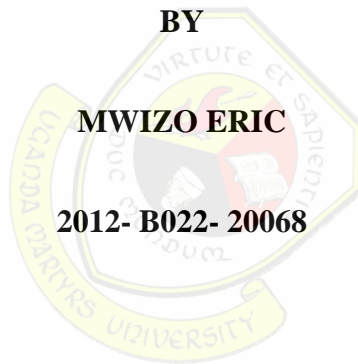# EFFECT OF HUMAN RESOURCE PRACTICES ON EMPLOYEE PERFORMANCE AMONG BANKS IN UGANDA

CASE STUDY OF TROPICAL BANK

BY

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RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILMENT FOR THE AWARD OF BACHELORS DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENT OF UGANDA MARTYRS UNIVERSITY, NKOZI

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DEDICATION

This work is dedicated to my parents Isababi James and Isababi Jane also to my family members for their tireless efforts, and all their love, moral and financial support.

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, Hanguja for having unconditionally accepted and exercised utmost patience to guide me in all activities that have led to completion of my dissertation.

TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

Human resource is vital for any organization it is one of the useful resources. If the human resources or employees of any organization will be happy, they will do their best in the organization and vice versa. This implies that the human resource practices play a critical role in the bank so as to satisfy and motivate employees to give their best to the organization and thus it is important to explore and study the HRM practices which impact on employee performance. The major objective of this study was to establish the effect of HRM practices have on employee performance in Tropical Bank. The specific objectives are; to evaluate the impact of training and development on employee performance, assess the role of performance appraisal and establish the effect of Recognition and Rewards schemes have on employee performance. The population of study comprised of all the 40 employees of the Tropical bank. Both primary and secondary data was collected. Primary data was collected using a semi-structured questionnaire. Secondary data was collected from the other published document of, library among others. Descriptive statistics method was applied to analyze the data using a statistical package for social scientists, SPSS. The analyzed results were presented on tables. Finally, correlation analysis was carried out to establish the relationship between the research variables and the results indicated that there is a relationship between HRM practices and employee performance with a positive relationship which has significant correlation ($r=0.674$, $p<0.01$).The bank should establish an active training and development for its employees. Tropical bank should carry out periodic performance appraisal by embracing performance appraisal systems that are linked with the overall banks strategy such as Merit rating, Management by Objectives (MBO) and 360-degree feedback. The human resource management should formulate and implement an active reward policy linked to the overall banks strategy.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Human resource is vital for any organization it is one of the useful resources. If human resource or employees of any organization will be happy, they will do their best in organization and vice versa. So it is important to manage the human resource. Organization tries to satisfy and motivate employee to do their best by various means and the training and development, performance Appraisal and rewards and recognition are some of those.

Human resources are a significant organizational asset if properly used and managed. The application of appropriate strategies for the development of human resources can lead to improvement of corporate performance both in the short and long term. Commercial banks have invested heavily on the human resources over the last decade.

This chapter therefore sets out to give a clear background on the role HRM practices have on employee performnce, the problem statement, the general and specific objectives of the study, the research questions, the study scope and significance as well as the conceptual review of the topic under study.

1.1 Background to the study

Human Resource Management (HRM) is a planned approach to managing people effectively for performance. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can give their best to support the organisations missions. Good HRM practices are instrumental in helping achieve organisational

objectives and enhance productivity.(cite)

The globalization of business is having a significant impact on human resource management practices; and this has now become more imperative than ever for business organizations to engage in human resource management practices on an international standard. While the management of people is mostly associated with HRM, the definition, parameter and context are contested by different writers. Some authors such as Kane (1996) argued that HRM is in its infancy, while other authors such as Welbourne and Andrews (1996) dispute it. All these distinctions have contributed to the fundamental differences in understanding and defining human resource management practices, and therefore, HRM should not be incorporated within a single model, but rather adequate emphasis should be on understanding human resource management issues, which will assist practitioners, authors, managers and organizations in developing and implementing HRM policies and practices that will be productive and that can make businesses to gain and sustain a competitive advantage.

Human Resource Management (HRM) has made a transition from a state of insignificance to one of strategic importance academically and business wise (Schuler et al. 1993; Teagarden and Von Glinow 1997).As firms are entering into a more dynamic world of international business and as the globalization of world markets continues apace, comparative human resource management issues appear to be gaining momentum. Both practitioners and academics in the field of human resource management are increasingly aware of the need to examine and understand the human resource management systems suitable to different sectors of the economy. They are interested in finding relevant human resource management policies and practices for different types of organizations, for example, public/private sector, manufacturing/service sector. Human resource management practices are central to improve the quality of services offered by organizations. In

the words of Pfeffer (1994), having good human resource management is likely to generate much loyalty, commitment or willingness to expend extra effort for the organizations' objectives'. Moreover, Stone (1998) remarks that, human resource management is either part of the problem or part of the solution in gaining the productive contribution of people. The above quotes suggest that organizations need to effectively manage their human resources if they are to get maximum contribution of their employees.

In economic downturns, all employees are expected to be high performers and focused on what matters most. As organizations try to execute business strategies, focus employees on work that matters hold people accountable, pay for performance and measure the return on their intangible assets, human resource management practices continue to be revisited and revamped. Without doubt, human resource management is one of the company functions that have experienced significant changes over the last few decades. Since the beginning of the 1980s, a vast literature has been developed calling for a more strategic role for human resources(Guest,1987; Armstrong, 1991). The increasing interest in human resources is due to the assumption that employees and the way they are managed is critical to the success of organization and can be a source of sustainable competitive advantage (Lado and Wilson 1994; Wright et al.1994).

Many researchers have pointed out that human resources management practices impact on the outcomes such as employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness (Edger and Geare, 2005; Paauwe and Richardson, 1997 and Storey, 1989). Some of the authors have indicated that these outcomes and HRM practices can lead to organizational performance such as profits, market value of the company,

market share, increase in sales, productivity, product service quality, customer satisfaction, development of products/services and future investments.

HRM activities have adopted a lot of the propositions from the behavioral science literature in impacting organizational processes. The HRM activities are strongly grounded in the behavioral sciences from which it has grown to direct the HRM concerns for the growth, empowerment, engagement and development of employees in an organization, which is necessary for performance and survival in a rapidly changing environment (Huselid and Becker, 2000; Gerhart, 2005; Armstrong, 2009).

Behavioral theories view that the shift from personnel management as a focus to align human resource practices with the overall guiding strategy of the business or organization (Armstrong, 2006). This approach treats the organization's human resource as the same as any other resource such as machines or capital, and that it should be utilized as such. Organizational performance entails broad human resource processes which have been developed in order to enhance and increase the performance of individuals, groups and the entire organization (Ibid, 2006).

The extant behavioral science literature conceptualizes the effect of HRM practices to be both on employees' well-being and performance. Peccei (2004) views this as an optimistic perspective where HRM practices are mutually beneficial to both employee well-being and to employers in terms of the performance. The achievement of the objectives is ensured through the people factor in organizations. Hence, the HRM perspective to performance leans towards the behavioral science dimension that links organizational performance with human behavior

The researcher is inclined to study about the effect of HRM practices on organizational performance among banks.

1.2 Problem statement

The banking sector in Uganda has over the years faced a number of challenges including increasing competition, increased regulation by the government and high rate of technological growth especially the mobile phones that now offer banking services. The rapid growth of banks, increase in environmental variability and degree of competition, shortage of qualified labor and the corresponding increase in labor turnover and costs of employee replacement have forced commercial banks in Uganda to aggressively compete for the best employees.

Despite the various HRM practices that banks adopt for their employees at work places to ensure employee comfort and development on job, employee performance has continued to decline steadily (Saleem and Ameen, 2013). It has become more difficult especially for highly competitive business enterprises like banks to compete favorably with other sectors in the economy. its against this background that the researcher therefore seeks to establish the effect of HRM practices on employee performance among banks.

1.3 Research objectives

1.3.1 General objective

The general objective of this study is to establish the effect of HRM practices have on employee performance.

1.3.2 Specific objectives

- To evaluate the impact of training, and development on employee performance

- To assess the role of Performance Appraisal plays in employee performance .

- To establish the effect of Recognition and Rewards schemes have on employee performance.

1.4 Research questions

- What is the impact of trainingand development on employee performance?

- What is the role of Performance appraisal play on employee performance?

- What is the effect of recognition and rewards scheme on employee performance?

1.5 Scope of the study

1.5.1 Geographical scope

The study was conducted at Tropical Bank Uganda Limited located at Plot 17 Main street in Jinja. This is situated in Eastern part of Uganda approximately 80 Kilometers from Kampala the capital city of Uganda.

1.5.2 Content scope

The researcher mainly focused on the effect of HRM practices have on employee employee perfromance. The research was inclined to identifying the different practices by the Human resources Management, evaluating the impact of training, and career development on employee performance, assessing the role Performance appraisal plays in employee performance and establishing the effect of recognition and rewards schemes have on employee performance as the dimensions of HRM practies while employee performance the researcher was limited on job satisfaction and

1.5.3 Time scope

The time scope of the study was focused on Tropical Bank Uganda Limited for the period of three years 2011 to 2013. This time period was chosen because the findings will be current and apply to the present situation of the company.

