Alvesson & Sveningsson, 2008)

Goal-Setting Theory

Latham and Locke (1979) argue that setting goals is a fundamental aspect in achieving motivational effectiveness. According to their analysis, goals that are designed to a slightly difficult approach are the ones that are motivating the employees to greater productivity. On the other hand, goals that are too hard to achieve or too easy to reach are resulting in a less

productive action by the employees this means that managers should set goals at reasonable standards.

Locke and Latham (2002) continue to assert that goals are mainly serving four different mechanisms. First, the goals serve as a distinct directive function, which allow the employee to focus on goal-oriented activities, instead of focusing on activities that are beyond the goals. According to them the mechanisms show that the firm can align the employees with the organization's overall targets, when well-designed goals are used. The second aspect is that goals allow employees to take on greater effort and are functioned as a stimulating function. In case the organization had tougher goals, the employees would put more effort in association with low-setting goals, which provide less effort by the employees.

Thirdly, goals are providing persistence affection to the employees, which imply that employees that control their own time to reach the goal increase their effort in the task. And finally, they also describe that goals are encouraging employees to use their overall knowledge and expertise to solve the task. Therefore to reach goals, commitment is essential in the way that the employees are dedicated to reach them. This is basically important when the goals are more complex, since greater complexity requires higher efforts in comparison with lower level of complex tasks. (Locke & Latham 2002).

Another vital aspect in reaching more effective goals is for managers to provide employees with constant feedback. This feedback is essential since it allows the employee to receive comments on their progress to reaching the goals. The motivational effect is supporting that goals need to be achieved, and a potential threat can occur when employees are taking shortcuts to achieve the goals, which results in performance that is less qualitative (Heedgard Hein, 2012). The goal-

setting theory is presented in order to generate a wider picture of how managers use goals and feedback to improve motivation within the organization.

Maccoby's four R's of motivation

Maccoby (2010) argues that classical theories concerning motivation are misrepresentative. According to him managers should primarily engage in four mechanisms to improve the work motivation within the firms. These mechanisms are the “four R's of motivation” they include Responsibilities, Relationships, Rewards and Reasons. Where by Responsibilities are an essential aspect in achieving greater motivation by the employees and where employees are engaged through their own personal values, their overall motivation is increased. Responsibilities that allow the organization's employees to expand and develop their overall ability are yielding a greater motivational degree among the workforce. (Maccoby, 2010)

Secondly, the Relationship between managers and employees is very vital in increasing the employees' overall motivation level within the organization. According to Maccoby (2010) managers should coach their employees and listen to their ideas, in so doing, the overall motivation among these employees will be increased. Thirdly, the Rewards given should provide appreciation and recognition to the employees to boost their motivation in connection to their input. Then Reasons are also described as the most critical aspect in motivating the employees. Why an employee is dedicated to his or her job this is the most important factor to achieve a higher degree of motivation within the organization (Maccoby, 2010). The four R's of motivation has been used in the surveys as well as in the analysis section of this study.

2.2 Extrinsic Reward systems overview

Extrinsic rewards are external to the job and include elements like fringe benefits, pay rise , promotions, bonuses, private office space, the social climate, job security, competitive salaries, merit and indirect payment forms as compensatory time off (Mahaney & Lederer, 2006; Mottaz, 1985) among others. Extrinsic rewards are used to show that the company is serious about valuing team contributions to quality. The need for continuous improvement requires employees to be innovators; devising solutions that improve a work process or that delight the customer.

These rewards also drive workers' morale and the distribution of these rewards always has come out large in companies, especially in accordance with performance evaluations in present globalization periods (Appelbaum et al., 2011; Datta, 2012). Furthermore, giving rewards has become a part of the firm's policies as it has shown to improve workers' performance and the organization's productivity.

2.2.1 Pay Rise

Pay rises are very significant in a business setting because they boost up the employees' performance in many ways, so for management to reap out the best out of its employees it has to consider salary increment crucial at a given point in time. The pay rise is usually based on an individual's performance and is assessed by an employee performance appraisal (Campbell, Champbell, & Chia, 1998; Schwab & Olson, 1990). This has been frequently used in organizations (Peck, 1984; Schwab & Olson, 1990). Although it can be different across organizations, a number of recent studies have demonstrated that 80% to 90% of organizations use them (Heneman & Werner, 2005).

Pay rise over the years has been found to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organizations productivity and profitability. Also, with the present global economic trends, most employers of labour have realized the fact that for their organizations to compete favorably, the performance of their employees goes a long way in determining the success of the organization. How well an organization motivates its workers in order to achieve their mission and vision is of paramount concern. And employees in both public and private sector organization are becoming increasingly aware that motivations increases productivity.

2.2.2 Bonuses

A bonus is a monetary reward given to employees in addition to their fixed compensation (Milkovich & Newman, 2005). They are a very essential part of reward systems in an organization this is so because they are related to the current performance of employees because it is an extra amount of money added to his or her pay. Though not permanent (Sturman & Short, 2000) they are initiated in order to enhance performance and effectiveness of employees on their job. Bonuses are attractive from the company's point of view because though they are one-time cash rewards, they link pay to performance (Lawler, 1981; Lowery, Petty, & Thompson, 1996).

2.2.3 Promotions

Employee promotions do not happen often, if one is given promotion at work, one is given a more important job or rank in the organization that he or she works for. The criteria used are mostly performance and seniority and if performance can be accurately assessed, it is often given significant weight in promotion reward allocation.

Promotions are often used to achieve two goals simultaneously that in principle might be separated; putting employees in the right jobs, and generating motivation. An important reason why promotions are used as rewards is worker reputation, or “career concerns” (Fama 1980; Holmström 1983; MacLeod & Malcomson 1988; Gibbons & Murphy 1991). Another reason why promotions may be important is that they can be self-enforcing incentive schemes (Malcomson 1984). For example, in situations where the firm attaches a wage to the task done, not to individuals, and fills slots by promoting the best performers. If this is done, then the firm’s wage bill is fixed, regardless of who is promoted. In order for this system to provide incentives, the firm needs to credibly promote good performers rather than poor performers. Because the wage is fixed, the firm has no reason not to; therefore, the incentive contract is self-enforcing which may give a contracting advantage over other incentive mechanisms.

2.3 Overview of organizational performance

Organizational performance is an indication of the ability of a company to efficiently achieve its set independent goals (Venkatraman & Ramanujam, 1986). Every organization has been established with certain objectives to achieve, these objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but man power is the most important because it plays an important role in performing tasks for accomplishing the set goals; however, the question is how these resources are utilized.

