

THE EFFECTS OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE
AT WORK: A CASE STUDY OF SMART TELECOM LIMITED-
KABALAGALA BRANCH

BY

NANDAWULA SHARON KENDRA

BHR/36567/113/DU

SUPERVISOR

MRS. BUSINGYE SUZAN

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF BUSINESS AND
MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF THE BACHOLERS' DEGREE IN
HUMAN RESOURCE MANAGEMENT OF
KAMPALA INTERNATIONAL
UNIVERSITY

JUNE, 2014

DECLARATION

I, Nandawula Sharon Kendra hereby declare that this research report is my own original work, that all reference sources have been truthfully reported and acknowledged, and that this document has not beforehand, in its completeness or in part, been submitted to any University in order to obtain an academic award.

Signature: 

Date:..... 24.07.2014

APPROVAL

This is to certify that this research report has been submitted in partial fulfilment of the requirements for the award of the degree in Human Resource Management of Kampala International University with my signature as supervisor.

Supervisor's name: Mrs. Busingye Suzan .IK

Signature: Busingye Suzan

Date: 25th July 2014

DEDICATION

This book is dedicated to my mum Mrs. Rosette Wanyenze and my brother Sentezza Derrick. May God bless you.

ACKNOWLEDGEMENT

I greatly thank all those people who helped me accomplish this research work. I am particularly indebted to my group mates in class with whom we shared discussions. God sanctify you all.

To my supervisor Mrs. Busingye Suzan your direction and counsel was very vital. May the almighty reward you abundantly. I also extend gratitude to my family for the support provided, both financially and morally. There are no exact words I can use to prove my appreciation and happiness.

I am also thankful to Kampala International University Library for the contribution you made towards the success of this report. To the almighty God, what I can say is that your love for me is good and always will be.

TABLE OF CONTENTS

DECLARATION.....	ii
APPROVAL.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABSTRACT	x
CHAPTER ONE.....	1
INTRODUCTION	1
1.0 Background to the study	1
1.3 Statement of the problem.....	3
1.4 Purpose of the study	4
1.5 Objectives of the study.....	4
1.6 Research Questions.....	4
1.7 Scope of the study	4
1.7.1 Geographical scope	4
1.7.2 Content scope.....	4
1.7.3 Time Scope.....	4
1.8 Significance of the study.....	5
1.8 Conceptual framework.....	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.0 Introduction.....	7
2.1 Theoretical frame work.....	7
2.2 Reward systems at work.....	9
2.3 Factors responsible for employee performance at work	11
2.4 Impacts of using reward systems on employees.....	13
CHAPTER THREE	15
METHODOLOGY	15
3.0 Introduction.....	15
3.1 Research design.....	15
3.2 Study population.....	15
3.3 Sample size	15
3.4 Data collection methods	16
3.4.1 Interviews	16
3.4.2 Questionnaire	16
3.4.3 Observation	17
3.5 Reliability and validity.....	17
3.6 Procedure for data collection	17

3.7 Data analysis	17
3.7.1 Editing and spot checking	17
3.7.2 Coding.....	18
3.7.3 Frequency tabulation.....	18
3.8 Data analysis and presentation	18
3.9 Ethical considerations.....	18
3.10 Limitations of the study	19
CHAPTER FOUR.....	20
PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS.....	20
4.0 Introduction.....	20
4.1 Background information	20
4.1.1 Classification of respondents by age.....	20
4.1.2 Classification of respondents by sex	21
4.1.3 Education level of the respondents.....	21
4.1.4 Respondent's marital status	22
4.2 Awareness of reward system in the company.....	22
4.2.1 Effects of reward system in relation to employee performance.....	23
4.2.2 Responses on the effects felt in the entire company or on individual basis.....	24
4.3 Employee performance in the company	24
4.4 Relationship between reward system and employee performance	25
4.4.1 Company's objectives have been achieved as a result of employee performance	25
4.4.2 Positive attitude towards increased productivity is a result of employee performance.....	26
4.4.3 Standards of living among employees have improved as a result of employee performance.....	27
4.4.4 Reward systems used by Smart Telecom while paying employees.....	28
4.4.5 Reward systems used by Smart Telecom has saves time as reduced time wastage on decision making	29
CHAPTER FIVE	30
SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	30
5.0 Introduction.....	30
5.1 Summary of the key findings	30
5.2 Conclusions	31
5.3 Recommendations.....	31
5.4 Further Research Areas	32
REFERENCES.....	33
APPENDIX I: QUESTIONNAIRE	36

LIST OF TABLES

Table 1: Nature of respondents to be considered for the study.....	15
Table 2: Showing classification of respondents by age.....	20
Table 3: Showing classification of respondents by sex	21
Table 4: Showing the respondents' level of education.....	21
Table 5: Showing respondents' marital status.....	22
Table 6: Showing the employee performance in this company.....	24
Table 7: Showing that the company's objectives have been achieved as a result of employee performance	25

LIST OF FIGURES

Figure 1: Showing the conceptual framework	6
Figure 2: Showing awareness of reward system in the company.....	22
Figure3: Showing the effects of reward system in relation to employee performance.....	23
Figure 4: Showing the effects felt in the entire company or on the individual basis	24
Figure 5: Showing responses whether positive attitude towards increased productivity is a result of employee performance.....	26
Figure 6: Showing responses to whether standards of living among employees have improved as a result of employee performance.....	27
Figure 7: Showing reward systems used by Smart Telecom while paying employees...	28
Figure 8: Showing responses to whether reward systems used by Smart Telecom has saves time as reduced time wastage on decision making.....	29

ABSTRACT

This study investigated the relationship between the impacts of reward system on employee performance at work. The objectives of the study were to establish the different systems of reward in Smart Telecom, to find factors responsible for employee performance at work and to assess the effects resulting from the systems used by the company when rewarding employees. The study used a quantitative and research design for the purpose of making valid conclusion. Quantitative design which is classified in two broad categories, that is; experimental and general survey design examined the impact of reward system on employee performance at workplace as inter-linked variable whereas qualitative design involved the use of questions to obtained from the respondents. The sample comprised of 50 respondents and the study population ranged from the committee clerks, head of departments, especially from the Human Resource section and the entire workers within company both in different departments, then other authorized persons. Data was collected from both primary and secondary sources. Secondary data was got by extracting information regarding the effects of reward system on employee performance at workplace, by reading news papers, journals and text books. The study revealed that the reward systems used when it comes to company performance. Most of the respondents expressed that if Smart Telecom had a good working condition and employee performance spirit amongst the workers, there would be improved company performance. It was also noted that reward system affected company performance. One of the recommendations was that Smart Telecom should encourage employee performance as system which will put into consideration about the type of work an employee is doing, level of education, the skills needed to execute such tasks among many. This will improve on the company performance.

CHAPTER ONE INTRODUCTION

1.0 Background to the study

Quite simply, the many studies give manager better human resource tools to define jobs, recruit and select employees, and conduct performance appraisals. Defining jobs in relationship to the knowledge, skills, abilities and behaviors that lead to successful job performance gives the manager elements to use in selection and hiring. Used in employee performance evaluation, these can later form a basis for developing competency pay. By improving employee selection and performance, managers can improve already high-quality service to different organizations.

Kaufman, et al (2002), Reward systems are the mechanisms that make this happen. However, reward systems are much more than just bonus plans and stock options. While they often include both of these incentives, they can also include other awards and recognition, promotions, reassignment, non-monetary bonuses (e.g. vacations,) or a simple thank-you." "The journey is the reward," (Steve. J, 2002). The greatest management principle is that the things that get rewarded get done. "An employee will get more the behavior they reward. When employees do hit the target and meet a stretch standard an employee set for them immediately. By doing this, an employer help employees directly connect the reward with behavior and higher performance they've attained. "Fail to reward the right behavior and employer will most likely to get wrong results."