1.6 Significance of the study

The results of the study will help Tropical Bank, Uganda know how to maximise its HRM practices on employee performance while improving on employee comittmet in the organisation and increasing profits of the organisation.

Academic institutions, scholars and practitioners in the field of HRM will also benefit in utilizing the findings in setting the best HRM practices in their upcoming or already existing businesses so as to minimise employee performance thus improving their committment to the various organisaions. The findings will widen the knowledge of the researcher in the respective area of study.

1.7 Definition of the terms

Human Resource Development; means to develop the abilities of an individual employee and organization as a whole

Career development; refers to all of the technical and managerial skills employees acquire to achieve their career plans.

Employee performance; refers to the activities and tasks performed by the employee efficiently and effectively.

1.8 Conceptual framework

The conceptual framework is a diagrammatic representation showing the relationship the study seeks to investigate between the key variables of the study in relation to the extraneous variables. In this study the conceptual framework shows the relationship between HRM Practices, the independent variable and employee performance as the dependent variable. The conceptual framework also includes the extraneous variables that are assumed may affect the Human Resources Practices alongside the independent and dependent variables and further shows how the attributes of both the independent and dependent variables as shown diagrammatically below

Figure 1: conceptual framework

Independent variable   Dependent variable

<table>
<tr>
<td>
<u>HRM practices</u>

- Training and career development
- Performance appraisals
- Recognition and rewards
</td>
<td>
<u>Employee performance</u>

Job satisfaction

Employee commitment
</td>
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Intervening variable

Organizational culture
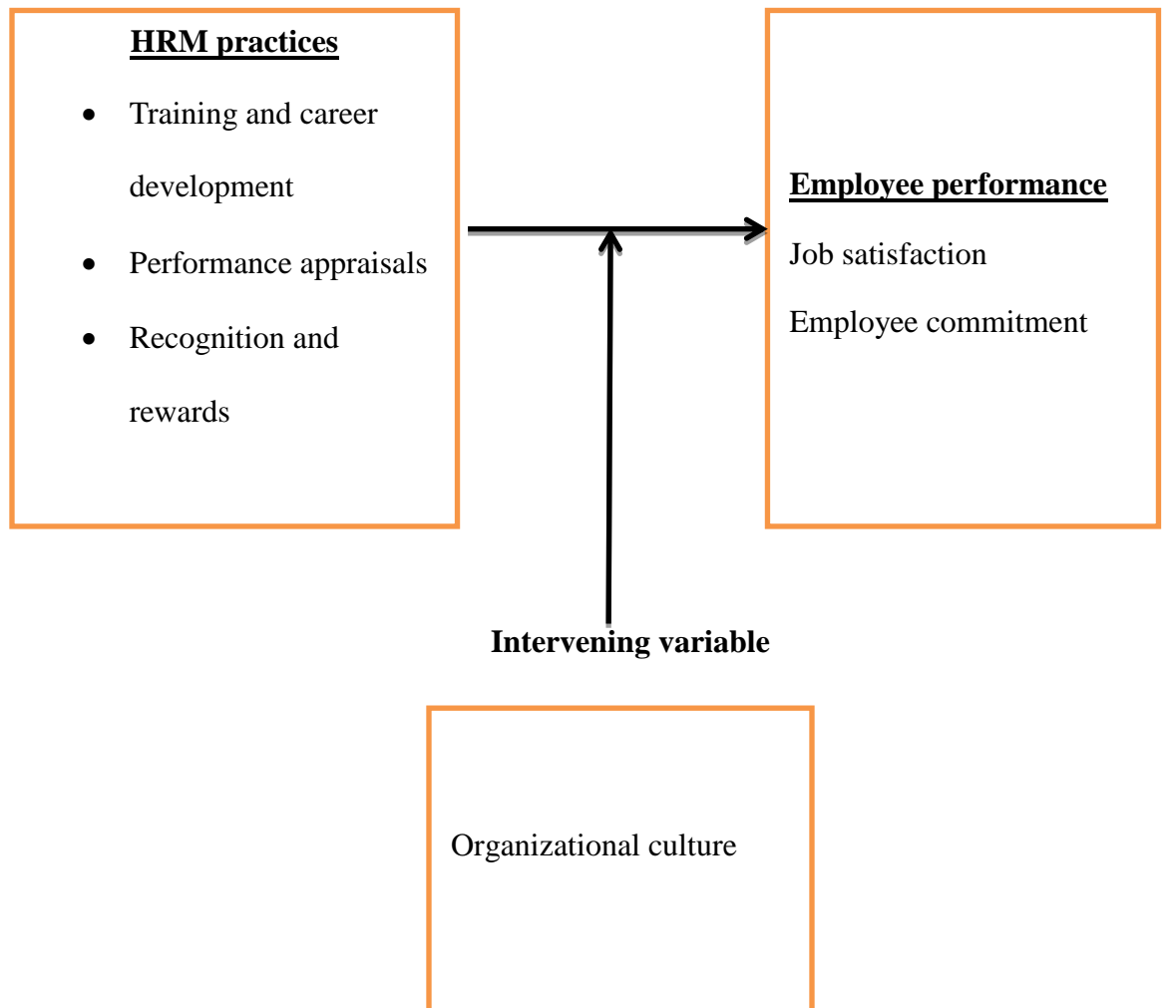
In order to investigate the research questions, the following conceptual framework was adopted. The independent variables is HRM practices by training and career development, performance appraisals and recognition and reward as having an impact on the organizational performance which is a dependent variable measured by job satisfaction and employee commitment.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reports the views of different writers or authors about HRM practices on employee performance. It presented the conceptual review on HRM practices on employee performance and this information was structured according to objectives and each objective presents a sub-theme which included; Training and development on employee performance, Performance Appraisal on employee performance and career development on employee performance.

Theoretical reviews

Human Relations vs. Human Resources Theories (Raymond Miles.Miles, R. E. 1965).

First and foremost, Miles' human resource theory posits that all workers are reservoirs of untapped resources. Miles believed that each and every worker comes into an organization with a variety of resources that management can tap into if they try. "These resources include not only physical skills and energy, but also creative ability and the capacity for responsible, self-directed, self-controlled behavior.

Miles, as explained above, articulated a very clear theoretical perspective that was high on communication, high on tapping into employee resources, and high on employee input in decision making. These ideas were not his, but he did create a clear categorization scheme where he delineated between two groups of researchers whom he labeled human relations and human

resources. While Miles believes these two groups exist, he also admits that these groups exist primarily in how managers interpret and apply various pioneers of the field of management.

Motivation Theories (Abraham Maslow's Hierarchy of Needs (1943)

In order to get employees to work, he tried to understand what motivates people. He came up with five needs that need to be satisfied at one stage before moving on to another stage. Malsow felt that needs vary from person and person and that individual want their need fulfilled. One must determine what the motivational factor is. The first level of Maslow's Hierarchy of Needs is psychological, which means that physical needs such as food and water need to be met before moving to the next level. If workers do not make enough money to buy food and water, then it will be hard for them to continue working. The second level is called safety. Workers need to be in a safe environment and know that their bodies and belongings will be protected. If workers don't feel secure, then they will find it hard to work efficiently. Think of the many occupations that are highly unsafe.

2.1 Human Resource Practices

In Human Resource Management, it commands that careful investment in organizational workforce entails the acquisition, management and maintenance of talented personnel in an organization. It is appropriate that every new employee recruited in an organization should be adequately trained during orientation and induction process in order to be well versed with the necessary knowledge and skills to undertake the responsibilities of the position in pursuit of accomplishment of the organizational objectives. The training or induction process costs the organization a good amount of resources in terms of finances, time and equipment.

2.1.1 Training and Professional Development

Training and development practices constitute one of the most important ways to assist personnel in gaining new knowledge and skills required to adhere to competitive standards (Tsai and Tai, 2003). As acquiring knowledge has turned out to be vital for organizations, appropriate training and development practices are decisive for a firm's success (Martin et al., 1999). One school of thought argues that training leads to an increase in turnover while the other states that training is a tool to that can lead to higher levels of employee retention (Colarelli and Montei, 1996; Becker, 1993). Regardless of where one falls within this debate, most professionals agree that employee training is a complex human resource practice that can significantly impact a company's success.

Training is described as "planned intervention that is designed to enhance the determinants of individual job satisfaction" (Chiaburu and Tekleab, 2005). Training amongst employees is associated with skills required by the organization that must be obtained by the employee in reference to achieve the organizational goals. Employees, who are enthusiastic to learn, demonstrate a high level of job satisfaction through an optimistic effect on their performance.

The process of HRM through enabling employees to gain innovative skills and the benefit of many diverse systems of learning beneficial to them is what studies demonstrated as "Development" (Simonsen, 1997). Employees consider their capabilities to gain on the job consequences and thinking themselves responsible for career, as their advantage by acknowledging satisfaction experience whereas organizations get advantage by encompassing skilled and more productive employees. Employees perceive skill development opportunities and career progress as major attractors to organizations (Kreisman, 2002).