A firm that gets an advantage over its competitors through its talented and dedicated workforce can take the lead in the market. The contribution of employees on job is the most important factor for development and excellence in any business. Employees perform different tasks within an organization depending on its nature. These may include; production, storage,

manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations. All these activities are inter-related to achieve the set targets which move hand-in-hand with motivation in any way to enable them give their best output.

Apparently, companies are rewarding performance bonuses to junior employees to increase output, unlike in the past where they used to give privilege of top executives; they are paid to employees who achieve satisfactory or high ratings during their annual performance appraisals. Performance bonuses are now on the rise in many organizations because managers want to link performance to rewards. (Block & Lagasse 1997). The built-in incentive for employees is to strive for high performance throughout the entire evaluation period, which means their performance must be consistently high for a period of twelve months. Employees who receive large bonuses will likely want to get it the following year too. On the other hand, those who receive miserly bonuses because of their mediocre performance might consider improving the following year (Finkle, 2011) for a better reward.

2.3.1 Productivity

Productivity can be defined as a performance measure, which encompasses both efficiency and effectiveness (Bhatti & Qureshi, 2007). It can also be referred to as an average measure of the efficiency of production which can be expressed as the ratio of output to inputs used in the production process. Productivity is a crucial factor in production performance of firms and its growth also helps businesses to be more profitable.

An organization can improve its productivity either by changing its technology or by using its people. Similarly, Putz (1991) states that there are many ways in which an organization can

improve its productivity. He states that the largest unexplored opportunity for increasing organizational productivity is through effective use of the workforce. Therefore the component of the concerns of this study was to understand how an organization can use its extrinsic techniques on its workforce to increase its productivity.

2.3.2 Quality

Quality can be defined as a characteristic or feature that someone or something has, how good or bad something is, its native excellence or superiority. In response to the pressure of globalization, increasingly competitive markets, and volatile market dynamics, many organizations are actively seeking ways to add value to their services and improve their service quality. Quality is perceived differently by different people. For a manufactured product, the user recognizes the quality of fit, finish, appearance, function, and performance on the other hand the quality of service may be rated based on the degree of satisfaction the customer receives.

2.3.3 Profitability

Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of that revenue, such as producing a product, offering a service, and other expenses related to conducting of business activities. According to Harward & Upton, “profitability is the ‘the ability of a given investment to earn a return from its use.’”Despite the fact that, profitability is an important measure for measuring the company’s efficiency, the degree of profitability cannot be taken as a final proof of efficiency.

At times satisfactory profits can mark inefficiency and conversely a proper degree of efficiency can be accompanied by an absence of profit. The net profit figure simply reveals a reasonable

balance between the values received and values given out in terms of expenses. The adjustment in operational efficiency is merely one of the factors on which profitability of an enterprise largely depends because there are many other factors besides efficiency, which affect the profitability.

2.4 Actual Review

2.4.1 The effect of pay rise on organizational performance

Paying is a critical factor which affects employee motivation. (Kalim et al., 2010) pay rise is one way of rewarding employees basing on efficiency and effectiveness. Rewarding is an initial aspect like any other Human Resource operations, especially when it meets with salary, pay, and financial reimbursement. The motivational pay is based on seniority and is a reward when the staffs do the job well and tend to receive monetary reward; and in such a system, the pay level is because of the staffs skills, attempt, and doing their responsibilities as well as the job status (Figart, 2000; Bergmann & Scarpello, 2002; McShane & Von Glinow, 2005).

Although the pay rewarding performance has different kinds, most of the managers use the same methods to compensate and this way includes adding extra money to the wage base (Lawler et al., 1993; Chang & Hahn, 2006; Lee et al., 1999). There is some practical evidence that pay rise has direct effects on performance (Gneezy & Rustichini, 2000; Hechler & Wiener, 1974). There is also more proof that positive outcomes such as higher subsequent performance is more experienced when pay increments are made contingent on good performance than when they are not contingent on performance (e.g. Gerhart & Milkovich, 1992; Jenkins et al., 1998). Basing on the above description, an organization that embraces pay rises for its employees receives high loyalty and commitment of its workers to the job thus increasing its general performance.

2.4.2 The effect of bonuses on organizational performance

The current employee's performance can be nurtured by managing a valid performance evaluation, bonus and reward system (Bretz, et al., 1992). It should be considered that the amount of fringe benefits and bonuses vary among well-performing and weak-performing employees. The motivation, which is the result of employee's encouragement by cash or other things such as bonuses, will lead to employee's productivity and better performance.

Therefore, it is important to recognize which rewarding strategies lead to higher employee's productivity and to enhance their performance. Considering the result of this study, it can be determined that different motivating elements like bonuses, and suitable payment compensation have significant connection with higher performance (Oyebanju, 2009) within an organization.

2.4.3 The effect of promotion on organizational performance

Promotion is an important feature of employee's life style and occupation, affecting other job experience levels (Kosteas 2009, Cobb-Clark 2001; Blau and DeVaro 2007; Francesconi 2001; Hersch & Viscusi, 1996; Pergamit & Veum 1999; Olson & Becker, 1983; McCue, 1996) and can have an obvious impact on other job aspects like job attachment and responsibilities. In this case, the firms can embrace promotions as a compensation factor for high-performance employees, developing an encouragement for them to do their superior effort. Additionally, promotions can influence the instrument of exerting better attempts, if employees put an important value on them.

2.5 Conclusion

This chapter has discussed the literature about the effect of extrinsic reward systems on organizational performance. The literature review has given an insight into the topic under

study by presenting what had been established by several scholars in regard to the effect of extrinsic reward systems on organizational performance.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the approaches that helped the researcher when carrying out the study. It comprises of the following; the research design, area of study, the study population, sample size, sampling techniques, data collection methods, data collection instruments, quality control, measurement of variables, data management and analysis, ethical issues, study limitations and conclusion.

3.1 Research Design

The researcher employed case study so as to get a detailed examination of a uniform setting, or a single depository of documents one particular event (Amin, 2005). The study employed both qualitative and quantitative techniques that helped in the data collection process. The qualitative methods focused on collecting descriptive information especially from those working within the bank while the quantitative methods focused on internal statistics with the view of developing tables and graphs.

3.2 Area of Study

The study was carried out at Centenary Bank Namirembe Road branch, Plot 16 Kampala. The branch was particularly chosen because it is one of the many Centenary Bank branches with relatively large numbers of employees which the researcher found suitable for the study.