Employee performance and job satisfaction are the twin holy grails of employee communication, often overlooked in the tactical rush to produce knockout publications, intranets, events and other internal communication tools. Building performance and satisfaction should serve as the foundation for all internal communication efforts .Performance is the rational choice employees (Slocum, 1987). Performance is what makes people say, "I'm proud to be working here; it's exactly where I belong."

Engagement is what makes them say, "what we do matters. Lets go!" just imagine what your organization accomplish if all employees had that attitude. Here is a proven three-part strategy to help you lead your people to have level of passionate involvement.

When manager match an employee's competencies with those needed for a job, the resulting fit improves job performance and job satisfaction. Competencies also help managers help plan employee career development and make better use of training dollars by identifying training needs competencies create more effective teams by member selection that balances the competencies needed for a project. The current classification and pay system emphasizes the job and length of employment. The competency project shifts the emphasis towards people-based criteria. After classification of a position, managers will have a systematic way to reward employees based on elements that contribute into the pay system can promote employees carrier planning and retention of top performing employees (Converse, 1993).

Managers ask for greater pay flexibility based on employee characteristics. Additional means to set employee pay such competency pay, situational pay, market adjustments, and strategic pay will increase their options. The classification of jobs content will determine the greatest percentage of total pay.. The competency component supplies a way to recognize and reward individual employees. Situational pay recognizes unique work conditions (Martins, 2003). Market comparisons allow pay adjustments for entire occupations to remain competitive. A manager with urgent business needs can use the strategic components to adjust pay recruit for a critical, vital or key position. The system allows agencies to select only the pay options of value to the agency. Most of the job's defined pay will remain linked to duties and complexity of work. Agencies may choose with new pay options to add to this base. Some agencies may choose to incorporate competencies into other human resource systems, and not attach them for pay. In any case, each agency has a new set of tools, rather than a set of rules (Kaufman, 2002).

Cannon- Bower (2003), when a business loses employees, it loses skills, experience and "corporate memory". The magnitude and nature of these losses is a critical management issue, affecting the productivity, profitability, and product and service quality. For employees, high performance can negatively affect employment relationships, morale and workplace safety. The cost of replacing worker can be, high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with can take years to replace. Employee retention and knowledge transfer are two elements of a more general concern that might be best termed 'skills management,;-i.e.; everything that has to do with recruiting maintaining and developing the necessary mix and levels of skill required to achieve organizational and business objectives (Jackson and Cheater, 1994).

The study touches upon the origin of reward and performance relationship, different forms of reward, type of reward schemes, theories of motivation, among others. Research in different organizations showed the effectiveness of their reward and motivation practices, employee satisfaction and the areas of managerial concern. The study identifies the title and aims of the study listing the questions and theories to be covered while investigating the impact of reward system on performance of employees and enterprises. The evaluation of research is made including its ethical aspects and possible limitations (Gaertner, 2000).

1.3 Statement of the problem

Smart Telecom has experienced some difficulties in its operation capacities in relation to service delivery ranging from; reduction in companies profits, and this has greatly attributed to poor remuneration among employees in different department at the company, which has resulted into mistrust, perception, loss of interest, poorly motivated staff, absenteeism and labour turnover which leads to a poorly performance of the company, necessitating an investigation in order to apprehend the situation (Brannick, 1999).

1.4 Purpose of the study

This study investigated the relationship between the impacts of reward system on employee performance at work.

1.5 Objectives of the study

- i. To establish the different systems of reward in Smart Telecom.
- ii. To find factors responsible for negative employee performance at work.
- iii. To examine the effects resulting from the systems used by the company when rewarding employees

1.6 Research Questions

- i. What are the different systems of reward in Smart Telecom?
- ii. What factors are responsible for employee performance at work?
- iii. What are some of the effects resulting from the systems used by the company when rewarding employees?

1.7 Scope of the study

1.7.1 Geographical scope

The study was carried out at Smart Telecom which has branches all over Uganda but the researcher concentrated on the Kabalagala branch, because it was easy to access in terms of transport.

1.7.2 Content scope

The study focused on the impact of reward system on employee performance at work as the dependent variable since the two are inter-linked.

1.7.3 Time Scope

The study took place in a period of 5 months that is from February 2014 to June 2014.

1.8 Significance of the study

The study is intended to benefit the following categories of people;

The results of the study will benefit policy makers, management and staff of Smart Telecom and other organizations by providing information on how to improve their methods of rewarding labour, in order to achieve the company's goals.

To the government of Uganda, it will help policy makers like the parliamentarians, district councilors at both local and national levels in planning, monitoring and evaluation of labourers in different organization especially in the HR department in relation to organizational performance activities from an informed position.

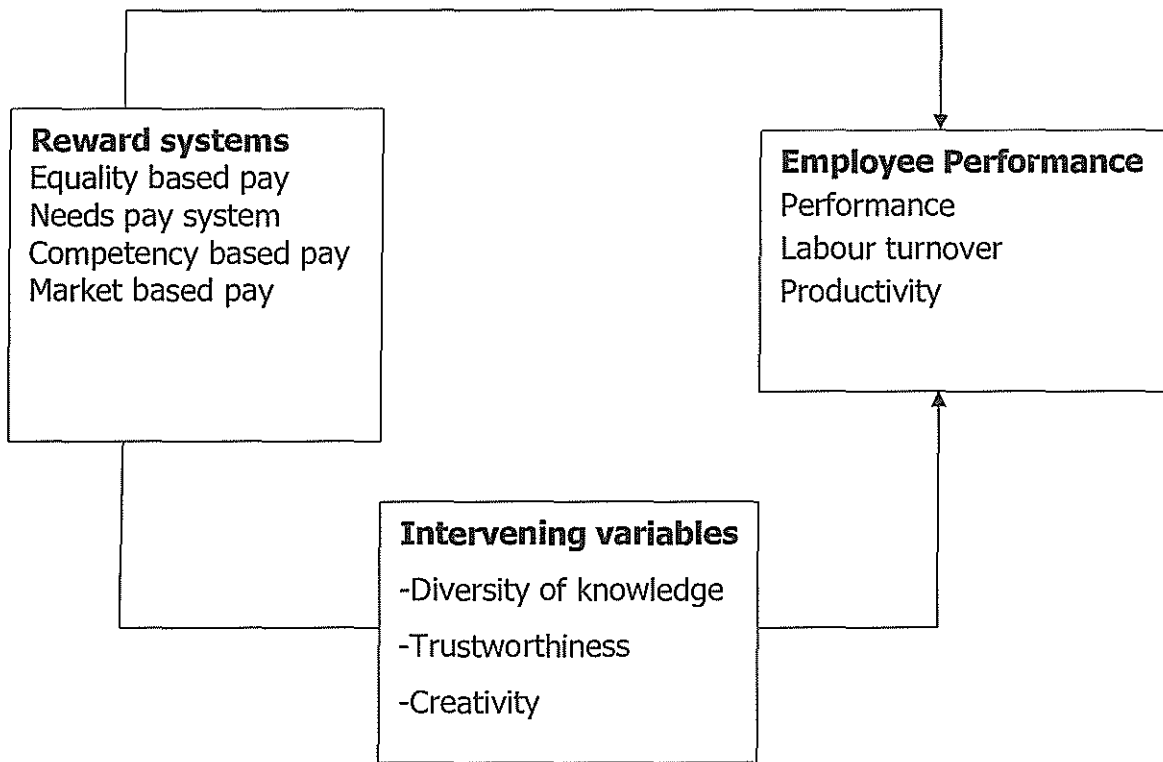
The study will also be useful to the other researchers in the field of human resource management to those who would wish to expound on the area of employee performance to obtain a foundation in the form of literature review like the faculty of business and management in other universities besides Kampala International University.