Huselid (1995) argued that knowledge, skills and the abilities an organization's existing and prospective employees can be enhanced by holding on the career-related functions, and also improves the retention of quality workforce. Within the organizations, the opinion about prospects development opportunities motivates the employees for up to expectations performance (Vroom, 1964), hence remain with the company to reveal their skills and abilities. Promotion brings a positive change in employees, it signifies that organization is aware of and evaluating the employees performance through formal promotion (Foong-Ming, 2008).

The human resource management practice of Training of employees can have a strong influence on company finances as there are several potential training costs that companies may incur. One type of training related cost is direct cost. This may include instructor salary, materials, and follow-up supervision. A second type of training related cost is indirect cost. These costs are related to worker output and productivity during and upon completion of the training. In general, a company will weigh the costs and returns to training to determine the amount of investment it will incur (Kaufman & Hotchkiss, 2006).

Different perspectives on investing in employee training and development are widely acknowledged as though two of them are highly appreciated. The first perspective on the relation between training and development and personnel turnover stems from human capital theory. It suggests that investing in employee development may contribute to the market value of employees and hence induces turnover. Especially investments made in general skills training are of interest, as this type of training equally increases the productivity of employees in organizations other than the incumbent firm (Becker, 1962). For this reason, human capital theory assumes that firms will not pay for this training. However, several studies do show that

firms usually also pay the training costs when their workers participate in general training (Benson et al., 2004).

Most studies on the effect of training on personnel turnover approach the issue from the point of view of human capital theory. According to human capital theory, investment in training contributes to an increase in worker productivity. Becker (1962), as the major initiator of human capital theory, distinguishes between two types of training: specific and general. Specific training is defined as the acquisition of competences that can hardly be transferred to other firms. It therefore only raises employee productivity within the firm. Employers are able to recoup all the costs and receive the full benefits, but nevertheless face the risk that employees might quit. Therefore, both the employer and employee pay for this type of training in order to create mutual commitment which will diminish turnover intentions.

General training, however, generates competences and qualifications that are of equal value to organizations other than the training firm. As a consequence, personnel turnover increases, because employees can easily be poached by other organizations (Green et al., 2000). Although most studies on training and personnel turnover do not distinguish between general and specific training, or merely focus on firm-specific training (Bishop, 1997), a few empirical studies provide some evidence for the human capital perspective, indicating that as a consequence of general training participation, workers' turnover increases.

Perceived Support in Employee Development is so vital towards the relationship between motivation and labor turnover in organizations. The scales used to measure perceived organizational support towards employee development and training focus on general perceptions of employees about their intentions and attitudes of the organization (Eisenberger et al., 2001). A

typical statement included in these scale is "My organization values my contribution to its well-being". Scales used to measure perceived investments in employee development emphasizes how employees think about their organization's commitment to improve their competence (Lee and Bruvold, 2003; Tsui et al., 1997). A typical statement in these scales is "My organization trains employees on skills that prepare them for future jobs and career development". The PSED scale we use in this study, however, focuses more directly on the support employees receive from their supervisor and colleagues, manifestations of support such as having to deal with challenging tasks, as well as getting feedback and opportunities for the transfer of learning to the work floor.

The importance of ensuring employee retention following training may lie in the strategic approach that is utilized. Companies can seek to achieve organizational goals through a variety of human resource strategies and approaches. One such approach, a commitment strategy, attempts to develop psychological connections between the company and employee as a means of achieving goals (Arthur, 1994; Scholl, 2003). In an attempt to ensure that the employee remains with the company following training, employers may implement a strategy to training that fosters commitment.

Training that attempts to increase employee commitment may serve to counter the numerous direct and indirect costs associated with turnover. Although a commitment strategy can be tied to all company human resource practices; recruitment, selection, performance evaluation, and so on, the focus of this paper will be to determine whether training can lead to an increase in employee commitment and in turn foster employee retention.

The importance of ensuring employee retention following training may lie in the strategic approach that is utilized by an organization. Different organizations can seek to achieve

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These researchers reasoned that the reported negative associations between promotion and turnover might in fact have been driven by the relationship of salary growth with both variables. Indeed, Trevor et al. (1997) found that once salary growth was controlled, actual promotions positively predicted turnover, with poor performer turnover most strongly affected. These researchers explained their exceptional findings by arguing that even though promotions may diminish the desirability of movement because of salary growth and other intrinsic benefits, the signal they provide to the external job market on the employee's ability (e.g., Mclaughlin, 1991) outweighs other inversely related effects that contribute to diminishing the desirability of movement.

There are three main related mechanisms through which the actual promotion of individuals may influence the likelihood of their staying or quitting. First, promotions confer benefits such as status, skill development, and job satisfaction, which may be contingent on the individual's staying in the same organization. Therefore, other things being equal, such as education and

position in the hierarchy, the more the individuals perceive opportunities for further promotions in the current organization, the less desirable and likely their voluntary quitting becomes. Individuals who have already been promoted may be particularly more likely to be promoted again in the future (Mubashar et al., 2013).

2.1.2 Performance Appraisal

Performance is an outcome of employee actions and on the job which can be measured by comparing the duties and responsibilities assigned to an employee by the organization and the results of his efforts to fulfill his duties and responsibilities. It is also tied to the organizational goals as the organizational performance is based on the performance of the individuals working in it. To judge the job performance of the employees the most commonly used tool all over the world is Performance Appraisal. There are different procedures which are adopted by the organizations to conduct the performance appraisal. The performance appraisal is considered to be an integral part of the human resource practices in organizations. It has been noticed and confirmed by Fletcher (2001) that all over the world many researchers found it necessary to emphasize that the ratings and results of performance appraisal conducted must be accurate so that they might be reliable.

Performance appraisal has increasingly becoming common and serves as a vital human resource practice in today's organizations. The practice that was once concentrated on control and maintenance based approach have somehow progressed towards an approach that is more engaged with growth, motivational and developmental concerns (Dutra, 2001). The effectiveness of an appraisal system depends on how well its purposes are understood, accepted and strived to

be achieved by users. A favorable performance appraisal would have positive effects on employee attitudes, behaviors and organizational efficiency (Gardner, 2008; Salleh et al., 2013).

Past promotions can reinforce the expectation of the individual that the firm will repeat its behavior in the future. Assuming that a promotion ceiling has not been reached and that their qualifications and performance are satisfactory, employees may expect the firm to provide them with future promotions. This is particularly true when employees believe that their future promotions are also of value to the firm (Kline and Sulsky, 2008).

Employee's perception of fairness within an organization is the ultimate check for the success of the system. The organizational justice theory efficacy of appraisal system also depends upon the perception of fairness related to it. The components of fairness, procedural as well as distributive should have a positive impact on the employee in order to make him accept the whole procedure and its results without any reluctance. This fact is also evident in the studies that procedural fairness is considered to be more important by the employees than distributive justice and they are willing to accept some justice in the outcomes if they perceive the procedures itself to be fair. So the acceptance of the evaluation system also depends on the perceived fairness associated to it. With that it is also important that they perceive that they are being evaluated against what they are actually supposed to do on the job (Mubashar et al., 2013).

With the need to check the performance appraisals within an organization, it requires that many decision and actions should be taken by the management such as giving rewards to the employees which include promotions for having good performance ratings or may be punishing employees having bad performance ratings. Furthermore, the biased ratings either

positive or negative by the appraisers i.e. the politics involved in the performance appraisal will affect the practices of HRM on decision making about punishing or rewarding an employee. The perceptions of employees about the ratings and the politics are dealt with accordingly which may affect the turnover levels level of the employees, loyalty to supervisor or appraiser and the employees intention to quit their job. Poon (2004) refers organizational politics as having relationship with job satisfaction and turnover intention. On the other hand, the relationship between performance appraisal politics, job satisfaction, turnover intention and loyalty to supervisor is not much explored.

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important that they perceive that they are being evaluated against what they are actually supposed to do on the job (Mubashar et al., 2013).

The Key objective of performance appraisal is primarily to improve an organizational efficiency. However, this efficiency is expected to be achieved through settings of a wider range of organizational objectives that reflects the source of perceived performance appraisal variation (Scholtes, 1993).

Regarding performance appraisal politics another factor to be considered is the overall climate of the organization in relation to employee turnover. In situations where the organization's environment is political, it strongly influences the performance appraisal process and politics will be involved in it. Organizations having ambiguous performance appraisal process and uncertain environment provide chances for the politics to prevail which greatly affect employee turnover within an organization (Poon, 2004). Reviewing the performance appraisal process in an organization confirms that the politics exists in all organizations which is a fact within an organization.

Ferris and Kacmar(1992) suggested that an individual's perception relating to politics in their workplace adversely affects their jobs, productivity, their feelings toward their colleagues, intention of leaving and others negative effects. It has also been established that perceived politics is highly proportional to turnover intention (Kacmar et al., 1999).

Employee trust, motivation and development are highly affected by political influences which can be an important aspect of appraisal process (Longenecker, 1989). It has been found that political motive s that are motivational and punishment motives which make the raters decide the employee's performance ratings in performance appraisal politics.