3.3 Study Population

The study was based on a population of 60. The researcher obtained this information from the Human Resource Department of Centenary Bank. The information got also included that from respondents who hold management positions and take part in decision making. The researcher believed that this section of people was knowledgeable enough and were able to avail the necessary data and information about the study.

Table 1: Composition of Study Population

Categories of Respondents	Population
Branch manager	1
Bankers	49
Supervisor	1
Assistant branch manager	1
Heads of department	7
Total	60

Source: Primary data (2016)

3.4 Sampling Procedure

3.4.1 Sample Size

The study was based on a sample size of 52 that was drawn from a population of 60. This sample size was sufficient and also supported by Krejcie and Morgan (1970) who assert that where a total population is 60, a sample size of 52 or more is sufficient.

Table 2: Sample Size Composition

Categories of Respondents	Population	Sample Size
Branch manager	1	1
Supervisors	2	2
Bankers	49	42
Assistant branch manager	1	1
Heads of departments	7	6
Totals	60	52

Source: Primary data (2016)

3.4.2 Sampling Technique

A sampling technique is a process of selecting a suitable sample, or a representative part of a population for the purpose of determining the characteristics of the whole population. The selection of a sample of respondents was based on non-probability and probability sampling technique because the population is not homogenous. The researcher also used purposive sampling and stratified random sampling to choose specific respondents basing on their familiarity with the subject and their ability to provide information.

3.5 Data Collection Sources

The researcher used two sources of data and these were; primary sources and secondary sources. The researcher used self-administered questionnaires which enabled her to cover a large population within a short period at relatively affordable costs. Bearing in mind that according to Amin (2003), primary data is data collected for the first time and has never been presented anywhere. Likewise the researcher used secondary data sources which included policy

documents, employee handbooks, online sources and abstracts of the various scholars relating to the topic of discussion. This is because the data was readily available and easier to comprehend, as it comprised of extensively researched work.

3.6 Data Collection Tools

3.6.1 Questionnaires

A questionnaire is a re-formulated written set of questions to which respondents record their answers, usually within closely defined alternatives. Questionnaires were used on the basis that the variables under study could not be observed, for instance the respondents' views, opinions, perceptions and feelings. Furthermore, questionnaires were used because information had to be collected from a large sample in a short period of time (Sekeran, 2003). These questionnaires consisted of both open and close ended questions administered to the respondents of Centenary Bank Namirembe Road who included management and staff members.

3.7 Data management and Analysis

Field data was managed, analyzed and presented using both qualitative and quantitative methods. The researcher used previous researches made which helped her to develop questionnaires by providing respondents with options to use on the five point Likert scale ranging from strongly agree as response 5 to strongly disagree as response 1. According to Mugenda (1999) and Amin (2003) the Likert scale is able to measure perception, attitudes, values and behaviors of individuals towards a given phenomenon and this assisted the respondents to rate their perceptions accordingly.

3.7.1 Quantitative data

The researcher carried out an analysis using descriptive and inferential statistics with the help of Statistical Package for the Social Sciences (SPSS) a computer package. Spearman correlation coefficients, frequencies and regression analysis were as well used to determine the degree and predication of performance.

3.7.2 Qualitative data

The researcher analyzed data got from interviews and questionnaires and presented them in a descriptive form.

3.8 Quality Management

3.8.1 Validity

Validity is the extent to which an instrument truly measures what it is intended to measure or how truthful the research results are (Joppe 2000). Validity can also refer to the extent to which the results of a given study can be attributed or generalized to the entire population (Amin 2003). To guarantee the content validity of the study instruments used in this study were discussed with the help of the supervisor for scrutiny, clarity and removal of ambiguity which were adjusted accordingly.

In order to establish the relationship among the variables, bi-variant analysis in form of correlation was used to ascertain the magnitude of effect the dependent variable has on independent variable information represented in form of tables, charts and figures.

Content Validity Index = $\frac{\text{Number of items relevant}}{\text{Total items on the Questionnaire}} * 100\%$

Total items on the Questionnaire

$$\text{Content Validity Index} = \frac{(4 + 5 + 4 + 7)}{20} * 100\% = 83.33\%$$

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The findings of the study showed that the content validity index was 83.33% which showed that the questions found in the questionnaire and interview guide were valid for the study and this was also supported by Kahwili (2014).

3.8.2 Reliability

Reliability refers to the degree to which the instrument used consistently measures whatever it is measuring (Amin, 2003). It is also referred to as the extent to which results are consistent over time and an accurate representation of the total population under study. In case the same results of study are reproduced under a different methodology, then the research instrument is considered to be reliable (Joppe 2000).

For qualitative data, reliability of the instruments was guaranteed by discussing with authorities, colleagues, and participants about the instruments intended to be used and asking them whether the instruments designed would capture the required data. The researcher considered both the independent and dependent variables and tested them on the scale of Alpha value using SPSS program to enable get coefficient Alpha value for each variable used within the study.

Table 3: Composition of Alpha Values.

Variables	Number of Cases	Alpha Values
Pay Rise	5	0.666
Bonus	5	0.624
Promotion	5	0.650
Organizational Performance	9	0.664

Source: Primary data (2016)

The above table showed that the scored Alpha values were tested for the study variables and the researcher attained results such as 0.666 for Pay Rise, 0.624 for Bonus, 0.650 for Promotion and 0.664 for Organizational performance.

3.9 Ethical considerations

The researcher got an introductory letter and a valid identification card from the Faculty of Business Administration and Management of Uganda Martyrs University (UMU) Nkozi. This was used to introduce her to the respondents and authorities.

During data collection, the respondents' rights were respected in a way that the researcher first sought consent from them for their responses. The researcher also ensured confidentiality and made sure that respondents trust her with their information which included tackling sensitive areas. All the necessary protocol was observed and all the respondents were thanked for their participation during the study.

3.10 Limitations of the study

The researcher was faced by the following constraints in the course of the study: Some questionnaires were not returned by some respondents and some of which were returned hard a few errors made by the respondents.

The researcher faced challenges with some respondents who had refused to cooperate in fear of their information to be exposed.

The researcher encountered a few financial constraints because the research included a lot of paper work as well as daily movements to check on the respondents.

As we all appreciate that time has always been a limiting factor, the researcher was faced by the same constraint because the number of respondents to be interviewed was many and yet time was not enough.

However; the researcher employed measures to minimize the limitations as follows;

Respondents who had refused to cooperate were convinced by the researcher that their findings were to be kept confidential and in addition to that, the researcher showed them her valid identification card from Uganda Martyrs University (UMU) which confirmed to them that the researcher was a student and nothing else.

