EFFECT OF SALARY SCHEMES ON EMPLOYEE PRODUCTIVITY A CASE STUDY OF SONY SUGAR COMPANY OF RONGO DISTRICT, NYANZA PROVINCE

BY

FARAH ABDIRAHMAN MOHAMED
BHR/20024/82/DF

A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR DEGREE IN HUMAN RESOURCE MANAGEMENT OF KAMPALA INTERNATIONAL UNIVERSITY.

OCTOBER, 2011

DECLARATION

I FARAH ABDIRAHMAN MOHAMED declare that this research report is from my own findings for the award of degree in Human Resource Management in Kampala International University.

NAME: FARAH ABDIRAHMAN MOHAMED.

SIGNATURE: .....

DATE: ..... 20/10/2011 .....

APPROVAL

This is to satisfy that my approval has been given for this report to be submitted to the school of business and management as a requirement for the partial fulfillment for the award of degree in human resource management.

NAME: Mr. RUTEGANDA MICHAEL

SIGNATURE: .....

DATE: 20/10/2014

DEDICATION

This research project is dedicated to my beloved parents and family, Hajj Jamal, Haretha Elmi, Maslah, Ifrah, Halima Adawe, Hiddig, Isnino and all my friends.

ACKNOWLEDGEMENT

I thank the almighty Allah for giving me all the necessary strengths, knowledge, wisdom, financial and moral ability to complete my research report.

I wish sincerely to express my heartily felt gratitude to everyone who assisted me in the completion of this research report. My primarily obligations is to Kampala International University Management and to my supervisor Mr. Ruteganda Michael for his useful comments and suggestions on the original manuscript of this report.

I would like to thank also to the management Sony Sugar company for giving me a chance of two month period of undertaking field attachment with them.

Much appreciation extends to my family specifically to my parents hajj Jamal, haretha elmi, my uncles hiddig, Hassan Hussein, Hassan daud , my aunt isnino , amina elmi, muhba , and my sisters ifrah, faiza, bisharo , khadija yunis , zamzam ,Aisha, sowda. my brothers maslah ,mzamil, Omar ,yussuf,Mohamed,Hussein,dahir who supported me the most in my education,financially and morally as well. Also I acknowledge the efforts of my friends including, Mohamed mrefu, Ricky, ficane,abdullahiGedi,osman sheikh Gabow, shueb, abdilatif,Ibrahim Kenyan ,Farah Kenyan ,zeitun ugas ,naso, bashirow, dakane bishar,abdalla,ndugu sharks and without forgetting my angel riyaq saney.

It would be impossible to mention all the names of people who helped me in preparing this research report. I therefore take this extend my appreciation to all whom in one way or another have contributed to the successful completion of this research report.

TABLE OF CONTENTS

PAGE

DECLARATION.....i

ACKNOWLEDGEMENT.....ii

DEDICATION.....iii

TABLE OF CONTENTS..... iv

LIST OF TABLES.....vii

LIST OF FIGURES.....viii

ABBREVIATIONS AND ACRONYMS.....ix

ABSTRACT.....x

CHAPTER ONE 1

INTRODUCTION 1

BACKGROUND TO THE STUDY 1

COMPANY BACKGROUND 2

STATEMENT OF THE PROBLEM 5

RESEARCH OBJECTIVES 6

RESEARCH QUESTIONS 7

RESEARCH HYPOTHESIS 8

SIGNIFICANCE OF THE STUDY 9

THE SCOPE AND LIMITATIONS OF THE STUDY 10

CHAPTER TWO **11**

LITERATURE REVIEW 11

INTRODUCTION 11

CONCEPTUAL DEBATE 11

SALARY SCHEME 11

THEORETICAL FRAMEWORK 13

EMPIRICAL DEBATE 17

SALARY SCHEME 17

ANNUALIZED SALARY SCHEME 17

PENSION SCHEME 17

CAREER DEVELOPMENT PROGRAMMES 18

FRIDGE BENEFIT 18

THE CONCEPTUAL FRAMEWORK 18

CHAPTER THREE **20**

RESEARCH METHODOLOGY 20

INTRODUCTION 20

RESEARCH DESIGN 20

TARGET POPULATION 20

SAMPLING DESIGN AND PROCEDURE 21

DATA COLLECTION INSTRUMENT AND METHODS 21

DATA ANALYSIS TECHNIQUES AND PRESENTATION METHOD 22

CHAPTER FOUR **23**

DATA ANALYSIS AND INTERPRETATION 23

INTRODUCTION 23

BACKGROUND INFORMATION. 23

SALARY SCHEME 27

CHAPTER FIVE 36

SUMMARY AND CONCLUSION 36

ANALYSIS FROM HUMAN RESOURCE DEPARTMENT 37

CONCLUSION 40

RECOMMENDATIONS 40

REFERENCE 44

APPENDIX I 46

APPENDIX II 47

APPENDIX III 50

APPENDIX IV: Duration of the study 53

APPENDIX V: Estimated Budget for the dissertation 54

LIST OF TABLES

Table 3.1: Interpretation of Target Population.....20

Table 3.2: Interpretation of sampling design and sample size.....21

Table 4.1: Ages Range of the respondents.....23

Table 4.2: Marital Status.....24

Table 4.3: Number of Years served in the Present job position.....25

Table 4.4: Basic Salary Per Month.....26

Table 4.5: Employees view of the welfare schemes.....27

Table 4.6: How better salary schemes affect employees productivity.....28

Table 4.7: Productivity level of employees.....29

Table 4.8: How welfare schemes affects employees productivity.....30

Table 4.9: Necessity of improving salary schemes.....31

Table 5.0: Employees' satisfaction level as regards to the reward system.....31

Table 5.1: How often fringe benefits and pension schemes motivate employees.....32

Table 5.2: Contribution of career development programmes.....33

Table 5.3: Educational Requirement for one to be employed.....34

LIST OF FIGURES

Fig. 1: Conceptual Frame Work.....19

Fig. 4.1: Age Range of the respondents.....24

Fig. 4.2: Number of Years Served in the Present job position.....25

Fig. 4.3: Basic Salary Per Month.....26

Fig. 4.4: Employees view of the welfare schemes.....27

Fig. 4.5: How better salary schemes affect employees productivity.....28

Fig. 4.6: Productivity level of employees.....29

Fig. 4.7: How welfare schemes affects employees productivity.....30

Fig. 4.8: Necessity of improving salary schemes.....31

Fig. 4.9: Employees' satisfaction level as regards to the reward system.....32

Fig. 5.0: How often fringe benefits and pension schemes motivate employees.....33

Fig. 5.1: Contribution of career development programmes.....34

Fig. 5.2: Educational Requirement for one to be employed.....35

ABBREVIATIONS AND ACRONYMS

ICDC	Industrial and Commercial Development Corporation
IDB	Industrial Development Bank
ICT	Information Communication Technology
QWL	Quality of Work Life
PPS	Personal Pension Scheme
PPP	Personal Pension Plan
UK	United Kingdom
HRM	Human Resource Management

ABSTRACT

The topic of studying this research was the effect of welfare schemes on employee productivity in Sony Sugar Company of Kenya. This was born out of the fact that welfare schemes are meant to improve employee productivity thus organization productivity. The objectives in this study included to establish the effect of salary schemes on the performance and motivational level of the employees in the company , to identify the indicators of good employees productivity, to establish how career development opportunities act as intrinsic salary schemes to employees.

A review of literature was done, this was based on the variables identified which included the review based on previous studies carried out in the area of the finding where majority of the respondents felt that competition affected the growth of salary schemes of the Sony Sugar company as well as majority of welfare schemes of employees' production for organization dealing with business in Kenya.

Employees see themselves as performers where efficiency and effectiveness is concerned and they are mostly affected by welfare schemes practiced in the company.

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

The purpose of this study is to evaluate the effects of salary schemes on employee productivity at Sony Sugar Company. This chapter will present the background of the study, statement of the problem, research objective, research questions, research hypothesis, and justification of the study, limitation and the scope of the study.

1.1 BACKGROUND TO THE STUDY

Welfare is a corporate attitude or commitment reflected in the expressed care for employees at all levels, underpinning their work and the environment in which it is performed (Cowling and Mailer, 1992). Specifically, Coventry and Barker (1988) assert that staff welfare includes providing social club and sports facilities as appropriate, supervising staff and works' canteens, running sick clubs and savings schemes; dealing with superannuation, pension funds and leave grants, making loans on hardship cases; arranging legal aid and giving advice on personal problems; making long service grants; providing assistance to staff transferred to another area and providing fringe benefits (such as payment during sickness, luncheon vouchers and other indirect expenses).

Productivity, on the other hand, means goods and services produced in a specified period of time in relation to the resources utilized (Singh, 2009). It is, however, contended by Cohen et al (1995) to be more than a narrow economic measure, as it also measures how well the group performs its required tasks to satisfy its customers inside and outside the organization. In effect, productivity suggests effectiveness and efficiency of the employees.

Apparently, there are some scholarly works on staff welfare and productivity (Owusu-Acheaw, 2010; Osterman, 2010; Singh, 2009; Cowling and Mailer, 1992; Coventry and Barker, 1988), but they mostly dwelt on industrial settings to the neglect of service organizations typified in government ministries and parastatals. There is therefore the need to extend in know volunteers edge on the aforementioned theme that this study focused on staff welfare and productivity, using Sony Sugar Company Limited in Rongo District in Kisii as a reference. Specifically, the study enquired into:

(a) Awareness of employee welfare schemes

(b) Components of employee welfare in the study area

(c) The existence of employee welfare in the study area and

(d) The perceived effect of employee welfare on performance (productivity) in the study area.

1.1.1 COMPANY BACKGROUND

South Nyanza Sugar Company Limited (Sony Sugar) was established in 1976 with the objective of increasing national sugar production to reduce dependence on importation, creating employment opportunities and enhancing regional development.

Sony Sugar is located in Rongo District of Nyanza Province, lies 160 km south of Kisumu City at an altitude of 1,454 meters (4,800ft) above sea level. Sony Sugar also has offices in Nairobi for liaison purposes and for availing it products and services closer to its customers.

Sony Sugar is a key player in the sugar sub-sector serving over 30,000 farmers spread in the seven districts of HomaBay, Gucha, Transmara, Kuria, Migori, Uriri and Rongo.

VISION STATEMENT

A world class manufacturer of sugar and associated products

MISSION STATEMENT

To manufacturing high quality sugar and associated products by utilizing leading edge technology and investing in our people in order to deliver superior customer value, maximize shareholder returns and satisfy other stakeholder interests.

CORE VALUES

The mission and vision of the company shall be accomplished and realized respectively while embracing the following core values.

TEAMWORK

- Integrity
- Professionalism
- Transparency and Accountability
- Innovation and Creativity
- Customer focus
- Social responsibility

COMPANY OWNERSHIP

Shareholder	**percent Shares**
Government of Kenya	98.8%
ICDC	0.71%
IDB	0.28%
Mehta Group	0.21%

MANAGEMENT

The Management of Sony Sugar has changed over the years from Mehta Group International at inception in 1979, to Booker Agricultural International (Booker Tate Ltd) in 1985 and reverted to Kenyan management in March 2000.

The current Non-Executive Board comprises members from the following institutions:-

- Ministry of Agriculture
- Ministry of Finance (The Treasury)
- Attorney General's Chambers
- Inspectorate State Corporations
- Farmers' Representative

The structural management of Sony Sugar Company Comprises of nine departments, which include; Human Resource department, Agricultural Department, Finance Department, Company Secretariat Department, ICT Department, Procurement Department, Marketing and Business Department, Manufacturing Department and General Administration Department.

The main aim of salary schemes at Sony Sugar Company will be needed to eliminate the long awaited review on promotion and training and in turn to provide guidelines on the process of salary management strategies. This study will therefore examine how salary schemes contribute to employee productivity at Sony Sugar Company.