As the performance appraisal is related to employee turnover in an organization, it is important to know how it influences the employee's behavior. The on job behavior can be assessed by reviewing the literature of organizational justice and it explains two main factors i.e. distributive and procedural justice (Cropanzano and Folger, 1996). Poon (2004) refers Greenberg (1986) that distributive justice in the scenario of performance appraisal would discuss the fairness of evaluation and procedural justice is said to be the fairness of the process used to evaluate. Poon (2004) further noted that the due process involved the extent of fairness in performance appraisal.

Brown et al., (2010) concludes that it is a progressive decision that leads the employees to reach the decision to leave the organization. It may involve many situations more so dissatisfactions and circumstances which lead an employee to quit the job as that decision to leave take many behavioral considerations and perceptions from the due course of performance appraisals. Employees usually go through a process to reach the decision of quitting the job whereas, the intention to leave is a part of that process which starts with just a thought to quit the job and with time it becomes stronger due to different reasons. Intentions to quit are just another form to give up the job by withdrawal from the organization. Many researchers have concluded that intention to quit is developed when the employees feel that the organizational conditions and ratings within the appraisal systems used are going against their interests (Fugate et al., 2008).

Brown et al., (2010) noted that low quality performance appraisal experience could respond to the best interests of an employee as though doubts about the requirements of process of performance appraisal and poor information flow means that the worker can feel puzzled as how to fulfill their performance obligations. The employees therefore feel that they are not being

21

valued fairly, when they believe that their efforts towards their organization are not being adequately measured or recognized and due to this employee will develop negative attitudes about their work and organization (Brown, et al., 2010).

2.1.3 Recognition and Rewards

Rewards refer to the material and psychological payoffs for performing tasks in the workplace or anything perceived valuable that is given to an employee as recognition for good contribution made and once well-chosen can be good motivators (Kreitner 2004). Hornby (2000) however defines rewards as something given or received in return of doing something good and working hard. The working definition of rewards for this study was adapted according to Kreitner (2004). Reward refers to material and psychological payoffs given to an employee as recognition for good contribution and for performing tasks well in the workplace.

Daft (2002), also noted that rewards given by another person, typically from managers to employees includes promotions and pay increase. Extrinsic rewards attract and retain competent performers. Employees who are motivated by these rewards execute their duties as expected hence boosting their performance.

Armstrong (2006) rose that financial rewards are indirect motivators that enhance employee's financial wellbeing as they provide tangible means of recognizing achievements a perfect example of bonuses and profit sharing. Financial rewards motivate employees in doing their jobs better than before and with less supervision, especially when profits are shared to employees hence improving their performance.

The aim of promotion procedure of any organization should be in position to enable management obtain the best talent available within the company to fill more senior posts and to provide employees with the opportunity to advance their careers within the company, in accordance with the opportunity available and their own abilities according to their performances (Armstrong, 2006).

Many employees people have a need for high evaluation of themselves and feel that what they do should be recognized by others concerned as noted by (Prasad, 2001). Recognition therefore means acknowledgment with a show of appreciation. When such appreciation is given to excellent work performed by employees, they feel motivated to perform work at a similar or higher level (Prasad, 2001). Cascio (1998), indicate that rewarding a behavior with recognition immediately following that behavior is likely to encourage its repetition.

It is undeniable that organizational managers always use high salary to attract, retain and motivate workers. Robbins (2001) pointed out that money can be considered as "scorecard" through which workers can assess how much an organization values them. However, there have been quite a few nonconformist views on the role of salary as regards motivation of employees and their stay at workplaces. Kochan (2002) argued that money results only in temporary obedience from workers and that money does not transform workers' attitude and behavior in the long term. He pointed out that money only motivates workers to seek further rewards and that, in the process, can undermine workers' intrinsic interest in their jobs.

Maslow's hierarchy of needs theory affirms that salary is associated with the lower level needs, such as physical and security needs. Maslow (1954) furthermore explains that once the lower-order needs are met, higher-order needs will become most important because according to the

theory, one a need at a level is satisfied; it becomes a de-motivator in that an individual seeks a higher level need. Therefore, additional salary increases do not motivate employees and impact on their retention any further. To improve job satisfaction and performance level of workers, managers must work on motivators by providing opportunities for career advancement and development, as workers value motivators more than hygiene factors (Ramlall, 2004).

As indicated in most of the literature regarding rewards and turnover, the concepts of rewards plays an important role in motivating employees so as to keep them at places of work. However, the strength of the relationship between salary and turnover may be influenced by a mediator. The mediator may serve to clarify and explain how and why such relationships occur. The concept of love of money was introduced by Tang et al. (2004), who argued that the love of money reflects an employee's wants and values, and stated that someone who values money highly will be satisfied and thus keep onto a job and when he receives a desired raise.

Sloan (2002) stated that a person never has enough money and wants to have more money as having money is considered to be the most important goal in life.

Lawler (1973) noted that satisfying employees in terms of rewards more so in terms of pay usually influence their job retention amongst employees. Tang et al. (2004) found that pay satisfaction is a part of job satisfaction, which could lead to reduced levels of employee turnover. Workers are inspired to keep more at the workplace and to give full effort only if they are satisfied with their pay. Employee turnover can result when pay dissatisfaction is present amongst employees. Robbins (2001) noted that workers who left their workplaces frequently to other organizations were not satisfied with their pay.

2.2 Employees' performance

Employee performance leads to improve the overall efficiency and productivity of the organization processes. Employee performance refers to the activities and tasks performed by the employee efficiently and effectively. The performance can be measured by managers through different mechanisms (Saleem & Ameen, 2013). There are various factors that affect the employee performance such as monetary benefits, training programs, non-monetary benefits, organizational support, organizational support for career development and capacity building programs etc. Employee performance also enhances the profitability of the organization (Gul, Akbar & Zeb, 2012).

Employee's performance is ascertained through multipurpose capacities like human, technological, organizational and institutional level. It starts from top line management but outcomes are achieved from bottom line (employees). High performing companies show greater satisfaction level among their employees while companies indicating poor financial performances also have the same scenario of satisfaction among their employee population.

According to many professionals and academics explanations, performance and results are dependent on the ways organizations adopt to manage their employees (Delaney, 1996). A business outcome can be improved in case businesses adopt special measures that include employee involvement, empowerment, job redesign, skill training and development programs, appraisal and reward system (Pfeffer, 1994).

2.2.1 Job satisfaction

According to Balzar et al. (1997) job satisfaction is a sensation that employees have about their work environment and their expectations towards work. Thus, job satisfaction can be recognized as what one wants or values from a job (Brief and Weiss, 2002). Different kinds of satisfaction lead to diverse objectives and behaviors that ascend from different types of motivation in getting different types of rewards (Luthanset al. 2005).

According to Zaini's (2009) satisfaction of rewards in public and private sector employee has been established certainly associated with job satisfaction. Furthermore, Zaini et al. (2009) and Chew (2005) preceding research found that job satisfaction is associated with the monetary compensation (pay, promotion, and bonus) and non-monetary compensation is one of the most important explanatory variables in both sectors (Furham et al. 2009). Organizations like banking sector have determined a balance between the performance of the employees and their commitment to the work which in result of job satisfaction.

According to Khawaja et al. (2012) cited Smith et al. (1969) who defined the job satisfaction as the level to which an individual has a positive attitude towards his job, either in general or towards a specific dimension. The attitudinal type of job satisfaction suggests that an individual would attempt to stay with a satisfying job and quit a dissatisfying job (Spector, 1985). Different studies treated job satisfaction as a predictor of significant behavioral outcomes, such as determined to leave, turnover, and absenteeism (Elangovan, 2001). The considering role of job satisfaction has also been inspected by several researchers (Lok and Crawford 2001). It has been utmost researched topic and thousands of studies have been conducted on this single topic to measure the job satisfaction of industrial workers, bank officers, administrators,

and managers in a variety of undertakings the world over (Sweeney, Hohenshil and Fortune, 2002).

2.2.2 Employee commitment

Lamba and Choudhary (2013) defined it as the individual's psychological attachment to the organization. Higher is the rate of commitment, more is the attachment towards the organization. Commitment represents something beyond mere passive loyalty to an organization. It involves an active relationship with the organization, such that individuals are willing to give something of them in order to contribute to the organization's well-being.

It can be characterized by at least three factors: (a) a strong belief in, and acceptance of, the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization (Porter et al.)

Commitment is a sort of strong magnetic force which binds employees with their willingness to remain attached to its organization. If employees are committed towards their organization they will perform their job well and the ultimately performance of the organization will be better. (Lamba and Choudhary , 2013)

Organizational commitment of employees can also be increased by committing the values of people first by giving them proper compensation, promotion, training, fringe benefits etc. Also by communicating and clarifying the mission, vision and objectives of the organization, comprehensive grievance procedure provide for extensive two way communication, support employee development, security etc.(Fred Luthans,2002).All these practices highlights the attractive features of the job for the career development of employees, which is reciprocated by

commitment (Vans,2006). Organizationally committed employees will usually have good attendance records, demonstrate a willing adherence to company policies, and have lower turnover rates which is directly related to employees retention

2.3 Actual review

2.3.1Training and training on employee performance

Continuously working for the development and nourishment of the workforce increases their role in the betterment of the work environment of any organizations. Owing to this most of the managers around the world are creating and enhancing their roles in providing extensive training with the aim of achieving defined goals of the organization. It can not only lift the position of the employees but also the image of the organization to outside world (Jia-Fang, 2010).