1.8 Conceptual framework

Figure 1: Showing the conceptual framework

Independent variable

Dependent variable



Source: Researcher's conceptualization, 2014

From the two variables it can be seen that reward systems in any organization range from; equity based pay, needs pay, equality based pay and performance based pay. Competency-based pay, or market-based pay. Therefore, in order to make sure employee performance is enhanced in organizations there is need to ensure that, there is a spiritual performance among employees which will lead to increased production and out-put. Employee performance is measured by productivity and labour turnover.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

In this chapter, a review of some of literature about impact of reward system on employee performance at work in Uganda and elsewhere in the world was made. Specific interest areas on the philosophy and understanding of the impact of reward system on employees in relation to their jobs and its processes were given. The chapter reviews the works of the other scholars who have written about the topic of the study or those who have addressed similar issues as those of the variable that was available in the study.

2.1 Theoretical frame work

By viewing the flow theory medical against the individual and the forming, storming, Norming. Performing and transforming model against the group, a facilitator adjust facilitation styles, to better address the individual or groups needs. I propose that facilitators should incorporate individuals from the group that lie in boredom, to assist the movement of the whole group, through the five group stages. Conversely, an Individual that lies in anxiety may be the catalyst for moving the group through the five stages or to help the group reexamine its goals and expectations. By utilizing the individuals as a resource, the facilitator now becomes able to create more powerful experience for the group, with members of the group.

This leads us to the second model in which we can measure group involvement. FORMING, STORMING, NORMING, PERFORMING, and TRANFORMING, Tuckman (1965), Schurz (1971), & Bion (1961). This model identifies the developmental/functional level, a group is at, based on group characteristics and achievements.

1st STAGE- Forming is the first stage in which a group comes together for introductions, names, background, interests, and all of their social graces are still in tact. The members are developing leadership roles and following roles.

2nd STAGE- Storming this is was personal differences and idiosyncrasy tries the patience of the majority of group members. Mannerism, communication styles, lack of communication, avoidance, and perfectionism, are just a few possible factors that could ignite a group to be at odds with other members and limit the groups' accomplishments. If a group is lacking I a particular skill, it is sure to be pointed out by someone in the group during this stage.

3rd STAGE- Norming is the third stage were individual begin to reconcile differences, solve conflicts, expand ground roles, address strengths and weaknesses, and develop a finer sense of "timing" when it comes to sensitive topics. The group begins to actions and functions towards common group goals.

4th STAGE- Performing is the fourth stage were the group begins to function and complete tasks that previously would have been very difficult, if not impossible, to complete back in the other three stages. This is a higher level of interaction that builds on the strengths of the group and helps to improve on the weaknesses of the group. The group begins to set its own structure and rules that best fit the groups' mutual needs, (4th Stage from Island of Healing, Schoel, prouty, & Radcliffe (1988).

5th STAGE- Transforming is the fifth and last stage, where the group is faced with two decisions; accept the new experiences and apply them towards future group exercise/experiences, or denounce the experience and not progress and regress in development.

The conceptual framework including financial factors, reward and motivational theories and labour market forces; contribution to corporate, HR strategies and reward policy

statements; the design, implementation and operation of pay systems; fairness, equity and consistency; job evaluation; the implications of employment legislation, systems related to individual, team and corporate performance; employee benefits, policies and procedures related to flexible benefits; pensions; managing employee reward; the conduct of national and local pay surveys and the concepts of the market rate.

2.2 Reward systems at work

The system of reward broadly concerns themselves with the distribution of conditions and goods that affect individuals' well-being including psychological, physiological, etc and social aspect (Deutsch 1985). The systems of reward should address the out come of the resource allocation process rather than process of the allocation (Dalley KIRK 199, Brochers and S regal 1996). There for the system of reward are about out come fairness, Deutsch (1985) described the principle of distribution and these include; Equity, needs and equality.

Equality

Equality is where all persons get the same outcome regardless of their contribution. This principle judge outcome as fair if they are equal for every one regardless of out put

Equity system of payment

Equity is where each individual person shares in proportion to his or her investment or costs. According to Addams (1965) equity principles of distribution is based on equity theory. He asserts that one's outcome should be proportional to ones input or contribution in the exchange relationship in as far as principle is concerned. In order to examine fairness, people compare their inputs and outcomes to their related others. Inequality or fairness is perceived (Addams 1965 and Deutsch 1985).

Need pay system (payment according to needs)

This is where resources are allocated according to the needs. These resources are therefore allocated according to individual participation. According to Maslow's

hierarchy of needs are divided into physiological needs, security /safety needs application or acceptance needs, esteem needs and need for self actualization.

Rotundo (2002) argues that the reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailoring the right rewards to the right people. Nevertheless, it is clear that recognition and rewards-as part of the more comprehensive efforts at keeping workers or adopting good work practices-can all phrase as it includes a diverse range of formal and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff. They come in all shapes and sizes; small employee of the month (e.g., gift certificates, recognition plaques), company-sponsored sports teams, company parties, prizes, clothing, and etc.

Morale will plummet if employees see you as arbitrary, unfair or praying favorites. As with many other authors Harris and Brannick (1999) offer the general principal that "what get rewarded gets done and they emphasize that principal must be connected to the organization's core culture. Our own observations of Canadian plastic companies suggest that recognition and rewards are strongly tied to the 'culture' of a particular workplace they support that culture, and they are consistent with that culture, whether or not that culture is something consciously managed or iterated by the company. Rewards must, in other words 'fit in' with people's perception of their employer and their workplace. In work places where labour- management relations are strained or workers are distrustful of managements intentions, people will always react with skepticism when rewards are suddenly introduced (Suzan Dibble 1999).

Harris and Brannick (1999), asserts that people are the key asset that firms trade on, especially within the management consulting industry. However, the ability to leverage the internal knowledge that resides within them and encourage best practice is more difficult than might be expected. Linked in with the firms corporate and HR strategies, reward management becomes an integral tool to encourage the active sharing of

knowledge. However, it is also important in reducing labour turnover, especially in tight labour markets, as well as motivating employees to improve organizational performance. This dissertation examines the linkage between corporate, HR and reward strategy, as well as some key aspects of financial and non-financial reward management.

2.3 Factors responsible for employee performance at work

Porter (1985) emphasized that, many firms in the private, public and voluntary sector face levels of staff turnover, employee morale and motivation, and job satisfaction that are lower than they would hope. This refers to what we call employee engagement. This dissertation examines the importance of employee engagement to firm competitiveness in the voluntary sector, focusing specifically on the black minority ethnic (BME) sector. The literature review provides a comprehensive discussion of the key literature on employee engagement, which comprises detailed discussion of job satisfaction, employee performance and motivation theory, as well as related aspects of work and physical condition, job characteristics and roles teamwork and co-workers, and the impact of leadership.

This section provides basic information about building new pay systems in unionized workplace. In any workplace, whether unionized or not, employee involvement is important to successful development implementation and acceptance of a new pay system. In fact, most experts agree that a new pay system works best when employees have a substantial role in its development, even if it might be less effective system from a technical standpoint than could have been developed without extensive involvement (the new pay- linking employee and organizational performance; Schuster and Zingheim; Jossey- Bass publisher; 1992).

Kerr and Slocum (1987) said that, the long-term benefits of employee involvement, such as employee buy-in and ownership in the system, outweigh the risks of excluding employees from the process. In a unionized workplace, management has legal

obligation to bargain collectively with the union over components of the new classification and pay system. This form of employee involvement requires management representatives and labor obligation to negotiate in good faith with a focus on reaching mutual agreement. The legislature and governor granted agencies authority to use the alternative classification and pay system on the condition that system developments take place in consultation with unions, and that any pay standards be subject to collective bargaining.