CHAPTER FOUR

(DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS)

4.0 Introduction

This chapter presented and discussed the researcher's findings of the study on the effect of extrinsic rewards systems on Organizational performance using Centenary Bank Namirembe Road branch as the case study area. Therefore, the section comprised of; Response rate of the study, Background information of the respondents, Descriptive statistics on pay rise, Descriptive statistics on bonus, Descriptive statistics on promotion, Descriptive statistics on performance of the Organizations, correlation analysis and conclusion.

4.1 Response rate of the Study

Out of a total of 64 questionnaires sent out to the field by the researcher 58 were fully filled and returned giving a percentage response rate of about 90.63 % thus enabling accessibility to adequate information for presentations and discussions.

4.2 Background Information of the Respondents

Table 4: Gender Composition of Respondents

The researcher used both a frequency tabulation and graph to present gender distribution of the respondents as shown below for the study.

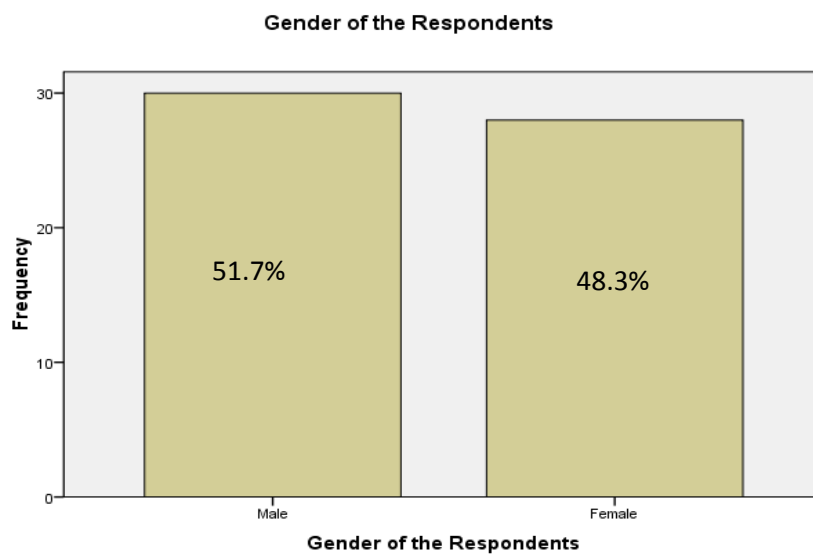
Gender of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	30	51.7	51.7	51.7
	Female	28	48.3	48.3	100.0
	Total	58	100.0	100.0	

Source: Primary data (2016)

In respect to the table 4 above the researcher discovered that the majority of the respondents who filled the questionnaires and sent them back were male with a percentage of 51.7 % while the female provided less information with a percentage presentation of 48.3 % of the total respondents. In relation to the above response rates the researcher noted that Centenary Bank employed more males than females.

Figure 2: Bar graph showing the Gender of Respondents



Source: Primary data (2016)

Table 5: Education level of the Respondents

The researcher used a frequency tabulation and graph to present the education level of the respondents in the study hence presenting the findings as shown below.

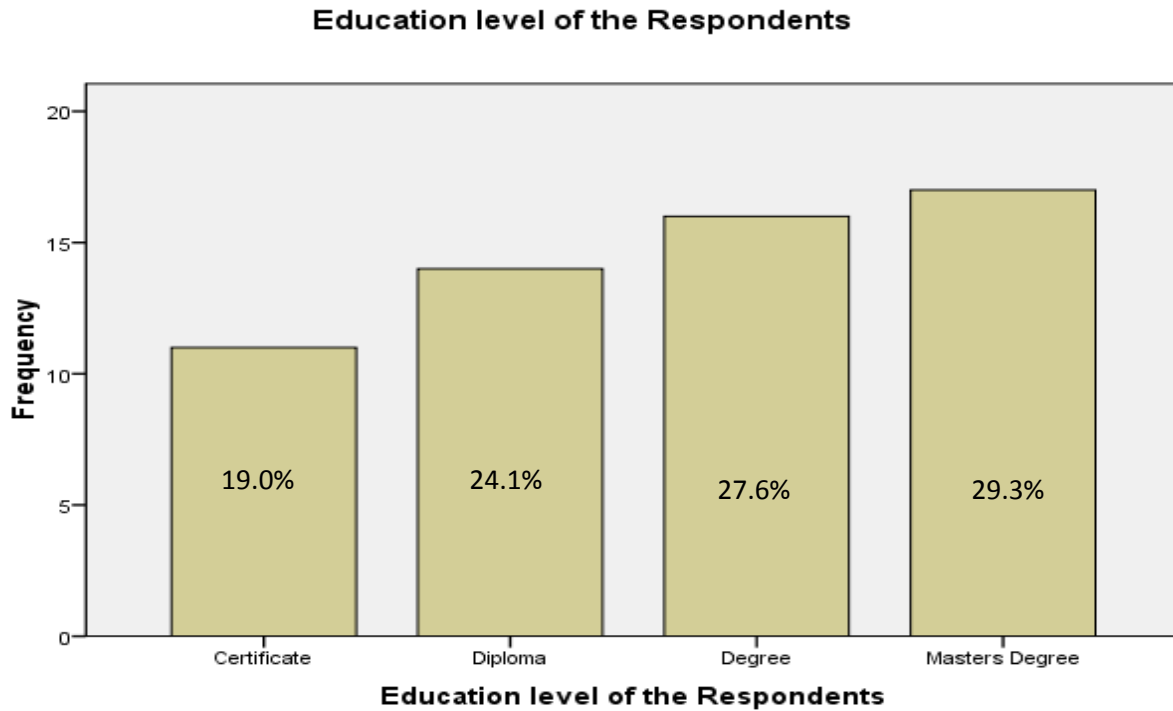
Education level of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate	11	19.0	19.0	19.0
Diploma	14	24.1	24.1	43.1
Degree	16	27.6	27.6	70.7
Masters	17	29.3	29.3	100.0
Total	58	100.0	100.0	

Source: Primary data (2016)

In respect to the above results in the table 5 the researcher discovered that that the majority of the respondents who filled the questionnaires had the educational level of Masters Degree with a response percentage of 29.3 %, followed by the Degree level respondents with a percentage of 27.6 %, then Diploma level with a percentage of 24.1 % and finally the Certificate level respondents with a percentage of 19.0 %.