A salary scheme is an incentive given to people in order to achieve objectives and improve performance and productivity. It is concerned with financial rewards that embrace the philosophies, strategies, policies, plans and processes used by the organization to develop and

maintain employees. Therefore salary schemes are geared to motivate people and also to improve organizational team and individual performance thus reducing low productivity, labour turn over and job dissatisfaction.

There problem is mainly featured from the fact that importance of salary schemes are not made clear to employees, since it is based between sections of the management and therefore minimizing involvement of employees. Lack of well trained and experienced personnel officers also hindered the search of salary schemes required at Sony Sugar Company for better improvement of performance, productivity and efficiency. Moreover lack of welfare department in this organization also lead to low understanding of the importance of salary scheme.

Therefore it is against this background that the researcher will need to look into salary schemes and its effect on employee performance at Sony Sugar Company so that the organization will be in a position to make the necessary changes ranging from educating employees on the importance of salary scheme and its effect on employee productivity, involving employees in formulation of salary scheme system, employing well trained and experienced personnel officers and creation of welfare department so as to achieve organizational goals and objectives.

1.2 STATEMENT OF THE PROBLEM

Salary scheme is a provision given to employees for their achievements in the shape of attaining or exceeding their productivity targets or reaching certain level of competence or skill. The main objective of salary scheme is to motivate the employees so as to achieve organizational goals and objectives.

Since the success of the organization depends on the way the Human Resource Management is conducted, it is essential to involve employees in the development of salary scheme system and be treated fairly, equally and consistently in relation to the work they do and their contribution. Most organizations carry out the process of salary scheme on employee productivity but it is the management which generally decides upon strategy to be adopted even where the employees have taken part in negotiation. This is the case at Sony Sugar Company. This problem therefore made the company to lag behind as this has affected the productivity of employees in the organization thus leading to low morale, lack of commitment, job dissatisfaction and higher inefficiency rate.

Therefore the purpose of this study will be to enable the researcher to shed light on the importance of providing salary scheme to employees as a management tool used for enhancing job satisfaction, reduce labour turnover, prevent unnecessary absenteeism and improve the relationship between the management and the employees.

1.3 RESEARCH OBJECTIVES

1.3.1 General Objective

To establish how welfare schemes affect employee productivity in Sony Sugar Company.

1.3.2 Specific objective

1. To establish the effect of pension scheme on employee productivity in Sony Sugar Company.
2. To determine how annualized salary schemes influence employee productivity in the Company.
3. To establish how career development opportunities act as intrinsic salary schemes to employees in the company.
4. To determine the effects of fridge benefit on the performance of employees.

1.4 RESEARCH QUESTIONS

- What are the effects of pension scheme on employee productivity in the Sony Sugar company?
- What influence does annualized salary schemes have on employee productivity in Sony Sugar Company?
- What are the effects of opportunities for career development as intrinsic salary schemes to employees in Sony Sugar Company?
- What are the effects of fridge benefit on the performance of employees in the company?

1.5 RESEARCH HYPOTHESIS

The study endeavored to test the following hypothesis:

1. There is association between effective salary scheme and employees productivity.
2. There is direct relationship between support received in term of pension scheme and the productivity level of the employees.
3. There is no direct association between career development programmes and employee productivity.
4. There is no association between annualized salary scheme and the employees' productivity.

1.6 SIGNIFICANCE OF THE STUDY

Many people lack skill, awareness, knowledge, capital, process and practices for e-cycling their employees in accordance with their contribution, skills and competence. Thus, it is necessary to carry out this study so that critical issues which need the attention of both the organization and the employees can be brought into book and the necessary actions be taken. Therefore in view of the above, it is necessary for the organization like Sony Sugar Company to tame and train their human resources so as to achieve its goals and objectives. This is because no activity can take place without their presence regardless of the availability of the most advanced technology. This could only be achieved through the motivation and provision of good salary scheme which are regarded to be the best tools for instilling good spirit and willingness to perform thus enabling the organization achieve its goals and retain its employees.

However, little research has been done in this area by many organizations. This because of the fact that they are not conversant with the effects and the importance of this scheme to the organization hence they are faced with poor performance, inefficiencies and low productivity. Moreover, other research conducted revealed that the selected organization is not exempted from this problem experienced by other organization hence fall victim of the problem.

1.7 THE SCOPE AND LIMITATIONS OF THE STUDY

The scope of the study will be limited to Sony Sugar Company where much of the information will be obtained by the researcher from the human resource department and Finance department. The researcher will also distribute questionnaires and pamphlets to all other departments within the organization so as to obtain accurate data. This is because of the fact of time and financial constraints that limit the researcher.

The researcher may as well encounter some limitations such as the inaccessibility of some information that the employees of Sony Sugar Company may deem sensitive. The respondents may also give biased information due to non-response and partial filling in of the questionnaires which the researcher may not have control over.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter gives an overview of what other writers have said concerning the provisions of salary schemes to the employees. Literature is reviewed in the following areas; conceptual, Theoretical and empirical debates. This will be followed by the summary of the gaps to be filled in the study and the Conceptual framework.

In this chapter the researcher intends to make an evaluation of reports of previous studies which have been identified and read in order to assess the observations and opinions related to the study. This will lead to appreciating and understanding the research which has been done in the subject of welfare schemes on employee productivity.

2.1 CONCEPTUAL DEBATE

2.1.1 Salary Scheme

A salary scheme expresses what the organization values and it is prepared to pay for it. It is governed by the need to reward right things so as to get the right message across about what is important.

Armstrong (2000) outlined that, the overall aim of salary scheme is to support the attainment of the organizations strategic and operational objectives by ensuring that it has skilled, competent, committed and well-motivated workforce.

An organization through a good salary scheme should always try to ensure that it encourages behavior and employees who will perform effectively to the achievement of the organizational objectives.

Northcott (1960) argues that, salary schemes are stimulus towards efficiency upon provision; it creates more efficient management procedures, better arrangements and sounder policies especially in respect to personnel, stricter control and budgetary control of both human and material resources.

Donbrelly, Gibson and Ivance Vich (1995) states that salary schemes create a belief that good performance leads to high level of pay hence negative consequence of productivity are minimized.

Aswithappa (2000) agrees that, salary schemes enable an organization to attract, retain and motivate competent people. From these we can say that, this is why fresh employees normally flock around organizations that offer attractive remuneration packages.

Nzuve (1997) points out that salary schemes as being a financial terms and that they vary from one organization to another and from industry to industry. He states that a salary formulation is influenced by the following factors; externally imposed systems, job evaluation systems and collective bargaining agreements. In connection with this therefore pay rates must be equitable both externally and internally. Each employee will try to view his or her pay as equitable with other employees of the same cadre in other organization. When employees become aware of inequities in the pay systems then disappointments and conflict can result thus leading to resignation.

Cole (1993) states that there are three principles of a payment policy in an organization. They are; to attract sufficient and suitable employees, to retain employees and to reward employees for their effort, loyalty, experience and achievement.

Victor Vroom (1959) points out the essentials of salary schemes as being flexible, attractive, economic, equitable and attainable.

Garry dazzler (1997) says that employees should be paid for their competence rather than just for their job responsibilities. He further stresses that in order to build employees commitment an assessment of the reward packages should be done through a work plan that encourages employees to think of themselves as partners with the organization.

Keitner and Kinicki (1992) both agree that a good salary scheme should attract talented people, motivate and satisfy them once they have joined the organization. The objective will therefore assist in the implementation of salary scheme system and should be formulated properly and a full and frank discussion with concerned people be done so as to avoid dissatisfaction

There is no doubt that we live in a money motivated world where the amount of human relation is dependent upon salary provisions. It is true that pay is an important monetary reward which is highly valued hence it should be clearly understood in order to satisfy needs and increase motivation intensity of employees.

Therefore according to Armstrong (1996) the purpose of salary scheme is to provide an attractive and competitive total remuneration package which both attracts and retain high quality employees. It also increases employees' commitment towards the organization.

According to Nzuve(1997), the objective of salary scheme is to motivate the workers to perform effectively, attract workers from outside to join the organization, increase workers earning without forcing the firm into a higher wage structure and induce the effective employees to stick to the enterprise.

Deverell (1966) states that, salary scheme provide emotive for acting in a certain way. He indicates that it is the motivational pattern of the human being himself that determines the particular salary scheme to which he will respond.

Therefore in conclusion salary is of the most technical and sensitive factor of motivation as revealed by the authors.

For example; Strauss/Sayles(4^{th} Edition) concluded that , salary scheme is the primary motivation for most employees since it helps to satisfy both lower level needs and higher level needs thus help in maintaining a highly motivated workforce.

2.2 THEORETICAL FRAMEWORK

Quality of Work Life (QWL), patronized in employee welfare, is the degree to which the employees are able to satisfy important personal need through their experiences in the organization (Singh, 2009). It involves physical, mental, moral and emotional well-being of the employee (Aswathappa, 2004), conceptualized by Singh (2009) as occupational health which together with suitable working time and appropriate salary increase motivation and satisfaction. Singh's positive correlation of working time and salary with productivity is doubtful. He generalized on what is rather sometimes the case, as if it is always the case.

Gray and Starke (1988) argued that in spite of the assumption of the Hawthorne experiment that a positive work environment makes for an increased productivity, there is a proviso. There are intervening variables that include task and technology, individual group, organizational and environmental factors. Explicitly, if tasks to be performed are poorly designed, production will be low; if an individual's abilities with respect to the task are low; high motivation cannot lead to high productivity; informal groups within formal structures moderate compliance of their group members to task needs, in order to achieve group (employees' personal) needs; the existence of interactive entities (customers, clients, middle management etc) influence speed in the organization task performance.

Correspondingly Trist and Bamford (1951), using the Longwall Shift Cycle method of coal-getting in a coalmine (which was a socio-technical system adjudged to be excellent as it had intrinsic good work practices), observed that it resulted rather to a decline in productivity. It neglected considerations for the employees' needs, which are aspects of welfare.

In some organizations, job behaviors' have a more direct relationship to rewards than in others (Gray and Starke, 1988), due perhaps, as argued by Gannon (1979) and Reynolds (1971) to the employees' needs (such as urgent need for money to meet certain obligations or the absence of this) and the comparison of his reward with that of his colleagues that perform similar task. The relativity of pay (salary and bonuses) in task performance has also been observed by other scholars such as Kohn and Schooler (1969), who observed that, as social class increases, the need for money declines. Similarly, Lawler (1971) asserts that the importance of pay decreases with age and it is more important to males than females.

A part explanation to Lawler's findings is that younger persons have comparatively numerous needs to pursue than their elderly counterparts, so also with the males especially as they traditionally assume headship of their homes. Nevertheless, Mckersie and Hunter (1973) found that in comparison with American and Japanese industries, labour productivity in Britain was anywhere between one-half and one third, due to low remuneration (in Britain) amongst other reasons. This is a quintessence of a direct relationship between reward and productivity, which exists in several other articles.

Occupational health as highlighted by Singh (2009) and Aswathappa (2004) amongst other scholars is inextricable from welfare, especially when the latter is perceived in the words of Cowling and Mailer (1992) as '...the support that can reasonably be expected by employees from their employer'. It appears a truism that the absence of health and safety at workplace makes the employees easy victims of occupational hazards that could depress morale and productivity. It is therefore, obligatory on employers by law to provide a safe workplace for employees (Cole, 1996) to increase efficiency and productivity of workers (Nwachukwu, 2007) and to guard against a possible accusation of negligence arising from injuries to employees (Okereke, 2007).

It has been observed, however, that the relationship between safe workplace and increased productivity of workers is not direct, as was earlier put in this paper in respect of positive work environment and productivity. An interviewing variable, the authors argue in the form of motivation, could be identified. Mitchell (1978) points that there is consensus amongst most theorists that '*ability to work*' goes hand in glove with '*motivation*' to produce performance, as ability of the employees to do the job does not mean that they would do it.