The implication and application of virtually any pay system change that vitally affects unionized employee must be negotiated between employees' and employer's bargaining representatives. For example, the range of pay from minimum to maximum wage levels and market pay rate for the jobs in a unionized workplace is negotiated through collective bargaining. In short even in non-union workplaces, employees have collective bargaining rights under certain circumstances. This section includes information on bargaining considerations in non-union workplaces. However, the majority of the section is intended for practical use in a unionized environment (Serfaty, 1997).

Waterman (1982), many firms in the private, public and voluntary sector face levels of staff turnover, employee morale and motivation, staff performance and job satisfaction that are lower than they hope. This refers to what we call employee engagement. When employee engagement is low, or lower than a firm wants it to be, productivity and profitability are likely to be severely affected. However, there are plethora of other potential reasons why firms may want to invest in employee engagement initiatives. After all, employee engagement is not just about the bottom line, or at least, this is what this dissertation aimed to investigate.

2.4 Impacts of using reward systems on employees

A typical organization like Smart Telecom in the alternative classification and pay system generally starts with at least a couple assumptions. One assumption is that management has an interest in alternative pay methods, such as competency-based pay, or market-based pay, or other methods available in the broad band pay system. The other assumption is that an agency's top leadership supports management's interest in alternative pay methods. Approaches for initiating a project may vary, but one constant in the unionized workplace is the legal obligation to bargain with the employees' exclusive representative over proposed pay changes.

Cannon- Bower (2003) argued that, in factories, the union and management developed, through collective bargaining every component of the new system. These mutual labour-management efforts included the initial building of the competency pay link. In other projects, generally where time lines were shorter and greater numbers of employees were involved, management developed the competency model and the performance appraisal tools as a management proposal for collective bargaining over pay and promotion opportunities. Generally, extensive employee involvement in the development stage seems to pay off in the form of smoother negotiation and better employee buy-in at the implementation stage.

Experts seem to agree that involving employees with their union representatives in the early design and implementation process helps the alternative pay system and eases the agency's transition to a new pay program. In response to a survey conducted by the American compensation association, about one third of organization that was reforming their pay systems felt that employee participation in the design process was a large factor in the success of the program. A majority of the organizations felt that employee participation in the on going administration of the program was crucial to its success (Blickensderfer, 1999).

In a non-union workplace, many non-supervisory and non-managerial employees who are not in collective bargaining units still may be covered by collective bargaining laws and entitled to certain bargaining rights. The Montana Board of personnel Appeals uses case law of the federal court and precedent of the National labor Relations Board in interpreting and enforcing Montana's collective bargaining statute. In the well publicized electromation case, the National labor Relations Board (NLRB) found an employer guilty of unfair labor practice in a non-union environment when employer established employee committees to discuss mandatory subjects of bargaining. The board determines the employer unlawfully dominated the committee by selecting the size, structure, topics procedure and number of employee committees.

CHAPTER THREE METHODOLOGY

3.0 Introduction

This chapter was about the procedure ways, and tools that were used in the research. It attempts to explain where the study was carried out from, who the respondents were, their selection, the process of data collection and analysis

3.1 Research design

The study used a quantitative and research design for the purpose of making valid conclusion. Quantitative design which is classified in two broad categories, that is; experimental and general survey design examined the impact of reward system on employee performance at workplace as inter-linked variable where as qualitative design involved the use of questions to obtained from the respondents

3.2 Study population

Table 1: Nature of respondents to be considered for the study

Nature of respondents	Number	Sample
Committee clerks	25	15
Human Resource section	20	15
Employees	35	20
Total	80	50

Source: Researcher's conceptualization

3.3 Sample size

The sample comprised of 50 respondents and the study population ranged from the committee clerks, head of departments, especially from the Human Resource section and the entire workers within company both in different departments, then other authorized persons.

3.4 Data collection methods

Data was collected from both primary and secondary sources. Secondary data was got by extracting information regarding the effects of reward system on employee performance at workplace, by reading news papers, journals, text books plus the already existing on internet and magazines. Primary data was got from the field by the use of the following methods;

3.4.1 Interviews

This involved face to face interaction between the researcher and the participant through discussion. The interviews were in two ways, namely:

Structured interviews, in which the responses by the participants were brief and specific.

Un-structured interviews, where the responses were long, elaborated and not specific, the interviews were conducted in groups, was used to get first hand information from the key informants.

3.4.2 Questionnaire

This was the discussion in written form where by the responses of the participants were put on paper provided by the researcher; the questionnaires were in two forms, namely:

The open ended questionnaire in which the responses by the participants are free according to their understanding.

The close ended questionnaire in which responses are provided by the researcher and the participants choose one of them accordingly, for example strongly agree, agree or strongly disagree.

The researcher left out questionnaires to mainly the literate group. These mainly included the staff members. The researcher gave some four days to respondents to study and fill the questionnaires.

3.4.3 Observation

This involved the use of personal intuition based on different body senses, for example seeing (eye) hearing (ear) touching (hand) smelling (nose). Observation was used in three main ways, namely; Naturalistic observation, Passive observation, and active observation.

3.5 Reliability and validity

In order to ensure and maintain a high level of reliability and validity in this study, the researcher did the following:

Questionnaires were pre-tested. Ambiguous questions were made clear and irrelevant questions deleted. The researcher used accurate questions which were open ended in nature by use of questionnaires from, staff members, and head of departments within the company. The questions which were set had enough space to give appropriate responses. Close ended questions were also used.

3.6 Procedure for data collection

After the approval of the proposal by the responsible authority at the faculty of business and management, the researcher got an introductory letter from KIU to progress to the field for data collection i.e. to Smart Telecom. The researcher took the questionnaires to respondents proceed by briefing them about the purpose of the questionnaires and ask them to fill them on their convenience to allow them more time and flexibility. Later the researcher made a follow-up and collected the filled questionnaires. Careful observation of respondents from the area of study was also carried out by the researcher.

3.7 Data analysis

3.7.1 Editing and spot checking

The researcher edited and spot checked during and after each interview with the respondents. This was done in order to ensure that information given is logical, accurate and consistent.

Obvious errors and omissions were corrected to ensure accuracy, uniformity and completeness so as to facilitate coding.

3.7.2 Coding

This was done to ensure that all answers obtained from various respondents are given codes and classified into meaningful forms for better analysis, as they were later entered in a computer package MS-Excel for analysis.

3.7.3 Frequency tabulation

This involved transferring the numerical research findings to coding frames using tallies so as to come up with frequency and other statistical tables. This enabled the researcher to easily interpret and analyze data in relation to the study problem and objectives.

3.8 Data analysis and presentation

The data filled in the questionnaires were copied and analyzed by tallying it and tabling it in frequency tables, identifying how often certain responses occurred and later evaluation was done. The information was later presented in terms of percentages, and frequency polygons like graphs, pie-charts were used for presentation. The data filled in the questionnaires were copied and analyzed by tallying it and tabling it in frequency tables identifying how often certain responses occurred and later evaluation was done. The information was later recorded in terms of percentages. The recorded data were later edited and interpreted which ensured uniformity, legibility and consistence. Also, interview results were coded on frequency tables which were calculated in terms of percentages and presented in this study as in chapter 4.

3.9 Ethical considerations

The researcher will obtain an introductory letter from the university which will be presented to the management of Smart Telecom for permission and consent. The data collected from the respondents will be treated purely as academic and confidential for the safety of the respondents. Another important consideration, involves getting the informed consent of those going to be met during the research process, which will involve interviews and observations on issues that may be delicate to some respondents. The researcher undertakes to bear this seriously in mind.

Accuracy and honesty during the research process is very important for academic research to proceed. A researcher should treat a research project with utmost care, in that there should be no temptation to cheat and generate research results, since it jeopardizes the conception of the research.