Figure 3: Bar graph showing Education level of the Respondents



Source: Primary data (2016)

Table 6: Age of the Respondents

In addition, frequency tabulation and a bar chart were used by the researcher to present the age of the respondents in the study. Hence, the illustrations below show the age brackets of the various respondents that answered the questionnaire in process of carrying out the study.

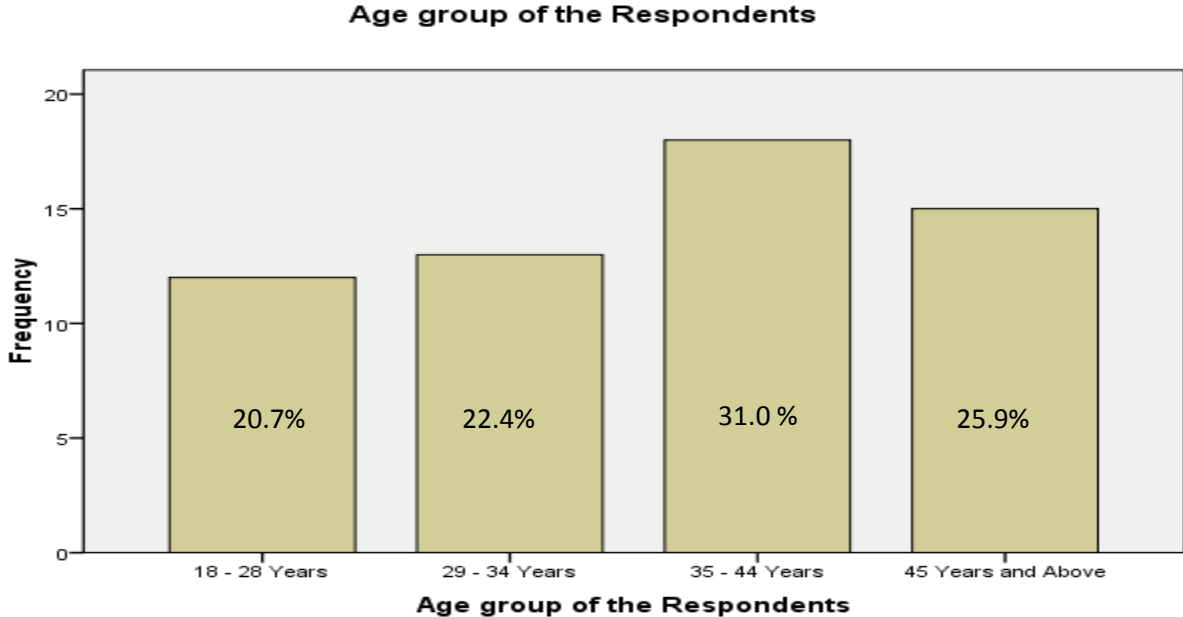
Age group of the Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 - 28 Years	12	20.7	20.7	20.7
29 - 34 Years	13	22.4	22.4	43.1
35 - 44 Years	18	31.0	31.0	74.1
45 Years and Above	15	25.9	25.9	100.0
Total	58	100.0	100.0	

Source: Primary data (2016)

The results above in table 6 revealed that the majority of the respondents who filled the questionnaires were in the age group of 35 – 44 years with a percentage representation of 31.0 %, followed by the age group of 45 years and above with a percentage response of 25.9 %, then that of 29 – 34 years with percentage rate of 22.4 % and finally the group of 18 – 28 years with the percentage rate of 20.7 % which meant that the population used for the study was appropriate and able to provide the required information.

Figure 4: Bar graph showing the age of respondents



Source: Primary data (2016)

Table 7: Respondents Working Duration

The researcher used both a frequency tabulation and bar graph to present the respondents working duration within Centenary Bank which showed the findings below.

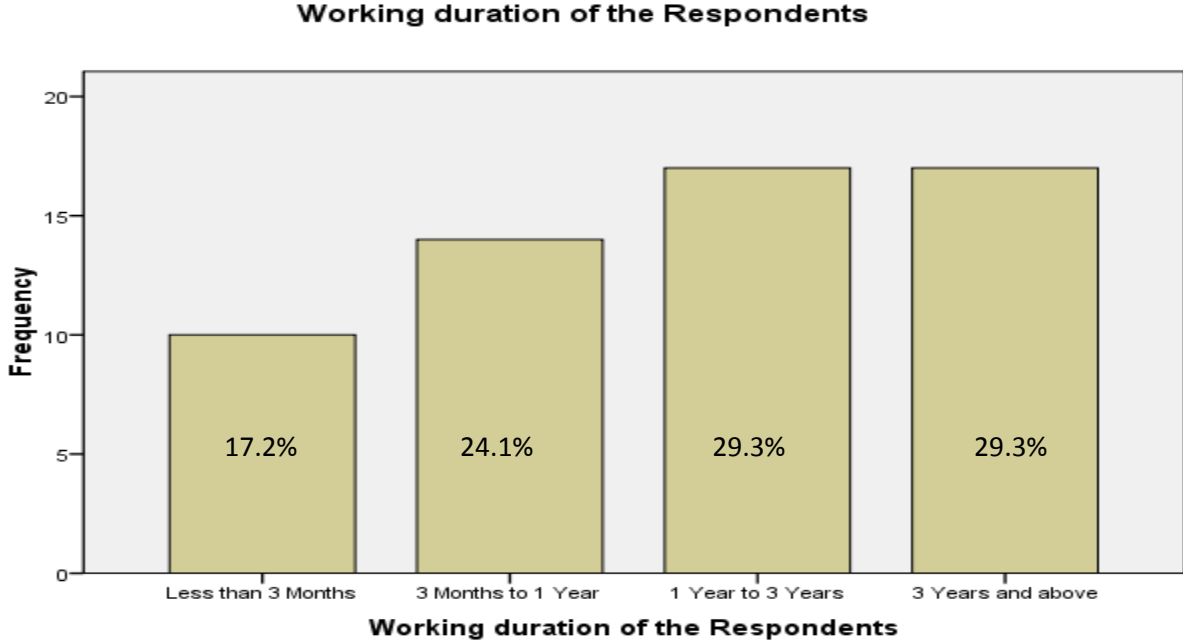
Working duration of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 3 Months	10	17.2	17.2	17.2
3 Months to 1 Year	14	24.1	24.1	41.4
1 Year to 3 Years	17	29.3	29.3	70.7
3 Years and above	17	29.3	29.3	100.0
Total	58	100.0	100.0	

Source: Primary data (2016)

In relation to the above results in table 7 above, the researcher discovered that the majority of the respondents who filled the questionnaire had worked for a duration of more than 1 year to 3 years and 3 years and above within the institution with a percentage representation of 29.3 % and 29.3 % respectively, followed by those who had work for 3 months to 1 year with a percentage rate of 24.1 % and finally the respondents who had worked for just less than 3 months.