Most managers have recognized the vital role job satisfaction (satisfaction of members of the organization) plays on productivity (Cohen, Fink, Gadon and Willitts, 1995; Mitchell, 1978), but job satisfaction and motivation whichever that precedes the other is akin to the riddle of the 'egg and chicken', which one that comes first. According to Ibbetson and Whitmore (1977), several researches suggest that people must find their work Chukwunenye and Amgbare 315 satisfying

in order to be motivated to do a satisfactory job. This contrasts with the wisdom of the foremost theorists on management and productivity.

2.2.1 THEORY X AND THEORY Y

Theory X of McGregor (Upton, 2001; Ibbetson and Whitmore, 1977) conceives an average worker as naturally lazy, hates work and might avoid work such that he has to be motivated through monetary incentives for increased productivity or negatively sanctioned (coerced, threatened with punishment) for poor task performance.

In criticism, the thesis lacked hindsight of the influence of job satisfaction on production. It portrayed the employee as an 'economic man', whose motivation was attributed to a single phenomenon (money) and has therefore been faulted by Gray and Starke (1988) as "gross oversimplification of human motivation' with the orchestrated emphasis on money as a motivator widely criticized by scholars that include Lawler (1971) and Kohn and Schooler (1969). Yet, McGregor's Theory X is widely applied by several managers. It has been observed that employees in most organizations in Nigeria are denied wages or experience cuts in wages or threats thereunto for poor job performance (due to reasons that include inability to submit returns within specified timelines).

McGregor's Theory Y, on the other hand, assumes that people at work can be self-motivated (Ibbetson and Whitmore, 1977) as motivation is the basis for commitment to duty and is relative to environment (Upton, 2001).

2.2.2 MASLOW'S HIERARCHY OF NEEDS

In support, Maslow (Cole, 2002) highlighted on a hierarchy of five needs (physiological, safety, esteem, social and self-actualization) each of which can motivate a worker towards increased output, depending on his circumstance at a particular point in time. Piven (2007) classified needs into existence, relatedness and growth in contrast to Maslow.

Correspondingly, however, the 'existence needs' are in tandem with Maslow's lower level (physiological, safety and esteem needs) 'relatedness needs' are Maslow's social needs, while 'Growth needs' are Maslow's high level needs (self-actualization or self fulfillment needs).

The constituents of the environment determine the level of productivity. Typically, Patterson et al. (2004) found that company production was more strongly correlated with those aspects of climate that had stronger satisfaction loadings. Invariably, satisfaction and dissatisfaction are intrinsic features of the climate/environment.

According to Shafritz and Rusell (2001), Herzberg argued that positive elements (the 'satisfiers') are job content factors such as a sense of achievement, recognition, interest in the work itself and advancement. Conversely, the 'dissatisfies' or 'hygiene factors' are associated with the workers relation to the environment in which he performs his task, such as the company

policies, ineffective administration among others. The balance between satisfaction and dissatisfaction determines the level of motivation the worker obtains. Hertzberg's work suggested that the addition of motivators will lead to greater employee job 316 J. Econ. Int. Finance. Satisfaction (Gray and Starke, 1988), but Mitchell (1978) argues that numerous reviews of literature show that performance (productivity) are only weakly related and that very little evidence exists that satisfaction causes increased productivity.

Accordingly, many people can be excited with a high remuneration, interpersonally pleasant job and yet lack the requisite skill for effective job performance. In brief, there should be an adequate blend of ability to do a work, job satisfaction and motivation for a satisfactory job performance. Consistently, Gray and Starke (1988) explain that satisfying an individual does not automatically lead to job motivation, but could make the employee to remain with the organization and to exhibit job behaviours that are indicative of job motivation.

2.2.3 CONFLICT THEORY OF RALPH DAHRENDOF

According to Ritzer (2000), conflict theorists are oriented toward the study of social structures and institutions. Dahrendorf and Simmel who were ardent proponents of the social conflict theory had opined that every society at every point in time was subject to processes of change.

For them, many societal elements contribute to disintegration and change, but orderliness is maintained through power.

Dahrendorf was the major exponent of two faces of society (conflict and consensus) and the need for sociological theory to be split into two, namely conflict theory and consensus theory. He, however, constructed a single theory 'conflict theory of society' and argues that 'the differential distributing of authority invariably becomes the determining factor of systematic social conflict'. Naturally, the management and workers are often antagonistic to each other. The management through a strong management philosophy seeks to maximize profit (financial resources); to maintain the status-quo; to minimize the organization's expenses on running cost including wage bill etc.

The workers, on the other hand, through Union Power make attempts to extricate themselves from a relative deplorable and oppressed state. The conflict is pursuit of incompatible goals for which one party gains at the expense of the other (Barelson and Steiner, 1985) and an opposition that may not break out into open dispute or physical violence (Sanderson, 1989). The effect, however, of these contrasting positions in Sony Sugar depresses motivation and productivity in the Company.

2.3 EMPIRICAL DEBATE

2.3.1 Salary scheme

This is the money that is paid to the employees for the work they have done, the staff of this company should be paid full and addition to this they should be provided with other importance allowance such as housing allowance, health allowance and also risk allowance which is paid because employee officer undergo various risks such as poor skills of manufacturing Sugar through the provision of remuneration, employee products staff members may perform their duties effectively because they feel valued in the Salary Scheme system. Various organizations rely on specific policies and procedures that enable them to attain their specific goals and objectives. The organization must provide ways of improving salary scheme so as to motivate employees to enhance their work performance in the organization.

2.3.2. Annualized salary scheme

Annualized salary scheme has pay rates which earn as wages or salary per year. This is the money that is paid to employees for the work they have done. It provides flexibility in remuneration for seasonal or part-time staff members. During the period of the calendar year that the staff members not required to perform work, the staff members' employment contract will continue. Remuneration for the periods of work and annual leave will be spread over a twelve (12) months or 52 wee period on a pro rata basis. This will also have effects on the followings:

i) Application Conditions

ii) Annual leave

iii) Public holiday and university concession days

2.3.3. Pension Scheme

Pension scheme is a sum of money paid regularly as post-retirement benefits that an employee might receive from some employers. A pension is essentially compensation received by the employee after he/she has retired.

Personal Pension Scheme (PPS) sometimes called a Personal Pension Plan (PPP) is a UK tax-privileged investment vehicle with the primary purpose of building a capital sum to provide retirement benefits, although it may also be used to provide death benefits.

2.3.4 Career development opportunity

Opportunity is the process of foregone alternative, best or next foregone alternative of an opportunity for career development.
Therefore, Employees with new skills need to perform their jobs more efficiently. It consists of those activities which are designed to improved individuals productivity in currently held job or one related to it. Thus it is aimed at helping employees do there career job more correctly and effectively.

Development career are programs designed to educate employee beyond the requirement of their career development of position so that they will be prepared for promotion and able to make a broader view of their role in the organization employee and opportunity career development is any attempt to improve productivity of salary scheme by imparting knowledge changing attitudes or increasing skills

2.3.5 Fridge benefit

Compensation in additional to direct wages or salaries as company, house allowance, medical insurance, paid holidays, and pensions schemes, subsidized meals.

Compensation to employees in addition to salary, examples of fridge benefits are paid holiday s, plans, life and health insurance plans, subsidized catering, company cars, stock rates and expenses. fridge benefits can add significantly to an employee's total compensation and are key in attracting and retaining employees for the most part, fridge benefits are not taxable to the employees are generally tax-deductible for the employer, When an employee exchange (cash) wages for some other forms of benefits this is generally refereed to as a salary sacrifice arrangements in most countries, most kinds of employees benefits are taxable to at least some degree

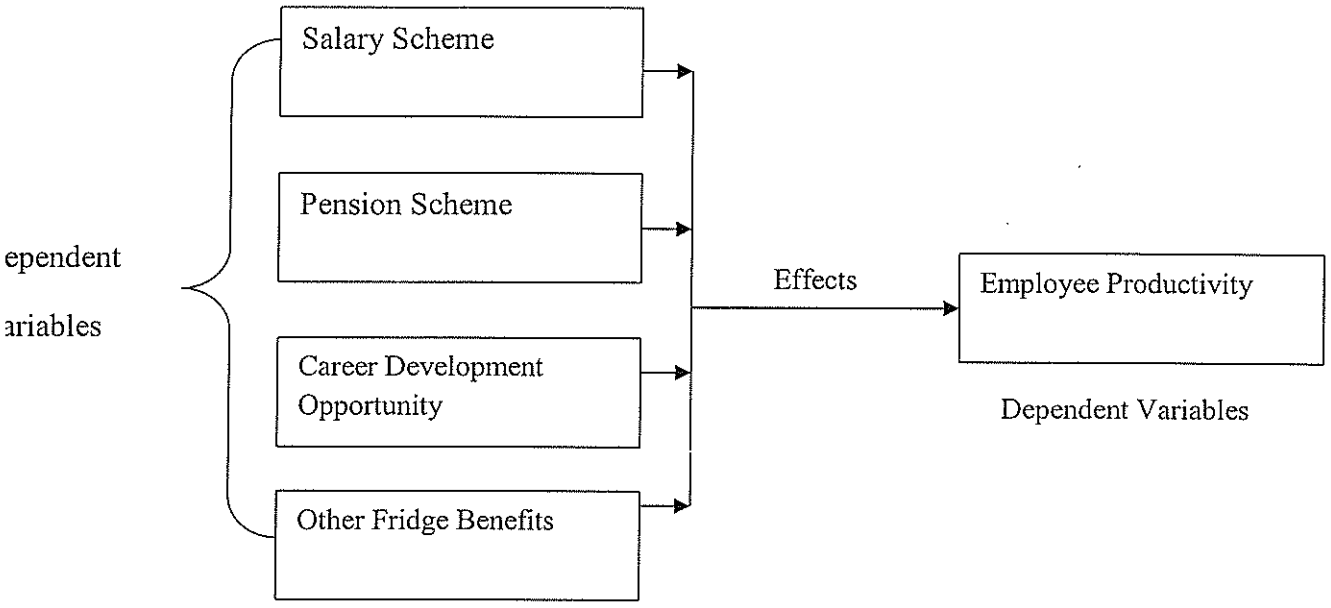
2.4 THE CONCEPTUAL FRAMEWORK

Salary scheme has been defined differently by different writers; however, research has been defined by writers who are;

According to Northcott (1960), salary or pay is a stimuli directed to awaken, maintain and strengthen the desire to attain a given end. Gillerman(1963) define salary as a motivator factor that is a catalyst for improved performance and productivity.

On the other hand Grunebery and Aborne(1982) concurred that salary is a payment linked to direct productivity. It can be given to an individual or a working group as a result of prior arrangements. They went further and said that the scheme is likely to have value only on certain conditions. That is the reward must be tailored and changed to suit specific conditions

Fig.1: Conceptual Framework



Source: Field Work

The model above shows that there exists a relationship between the salary scheme and employee productivity. That is, provision of good basic pay to the employees will enable them meet their basic needs and also to improve their living standards thus enabling them improve productivity level. Allowances and benefits also help employees meet certain needs that are not made available by the company. Therefore failure by the company to provide them will greatly affect employee productivity as there will be low productivity, high wastage, job dissatisfaction, low employee morale and higher labour turnover. Hence the company's top management should strive hard to ensure that a competitive salary package is given to employees so as to enhance the company's productivity level.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter focuses on the methodology of the study. The research therefore will present the research design, the target population, sampling design and size, data collection methods and data analysis techniques.

3.1 RESEARCH DESIGN

The researcher will use the descriptive research method the method is convenient and economical since it does not involve a lot of time and financial resources. The method is also anticipated to yield maximum information that will help in the achievement of the research objectives. The researcher will use data collection instruments such as questionnaires and interview schedules so as to collect relevant findings on the ground and also data collection procedure and data analysis methods which will help in analyzing the data so as to determine the current status of the salary systems used

3.2 TARGET POPULATION

The main aim of the study is to evaluate the effect of salary schemes on the employee productivity at Sony Sugar Company. The estimated population of the organization is 2000 employees consisting of permanent employees of 1350and temporary staff of 620.