3.10 Limitations of the study

In the process of carrying out this investigation, a number of limitations were met. These limitations obstructed the speed at which the study was carried out. These included;

There was inadequate time, as the study was demanding; however this was overcome by asking more time from the supervisor.

Financial resources were inadequate since the university was not in place to facilitate the researcher with funds for typing, binding and other expenses like transport fees when visiting the area of investigation, however this was overcome by soliciting more funds from the relatives and friends which enabled me to complete the research.

There was mounting pressure from the administration for students to complete the research on schedule, which affected the quality of research and this was solved by requesting more time from the administration.

CHAPTER FOUR PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter shows how the collected data from the previous chapter was analyzed and interpreted.

4.1 Background information

4.1.1 Classification of respondents by age

Table 2: Showing classification of respondents by age

Age	Frequency	Valid Percent
20-25	16	32
26-35	20	40
36-45	07	11.7
46 and above	12	20
Total	50	100

Source: Primary data

Table 1 shows that the biggest percentage of the interviewees were in the age bracket of 26-35 years as showed by 40% while 32% represents interviewees who were in the age bracket of 20-25 years, over 10% of the represents were in the age bracket of 36-45 years, implying that it is to a greater extent the company employees people who are still energetic who are in the age bracket of 26-35years as portrayed in table 2 above.

4.1.2 Classification of respondents by sex

Table 3: Showing classification of respondents by sex

Sex	Frequency	Valid Percent
Female	20	40
Male	30	60
Total	50	100

Source: Primary data

During the field study, it was found out that, the biggest of the respondents were males as showed by over 60% implying that they are the ones who actively participated in the study where as 40% were females as illustrated in table 3 above.

4.1.3 Education level of the respondents

Table 4: Showing the respondents' level of education

Education level	Frequency	Valid Percent
Diploma	03	05
Degree	25	30
Secondary	12	20
Tertiary	15	50
Total	50	100

Source: Primary data

The biggest percentage of respondents had completed tertiary institutions as it was revealed by 50% of the respondents, then 30% represented respondents who had bachelors degrees in different fields where as 20% of the interviewees were secondary drop-outs, then the least percentage had diplomas as showed by 5% in the table above.

4.1.4 Respondent's marital status

Table 5: Showing respondents' marital status

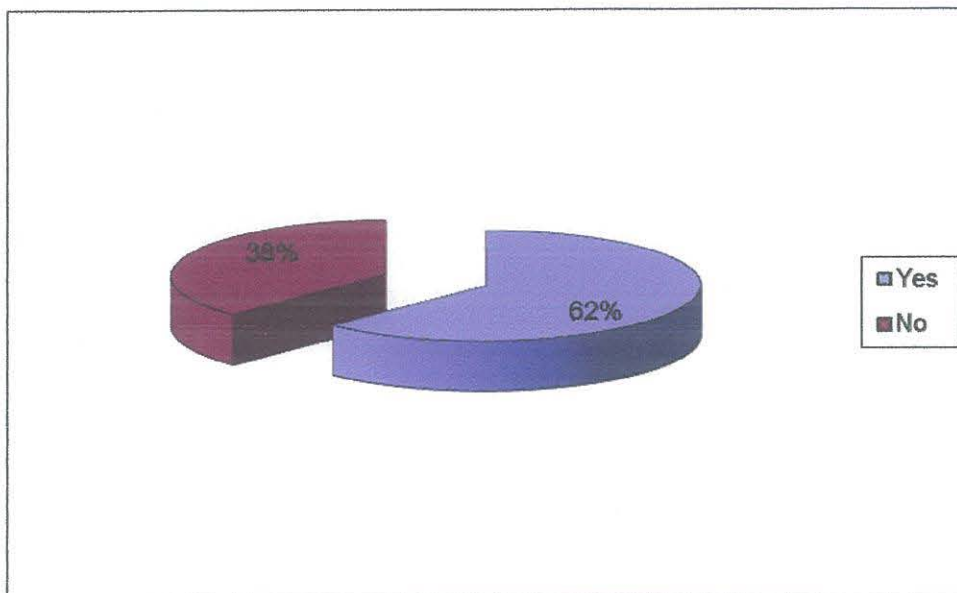
Marital status	Frequency	Valid Percent
Married	20	40
Single	2	4
Separated	10	28
Living with partner	18	36
Total	50	100

Source: Primary data

An assessment of the respondents' marital status was as follows; the biggest percentage of the respondents were found to be married as shown by 40% where as 4% of the interviewees attributed to be single, then 36% of them attributed to be living with partner they are married lastly 28% of the respondents appeared to be separated from their spouses as illustrated in table 5 above.

4.2 Awareness of reward system in the company

Figure 2: Showing awareness of reward system in the company

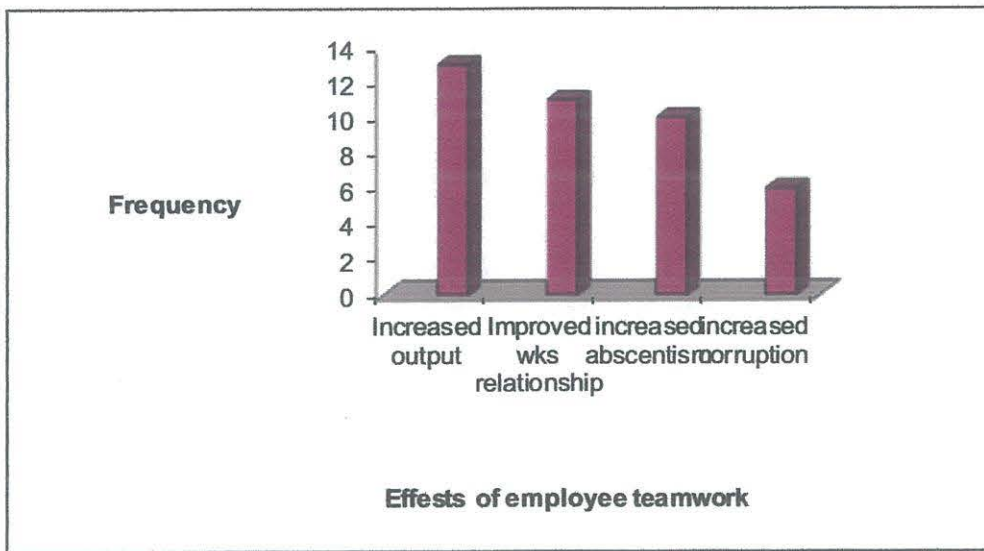


Source: Primary data

From figure 1 above, it was found out that the biggest percentages noted with 62% aware of reward system in the company whereas 38% of the respondents were not aware of reward system in the company implying that those who were not aware they were either not active employees of the company.