Figure 5: Bar Chart showing the Respondents Working Duration



Source: Primary data (2016)

4.3 Descriptive Statistics on Pay Rise

Table 8: Descriptive Statistics on Pay Rise

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Reduces rate of employee turnover	58	1	5	3.36	1.410
Increases employee commitment and loyalty to the organization	58	1	5	3.45	1.216
Leads to steady improvement in relationship between the employee and the organization	58	1	5	3.52	1.203
Fosters high levels of concentration at work	58	1	5	3.40	1.256
Leads to the establishment of a self driven attitude among employees	58	1	5	3.41	1.185
Valid N (list wise)	58				

Source: Primary data (2016)

Reduces rate of employee turnover

The findings of the study showed that the respondents were not sure (natural) with the questionnaire statement which was exhibited by a mean of 3.36 which reflects that many

respondents were not in actual agreement with the statement hence a standard deviation of 1.410 which reflects that to a smaller extent Pay Rise does not reduce rate of employee turnover.

Increases employee commitment and loyalty to the organization

The findings of the study showed that most of the respondents were neutral with the statement provided; this was evidenced by the mean of 3.45 which reflects that many members of the respondents were not in any agreement with the statement and hence represented by a standard deviation of 1.216 for the respondents with the different view.

Leads to steady improvement in relationship between the employee and the organization

The study findings showed that a considerable number of the respondents were neutral with the statement provided which was evidenced by a mean of 3.52 despite a number of the respondents not in agreement with the statement which was reflected by a standard deviation of 1.203 for those respondents who opposed to the statement.

Fosters high levels of concentration at work

The researcher in the study likewise discovered that majority of the respondents were in neutral with the statement with the mean of 3.40 and a considerable number of the respondents were not in a common agreement therefore this was represented by the standard deviation of 1.256 for those respondents with a differing view.

Leads to the establishment of a self driven attitude among employees

The researcher in the study further found that a relevant number of respondents were neutral with the view statement provided which was evidenced by the mean of 3.41 despite a considerable

number of respondents opposing the statement hence generating a standard deviation of 1.185 for those members with a different perception.

4.4 Descriptive Statistics on Bonus

Table 9: Descriptive Statistics on Bonus

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Increases high level of hard work and positive attitude towards	58	1	5	3.41	1.271
Improves organizational reputation and image among employees	58	1	5	3.28	1.412
Effective coordination and team work	58	1	5	3.31	1.273
Enhances high level employee commitment and cooperation	58	1	5	3.38	1.254
Improves employee welfare and morale	58	1	5	3.41	1.285
Valid N (list wise)	58				

Source: Primary data (2016)

Increases high level of hard work and positive attitude towards

The researcher in her study discovered that the majority of the respondents were neutral with the statement provided leading to a mean of 3.41 despite a number of the respondents having a differing understanding hence leading to a generation of a standard deviation of 1.271 for those respondents with the opposed view.

Improves organizational reputation and image among employees

The researcher in her study found that a considerable number of the respondents were neutral with the statement provided hence a mean of 3.28 and many members of the population were not in a common understanding hence a standard deviation of 1.412 for those other respondents.

Effective coordination and team work

The findings of the researcher showed that a considerable number of the total population were in agreement with the statement leading to a mean of 4.05 despite a reasonable number of the population representing a differing perception on the statement provided hence a standard deviation of 0.903 for those respondents.

Enhances high level employee commitment and cooperation

The findings of the study showed that a considerable number of the population were neutral with the view presented in the questionnaire leading to a mean of 3.38 despite a number of the respondents disagreeing with the idea in the statement hence a standard deviation of 1.254 for those respondents in the study.

Improves employee welfare and morale

The study findings reflected that majority of the population were neutral with the statement provided on bonus provision hence a mean of 3.41 whereas many members of the population were not in agreement with hence a standard deviation of 1.285 for those respondents.

4.5 Descriptive Statistics on Promotion

Table 10: Descriptive Statistics on Promotion

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Increases employee commitment	58	1	5	3.31	1.353
Increases employee loyalty	58	1	6	3.17	1.313
Promotes high level of job satisfaction	58	1	5	3.28	1.412
Increases employee skills and competence	58	1	5	3.14	1.304
Enhances high level of employee morale and participation	58	1	5	3.17	1.244
Valid N (list wise)	58				

Source: Primary data (2016)

Increases employee commitment

The study findings showed that majority of the respondents neutral with the statement provided in the study hence generating a mean of 3.31 despite some section of the respondents not agreeing with the statement which was represented by a standard deviation of 1.353 for those differing respondents in the study.

Increases employee loyalty

The study findings showed that a considerable number of the respondents were neutral with the statement provided hence generating a mean of 3.17 despite a reasonable number of the respondents opposing the statement hence leading to a standard deviation of 1.313 for those respondents within the study.

Promotes high level of job satisfaction

The researcher in her study discovered that an overwhelming number of the respondents were neutral with the statement presented hence generating a mean of 3.28 while some section of the respondents opposed the idea in the statement leading to a standard deviation of 1.412 for those respondents.

Increases employee skills and competence

The researchers study findings showed that a significant number of the respondents were in neutral with the statement provided hence a mean of 3.14 despite a considerable population of the study differing with the view presented in the statement leading to a standard deviation of 1.304 for those respondents does in the study.

Enhances high level of employee morale and participation

The researcher found that the majority of the respondents in the study were neutral in view with the statement presented in the study hence a mean of 3.17 despite that some section of the

respondents whose view differed with the idea in the statement leading to a standard deviation of 1.244 for those respondents.

4.6 Descriptive Statistics on Organizational Performance

Table 11: Descriptive Statistics on Organizational Performance

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Leads to the attainment of a high level of serviceability within the entity	58	1	5	3.31	1.314
Increases level of reliability among employees towards clients	58	1	5	3.38	1.295
Brings about high level of conformance to organizational policies	58	1	5	3.36	1.280
Reduces operation costs	58	1	5	3.33	1.276
Fosters effective and accurate decision making	58	1	5	3.31	1.245
Leads to effective planning and budgetary controls	58	1	5	3.41	1.257
Enhances high level of employee morale and participation	58	1	5	3.17	1.244
Contributes to reduction in input levels	58	1	5	3.33	1.176
Contributes to high levels of output	58	1	5	3.34	1.396
Valid N (list wise)	58				

Source: Primary data (2016)

Leads to the attainment of a high level of serviceability within the entity

The study findings presented a mean of 3.31 which actually represents that majority of the respondents to be neutral with the statement provided likewise many section of the respondents were deferred with the statement hence resulting into a standard deviation of 1.314 for those members in the population size.