The researcher will therefore sample 50 respondents to form the subject of the study. The sample will be drawn mainly from the human resources department, manufacturing department and the general administration using random sampling techniques.

Table 3.1: Interpretation of Target Population

Category	Target Population	Sample	Total
Permanent	1350	69	1419
Temporary	620	31	651
Total	2000	100	2070

Source: Field Work

3.3 SAMPLING DESIGN AND PROCEDURE

A random sampling will be used so as to obtain a representative sample of 100% from the target population. This method is more appropriate as it makes the sample free from any biasness as the respondents in the sample will be randomly selected hence efficiency is enhanced. More so systematic procedures will be put in place so as to enhance the degree of accuracy on the finite size of the respondents chosen from the entire population.

Table 3.2: Interpretation of Sampling Design and Sample Size

Category	Target Population	Sample	Percentage of Sample (%)
Permanent	1350	42	64.6
Temporary	620	23	35.4
Total	2000	65	100

Source: Field Work

3.4 DATA COLLECTION INSTRUMENT AND METHODS

The researcher will use different methods for collecting data in the study. They will include questionnaires as the main data collection instrument that was used in the study. The instrument was useful in the study because the target group was large and therefore was faster in response.

A set of questionnaire will be developed in order to gather information on the effect of salary schemes on employees' productivity at Sony Sugar Company. These questionnaires will also be sent to different categories of respondents with different backgrounds in terms of education level and experience. The questionnaire will consist of two parts, the first part that will consist of the background information of the respondents and the second part will consist of issues pertaining to the area of the study that is salary schemes and employee productivity. The research will choose this method because it saves time and human effort for collecting data. The researcher will pay great attention to the wording of the questions since reliable and meaningful returns depend on wording to a large extent, since words are likely to affect responses of the respondents in order to give unbiased picture of the true status of the affairs.

The researcher will conduct face to face interview with the heads of department and their supervisors mainly from the human resources department and general administration department. This will be done in order to verify some of the data that has will be collected

through the questionnaires. This method will help the researcher in obtaining more detailed information as well as seeking clarification in areas where the information given will be insufficient or unclear thus enhances quick feedback.

3.5 DATA ANALYSIS TECHNIQUES AND PRESENTATION METHOD

The data obtained will be analyzed, simplified, interpreted and presented using continuous prose, tables, bar graphs, histograms, pie charts and percentage

Continuous Prose -The researcher will use these methods to present the information about the effect of salary scheme on employee productivity. The researcher will also collect employees' views concerning salary schemes using this method.

Bar graphs -In presenting data, the researcher will use bar graphs to present the age distribution of employees in the organization.

Pie chart -The pie chart will assist the researcher in analyzing and presenting more clearly the views of employees concerning the provision of the salary schemes so as to analyze the employees who favour the system and those who are against it.

Tables -Information or data will be analyzed using tables so as to bring comparison. The method will also help the researcher in analyzing the effect of salary schemes on employee performance.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

After the research has collected the data from the field', the next stage was analysis and interpretation of the data. The analysis was done in accordance with the research objective and variable of the study.

The variables under study were the salary scheme, pension scheme, career development opportunities, fridge benefits annualized salary scheme, bonus, holidays and allowance as the motivation factor for the improvement in employees productivity.

The researcher employed various tools to analyze the data collected employed various tools to analyze the data collected including but not limited to frequency distributions tables, simple bar graphs, pie charts and percentages.

A descriptive analysis has also been given to enable easy understanding of the information given by various respondents.

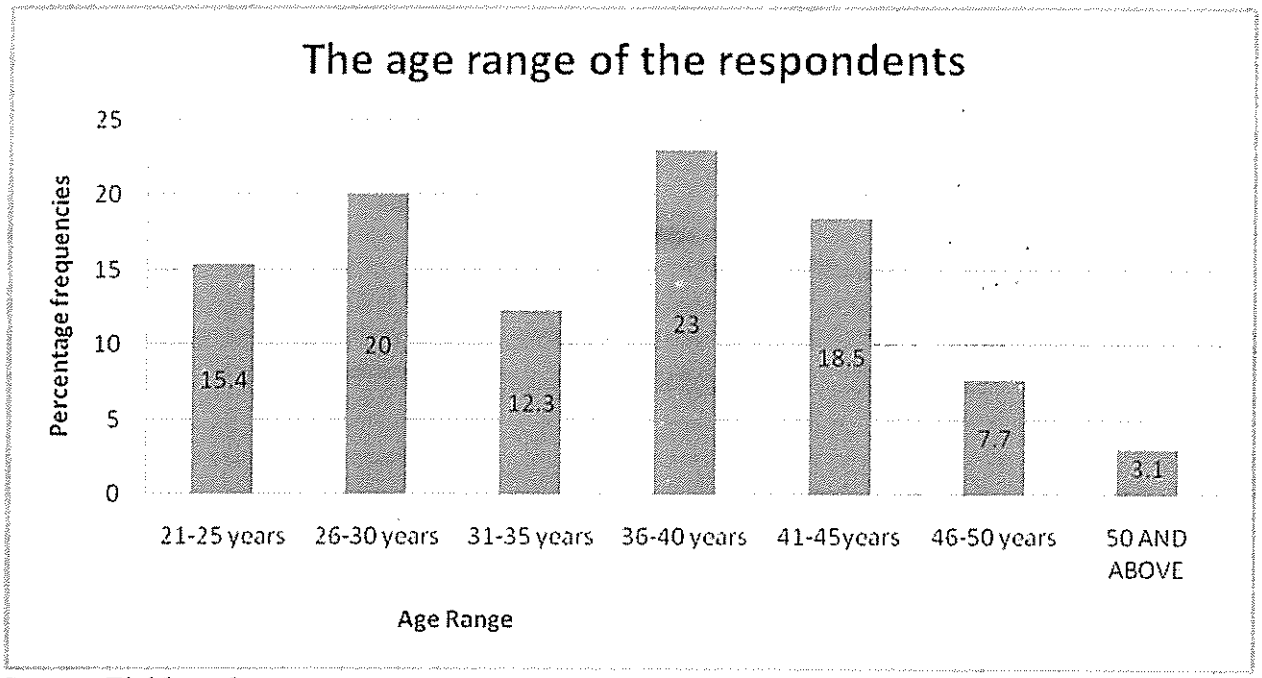
4.2 BACKGROUND INFORMATION.

To investigate the ages of the workers, the results were presented in table 4.1.

Table 4.1 Showing Ages of the respondents

Age-range	**Frequency**	**Percentage**
21-25	10	15.4%
26-30	13	20%
31-35	8	12.3%
36-40	15	23%
41-45	12	18.5%
46-50	5	7.7%
50 and above	2	3.1%
Total	**65**	**100%**

Fig. 4.1: A bar graph showing the age range of the respondents



Source: Field work

The ages were necessary to as certain the age distribution among the respondents to as certain which age level was mostly influenced by the welfare scheme in the company. Respondents between the ages of 36-40 (23%) were mostly influenced by the scheme.

To determine the marital status of the employees the analysis were indicated in table 4.2

Table 4.2 Marital statuses

Marital status	**Frequency**	**Percentage**
Married	27	41.5%
Divorced	11	16.9%
Widowed	9	13.9%
Single	18	27.7%
Total	**65**	**100%**

Source: Field Work

This was intended to as certain the marital status of the respondents and determine how it affected the economic conditions of the workers based on the welfare scheme of the company.

Majority of the respondent were married (41.5%) while only 27.7% were single.

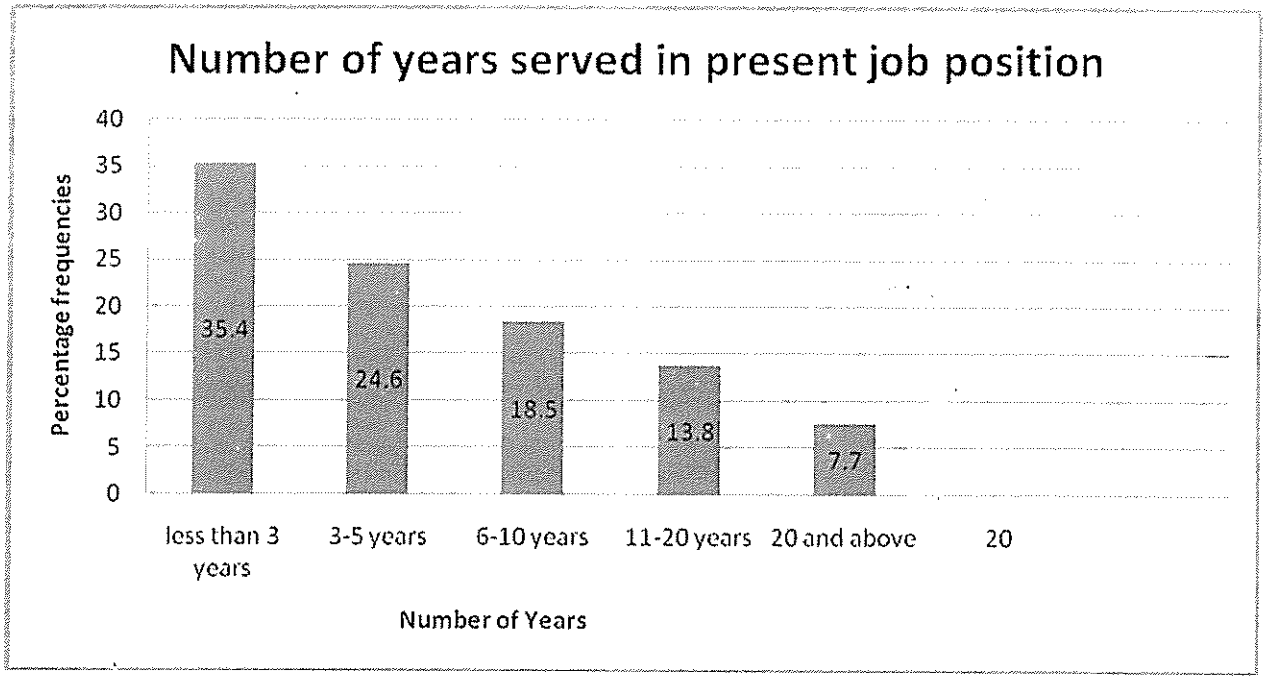
To investigate the number of years serving in the present job position by the respondent,

Table 4.3 shows the number of years in the present job position.

No. of years in present job position	Frequency	Percentage
Less than 3years	23	35.4%
3-5 years	16	24.6%
6-10 years	12	18.5%
11-20 years	9	13.8%
20 and Above	5	7.7%
Total	**65**	**100%**

Source: Field Work

Fig. 4.2: Bar chart showing number of years in present job position



Source: Field Work

From the above findings, it can be deduced that large numbers of employees in the present job positions are in the first two years (35.4%) while in the subsequent years their numbers decrease.