4.2.1 Effects of reward system in relation to employee performance

Figure 3: Showing the effects of reward system in relation to employee performance

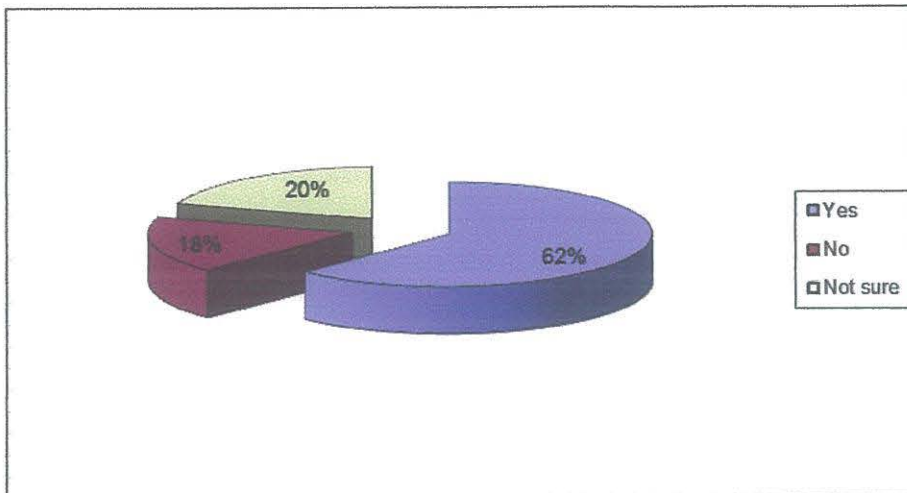


Source: Primary data

During the study in the field, it was found out from the interviewees that reward system had got various effects where by the biggest percentage noted with 13% said there was increased out/productivity and 12% of the interviewees said workers relationship had improved because of employee performance, surprisingly the other group of respondents said it increased on the absenteeism since employees trusted their fellows that they will help them when they are absentee and lastly to note on this was 6% said employee performance increased corruption since the relationship that existed could enable them take a bribe as clearly shown in the figure 2 above.

4.2.2 Responses on the effects felt in the entire company or on individual basis

Figure 4: Showing the effects felt in the entire company or on the individual basis



Source: Primary data

When the respondents were asked effects felt in the entire company. From their responses the biggest percentage noted with 62% agreed with the statement whereas 20% of the respondents said that they were not sure whether the effects of reward system are felt in the entire company and surprisingly only 18% of the respondents disagreed with the statement and said the effects of reward system are not felt all which was shown clearly in the previous figure 3 above.

4.3 Employee performance in the company

Table 6: Showing the employee performance in this company

Comments	Frequency	Valid Percent
Poor	5	12.5
Fair	7	17.5
Better	10	25
Good	15	37.5
Excellent	3	7.5
Total	40	100

Source: Primary data

During the interviews in the field, a good number of respondents were asked to comment on the employee performance of the company and their responses were as follows; poor, fair, better which was noted with 12.5%, 17.5% and 25% to note also was that the biggest percentage of the interviewees said the employee performance in the company was good which was shown with 37.5% and the least of them finalized saying that employee performance was excellent and they were noted with 7.5% as shown in the table 6 above.

4.4 Relationship between reward system and employee performance

4.4.1 Company's objectives have been achieved as a result of employee performance

Table 7: Showing that the company's objectives have been achieved as a result of employee performance

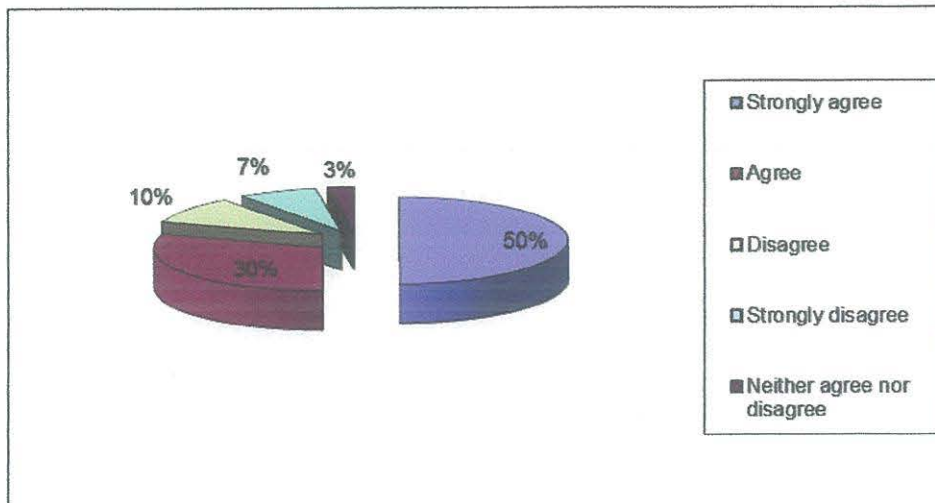
Responses	Frequency	Valid Percent
Strongly agree	8	20
Agree	20	50
Disagree	5	12.5
Strongly disagree	3	7.5
Neither agree nor disagree	3	7.5
Total	40	100

Source: Primary data

An assessment of 20% of the respondents attributed that the company's objectives have been achieved as a result of employee performance. Whereas the biggest percentage noted with 50% of the interviewee also agreed that the objectives of the company had been achieved and surprisingly 12.5% of the interviewee disagree with the statement and said that the company has not achieved as result of employee performance, similarly to that also a group of respondents responded strongly disagreeing that the company has totally achieved nothing as a result of employee performance which was noted with 7.5% respectively.

4.4.2 Positive attitude towards increased productivity is a result of employee performance

Figure 5: Showing responses whether positive attitude towards increased productivity is a result of employee performance

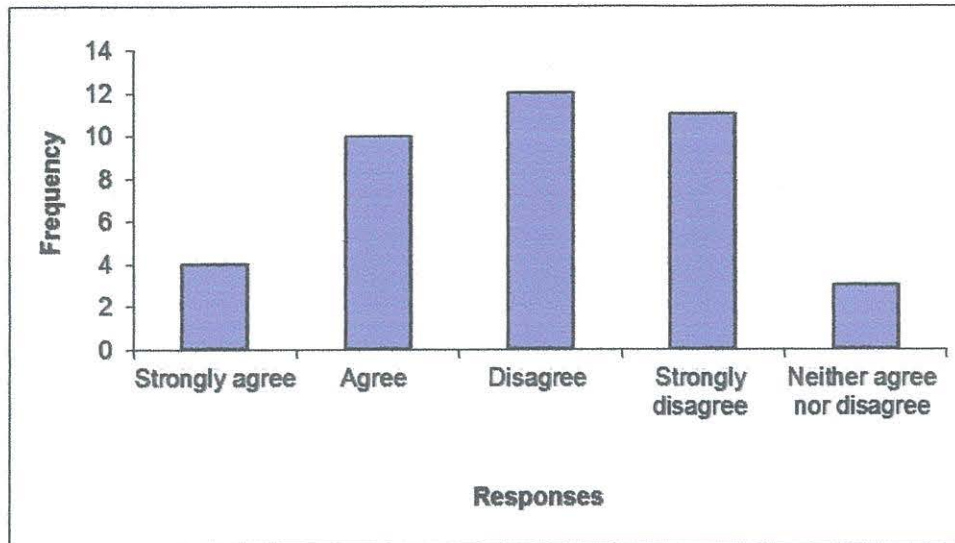


Source: Primary data

Skeptics arose when this question was asked during the field study where interviews were conducted from, where by the biggest percentage of the employees strongly agree with the statement which was noted with close to 50% of the respondents, this was followed by 30% of the employees who also agreed with the statement whereas surprisingly the other group of the employees disagreed as one of the employees was quoted to have said *"I have a negative attitude towards increased productivity s a result of employee performance"* which was noted with 10% and similarly 8% strongly disagreed, with finally only 3% neither disagreed nor agreed in other wards they were neutral to the statement as clearly shown in figure 4 above.