By the changing time and changing needs, organizations are facing new problems and challenges. Technological advances have changed the requirements of traits and competencies of performing the tasks. Now, more effective and enhanced training techniques are required by every organization that should be more relevant to the changes arising continuously in that technology and its use. It can play a vital role in building a consistent and progressive learning environment. It can also make the upcoming challenges like a hot cake for more trained people (Wei-Tai, 2004).

Setting the goals and targets is one of the primary activities of every organization, national or multinational, public or private. In order to meet these goals a proper feedback is required so that the activities which are diverting away from the targets and creating hindrances in meeting these

goals should be pointed out, and a complete remedy can be designed for them. Feedback can assist in fixing these problems (Stansfieldr, 2005).

Cortez, et al (2008) stresses and explains that creating and sustaining coordination among employees and members of all teams and departments is and should be the primary objective of every organization. If employees provide the feedback and backup regarding how the teams are monitored and what favors they are enjoying and what pains they are gaining while working in that specific organization. It will surely compel the owners of the organizations to orientate, train and provide a healthy leadership to monitor the feedbacks and backups bouncing back from the employees. It can create the strong relation between management and employees and among employees themselves.

Training programs helps in making acquaintance of employees with more advance technology and attaining robust competencies and skills in order to handle the functions and basics of newly introduced technical equipment. More rarely it happens that employees are not fully trained regarding new working and technical techniques and they are unable to deliver to their assignments according to the desire of the organization. Effective training can bring down these flaws, (Robert, 2006). Along with training, worth of response from employees regarding working situations is of highly importance and it can help in drawing the attention of the managers and executives to the factors that are of mammoth importance (Corretz et al., 2008). Feedback not only adds to knowledge of employee and employer but also improves the process of evaluation of employees, (Rosti, 1998).

Several researchers conclude that with the world continuously becomes a global village, various businesses face both environmental uncertainty and new challenges that include managing

cultural diversity. This forms the basis that banks need to invest in their employees through effective training and development programs to give them the capacity to run do their work (Black and Lynch 1996). Through the programs, employees can easily handle uncertainties effectively for instance making decisions that are effective. This approach makes the bank to remain competitive in the industry. Among the benefits that effective training programs give to banks, include developing and maintaining employee capabilities, retaining talented employees, and increases the flexibility in the workforce (Cole, 2002). Banks that have structured training and development programs show commitment to its workers and increase the morale of their staffs. They in turn attain competitive advantage in the banking industry because they enhance the performance of their employees, which increases the organizational productivity.

Training involves activities including participation, mentoring, and peer participation and cooperation. This aims at developing teamwork and team spirit that improves performance at both personal and organizational levels. Superior job performance results from self-efficiency. Training entails systematic intervention that improves the performance of individual employees on their job. It focuses on necessary skills that aim at achieving the bank's objectives and goals. Banks that have satisfied employees have better organizational performance (Gomez 2007).

This improves the rate at which the bank retains most its talented staffs. Dissatisfied employees are demoralized and cannot be effective in their performance. This means that they can easily move on to other banks. The bank's management that appreciates the importance of employee training and development creates an enabling working environment that motivates and improves the performance of employees (Krietner, 1995). Training plays a central role to the company that intends to revamp or maintain profits against its competitors within the banking industry (Evans and Lindsay, 1999). An effective training and development system benefits both the employee

and the bank because it enhances their growth and success. The human resource management practices and the performance of the organization have strong relations (McGhee, 1996). The training improves the quality of employees.

To remain competitive in the market, the bank uses its workforce that makes up its intellectual asset. The bank must therefore, ensure that it has training and development program that builds employee capabilities and competences (McGhee and Thayer 1961). In view of this, systematic training increases the performance of both the organization and employee objectives to attain or remain competitive advantage in the industry (Bataineh, 2014)

2.3.2 Performance appraisal on performance

Performance appraisal involves an employee knowing what is expected of him and remain focused with the help of the supervisor, tells them how well they have done that motivates the employees toward the good performance(Casio, 2003).

Performance management system is the process that strongly involves assurance and participation of employees within the organization and that determine the organizational results. The evaluation system identifies the gap of performance (if any). This gap is the problem that occurs when performance does not meet the standards that are set by the organization. The feedback system tells the employee about the quality of his or her work performance. Performance appraisal can enhance the benefits for the organization, but apparently it is not delivering the benefits in many cases (John Mooney, 2009). Most of the organizations usually include performance appraisal they cannot take the benefits from that because there lay a huge difference between the anticipations and experiences in the present system (Elverfeldt, 2005).

Performance appraisal plays a key role to measure the employee's performance and help the organization to check the progress towards the desired goals and objectives (Ijbmr, 2012). Now organizations are using performance appraisal as a strategic approach by coordinating the human resource functions and business policies. They are focuses on it as it is a broad term that covering number of activities like examines employees, improve abilities, maintain performance and allocate rewards (Fakharyan,Jalilvand, and Dini, 2012). Performance appraisal help aligns individual goals and objectives with the organization goals. The system engages, motivates employees and thereby directs them toward achieving the strategic goals of the organization (Verhulp, 2006)

2.3.3 Recognition and rewards on employee performance

In the globalization age, the workplace realities of previous organizations no longer exist. It is necessary to revise carefully. It is also important for the organizations to meet and introduce new motivational tools of employees since the change has been observed on the workplace realities in today's organizations (Roberts, 2003). Beer et al, (1984) strongly asserts in their research of changing work environment the reality that organizations today have totally changed, therefore it is more important for the top management to carry out new methodologies of developing strong and durable relationship between the organization and employees for meeting the organizational goals and fulfilling the continually changing needs of both parties.

Most of the organizations have gained the immense progress by fully complying with their business strategy through a well-balanced reward and recognition programs for employee. Deeprose (1994) argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance

of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. According to Babakus et al. (2003), the perceptions that employees have with regards to their reward climate influences their attitude towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees

Goulder (1960) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their effort. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work.

Many studies in the creativity literature have shown that the firm's reward system plays a critical role in motivating employees to perform creatively (Eisenberger, Armeli and Pretz, 1998; Eisenberger and Rhoades, 2001). As an effort to stimulate employees' creativity, many managers have used extrinsic rewards(e.g. monetary incentives and recognition) to motivate their employees (Fairbank and Wiliams, 2001; Van Dijk and Van den Ende, 2002). While empirical research has shown that extrinsic rewards help enhance individuals' creative performance. The literature is still divided when it comes to its effects on individuals' creativity (Bear et al., 2003).

The effectiveness of skilled employees is likely to be limited if they are not motivated to perform. One of the means that organizations can use to enhance employee motivation and performance is to provide performance related compensation (Delaney and Huselid, 1996). A reward and compensation system is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong

link between their performance and the reward they receive(Fey and Bjorkman,2001; Guest, 2002; Mendonca, 2002).

In other words, the compensation system (e.g. profit sharing) contributes to performance by linking the interest of employees to those of the team and the organization, thereby enhancing

effort and performance(kalleberg and Moody,1994; Huselid, 1995; Kling, 1995).

According to Nelson & Spitzer (2002) although cash rewards are welcomed by employees, managers should never use this as a tool to motivate their employees to improve their performance levels. Should this happen, there is a change that the essence of the reward would be forgotten. In a study conducted by (Bewen, 2000), the researcher warns that managers should be aware of 'non-rewards'. Such rewards should be utilized sparingly, and should not be used all the time. They are also described to be passive, and they do not necessarily lead to positive behaviors in the long term. According to Shore & Shore (1995), employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for.

Thus, there is a need for the employer to really make an effort in showing the employee that his/her wellbeing is of concern to the organization and the management and that the contribution of the employee towards the organization is highly valued. This idea is further reiterated by Buchanan(1974) who adds that the recognition of contributions towards the organization has a positive relationship towards increasing the commitment of the employee towards the organization and its objectives

According to Goodwin & Gremler (1996), the banking industry is in need of employees that are both satisfied and motivated, for without them, customer satisfaction level would also be affected. This idea is also supported by Adelman et al. (1994) who maintains that interpersonal relationships established between bank personnel and the customers are a big driving force behind ensuring that a customer is satisfied or dissatisfied. Reynolds & Beatty (1999) add that the relationship established between the employees and the customers may lead to an increase in values perception with regards to the bank's products and services. When a high perception of value is achieved, then it is also highly likely that the customer will be satisfied, thereby bringing in more business for the bank

According to Zaman (2011), 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 condition, leader's influence, training and development, learning culture, organization reputation and rewards. Among those strategies reward is a key factor. (Agwu, 2013: Heng, 2012: Yapa, 2002). According to Pitts (1995) Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility. "The principal reward for performing work is pay, many employers also offer reward packages of which wages and salaries are only a part. The packages typically include: bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more" (Agwu, 2013).