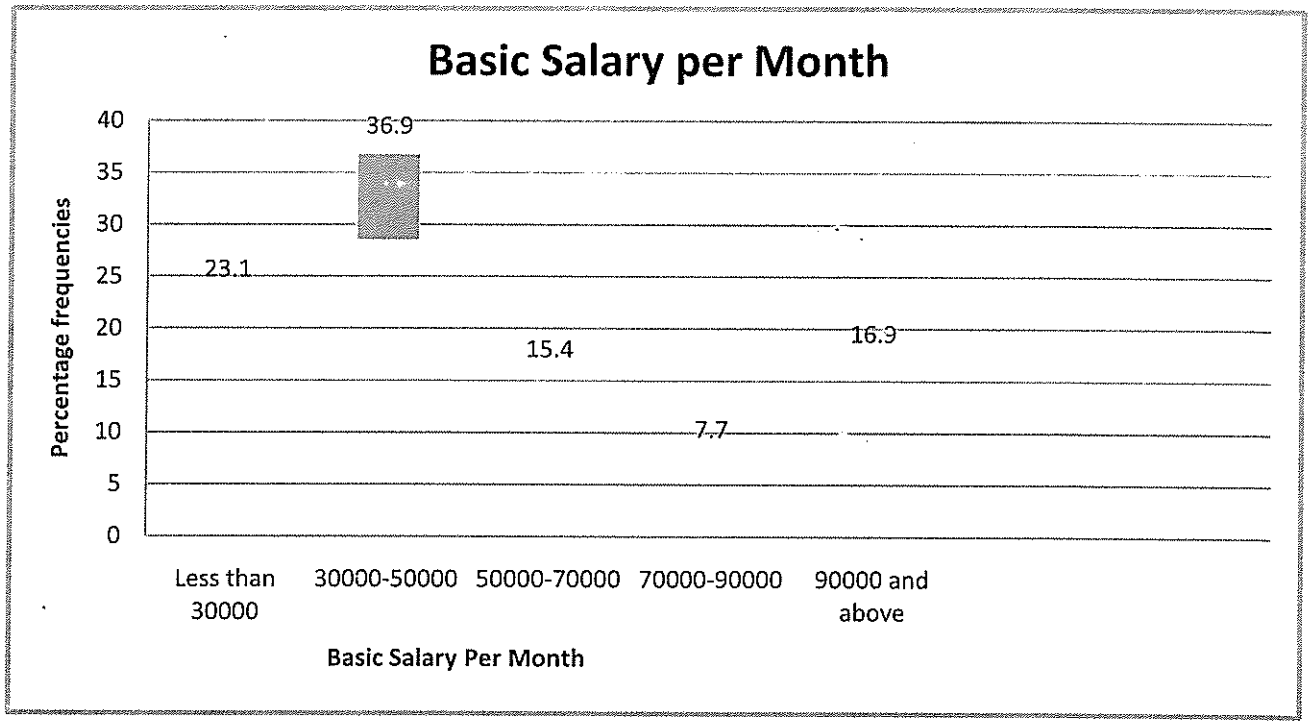
To investigate the basic salary per month by the respondents, Table 4.4 shows the findings

Table 4.4: Shows basic salary per month.

Basic salary	Frequency	Percentage
Less than 30,000	15	23.1%
30,000-50,000	24	36.9%
50,000- 70,000	10	15.4%
70,000 – 90,000	5	7.7%
90,000 and above	11	16.9%
Total	**65**	**100%**

Source: Field Work

Figure 4.3: Bar graph showing basic salary of the employees per month



Source: Field Work

From the above findings it can be deduced that majority of the employees lies between the salary scales of sh. 30,000- sh. 50,000 (36.9%). The few can be between 70,000- 100,000 (7.7%). However, those earning above sh. 100,000 are the 11 Board Directors of the company.

4.3 SALARY SCHEME

The first variable of the study was the salary schemes. This variable was intended to determine whether the scheme is very good, good, fair, poor for employees. Several questions were administered to measure the variable.

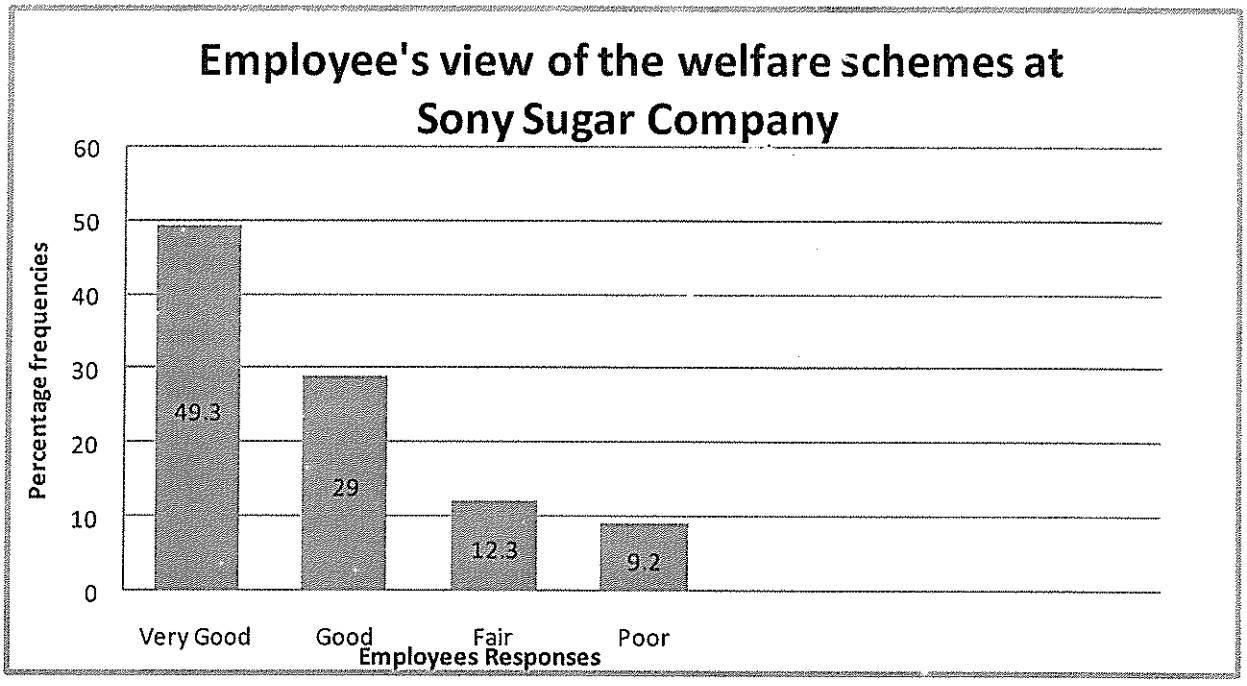
In determine whether the respondent factor the scheme or not, the results is analyzed in the bar graph below.

Table 4.5: A bar graph showing the employees view of the view of schemes

Response	Frequency	Percentage
Very good	32	49.3%
Good	19	29%
Fair	8	12.3%
Poor	6	9.2%
Total	**65**	**100%**

Source: Field Work

Fig. 4.4: A Bar Graph Showing, employees' view of the welfare schemes



Source: Field Work

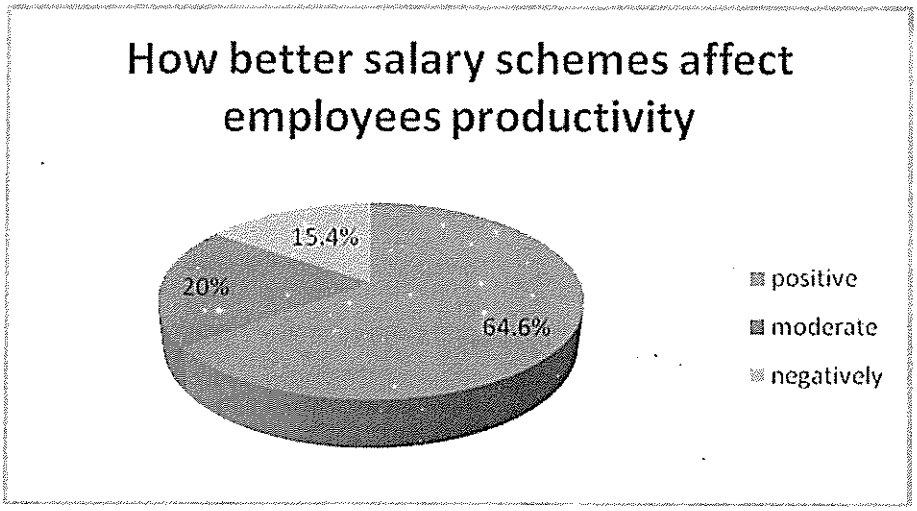
According to the findings from the above figure, majority of the respondent interviewed were the views of the salary scheme being very favorable. Only about 5 individuals view the scheme to be poor. These findings confirm that the company is at a better position in terms of employee's welfare.

Table 4.6: Shows how better salary scheme affect employees productivity

Response	**Frequency**	**Percentage %**
Positively	42	64.6
Moderate	10	15.4
Negatively	13	20.0
Total	**65**	**100%**

Source: Field Work

Figure 4.5: A pie chart showing how better salary schemes affect employees productivity.



Source: Field Work

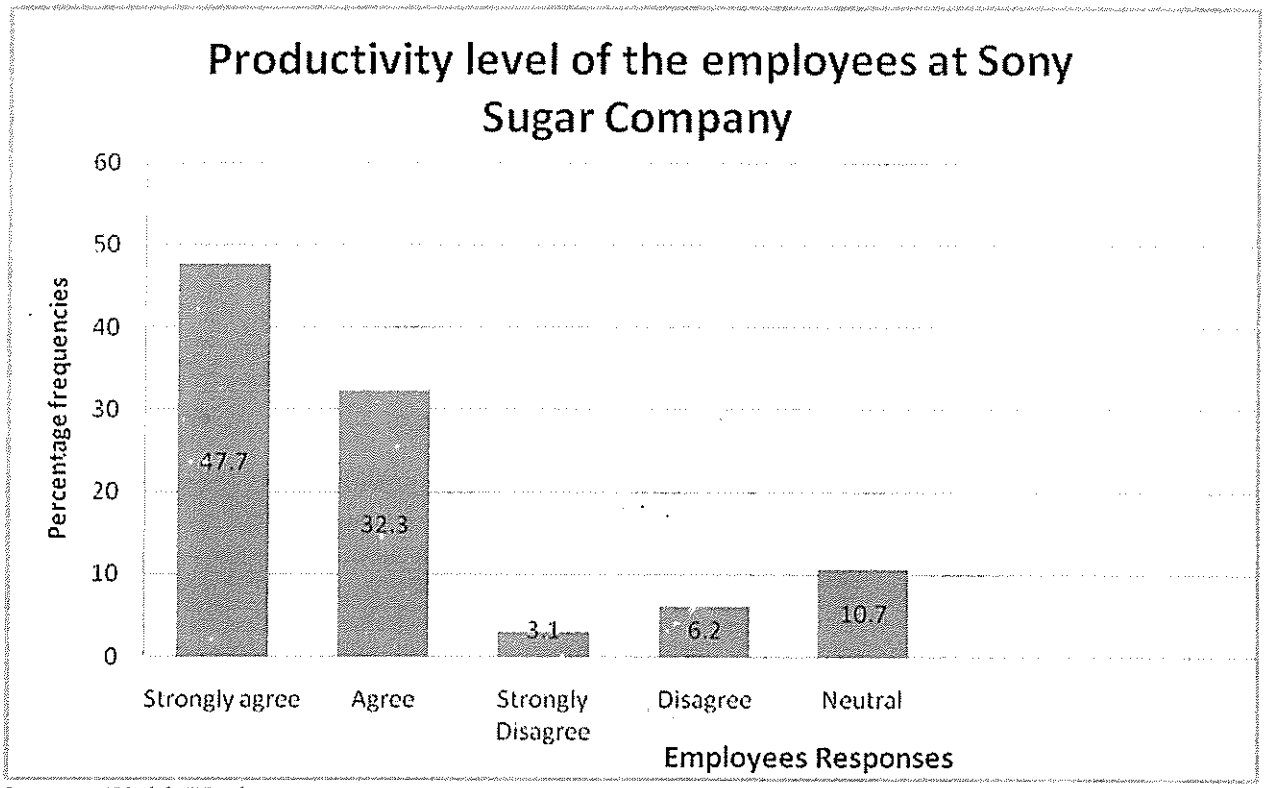
The finding above indicates that the scheme has positive productivity level on the employees.

Table 4.7: Shows productivity level of the employees.