Increases level of reliability among employees towards clients

The researchers study findings showed that a considerable number of the respondents were also in agreement with the statement hence a mean of 3.38 whereas some reasonable section of the respondents were with a different view on the statement resulting into a standard deviation of 1.295 for those members in the study population.

Brings about high level of conformance to organizational policies

The researchers study findings reflected that a significant number of respondents were neutral with the statement provided which led to generation of a mean of 3.36 meanwhile many members of the respondents were opposed with the idea presented hence a standard deviation of 1.280 for the identified members of the population.

Reduces operation costs

The researcher in her study found out that majority of the respondents in the study were neutral with the statement provided in the questionnaire hence a mean of 3.33 despite a relatively many members of the study whose view was different with the idea in the statement which led to a standard deviation of 1.276 for those section of the study population.

Fosters effective and accurate decision making

The study findings reflected that majority of the respondents in the research study were neutral with the statement provided hence a generation of a mean of 3.31 meanwhile the study also

registered a standard deviation of 1.245 for the section of the population whose option differed with the statement idea provided by the researcher.

Leads to effective planning and budgetary controls

The study findings represented a mean of 3.41 which reflects that majority of the respondents were neutral with the statement provided by the researcher whereas many section of the respondents differed from the idea which led to a generation of a standard deviation of 1.257 for those members under current study.

Enhances high level of employee morale and participation

A mean of 3.17 was also generated in the study which reflected that a significant number of the respondents were in agreement with the statement idea despite a considerable number of the study population opposing the idea that outsourcing reduces the lead time hence a standard deviation of 1.244 for the differing respondents.

Contributes to reduction in input levels

The study findings represented that a reasonable number of respondents in the study population were neutral with the statement provided hence a generation of a mean of 3.33 despite many members of the study population showing differing option on the idea provided in the study statement hence a standard deviation of 1.176 for those in that section.

Contributes to high levels of output

The researcher study reflected that a relevant section of the study population was in neutral with the statement provided hence generation of a mean of 3.34 despite an overwhelming number of the respondents differing with the idea provided which led to a standard deviation of 1.396 for the members with other view.

4.7 Correlation Analysis

The researcher used Pearson’s Correlation Analysis to conduct on a 2-tailed level in order to determine the relationship between extrinsic rewards systems and Organizational performance hence the following findings was presented for the study.

4.7.1 Correlation between Pay Rise and Organizational Performance

Table 12: A Correlation matrix between Pay Rise and Organizational Performance

The researcher considered to use Person’s Correlation matrix to test for the relationship between Pay Rise and Organizational Performance. Hence, the correlation was based on a 2-tailed level and the following findings were presented.

Correlations

		OPP	PPO
OPP	Pearson Correlation	1	0.183
	Sig. (2-tailed)		0.170
	N	58	58
PPO	Pearson Correlation	0.183	1
	Sig. (2-tailed)	0.170	
	N	58	58

Source: Primary data (2016)

Table 12 showed a Pearson Correlation coefficient of ($r = 0.183$, $p = < 0.01$) between extrinsic rewards systems and Organizational performance which reflected that there is a positive but insignificant relationship between the two mentioned variables. Therefore, the impact is that Organizational performance of the Bank depends on the extent to which the institution adopts a clear pay rise approach within the entity.

4.7.2 Correlation between Bonus and Organizational Performance

Table 13: A Correlation matrix between Bonus and Organizational Performance

The researcher considered to Person's Correlation matrix to test for the relationship between Bonus and Organizational performance. Hence, the correlation was based on a 2-tailed level and the following findings were discovered for the study.

Correlations

		PRR	PPO
PRR	Pearson Correlation	1	0.183
	Sig. (2-tailed)		0.170
	N	58	58
PPO	Pearson Correlation	0.183	1
	Sig. (2-tailed)	0.170	
	N	58	58

Source: Primary data (2016)

Table 13 showed a Pearson’s correlation coefficient of ($r= 0.183$, $p< 0.01$) between Bonus as a reward system and Organizational performance. Hence it reflected that there is a positive and insignificant relationship between the two mentioned variables above. Hence, the results suggest that bonus as reward systems is a determinant of Organizational performance within the Bank and the actual impact is that Organizational performance depends on the extent of bonus offered to the employees.

4.7.3 Correlation between promotion and Organizational Performance

Table 14: A Correlation between Promotion and Organizational Performance

The researcher considered to use Pearson’s Correlation matrix to test for the relationship between Promotion and Organizational performance. Hence, the correlation was based on a 2-tailed level and the following findings were discovered for the study.

Correlations

		PPP	PPO
PPP	Pearson Correlation	1	0.387**
	Sig. (2-tailed)		0.003
	N	58	58
PPO	Pearson Correlation	0.387**	1
	Sig. (2-tailed)	0.003	
	N	58	58

Source: Primary data (2016)

The above table 14 reflected a Pearson Correlation of ($r = 0.387$, $p = 0.01$) promotion as a rewards systems and Organizational performance within the Bank which meant that there was a positive and significant relationship between the two mentioned variables. Hence, the actual effects of these results are that Organizational performance is dependent on the level of promotion used within the Bank.

4.8 Conclusion

The researcher therefore concluded that there is a positive relationship between extrinsic rewards systems and Organizational performance and believes that the strategic management must undertake effective implementation of the discussed dimensions in order to ensure attainment of full capacity by the institution during operations both the short and long-run.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter therefore presented the summary of the findings, conclusion and recommendation of the study in relation to the study findings and discussions. The chapter was divided into sections such as summary of the study, conclusion of the study and recommendations of the study in reference to the study objectives considered.

5.2 Summary of the Study Findings

Pay Rise and Organizational Performance

The researcher in her study discovered that Pay Rise as an extrinsic rewards system played a great role on the Bank's performance which therefore resulted into a positive but insignificant relationship between the extrinsic rewards systems and the bank's performance. Hence, she argued that adoption of Pay Rise as an extrinsic rewards system was vital for the institution to increase its effectiveness and customer satisfaction during usage of the Bank's resources hence attainment of the profitability element.