4.4.3 Standards of living among employees have improved as a result of employee performance

Figure 6: Showing responses to whether standards of living among employees have improved as a result of employee performance

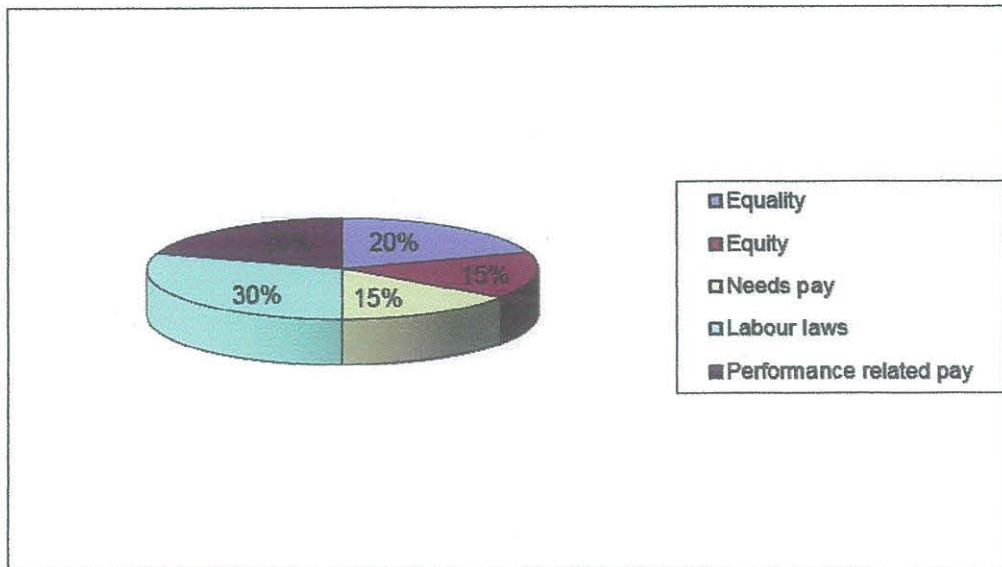


Source: Primary data

When the respondents were asked whether the standards of living among employees had improved as a result of employee performance, And from the responses, it was found out that majority of the respondents disagreed with the statement and were represented with 12%, related to the above 11% strongly disagreed also that their standards of living has not improved as a result of employee performance whereas the other group of respondents noted with 9% agreed with the statement and 3% also strongly agreeing respectively. Lastly on this was the 4% of the respondents who neither agreed nor disagreed as shown clearly in figure 5 above.

4.4.4 Reward systems used by Smart Telecom while paying employees

Figure 7: Showing reward systems used by Smart Telecom while paying employees

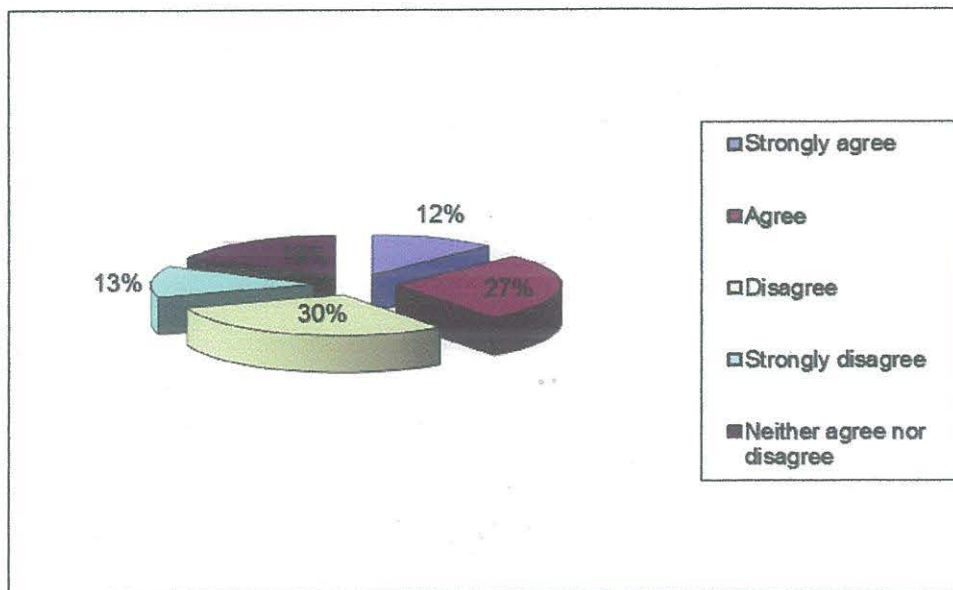


Source: Primary data

An assessment of the rewards systems used by Smart Telecom while paying its employees involved; 20% of the respondents attributed to performance related pay especially employees in charge of sales representative whereas the biggest percentage emphasized that the company uses labour laws especially when determining prices for bachelor degrees' holders as represented by 30% and equity pay is considered when paying the supervisors in different departments as portrayed by 15% on the figure above.

4.4.5 Reward systems used by Smart Telecom has saves time as reduced time wastage on decision making

Figure 8: Showing responses to whether reward systems used by Smart Telecom has saves time as reduced time wastage on decision making



Source: Primary data

During the study by the researcher in the field, 13% of the employees strongly said that the reward systems used saves time and 27% also agreed with the statement that reward systems used saves as reduced time wastage on decision making whereas surprisingly 29% of the respondents disagreed and said that reward systems used do not save time instead it wastes time on decision making that when meetings are scheduled employees tend to focus on tier own individual interest hence taking long to decide, similar to the previous response, 13% of other employees also strongly disagreed and lastly 27% neither agreed nor disagree hence remaining neutral as shown in the previous figure 6 above.

CHAPTER FIVE

SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter mainly deals with summary, conclusion and recommendation related to the impact of reward systems on employee performance drawn from the finding and analysis made after conducting the study. The compensation aspect was characterized by salary, benefits and incentives while employee's performance was characterized by self drive, willingness to work and motive/desire.

5.1 Summary of the key findings

The summary of the findings were presented in accordance with the research objectives of the study as follows;

The first objective was to find out the impact reward system in relation to employee performance. The study conducted revealed that the reward systems used when it comes to company performance. Most of the respondents expressed that if Smart Telecom had a good working condition and employee performance spirit amongst the workers, there would be improved company performance. It was also noted that reward system affected company performance.

Identifying the adverse effects of reward system in relation to company performance was the second objective of the study and the out come of the indicated that employee performance improved on company performance, and this was mainly on the type of work done. Respondents said that the performance remained low if there was low pay.

Respondents noted that employee performance should be emphasized in order to realize better company performance, also to note was that incentives which is related to performance should be given to every worker supporting the campaign of improved reward systems.

According to the answers received, the study revealed that employee performance had a two folded impacts on company performance. This means that most of the respondents agreed to the fact that they were working committed to the company's objectives but when it comes to company performance they had different views that employee performance improved company's performance while for others it meant nothing to them and the company.

5.2 Conclusions

In accordance with the first objective of the study which was to find out the effects of reward system in relation to employee performance, the researcher concluded that indeed employee performance had a positive impact when it comes to company performance in Smart Telecom. This is contrary to what the researcher had learnt in class about poor methods of rewarding labour does not result into improved company performance. The analysis made revealed that employee performance had a great importance attached to it that even some employees decided to quit due to related employee performance issues.

It was found out that the two are related in way that company's objectives have been achieved as a result of employee performance, Smart Telecom has got many branches all over the country due to employee performance among its employees. Also it was noted by the researcher that the standards of living among the employees had improved as a result of increased productivity brought about by employee performance.

5.3 Recommendations

In accordance with the findings and conclusion of the study of the researcher findings it was vital to make the following recommendations which cold help in bringing about a positive change in regards to employee performance on company performance.

Smart Telecom should encourage employee performance as system which will put into consideration about the type of work an employee is doing, level of education, the skills

needed to execute such tasks among many. This will improve on the company performance.

The company should realize that all employees have to work in a team for example groups and not individually. Since employee performance increases productivity, saves time as far as decision making is concerned. With this all the top managers, administrators, auditors and supervisors should all be involved to ensure increased company performance.

Employee performance which is related to performance of an employee should continue being administered because they have shown a positive impact on the company performance. However, the Human Resource manager should ensure that the system is consistent and should explain the employee performance policy program to all employees for them to be aware of what to do in order improve on the company performance and hence increased productivity.