Response	Frequency	Percentage
Excellent	5	7.7
Very good	24	36.9
Good	20	30.8
Fair	13	20.0
Poor	3	4.6
Total	**65**	**100%**

Source: Field Work

Figure 4.6: Bar graph showing productivity levels of the employees



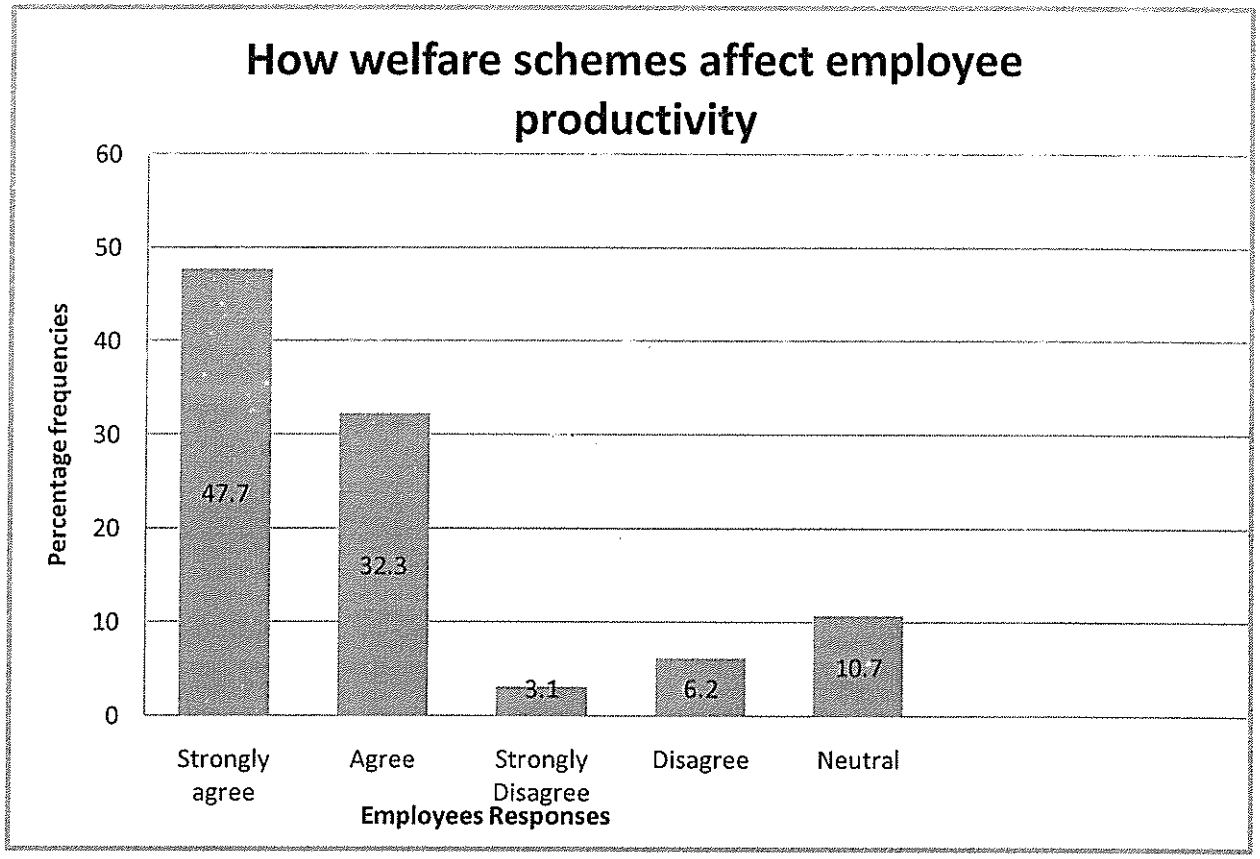
Source: Field Work

Table 4.8: Shows how welfare schemes affect employee productivity.

Response	Frequency	Percentage
Strongly agree	31	47.7
Agree	21	32.3
Strongly disagree	2	3.1
Disagree	4	6.2
Neutral	7	10.7
Total	**65**	**100%**

Source: Field Work

Figure 4.7: A bar graph showing the extent that salary schemes affect employee performance



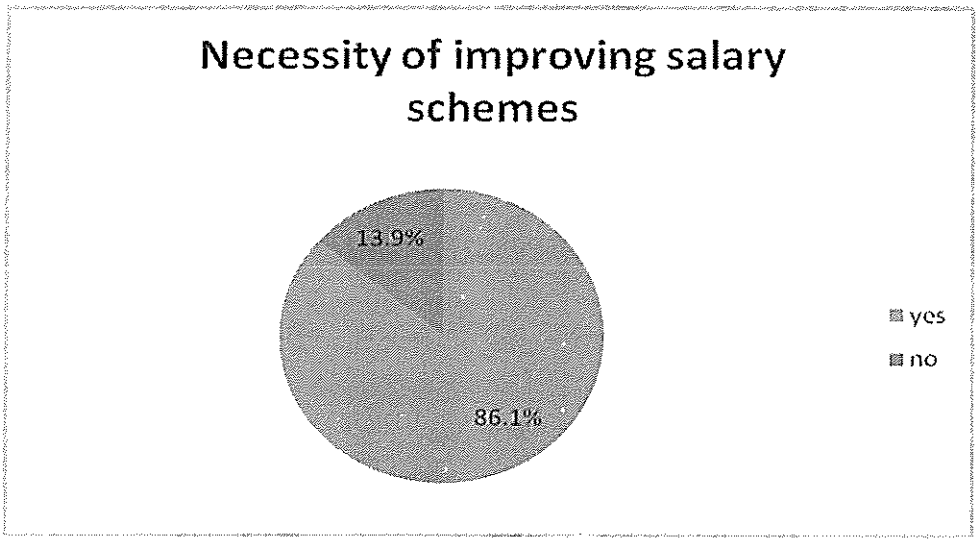
Source: Field Work

Table 4.9: Shows necessity of improving salary schemes.

Response	Frequency	Percentage
Yes	56	86.1
No	9	13.9
Total	65	100%

Source: Field Work

Figure 4.8: A pie chart showing necessity of improving salary schemes.



Source: Field Work

Table 5.0: Shows employees' satisfaction level as regards to rewards system of the company.

Response	Frequency	Percentage
Satisfied	28	43.1
Unsatisfied	18	27.7
Not sure	19	29.2
Total	65	100%

Figure 4.9: A pie chart showing employees level of satisfaction as regards to reward system of the company.



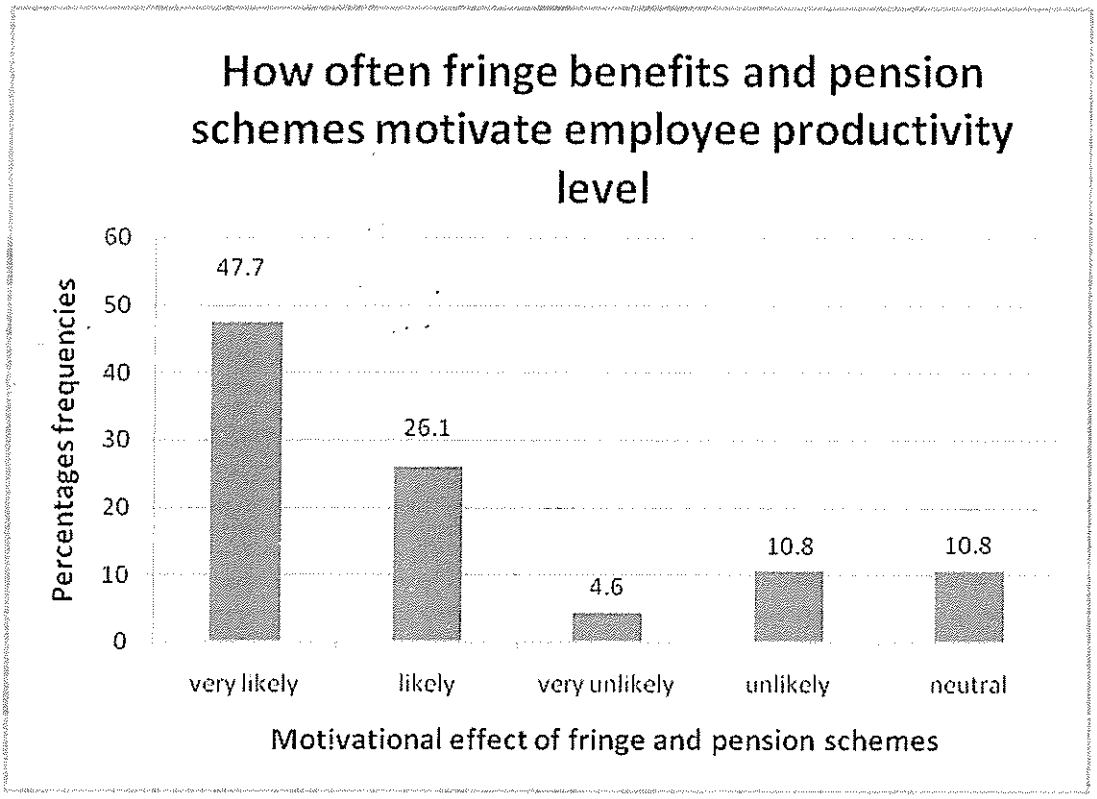
Source: Field Work

Table 5.1: Shows how often fringe benefits and pension schemes motivate employee's productivity level.

Response	**Frequency**	**Percentage**
Very likely	31	47.7
Likely	17	26.1
Very unlikely	3	4.6
Unlikely	7	10.8
Neutral	7	10.8
Totals	**65**	**100%**

Source: Field Work

Figure 5.0: Bar chart showing, how often fringe benefits and pension schemes motivate employee productivity level.



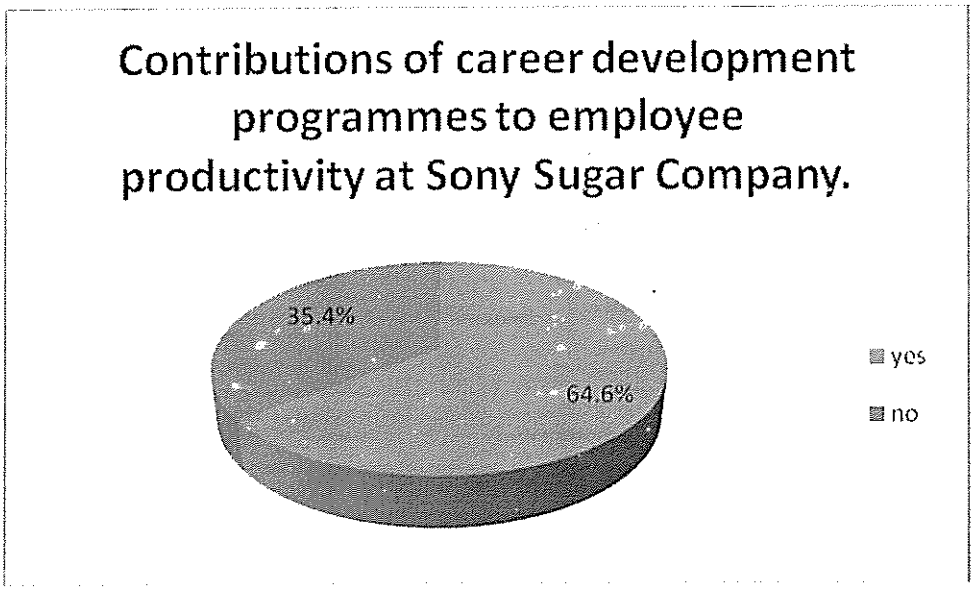
Source: Field Work

Table 5.2: Show contributions of career development programmes to employee productivity

Response	**Frequency**	**Percentage**
Yes	42	64.6
No	23	35.4
Total	**65**	**100%**

Source: Field Work

Figure 5.1: Pie chart showing contributions of career development programmes to employee productivity