Reward can be broadly categorized in to two groups namely, intrinsic rewards and extrinsic rewards. Extrinsic rewards are usually financial or tangible rewards. Ajils (1997) delineated that intrinsic rewards are inherent in the job itself and which the individual enjoys as a result of

successfully completing the task of attaining his or her goal. He further explained that extrinsic rewards are those external to the task of the job such as pay, work condition, fringe benefits, security, promotion, contract of service, and the work environment. Based on Abiola and Ajila's (2004) findings, intrinsic rewards can be terms as 'psychological rewards and examples are opportunity to use one's ability, a sense of challenges and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. Besides Yapa (2004) classified pay, promotion, interpersonal rewards, status, and fringe benefits as extrinsic rewards and responsibility, achievement, autonomy, personal growth, challenge, complex work and feedback characteristics of the job as intrinsic rewards.

According to the Armstrong (2008), performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. He further explained it is 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 (1994) define performance management as "a process or set of processes for establishing shared understanding about what is to be 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 organization

s use performance appraisal in order to ensure of achievement of goals. Organizations measure under Employee performance employee productivity, job quality, and job accomplishment, willingness to exert extra effort, commitment and goal achievement. (Yapa, 2002: Dharmasiri and Wickramasinghe, 2006: Taljaard, 2003)

Mehmood (2013) points out rewards play a vital role on increasing employee rewards and change the behavior of dissatisfies employees. A well as he elucidates a fair reward system could build job satisfaction and productive behavior in employees. Reward system helps to improve organizational performance as well as it fulfills other objectives such as legal compliance, labor cost control, perceived fairness towards employees and enhancement of employee performance to achieve high level of productivity and customer satisfaction. (Maire and Nick, 2002). Carraher et al (2006) advocate that there should be an effective reward system to retain the high performers in the organization and reward should be related with their productivity.

Hartle (1995) points out that reward is an important part of the feedback loop in performance management. Mehmood (2013) explicates reward system is the requirement of any organization to retain and hire the most suitable employee to gain competitive edge in a competitive environment. He further explains that reward system inspiring the employee to work harder and faster because employee needs motivation to put extra effort on their task. Finally he concludes that reward system should match with the organizational culture and the strategy in order to achieve sustainable competitive advantage.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the approaches that helped the researcher when carrying out the study. This section is categorized 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, analysis and presentation, ethical issues and study limitation.

3.1 Research design

The researcher employed a case study design. This is because the case design helps to give a detailed examination of one setting, or a single subject, a single depository of documents or 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 in the company with experience while the quantitative methods will focus on infernal statistics with the view of developing tables and graphs.

3.2 Area of study

The study was carried out at Tropical Bank, Plot 17 Main Street, 100, Jinja, Uganda. The branch was particularly chosen because it is one of the many Tropical Bank branches with small numbers of employees, the subject matter of the research and researcher found it suitable for the study.

3.3 Study population

The study was based on a sample size of 40 that was drawn from a population of 45. The sample size of 40 was sufficient and this is supported by Krejcie and Morgan (1970) who assert that where a total population is 45, a sample size of 40 or more is sufficient. The researcher obtained this information from Human Resource Department of Tropical bank. These included respondents who held management positions and as well took part greatly in decision making which is intended to create an insight into the management perception of the study as well as employees (staff members) of the institution under study. These are most affected by employee turnover which the researcher believed that the unit of inquiry of people was knowledgeable enough about the subject of study and were able to avail the necessary data and information about the study.

3.4 sampling procedure

3.4.1 Sample size

The study was based on a sample size of 40 that was drawn from a population of 45. The sample size of 40 was sufficient and this supported by Krejcie and Morgan (1970, pp.605-607) who assert that where a total population is 45, a sample size of 40 or more is sufficient.

3.4.1 Sampling technique

The sampling techniques are processes for selecting suitable sample, or representative part of population for the purpose of determining characteristics of the whole population. The selection of sample of respondents was based on non-probability and probability sampling technique because the population is not homogenous. And the researcher used purposive sampling and

stratified random sampling to choose specific respondents basing on their familiarity with the subject and their ability to give information readily.

3.5 Data collection sources

Two sources of data were used for purposes of research. These were primary data and secondary data.

3.5.1 Primary sources

According to Amin (2003), primary data is that kind of data that has been gathered for the first time, it has never been reported anywhere. Short comings of secondary data sources such as out datedness and inadequacy in terms of coverage, necessitated the use of primary source for first data. Self-administered questionnaires were used and this enabled the researcher to cover a large population quickly and at are reasonable cost.

3.5.2 Secondary sources

Amin (2003) defines secondary data as that kind of data that is available, already reported by some other scholars. Secondary data included policy documents and abstracts of the various scholars relating to the topic of discussion in question. Secondary data for this study was got from sources like libraries, online information, text books, newspapers, and unpublished research reports. This was because it 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 reformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Questionnaire was used on the basis that the variables under study cannot be observed for instance the views, opinions, perceptions and feelings of the respondents. The questionnaire was equally used because the information had to be collected from a large sample in a short period of time (Sekaran, 2003).The questionnaire was used in collection of data from respondents (management and staff members). The questionnaires consisted of both open and close ended questions administered to respondents of Tropical Bank offices at Jinja.

3.6.2Interview guides

The researcher also administered interviews. An interview is a dialogue between an interviewer and interviewee. It is an organized conversation aimed at gathering data about a particular topic. This is a method where researcher interviewed respondents to obtain information on the issue of interest. In this case, the interviews during this research were structured and were specifically administered to respondents in management positions at Tropical Bank

3.7 Quality Control Methods

3.7.1 Validity

Validity refers to truthfulness of findings or extent to which the instrument is relevant in measuring what it is supposed to be measured (Amin, 2003). To ensure the content validity of

the study instruments used in this study questions were discussed with the help supervisor for scrutiny, clarity and removal of ambiguity. After his comments and discussion with me, the tools were adjusted accordingly.

And externally it refers to extent to which the results of a given study can be attributed or generalized to entire population. In other words, the sample used in the research must be a representative of the whole population. The selection of the sample used in this study was done in accordance with guidelines for estimating the sample size.

3.7.2 Reliability

Reliability is dependability or trustworthiness and in the context of a measuring instrument, it is the degree to which the instrument consistently measures whatever is measuring (Amin, 2003).

For qualitative data, reliability of the instruments was ensured through discussing with authorities, colleagues, and participants about the instruments intended to measure and asking them whether the instruments designed would capture the required data.

Reliability was further ensured by performing the Cronbach's Alpha coefficient tests. Upon performing the test, the results that were 0.755 and above were considered reliable for the independent variables while the results that were 0.766 and above were considered reliable for the dependent variables. According Sekeran (2003) asserts that it must be 0.6 and above. Cronbach's test for the validity of the instruments is as shown in table 3.1 below:

Table 1: showing the different variables with their number of cases and alpha values

Variables	Number of cases	Alpha values
Human resource practices	08	0.755
Employee performance	05	0.766

Source: primary data (2014)

3.8 Measurement of variables

The researcher used previous researches are for purposes of interviews and helping to develop interview and questionnaires were self-administered and provided for respondents selecting a suitable number on the five point Likert scale ranging from strongly agree as response 1 to strongly disagree as response 5. According to Amin (2003) the Likert scale is able to measure perception, attitudes, values and behaviors of individuals towards a given phenomenon. This assisted the respondents to rate their perceptions accordingly.

3.9 Data management and Analysis

The field data was managed, analyzed and presented using both qualitative and quantitative methods.

3.9.1 Quantitative data

The researcher carried out an analysis using descriptive and inferential statistics using SPSS version 16 computer package for social scientists. Spearman correlation coefficients and frequencies analysis were used to determine the degree and predication of performance.

3.9.2 Qualitative data

The researcher used the classifying of categories to analyze the interview guide and presented them in a descriptive form

3.10. Ethical considerations

The researcher got an introductory letter and a valid identification card from Faculty of Business Administration Management, Uganda Martyrs University Nkozi. This introduced the researcher to the respondents, authorities at the divisions.

During data collection, the rights were respected were respected. The researcher was able to first seek for consent of all the respondents for their response.

The researcher ensured confidentiality of the information to protect and enable respondents trust him with the information from sensitive questions. Sensitive information or issues were not to be explored unless the researcher requests the respondents to provide the information and used exclusively for achieving a Degree

All the necessary protocols were observed and all the respondents were thanked for their participation in the study.

3.11 Limitations of the study

The researcher was faced with time constraints to carry adequate research within required time and a lot of collecting, analyzing and processing of data was involved. But of the duration of the study, the researcher minimized the weakness by using both qualitative and quantitative techniques.