5.4 Further Research Areas

Impacts of reward systems being wide and vital areas in as far as company performance is concerned, the researcher cannot claim that she has exhaustively and accurately looked into this area. This is because of the limitations by the scope of the study and therefore the areas below could warrant further research.

The above completed study mainly followed on the impact of rewards system on company performance in Smart Telecom. However, it was discovered that not only discovered that not only employee commitment could be used to improve company performance at Smart Telecom but also factors like management styles, working environment for the employees, good communication and many others but not only narrowing down to employee commitment.

REFERENCES

- Blickensderfer (1999), *A Study of Attitude and Impact on Personal Relation and Recruitment in an Engineering Industry*, Bombay: Central Labour Institute.
- Blickensderfer (1999), *A Study of Attitude and Impact on Personal Relation and Recruitment in an Engineering Industry*, Bombay: Central Labour Institute.
- Cannon- Bower (2003), 'Contingency Specifying Stimuli: The Role of Rules in Organisational Behaviour Management'. *Journal of Companyal Behaviour Management*, Vol.12.
- Cannon- Bower (2003), 'Contingency Specifying Stimuli: *The Role of Rules in Organisational Behaviour Management*'. *Journal of Organizational Behaviour Management*, Vol.12. Corwin Press.
- Deutsch (1985), 'Companyal Behaviour' 5th (Edn.) Mc Graw Hill, JNC, NY.
- Deutsch (1985), '*Organizational Behaviour*' 5th (Edn.) Mc Graw Hill, JNC, NY. *Education Journal*, 7(5), 642-650.
- Florkowski, G. and Olivas-Luja´n, M.R. (2006), "Diffusion of information technology innovations in human resource service delivery: a cross-country comparison", *Personnel Review*, Vol. 35 No. 6, pp. 684-710.
- Gaertner, (2000), 'Companyal Behaviour: Concepts Controversies and Applications', Prentice Hall of India, New Delhi.
- Gaertner, (2000), '*Organizational Behaviour: Concepts Controversies and Applications*', Prentice Hall of India, New Delhi.
- Harris and Brannick (1999), "Social Structural Characteristics of Psychological Empowerment", *Academy of Management Journal*, Vol. 39, No. 2.
- Harris and Brannick (1999), "*Social Structural Characteristics of Psychological Empowerment*", *Academy of Management Journal*, Vol. 39, No. 2.
- Jackson and Cheater, (1994), ' The Impact of Choice of Rewards and Feed Back on Task Performance, *Journal Of organisational Behaviour*. Vol. 13.

Jackson and Cheater, (1994), ' *The Impact of Choice of Rewards and Feed Back on Task Performance*, Journal Of organisational Behaviour. Vol. 13.

Journal of the International Academy of African Business, Florida, (1).

Kaufman, et al (2002), 'Companyal culture and its impact on remuneration', *Decision*. From, Sing, P. and Das, P.A Companyal Culture and its impact on performance to work', *Academy of Management Journal*. Vol. No. P511-524.

Kaufman, et al (2002), '*Organizational culture and its impact on remuneration*', *Decision*. From, Sing, P. and Das, P.A Organizational Culture and its impact on performance to work', *Academy of Management Journal*. Vol. No. P511-524.

Kerr and Slocum (1987), ' Feed Back Pay: Using Compensation as a Business Management Tool', *Compensation and Business Review*, May, June, P: 62-70.

Kerr and Slocum (1987), ' *Feed Back Pay: Using Compensation as a Business Management Tool*, *Compensation and Business Review*, May, June, P: 62-70.

Kovach, Kenneth A, Hughes, Allen A. , Fagan, Paul, & Maggitti, Patick . (2002). Administrative and Strategic Advantages of HRIS. *Employment Relations Today*. 29(2) 43-48.

Kovach, Kenneth A. & Cathcart, Jr., Charles E. (1999). Human Resource Information Systems (HRIS): Providing Business with Rapid Data Access, Information Exchange and Strategic Advantage. *Public Personnel Management*. 28(2), 275-282.

Lengnick-Hall, Mark L. & Moritz, Steve. (2003). The Impact of e-HR on the Human Resource Management Function. *Journal of Labor Research*. 24(3), 365-379.

Mayfield, J., Mayfield, M., & Lunce, S. (2003). Human Resource Information Systems: A Review and Model Development. *Advances in Competitiveness Research*. 11(1), 139-151.

McFall, J. (2009). The teacher education partnership hand book; general teaching, council for Northern Ireland, 1(5).

MetLife Survey Report, (2007). Major impact on improving the chances for student success,

Munene, J.C., Mulira, F., & Kasekende, F. (2008). Teacher operant Competences and systems: a review and model development, *Advances in Competitiveness Research* 11, 2003, 139–151

Ngai E. W. T. and Wat F. K. T (2004)“ Human resource information systems” a review and empirical analysis Mayfield M., Mayfield J., Lunce S., *Human resource information performance management*, Vol. 7, No.7, pp.112-6.

Odden, A. (2000a). New and better forms of teacher compensation policy. *Phi Delta Kappan*, 81 (5), 361-66.

Odden, A., & Kelley, C. (2002). *Paying Teachers for What They Know and Do: New and Organisational Citizenship Behavior in the Performance of Ugandan Primary Schools.*

Scarnati, J.T. (2001). *On becoming a team player, Team performance management: A Smarter Compensation Strategies to Improve Schools* (2nd ed.). Thousand Oaks, CA:

APPENDIX I: QUESTIONNAIRE

Dear respondent,

Please kindly spare your valuable time and respond to the following questions about the reward systems and employee performance in your company. The purpose of this study is to gain a clear understanding of how reward systems can affect employee performance in a company.

SECTION A: BACKGROUND INFORMATION

(Tick the correct box)

1. Sex

Female

Male

2. Age Group

20-25

26-30

31-35

36-40

41-45

46 and above

3. How many years have you worked in this company?

1-5 6-10 11 and above

4. What is your marital status?

Single married widow

SECTION B: REWARD SYSTEM

(Tick in the right optional box)

1. Are you paid in proportion to the efforts you render to the company?

Yes No Sometimes

2. Are you paid at the same rate with other employees irrespective of ones contribution?

Yes No Sometimes

3. Does your employer respect trade unions activities of collective bargaining?

Yes No Sometimes

4. Does your employer follow labour laws when rewarding you?

Yes No Sometimes

5. Does your employer pay you according to the needs you have?

Yes No Sometimes

6. Are you given incentives by your employer?

Yes No Sometimes

7. Are you paid according to your performance?

Yes No Sometimes

(Tick the selected option in the corresponding column)

8. To what extent are you certified with the way the company is applying the following reward systems.

Reward systems	Extent		
	Greater extent	Less extent	Not at all
Equality			
Equity			
Needs pay			
Labour laws			
Trade unions influence			
Fringe benefits			
Incentives rewarding			
Performance related pay			

SECTION C: PERFORMANCE

1. Every employee knows the mission of the company?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

2. Every employee knows the vision of the company?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

3. Every employee has to undertake his or her assignment with the view of seeing the company better?

.....
.....

4. Even if the company was not doing well financially, I would still be reluctant to change to another company?

.....
.....

5. I do not care what happens to this company so long as I am paid?

.....
.....
.....

6. I really feel proud at my company?

.....
.....
7. I don't feel emotionally attached to this company?
.....
.....

8. I feel that there are too few options to consider leaving this company?
.....
.....

(Please Rank the following)

9. Rank each reward system in the order of influence they impose on employees' performance (e.g 1, 2, 3, 4, 5)

Reward system	Rank
Equality	1
Equity	2
Needs pay	3
Labour laws rewarding	4
Trade union influence	5
Fringe benefit rewarding	6
Incentives rewarding	7
Performance related pay	8

10. Kindly list any other factors affect your performance other than rewards.
.....
.....

Thank you very much for your cooperation