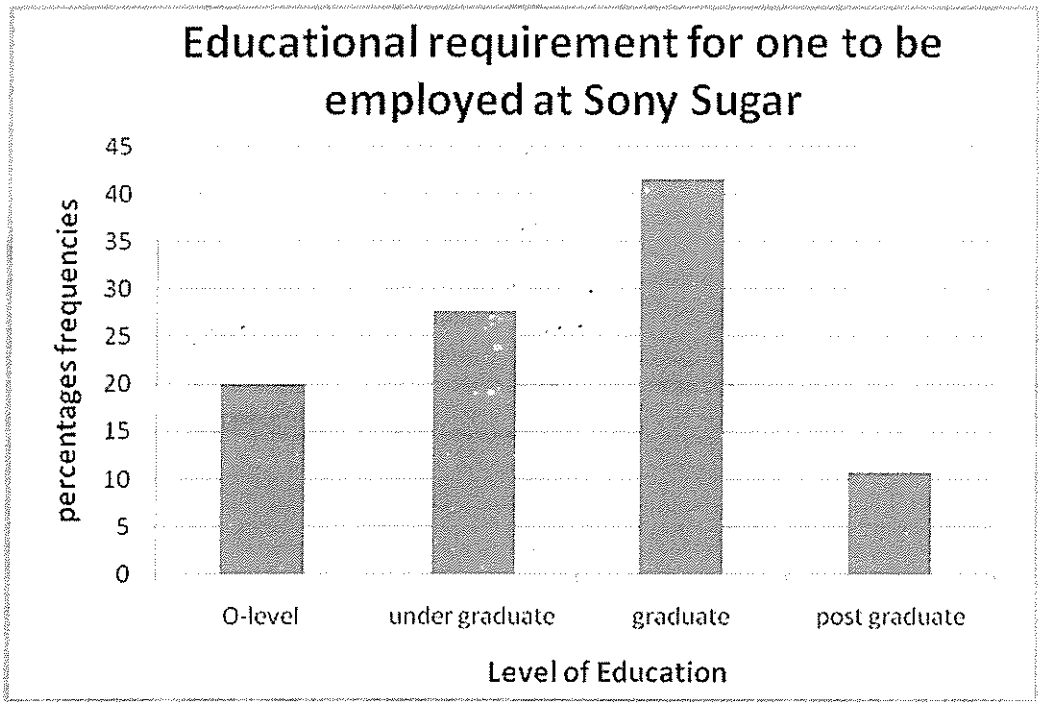
Source: Field Work

Table 5.3: Shows educational requirements for one to be employed in Sony Sugar Company

Response	**Frequency**	**Percentage**
O -level	13	20.0
Under graduate	18	27.7
Graduate	2.7	41.5
Post graduate	7	10.8
Totals	**65**	**100%**

Source: Field Work

Fig 5.2: Bar graph showing educational requirements for one to be employed in Sony sugar company.



Source: Field Work

CHAPTER FIVE

5.1 SUMMARY AND CONCLUSION

The study investigated effects of welfare scheme on employees' productivity in Sony Sugar Company. The variables of the study were salary scheme, pension scheme, career development programmes, bonus pay, overtime pay and other allowance.

Chapter one comprises background information, problem statement, hypotheses, scope and limitations and justification of the study among others. This information is important for providing the introduction to the problem understudy. It also provides the objectives and justifications of the study.

Chapter two involves review of related literature materials and throws more light on the problem under study. Various theories have been used to explain the variables of the study for example theory x and y by Mccgrager.

Survey design was used in collecting the data for the study. Various sampling techniques were employed to obtain information and the researcher sampled sixty five respondents out of a population of hundred.

The researcher used frequency distribution tables, percentages, pie charts and bar graphs to present and analyses the findings. The researcher selected the site of the study conveniently considering time and resources available.

The following conclusions were drawn from the findings:

Few employees got basic salary ranging from Ksh 50,000 and above while large number of the workers (36.9%) got less than Ksh 50,000. Majority of the respondents suggested that their basic pay given was not enough. This indicated that the company generally gives smaller amounts of basic pay to employee.

On the ways of overcoming the financial constraints are through devising effective and efficient salary scheme. 49.3% of the respondents suggested that the scheme is very good hence better motivation for the employees to be more productivity. These include issues of adequate bonuses and other benefits in terms of allowances and other benefits.

To investigate whether the fridge benefits and pension scheme motivate the employees to be more productive, majority (47.7%) of the respondents were for the view of it been very likely.

Only (4.6%) sees it as been very unlikely. The results showed increased production level, better performance and the company's reputation.

Findings of the study showed that majority of the respondents were Graduate. This is shown by 41.5% while only 10.8% of the respondents from the sample are postgraduate. This indicates that the company favours or requires employee with high knowledge and skills. This will enable the company's performance to boost.

The findings shows that the career development programmes that the company offers to employees usually boost their productivity level. This is shown by majority (64.6%) response that proposed the idea. This usually builds the employees morale toward the company hence will enable them to give back.

To investigate whether the welfare scheme of the employees in the company is a better position, majority of the respondent (47.7%) agreed strongly. This showed that company's is at a better position in terms of production.

5.2 ANALYSIS FROM HUMAN RESOURCE DEPARTMENT

Compensation may be defined as money received for the performance of work plus many kinds of benefits and services that organizations provide their employee.

Compensation is recompense, reward, wage or salary given by an organization to persons or a group of persons in return to a work done, services rendered, or a contribution made towards the accomplishment of organizational goals. Wage, dearness allowance, bonus and other allowance are examples of monetary compensation, while good accommodation, children education, transport facilities, subsidized ration of essential commodities, etc. come under non-monetary compensation. In short, wage paid to collar workers or salaries paid to white collar employee can be classified as compensation.

A good compensation package is a good motivator. Hence, the primary responsibility of the HR manager is to ensure that the company's employees are well paid.

OBJECTIVES OF COMPENSATION:

To attract capable applicants: To retain current employee so that they don't quit. The employee is motivated for better performance:

- Reward desired behavior.
- To ensure equity.
- To control cost.
- Facilitate easy understanding by all i.e. employee operating manager and Human Resource personnel

BASIC COMPENSATION

WAGE:

The remuneration paid, for the service of labour in production, periodically to an employee/ worker. Wages means any economic compensation paid by the employer under some contract to his workers for the services rendered by them. Usually refer to the hourly rate paid to such groups as production and maintenance employees' wages include family allowance, relief, pay, financial support etc.

SALARY:

Salary is influenced by the size of a company by the specific industry, and in part by the contribution of the incumbent to the process of decision-making. Salary refers to the weekly or monthly rates paid to clerical, administrative and professional employees. Salary is determined by mutual agreement between the individual and the employer.

INCENTIVE:

An incentive scheme is a plan or programs to motivate industries or group performance. An incentive program is most frequently built on monetary, but may also include a variety of non-monetary rewards or prizes.

DETERMINATS

The effective use of incentives depends on three variables. They are:

1. The individual.
2. The work situation.
3. The incentive plan.

Factors influencing compensation:

1. Organization's capacity to pay
2. Prevailing pay and benefits in the industry:
3. Compensation in the industry and availability of special competent personnel
4. Flexibility, i.e. kind of competencies and abilities in managers:
5. Performance/productivity/responsibilities of individual.
6. Organization philosophy such as to be leader or pay prevailing rates.
7. Qualifications and relevant experience.
8. Stability of employment and advancement opportunities.

"Compensation literally means to counterbalance to offset, and to make up for. It implies an exchange. Compensation translates into different meaning among countries and even overtime."

Employees:

Employee may see compensation as an exchange of service rendered or as a reward for a job well done. Compensation to some reflects the value for their personal skills and abilities, or the return for the education training they have acquired. The pay individual receive for the work they perform is usually the major source of personal income and financial security and hence a vital determinants of an individual economic and social well being.

Managers:

Managers also have a stake in compensation: it directly influences their success in two ways. First it is a major expense competitive pressure both internationally and domestically, forces managers to consider the affordability of their compensation decisions. Studies show that many

enterprises labor costs account for more than 50% of total costs. Among some industries, such as service or public employment, this figure is even higher.

In addition to treating pay as an expense, a manager also treats compensation as a possible influence on employee work attitude and behavior and their organization performance. The way the people are paid affects the quality of their work, their focus on customer needs, and their willingness to be flexible and learn new skills, to suggest innovation and improvement, and even their interest in union or legal action against their employer.

FORMS OF PAY

Total compensation includes pay received directly as cash (e.g., base wage, merit increases, incentives, and cost of living adjustment) or indirectly through benefits and services (e.g., pensions, health insurance, paid time off). Programs that distribute compensation to employees can be designed in an unlimited number of ways, and a single employer typically uses more than one program. The major categories of compensation include base wage, merit pay, short and long term incentives, and employee benefits and services.

Base wage

Base wage is the basic cash compensation that an employer pays for the work performed. Base wage tends to reflect the value of the work or skills and generally ignores difference attributable to individual employees. Some pay systems set base wage as a function of the skill or education an employee possesses; this is common for engineers and scientists. Periodic adjustments to base wages may be made on the basis of change in the overall cost of living or inflation, changes in what other employers are paying for the same work, or changes in experience/ performance/ skills of employees.

Incentives

Incentives also tie pay directly to performance. Sometimes referred to as variable compensation, incentives may be long or short term, and can be tied to the performance of an individual employee, a team of employees, combination of individuals, team of employees, a total business unit, or some combination of individuals, teamed unit. Performance objectives may be defined as cost savings, volume produced, quality standards met, revenues, return on investments or increased profits; the possibilities are endless.

Long-term incentives are intended to focus employee efforts on multi year result. Top managers or professionals are often offered stock ownership or bonuses to focus on long-term organizational objectives such return on investments, market share, return on net assets and the like. Coca-Cola grants shares of stock to selected "key contributors" who make outstanding contribution to the firm's success. Microsoft, Pepsi, Wal Mart and Proctor & Gamble offer stock options to all their employees. These companies believe that having a stake in the company supports a culture of ownership. Employees will behave like owners.

Incentives and merit pay differs. Although both may influence performance, incentives do so by offering pay to influence future behavior. Merit on the other hand, recognizes outstanding past performance. The distinction is a matter of timing. Incentives systems are offered prior to the actual performance; merit pay on the other hand, typically is not communicated beforehand.

BENEFITS & SERVICES

The fringe benefit systems purported to develop a climate for healthy employer-employee relationship, minimize excessive labor turnover costs and provide a feeling of individual security against hazards and problems of life with a view to eventually enhancing employee loyalty to the company and improving productivity.

In addition, other facilities enjoyed by the workers include medical and health care, restaurants, cooperative credit societies and consumer stores, company housing, house rent allowance. Recreational and cultural services, clubs, cash assistance. Some employers also provide education, transport facilities and conveyance allowance.

5.3 CONCLUSION

HRM strives to achieve organizational goals and the goals of employees through effective personnel programs policies and procedures. Successful performances of the personnel function can greatly enhance the bottom line of any organization. The personnel practitioners however are challenged more today than at any time in the history by a changing and more demanding labor force that has high expectation about the work place. At the same time, rapidly advancing technologies and outside influences are changing the nature of our jobs. It is thus more critical and more difficult to maintain a work environment that motivates and satisfies Human Resources.

5.4 RECOMMENDATIONS

The twin factors of economic downturn and high unemployment can seem on the surface to indicate an employer's market when it comes to either reviewing employee's productivity or picking and choosing new applicants from the filled-to-bursting pool of unemployed workers. With an abundance of talent to choose from, companies can choose to set higher qualifications for their applicants, or consider raising productivity levels for the existing team, knowing the candidate pool today is inexhaustible. Yet, every company - regardless of the team it has in place - has to keep its eyes firmly focused on productivity. Borrowing a baseball analogy: a good manager must use a variety of methods to put his players in a position to win.