The researcher had a small sample for the study and it had some errors and was also not representative of the entire population. But aware of the limitation of small sample size which had high level of error this was minimized it by using a multi-method of collecting data to reduce error.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents analyses and discusses the study findings. It is comprised of three sections namely; the section that presents the background information, the section that deals with the presentation of the findings of the study objectives using item mean results and correlation results and the section that studies the combined relationship between the independent variable and the dependent variable using correlation analysis. Response rate, out of the 40 questionnaires sent out to the field, 40 usable questionnaires were returned giving a percentage response rate of 100 %.

4.1 Background information

Respondents were required to state their gender, age group, education level and the period worked at the organization. The following were the results;

4.1.1 Gender

Frequency tabulation was used by the researcher to present the gender distribution of the respondents. This is as shown in the table 4.1 below:

Table 2: Gender characteristics of respondents

Gender	Frequency	Percent
Male	20	50
Female	20	50
Total	**40**	**100**

Source: primary data (2015)

From the table above, the results revealed that the majority of the respondents who provided information were male 62.5% whereas 37.5% were female respondents. This implies that there was no gender bias in the study.

4.1.2 Age bracket

The study captured the different age brackets of respondents in order to establish the most prevalent group, the respondents were asked to state their age. The distribution was as in the table below:

Table 3: showing the age group of respondents

Age bracket	Frequency	Percent
18- 24 years	13	32.5
25-34 years	20	50
35-44 years	5	15.5
Over 45 years	2	5
Total	**40**	**100**

Source: primary data (2015)

From Table 2, above findings indicated that 20% of respondents aged between 18-24 years, 40% were aged between 35-34 years, 27.5% were aged between 35-44 years and 12.5% were above 45 years of age. This shows that the respondents were mature enough to answer the questions in the questionnaires.

4.1.3 Education level

The study also captured data on the level of education of respondents and it is as in the table below:

Table 4: showing the education level of respondents

Education level	Frequency	Percent
Certificate	3	7.5
Diploma	4	10
Degree	25	62.5
Master's Degree	10	25
Others	1	2.5
Total	**40**	**100**

Source: Primary data (2015)

From the table 3 above, the results showed that 7.5% attained certificate level of education, 15% of respondents attained diploma level of education, 52.5% attained degree level of education, and 15% of respondents attained master's degree level of education and 10% of others specified their level of education. This implies that people who took part in the study had attained the minimum level of education to answer questions related to HRM practices and employee turnover.

4.1.4 Period worked in the Bank

Frequency tabulation was used by the researcher to present the duration of respondents in business. This is as shown in the table 4.4 below:

Table 5: showing the period worked in the bank of respondent

Duration	Frequency	Percent
Less than 3months	4	10
3months to 1 year	8	20
1year to 3 years	15	37.5
3 year to 6 years	13	32.5
Total	**40**	**100**

Source: primary (2015)

From the table 4 above, the results revealed that 20% of the respondents who provided information had worked in the bank for less than 3 months, 22.5% of the respondents had worked in the bank between 3 months to 1 year, 27.5% of the respondents had worked in the bank between 1year to 3 years and 30% of the respondents had worked in the bank between 3years and 6 years. This implies that most of the respondents had worked in the bank for some reasonable time hence they were experienced and in position to provide reliable information for the study.

4.2 The study objectives

Respondents were asked to respond to a number of statements regarding training and development, performance appraisal and rewards and recognition. The following were the results;

4.2.1 Training and development

In order to determine the attitudes that respondents had towards of training and development a set of questions were asked and the items were anchored on a five (5) point likert scale ranging from strongly disagree, disagree, neutral, agree and strongly agree. The findings are as shown below:

Table 6: showing descriptive statistics of training and professional development.

Statements	Mean	Standard deviation
I receive updated training which is required for my position	4.65	0.736
My supervisor conducts effective coaching sessions with me	3.88	0.939
On-the-job training is an effective tool for learning new skills	4.40	0.545
Developmental training should include effective communications, team building, and coaching	4.40	0.871
Training and development is important for job growth	4.70	0.723

Source: primary data (2014)

From the results in table 4.5 above on the respondents' views on the effect of training and professional development on employee performance, the respondents revealed that they received updated training which is required for my position (mean=4.65 and standard deviation=0.736) implied that respondents were in the region of agreement with wide variation in response.

The respondents revealed that their supervisors conducts effective coaching sessions with them (mean=3.88 and standard deviation=0.939) implied that respondents agreed in their responses with wide variation in responses.

The respondents revealed that they had on-the-job training is an effective tool for learning new skills (mean=4.40 and standard deviation=0.545) implied that respondents agreed with high variation in the responses. This finding is consistent with authors Tsai and Tsai (2003) who pointed out that training and development practices constitute one of the most important ways to assist personnel in gaining new knowledge and skills required to meet competitive standards.

The respondents revealed that developmental training should include effective communications, team building, and coaching (mean=4.40 and standard deviation=0.871) implied that respondents were in the region of agreement with high variation in response. this finding was in line with Gomez(2007) pointed out training involves activities including participation, mentoring, and peer participation and cooperation and this aims at developing teamwork and team spirit that improves performance at both personal and organizational levels.

The respondents revealed that training and development was important for job growth (mean=4.70 and standard deviation=0.723) implied that respondents agreed with high variation in their responses. This was supported by Gomez (2007) who said that training entails systematic intervention that improves the performance of individual employees on their job. It

focuses on necessary skills that aim at achieving the bank's objectives and goals .An effective

training and development system benefits both the employee and the bank because it enhances

their growth and success. The human resource management practices and the performance of the

organization have strong relations (McGhee, 1996). The training improves the quality of

employees.

4.1.2 Performance appraisal

In order to determine performance appraisal, item mean results were generated to show the

average response of the respondents on each item. The items were anchored on a five (5) point

likert scale ranging from strongly disagree, disagree, neutral, agree and strongly agree. The

findings are as shown in table 4.6 below:

Table 7*: showing descriptive statistics of performance appraisal*

Statements	Mean	Standard deviation
I am satisfied with my job at the organization	3.93	1.141
My manager or supervisor clearly communicates to me what is expecting from me	4.20	1.061
My immediate boss encourages/ appreciates my work	4.20	1.061
I receive timely feedback where I fall short of what is expected of me after appraisal	4.02	1.209
My supervisor follows up to ensure I have applied the action steps to better performance	4.02	0.891

Source: *primary data (2014)*

From the results in table 4.6 above on the respondents' views on the effect of performance appraisal on employee performance, revealed that the respondents revealed that they are satisfied with my job at the organization (mean=3.93 and standard deviation=1.141) implied that respondents were in region of agreement with wide variation of responses.

The respondents revealed that their manager or supervisor clearly communicates to me what is expecting from me (mean=4.20 and standard deviation=1.061) implied that respondents agreed with high variation in the response of the employees in the bank

The respondents revealed that their immediate boss encourages/ appreciates their work (mean=4.20 and standard deviation=1.061) implied that respondents were in agreement with wide variation in the response rate of the staff of the bank

The respondents revealed that they receive timely feedback where they fall short of what is expected of them after appraisal (mean=4.02and standard deviation=1.209) implied that respondents were in agreement with wide variation in response.

The respondents revealed that their supervisor follows up to ensure they have applied the action steps to better performance (mean=4.02 and standard deviation=0.891) implied that respondents agreed with high variation in the response rate among employees in the bank. The practice that was once concentrated on control and maintenance based approach have somehow progressed towards an approach that is more engaged with growth, motivational and developmental concerns (Dutra, 2001). The effectiveness of an appraisal system depends on how well its purposes are understood, accepted and strived to be achieved by users.

4.2.3 Recognition and rewards

In order to determine the attitudes that respondents had towards of recognition and rewards a set of questions were asked and the items were anchored on a five (5) point likert scale ranging from strongly disagree, disagree, neutral, agree and strongly agree. The findings are as shown in table 4.7 below:

Table 8: showing the descriptive statistics of recognition and rewards

Statements	Mean	Standard deviation
I have received "thank you" note from my supervisor, manager, or co-worker upon completion of work	3.35	1.272
An award, certificate, or gift from an established recognition program in my department is given after completion of training	3.10	1.464
The organization gives the employees a chance to participate in professional or career development opportunities (workshops, conferences, career-counseling, etc.)	3.92	0.829
The opportunity to improve my job-related skills or knowledge	3.60	1.057
Usually the organization gives employees time off in the week	2.25	1.391

Source: primary data (2015)

From the results in table 4.7 above on the respondents' views on recognition and rewards, revealed that they received "thank you" note from their supervisor, manager, or co-worker upon completion of work (mean=3.35 and standard deviation=1.272) which implied that respondents agreed with high variation of responses. According to the findings in the interview showed that

employees received 'thank you' note from the supervisor which is in agreement with the response statement.

The respondents were required to reveal whether they received an award, certificate, or gift from an established recognition program in their department is given after completion of training (mean=3.10 and standard deviation=1.464) implied that respondents were in agreement with low variation in responses. According to Daft (2002), it was noted that rewards given by another person, typically from managers to employees includes promotions and pay increase, they attract and retain competent performers in the organization thus execute their duties as expected hence boosting their performance which is inconsistent with what the staff experience at work place. Further, Prasad (2001) also illustrated how recognition therefore means acknowledgment with a show of appreciation. When such appreciation is given to excellent work performed by employees, they feel motivated to perform work at a similar or higher level.