Bonus and Organizational Performance

The researcher revealed that Bonus steadily improved the Bank's performance levels which therefore reflected a positive and insignificant relationship between the extrinsic rewards systems and the institution. Hence, the results revealed that Bonuses were a key determinant of the Bank's performance since it improved the skill levels of the personnel who worked therein hence attainment of quality assurance during service delivery.

Promotion and Organizational Performance

The researcher also revealed that Promotion had a positive and significant relationship with the Bank's performance during its operations. The researcher also discovered that any improvement in form of adoption of promotion approach within the Bank resulted into effective and efficient usage of the Bank's resources which therefore led to increased productivity levels and quality assurance during operations.

5.2 Conclusion

Pay Rise and Organizational Performance

The researcher concluded that the Bank needed to allocate more resources so as to allow information sharing with the various service providers in order to improve the performance level of the institution when re-structuring the salaries and wages. Since the institution had registered a positive but insignificant relationship between the extrinsic reward systems and the Bank's performance.

Bonus and Organizational Performance

She also concluded that Centenary Bank greatly needed to maintain long-term bonus schemes in order to steadily improved its performance levels which therefore reflected a positive and but insignificant relationship between the specific reward system and the institution.

Promotion and Organizational Performance

Another conclusion was that Promotion is vital since the study generated a positive and significant relationship with the Bank's performance. Therefore, management greatly needed to

maintain the relationship in order to attain an effective and efficient usage of the Bank's resources both in the short and long-run.

5.3 Recommendations

Pay Rise and Organizational Performance

The researcher therefore recommends that the Bank managers should direct more efforts towards training and provision of platforms for sharing information (data) between the institution and other service providers in order to ensure adoption of clear procedures and policies to govern internal operations and improve management decisions. Furthermore the researcher also recommends that Bank should adopt an automated procedure in order to reduce the rate of errors and discrepancies in the procedures when applying pay rise to its employees and align them clearly.

Bonuses and Organizational Performance

The researcher recommends that the Bank should adopt long-term bonus schemes during recruitment of employees since this extrinsic rewards system greatly has a positive and insignificant relationship with its performance. Hence, the agreement should be characterized by proper documentation so as to ensure easy information accessibility and information sharing.

Promotion and Organizational Performance

Furthermore she also recommends that the Centenary Bank should maintain a strong bi-lateral relationship with key service provider that are in line with employee management since the study reflected a positive and significant relationship between the Bank and the client Organization.

She also recommends that the institution should allow preparation of periodic reports which would be reviewed by strategic management in the event of applying the promotion approach within the entity so as to improve the Bank's productivity level, increase cost efficiency, ensure quality assurance and steady increase in the profitability level.

5.4 Further Research Suggestion

The researcher therefore suggests that a similar study should be carried out in other levels of education such as high level colleges and middle level colleges so as to ensure generalizations of the findings in relation to the effect of extrinsic rewards systems on Organizational performance.

She also supplements that further studies should be undertaken in relation to topics like "The role of extrinsic reward systems on the performance of multi-national businesses" and "The effect of intrinsic reward systems on the performance medium scale businesses" considering that reward systems acts as the most vital motivation approach.

APPENDIX I

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APPENDIX II

RESEARCH QUESTIONNAIRE

I **Kisaakye Evelyne Peron** a student of Uganda Martyrs University pursuing Bachelors of Business Administration and Management (BBAM). As partial fulfillment of the requirement for the award of Bachelors Degree in Business Administration and Management, I am required to carry out an individual research project on **“the effect of extrinsic reward systems on organizational performance”**. You have been selected to participate in the data collection of the study and your responses will be highly appreciated. The information obtained in this study will be kept confidential and used strictly for academic purposes only. Thanks for sparing your precious time.

SECTION A: (General Background information)

a) What Gender?

Male Female

b) What age group?

18-28 years 29-34 years
35-44 years 45 years and above

c) Education level

Certificate Diploma
Degree Masters Degree

d) For how long have you been working with this bank?

Less than 3 months	<input type="checkbox"/>	3 months to 1 year	<input type="checkbox"/>
1 year to 3 years	<input type="checkbox"/>	3 years to 6 years	<input type="checkbox"/>

Please to use the following statement(s) to rank the following as they influence the performance of the organization (1=Disagree, 2=Highly Disagree, 3= Neutral, 4=Agree and 5=Highly Agree).

SECTION B:

	Promotion as an extrinsic reward system	1	2	3	4	5
P1	Increases employee commitment					
P2	Increases employee loyalty					
P3	Promotes high level of job satisfaction					
P4	Increases employee skills and competence					
P5	Enhances high level of employee morale and participation					

SECTION C:

	Bonus as an extrinsic reward system	1	2	3	4	5
B1	Increases high level of hard work and positive attitude towards the organizational work					
B2	Improves organizational reputation and image among employees					

B3	Effective coordination and team work					
B4	Enhances high level employee commitment and cooperation					
B5	Improves employee welfare and morale					

SECTION D:

	Pay rise as an extrinsic reward system	1	2	3	4	5
PR1	Reduces rate of employee turn over					
PR2	Increases employee commitment and loyalty to the organization					
PR3	Leads to steady improvement in relationship between the employee and the organization					
PR4	Fosters high levels of concentration at work					
PR5	Leads to the establishment of a self driven attitude among employees					

SECTION E: (Organizational performance)

Please select one answer per question by ticking in the appropriate box. Using the ranking scale of (1=Strongly Disagree, 2= Disagree, 3= Not sure, 4=Agree, 5=Strongly Agree)

	Organizational performance	1	2	3	4	5
O1	Leads to the attainment of a high level of serviceability					

	within the entity					
O2	Increases level of reliability among employees towards clients					
O3	Brings about high level of conformance to organizational policies					
O4	Reduces operation costs					
O5	Fosters effective and accurate decision making					
O6	Leads to effective planning and budgetary controls					
O7	Increases value of output					
O8	Contributes to reduction in input levels					
O9	Contributes to high levels of output					

APPENDIX III

INTERVIEW GUIDE

1. What circumstances led to the adoption of extrinsic reward systems within the organization?
2. In reference to your experience, what challenges have you encountered during the implementation of the scheme?
3. What benefits have been attained by the organization as a result of adopting the scheme?
4. What extrinsic reward systems has management put in place in order to improve organizational performance?
5. What recommendations would you suggest to the organization as far as extrinsic reward system is concerned?