1. Communicate - Listen - Instill Trust

Sometimes the communication flow in a business is a one-way street, coming only from the direction of the employer-owner-supervisor. Make it possible for your employees to feel like they have a say in the way things are done. Let them know their input (if constructive) will not put them in a bad light or jeopardize their job. Whether it's the warehouse floor, the assembly line or the office cubicles, your employees know how production can really improve - if the company culture allows them to communicate it. But in order for that to happen, the employees must trust that their suggestions will carry weight and will be welcomed.

2. Incentives / Rewards

Programs that set realistic yet positive benchmarks for above-average production give employees a standard in mind that will keep them geared toward productive activity. The reward for overall production can be shared with everyone and can build team unity. Individual recognition can stimulant healthy competition in sales; in production jobs, employees know their efforts can bring them more than just a paycheck - maybe it could mean a promotion or a bonus as well.

3. Give Them the Tools

Sometimes an employee will be slowed by the tools he's been given. Whether it's an older computer or an inefficient order system, it's important that the employee isn't constantly compensating for a lack of modernity or efficiency when it comes to the daily (or hourly) duties of their job. Ask them if they have what they need to do the job and do they understand what is being asked of them. Maybe the answers will surprise you.

4. Give Them the Training

Consistently good output is a result of good training and the application of that training to the day-to-day activity. Is your training specific to each position or do you employ a one-size-fits-all approach to training new employees? Or if you delegate the training of new employees, does the company trainer or supervisor completely understand each position's duties and responsibilities? Do you use a manual? Is it updated regularly? Have your long-term employees fallen into non-productive habits? Reviewing policies and procedures regularly will keep production methods and skills fresh and top-of-mind. Training doesn't have to be dull, either. Keep it light, make it fun, let the veterans contribute and watch the results improve.

5. Help Remove the Distractions

Employees spend 2/3 of the day away from the job. As in anyone's life, there will be times when personal problems arise and may create stress as well as carry an emotional toll. It's widely known in Small Business that employees that have problems *off* the job carry them *to* the job. One method to alleviate these distractions is to offer Voluntary Benefits to the employees in the way of a Legal Services Plan along with some kind of Identity Theft protection. Studies have shown that productivity increases when such benefit programs are in place. These two benefits in tandem can resolve many of the modern day issues that can affect anyone. They are relatively affordable and carry no expense whatsoever to the employer, unless he wishes to share in the premium costs with his employees.

The following recommendation with respect to incentives can be deduced:

(a) The application of incentives schemes has usually to be selected and restricted to industries and occupations where it is possible to measure on an agreed basis, the output of workers or a group of concerned workers and maintain a substantial amount of control over its quality.

(b) Incentive schemes have to embrace as many employees of an enterprise as possible and need not be limited only to operative or direct workers.

(c) A careful selection of occupations should be made for launching incentives scheme with the help of work-study teams commanding the confidence of both the employer and employees. The incentive scheme is required to be simple so that the workers are able to understand its full

implications. The employers need to ensure that external factors such as non-availability of raw material and components, transport difficulties and accumulation of stock do not exert an unfavorable impact on incentive schemes.
(d) Production has to be organized in such a way, which does not provide incentive wage on one day, and unemployment on the other day- there should be a provision of the fullback wage as a safeguard against it.

(e) According to Subramanian, there are several prerequisites to the effective installation and operation of payment system:

- ✓ It should be developed and introduced with the involvement of the workers concerned in a harmonious climate of industrial relations.
- ✓ Work-study precedes the installation of incentive programs.
- ✓ The wage structure should be rationalized on the basis of job evaluation before devising an incentive plan.
- ✓ The objective to be accomplished through incentives should be defined and accordingly, an attempt should be made to select a scheme, which is most suitable to accomplish them.

Motivational factors are always essential for the growth of an organization. Employee motivation instills confidence among employees and helps them handle any crisis situation with absolute ease. But then does motivation alone helps in employee retention? Is it possible to motivate employees to continue work without raising their pay? Let's explore 10 significant ways by which you can keep motivation strong without raising their pay:

Know and care about the concerns of your employees - Motivation deals with working on the benefits for betterment of employees and their concerns. Taking care to ensure their rights and working styles enables to foster better working relationships among the team members and promotes employee motivation.

Develop and communicate a compelling organizational vision - Having a focused vision is a key attribute of motivation. It creates and develops a strong bond for pursuing long term goals. Communication is another important facet of employee motivation and strengthens the ties between team members.

Address ineffective teamwork - Being responsive towards work will help you address issues that demoralize employee motivation. It is by acceptance of faults and modifying strategies, better standards can be achieved. An organizational behavior with effective working skills displays motivation as a higher role.

Be a role model for your organization - Donning the role of a superior model and showing the way for others makes the team look up to you for guidance and support. It also makes for a good example of employee motivation. It is highly beneficial from the organizational point of view for team members to idealize their mentors and to follow on their footsteps.

Communicate with everyone respectfully - Employee motivation employs effective use of communication. Every team member is a support to the organization and proper communication helps ease out things without any bitter feeling whatsoever. Motivation bridges barriers by settling disputes on a healthy ground.

Provide employees with the opportunity to be creative - Providing the needed ventilation for team members to be creative is a key aspect of employee motivation. Honing the skills and allowing them to pursue their thoughts brings out better solutions through motivation.

Invest in developing employees - New employees need to be trained and encouraged to strengthen the organization. Motivation often instills the fighting spirit in new comers to battle out strategies and renews ties with seniors. Employee motivation is about investing the future of an organization in secured hands.

Regularly recognize and reward effort and results -Employee motivation rewards the organization with huge benefits and employs better standards among team members. Appreciating hardworking people through motivation creates a better ambience for organizational growth.

Ensure fair compensation and rewards - Making efforts to reward hardworking people tremendously benefit the organization in the long run and that cannot be achieved without motivation. Moreover, motivating your employees will boost the confidence level of team members and will help them come up with valuable solutions at times of crisis.

Ensure each person understands their role well - Prioritizing key roles in an organization helps straighten the hurdles out of the way. Ensuring that the work is delivered on time and that it is nothing less than perfect can only be achieved through high motivation level.

REFERENCES

Armstrong (2000) **Strategic Human resource management**. A guide to action Kogan page limited, London

Barelson T, Steiner S (1985). How to find Out: Management and Productivity. Oxford: Pergamom Press Limited.

C.H Northcott (1960) Personnel management principles and practices. M.A PhD

Cohen AR, Fink SL, Gadon H, Willitts RD (1995). Effective Behaviour in Organizations: Cases, Concepts and Student Experiences. 6thEdition. USA: Irwin McGraw-Hill.

Cole G (1996). Management Theory and Practice. Berwick Upon Tweed: Martins the Printer Limited.

Cole G.A (1997) Personal management theory and practice. Martins the printers limited. London.

Cole G.A(1995) Organizational behavior, Ashford Colour Press. London.

Coventry, W.F. and Barker, J.K. (1988). Management. International Edition: Heinemann Professional Publishing.

Cowling A, Mailer C (1992). Managing Human Resources. 2nd Edition. London: Edward Arnold.

Curwen PJ (1974). Managerial Economics. Great Britain: Mac. Pub. Gannon MJ (1979). Organizational Behaviour: A Managerial and Organizational Perspective. USA: Little, Brown and Company Limited.

Dezzler Garry(1997) Human Resource management. Prentice Hall. New Jersey

DonHoley, Gibson and Ivance Vich (1995) Fundamentals of management. USA

Gray JL, Starke FA (1988). Organizational Behaviour: Concepts and Applications. 3rd Edition. Columbia, Ohio: Merrill Pub. Company.

Ibbetson JFR, Whitmore DA (1977). The Management of Motivation and Remuneration. London: Business Books.

Kohn M, Schooler C (1969). 'Class Occupation and Orientation'. Am. Sociol. Rev., 346: 659 678. Lawler E (1971). Pay and Organizational Effectiveness. New York: McGraw-Hill Pub.

Mckersie RB, Hunter LC (1973).

Mitchell TR (1978). People in Organizations: Understanding their Behaviour. USA: McGraw-Hill Incorporated.

Nzuve S.N.M(1997) Management of Human Resources. Kenya Perspective Tech and Pro Associate Publishers.

Owusu-Acheaw M (2010). 'Staff Development and Employee Welfare Practices and their Effect on Productivity in Three Special Libraries in Ghana'. Assessed Online on 14 May, 2010

Patterson M, Warr P, West M (2004). Organizational Climate and Company Production: The Role of Employee Affect and Employee Level. London:

Sanderson M (1989). Pay, Productivity and Collective Bargaining. London: Macmillan St Martins Press.

SAUL N. Gellerman (1963) motivation and productivity. America management

Singh RK (2009).Welfare Measures and its impact on Manpower Productivity. Assessed Online on April 11, 2009.

Trevor J. Bently (1984) The management services, handbook Holt, Rinehart and Wilson Limited.

APPENDIX I

TRANSMITTAL LETTER

KAMPALA INTERIONATIONAL UNIVERSITY

SCHOOL OF BUSINESS & MANAGEMENT

DEPARTMENT OF HUMAN RESOURCE

Dear sir/madam

Questionnaire for employees at Sony Sugar Company

I am conducting a study on effect of welfare schemes on employees' productivity within Sony Sugar Company of Rongo District, Nyanza Province. The following questionnaire has been prepared in order for you as an employee/employer to give your opinion on the issues that have been raised.

Your honest and frank answers to the following questions will help me to understand the extent to which employees are being productive in their jobs and how the welfare schemes affect their productivity. Please know that there will be no financial assistance or other immediate rewards for answering this questionnaire, however, the out come this study will definitely contributes in providing useful information on effects of welfare schemes on employees' productivity in Sony Sugar Company.

Be assured that your answers will be treated with utmost confidentiality. Do not therefore write your name or the name of your department anywhere on this questionnaire. This questionnaire is divided into two parts, 1 and 2. Please kindly answer all questions in all sections and do not leave any section blank.

Thank you for taking part in this important exercise and May God bless you abundantly.

Yours faithfully,

Farah abdirahman Mohamed

APPENDIX II

QUESTIONNAIRE

PART ONE: BACKGROUND INFORMATION OF THE RESPONDENTS

INSTRUCTIONS: PLEASE TICK AS APPROPRIATE.

1. Which of the following groups in include your age?

21-25 ☐

26-30 ☐

31-35 ☐

40-45 ☐

50 and above ☐

2. What is the educational requirement for your job?

O-level ☐

Non-Graduate ☐

Graduate ☐

Post Graduate ☐

3. State your marital status

Single ☐

Married ☐

Divorced ☐

Widow ☐

Widower ☐

4. State your sex

   Male ☐

   Female ☐

5. State your job title?

   Department manager ☐

   Supervisor ☐

   Senior clerk ☐

   Subordinate ☐

6. State your department of work?

   Manufacturing department ☐

   Human Resource department ☐

   General administration department ☐

   Other- Specify .....

7. For how long are you serving in the present job position?

   Up to 2 years ☐

   3-5 years ☐

   6-10 years ☐

   11-20 years ☐

   20 onwards ☐

8. What is your basic salary per month?

Less than 30000 ☐

30000-50000 ☐

20000-25000 ☐

50000-70000 ☐

90000-and above ☐

9. What level of experience is needed to perform your job?

None ☐

Less than a year ☐

More than two years ☐

More than 5 years ☐

Others Specify.....

5. If it is positive, how is the productivity level?

Excellent ☐

Very good ☐

Good ☐

Fair ☐

Poor ☐

6. How often do fringe benefits and pension scheme motivate employee's productivity in your company?

Very likely ☐

Likely ☐

Very unlikely ☐

Unlikely ☐

Neutral ☐

7. Do you think salary scheme affect productivity level of your company? Please specify

.....

.....

.....

8. State the indicators of good employee productivity

.....

.....

.....