The respondents were required to reveal the organization gives the employees a chance to participate in professional or career development opportunities workshops, conferences, career-counseling, (mean=3.92 and 0.829) implied that respondents agreed with high variation in the responses. Findings from the interview showed that a select few are chosen for workshops and conferences which is in agreement with the response of the staff toward the statement.

The respondents revealed that they had the opportunity to improve my job-related skills or knowledge (mean=3.60 and standard deviation=1.057) implied that respondents were in region of agreement with low variation in the response.

The respondents revealed that usually the organization gives employees time off in the week (mean=2.25 and standard deviation=1.391) implied that respondents disagreed with low

variation in their responses. From the findings in the interview showed that there was no time given to employees in the week.

4.3 correlation analysis

In order to find out the relationship between the independent variable and the dependent variable, correlation analysis using Pearson was conducted as below;

Table 9 showing Pearson correlation between HRM practices and employee performance

		HRM practices	Employee performance
HRM practices	Pearson Correlation	1	.674**
	Sig. (2-tailed)		.000
	N	40	40
Employee performance	Pearson Correlation	.674**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

From the results in table 4.8 above, the results revealed that there is a relationship between HRM practices and employee performance with a positive and significant relationship (r = 0.674, p $\leq$ 0.000).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion, conclusions and recommendations arising out of the research findings in chapter four and suggestions for further research.

5.1 Summary of findings

5.1.1 Effect of Training and development on employee performance turnover

From the findings, revealed that respondents agreed that they received updated training which was required for their positions, revealed that their supervisors conducted effective coaching sessions with them, revealed that they had on-the-job training which was an effective tool for learning new skills, respondents revealed that developmental training was carried out which included effective communications, team building, and coaching, the respondents revealed that training and development was important for job growth.

5.1.2 Effect of performance appraisal on employee performance

From the findings, revealed the respondents agreed that they are satisfied with my job at the organization, the respondents revealed that their manager or supervisor clearly communicates to them what is expected from them, the respondents revealed that they agreed that their immediate boss encourages/ appreciate their work, the respondents revealed that they received timely feedback where they fall short of what is expected of them after appraisal, the respondents

revealed that their supervisor follows up to ensure they have applied the action steps to better performance at work.

5.1.3 Effect of Recognition and rewards on employee performance

From the findings, revealed that they received "thank you" note from their supervisor, manager, or co-workers upon completion of work, the respondents agreed that they received an award, certificate, or gift from an established recognition program in their department that was given after completion of training, the respondents revealed that the organization gives the employees a chance to participate in professional or career development opportunities workshops, conferences, career-counseling, the respondents revealed that they had the opportunity to improve their job-related skills or knowledge while at the work place, the respondents revealed that usually the organization never gives them time off in the week during working days.

5.2 Conclusions

The study revealed that statistically significant correlation existed between HRM practices and employee performance in the bank. This is an indication that an increase or a decrease in HRM practices does significantly relate to an increase or a decrease in employee performance in the bank thus confirming that there was a strong relationship between HRM practices and employee performance with a positive relationship.

5.3 Recommendations

From the research findings, the following recommendations are made:

The bank should continue improving performance appraisals of the employees by carrying out periodic performance appraisal and embracing performance appraisal systems that are linked

with the overall bank strategy. Performance Appraisal should aim to; maintain records in order to determine compensation packages, wage structure, salaries raises; identify the strengths and weaknesses of employees to place right men on right job; maintain and assess the potential present in a person for further growth and development; provide a feedback to employees regarding their performance and related status; provide a feedback to employees regarding their performance and related status; serves as a basis for influencing working habits of the employees and review and retain the promotional and other training programs. The banks human resource management should therefore employ performance appraisal systems such as Merit rating, Management by Objectives (MBO) and 360-degree feedback.

The human resource management should formulate and implement an active reward policy is linked to the overall banks strategy. The reward policy should ensure that employees' rewards are matched with the employees' efforts. Employee reward systems should help commercial banks management achieve their organizational goals. However, HRM in the bank should first set clear reward objectives before developing tangible and intangible reward systems. Important goals such as employee retention and job satisfaction, performance improvement and employee motivation should be given much emphasis since they are easily achieved by identifying the desired outcome of employee reward programs. The banks management should always align their organizational objectives with employee reward systems in order to experience repeated instances of improved employee performance hence leading to increased banks financial performance. Employee reward systems should not be based on seniority; instead, all levels of workers should be encouraged to participate in reward systems.

APPENDIX

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QUESTIONNAIRE

Dear respondent,

I am a student pursuing Business Administration and Management in Uganda Martyrs University. As part of my partial fulfillment of the requirements for the award of a Bachelor's Degree in Business Administration and Management, I am required to carry out an individual research project entitled **Human resource management practices and employee performance.** You have been selected to participate in the data collection of the study requesting that you spare precious time to respond to the questions to the best of your knowledge and your responses will be highly appreciated. The information obtained in the study will be kept confidentially and used strictly for academic purposes only therefore; there is no need to include your name(s) anywhere on this questionnaire.

Background information

Section A

Please tick the right option in spaces provided

a) Gender

1) Male ☐   2) female ☐

b) What is your age group?

1) 18-24 years ☐   2) 25-34 years ☐

3) 35-44 years ☐   4) Over 45 years ☐

c) Education level

1) Certificate ☐   2) Diploma ☐

3) Degree ☐   4) Master's degree ☐

5) Others specify

....

d) For how long you have been working for this company?

1) Less than 3 months ☐   2) 3 months to 1 year ☐

3) 1 year to 3 years ☐   4) 3 years to 6 years ☐

Section B

Human Resources Practices

Key 1=strongly disagree (SD), 2= Disagree (D), 3= Not sure (N), 4=Agree (A), 5=strongly agree (SA)

Human resource practices are a planned approach to managing people effectively for performance. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can give their best to support the organization's missions.

Yes ☐   No ☐

TRAINING AND DEVELOPMENT

Statements	SD	D	N	A	SA
I receive updated training which is required for my position.					
My supervisor conducts effective coaching sessions with me.					
On job training is an effective tool for learning new skills.					
Developmental training should include effective communications, team building, and coaching.					
Training and development is important for job growth.					

PERFORMANCE APPRAISAL

Statements	SD	D	N	A	SA
Iam satisfied with my job at the organization					
My manager or supervisor clearly communicates to me what is expecting from me					
My immediate boss encourages/ appreciates my work					
I receive timely feedback when I fall short of what is expected of me after appraisal					
My supervisor follows up to ensure I have applied the action steps to better my performance					

REWARDS AND RECOGNITION

Statements	SD	D	N	A	SA
I have received "thank you" note from my supervisor, manager, or co-worker upon completion of work					
An award, certificate, or gift from an established recognition program in my department is given after completion of training					
The organization gives the employees a chance to participate in professional or career development opportunities (workshops, conferences, career-counseling, etc.)					
The opportunity to improve my job-related skills or knowledge					
Usually the organization gives employees time off in the week.					

SECTION B

Employee performance

Please answer truthfully. Please select one answer per question by placing a cross in the appropriate box.

Key 1= strongly disagree (SD), 2= Disagree (D), 3= Not sure (N), 4=Agree (A), 5= strongly agree (SA)

Job Satisfaction

	STATEMENTS	SD	D	N	A	SA
1	Iam satisfied with the nature of my job in the bank					
2	Iam contented with my salary and incentives given to me					
3	Iam satisfied with performance appraisal technique used in the bank					
4	The working hours offered by bank					
5	The bank provides avenues for opinion on grievance handling and safety provisions for me					
6	Iam satisfied with frequent transfers carried out by the bank					

Job commitment

	STATEMENTS	SD	D	N	A	SA
1	I look forward coming to work every morning					
2	It would be very hard for me to leave my department right now, even if I wanted					
3	I do not feel a strong sense of "belonging" to my department					
4	I stay late at work to accomplish a project or any important assignment					
5	I give my duties to other employees because l don't like to complete them					

INTERVIEW GUIDE

Instructions: Please answer the following statements and questions with at most sincerity a guided by the interviewer.

a) i) How do you reward and recognise your employees?

ii) How does reward and recognition improve on employees performance?

b) i) What type of training and career development you offer your employees in the bank?

ii) In your view, how does it in improve employee performance?

c) i) what of type of performance appraisal methods do you use?

ii) After how long do you carry out performance appraisal?

d) i) How do you make employees feel valued at work place?

ii) Does the bank provide good working environment for employees if so how?

e) In your view what can be done to increase employee performance in the bank?

Thank for you cooperation

Uganda
Martyrs
University

making a difference

Your ref.:
Our ref.:

Nkozi, 24th February, 2015

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:

Greetings and best wishes from Uganda Martyrs University.

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

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

Thank you in advance.

Yours Sincerely,

Moses Kibrai
Dean

UGANDA MARTYRS
UNIVERSITY
OFFICE OF THE DEAN
25 FEB 2015
FACULTY OF BUSINESS
ADMINISTRATION & MANAGEMENT
SIGN:................................

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72