



**THE CONTRIBUTION OF FINANCIAL REWARDS TOWARDS EMPLOYEE  
PRODUCTIVITY AT STANBIC BANK UGANDA LTD  
A CASE OF NAKASERO BRANCH**

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## **DECLARATION**

I, Gloria Namutebi, declare that this work is my own and has not been submitted to any University or any institution of higher learning for any award. Where other people's work has been used, acknowledgement has been made to avoid plagiarism and upheld ethical research standards.

*Gloria Namutebi*

**Signature**\_\_\_\_\_

**Date**\_\_\_\_\_

## APPROVAL

This research by Gloria Namutebi has been prepared under my supervision and is now ready for submission and defence of her proposal with my approval.

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**Mr. Mwesigwa Byakutaaga**

## **DEDICATION**

I dedicate this research work to my parents Mr and Mrs Mubiru who have sacrificed everything to the last atom of their strength to make sure I stay in school. I am forever grateful for your endless support, love and inspiration.

***May God Reward You Abundantly!***

## **ACKNOWLEDGEMENTS**

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***‘May God Bless You Abundantly’***

## **LIST OF ACRONYMS**

<b>EFTs</b>	Electronic Funds Transfers
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Management
<b>OECD</b>	Organization of Economic Cooperation and Development
<b>RTGS</b>	Real Time Gross Settlement
<b>SBU</b>	Stanbic Bank Uganda
<b>TAFEP</b>	Tripartite Alliance for Fair Employment Practices

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## ABSTRACT

The purpose of this study was to investigate the contribution of financial rewards towards employee productivity in commercial banks with specific focus on Stanbic Bank Uganda. The study was guided by the following objectives; to establish the relationship between direct financial rewards and employee productivity; and to assess the impact of indirect financial rewards on employee productivity. The theory that informed the study was the Herzberg, (1959) theory of motivation. In addition, the study was conducted using a descriptive cross sectional survey design. A sample of 113 respondents was chosen from a population of 178 to act as a representative sample. On the basis of sampling techniques, the study employed purposive and simple random sampling techniques. The research methods used in this study were questionnaire and interviewing and complimented by documentary review. On the basis of findings, it was found that there was a positive relationship between direct financial rewards and employee productivity Pearson's correlations coefficient ( $r = .722$ ,  $p < .01$ ). In addition, on the basis of the second study objective, there is a weak but positive relationship between indirect financial and employee productivity given the Pearson's correlations coefficient ( $r = .404$ ,  $p < .01$ ). Using multiple regression direct financial rewards predicted more employee productivity at 29% than indirect financial rewards 4.7%. The study recommended that; indirect financial rewards should be intensified since it had the lowest predictor value of 4.7% using the multiple regression analysis. This study recommends that more emphasis should put on enhancing indirect financial rewards to so its relationship with employee productivity is strong. SBU should put in place medical schemes or benefits since the Health of the workforce is intricately connected to the productivity of the personnel and the health of the nation's economy. Housing allowance/facilitation in not given as per the findings of the study, therefore, the Bank should mainstream housing allowance to all employees other than top management. The Banks should systematically phase out trainings that are cost shared since employees perceive them as expenses that erode their salaries.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

This study is about the contribution of financial rewards towards employee productivity of Stanbic Bank Uganda Ltd. It analyses the historical, theoretical, conceptual and contextual background, statement of the problem, research objective, research questions, hypothesis, and scope of the study and a conceptual framework.

#### **1.2.1 Background to the Study**

This sub section presents the historical background-That discusses the history of financial rewards and employee productivity, theoretical background-That discusses the theory that underpinned the study, conceptual background-That shows how the numerous structure of assumptions, principles, and guidelines that holds together the thoughts comprising financial rewards and employee productivity and contextual background- That shows the environment in which financial rewards and employee productivity thrive at Stanbic Bank Uganda.

#### **1.2.2 Historical Background**

The scientific management era is ripe with offerings of management principles and philosophies that are still prevalent today. Frederick (1963) even credits this era with providing a first approximation of the meaning of management. This meaning was characterized by a search for efficiency and systematization. In particular, the use of reward systems played an integral part in the successful implementation of the philosophy of scientific management. Drury (1915) notes that when the American Society of Mechanical Engineers (ASME) first promoted the art of

management they were not interested equally in all of management's different aspects. The problem which they considered almost exclusively was termed the "wage problem" (Drury, 1915: 32). Further, Taylor's paper titled, "A Piece-Rate System: A Step Toward Partial Solution of the Labor Problem," presented to the ASME in 1895, was the first formal presentation of a system of management which he had devised and which was later called "scientific management" (Merkle, 1980).

Thus, in order to gain a deeper understanding of the reward systems prevalent during the scientific management era five key contributors will be presented: (1) Frederick W. Taylor (2) Henry L. Gantt, (3) Harrington Emerson, (4) Frank B. Gilbreth, and (5) Lillian M. Gilbreth. These five contributors were well known during this era, and actually, as Nadworny (1957) explains, "The label 'scientific management' is the one with which we are most familiar today, but in 1915, and earlier, management programs were most likely to be identified with the names of the management engineers themselves, e.g., 'Taylor system,' 'Gantt system,' 'Emerson system,' and so forth". By viewing these writers individually and collectively, a more thorough and careful analysis of reward systems can be presented. Although much information about reward systems can be found in these writers' works, the largest and most relevant material can be found in the writings of Frederick W. Taylor.

One of Taylor's main goals in advocating the philosophy of scientific management was to ensure a mutuality of interests between employee and employer. He believed that one of the keys to forging this relationship was to understand the basic premise of how to motivate these individuals. This premise relates to Taylor's belief that what "the workmen want from their employers beyond

anything else is high wages, and what employers want from their workers most of all is a low labor cost of manufacture” (1903: 22).

In several recent articles focusing on strategic compensation management, common themes emerge, including establishing pay structures to attract and retain top performers, establishing pay equity, and developing clearly articulated pay for performance systems (Downes & Choi, 2014; Gupta & Shaw, 2014). These same themes were also espoused by Taylor, Gantt, Emerson, and the Gilbreths a century ago. What is new today are mainly the names given to these reward systems, such as skill/knowledge-based pay, merit-based pay/pay for performance, and variable-based pay. In reality, are these plans actually new or recent, or are their underlying premises different than those advocated and implemented during the scientific management era? A closer look at each will help us realize that the founding premise of reward systems, which focuses on motivating employees to improve and be more productive, has stood the test to time.

Today, Merit-based pay systems that reward employees for their individual and oftentimes, group performance, have their roots in equity theory. A central tenet of equity theory asserts that employees’ perceived contributions should be rewarded equitably in comparison to other employees’ contributions. Thus, if employees perceive that they are not being rewarded fairly, they may reduce their output and lower their commitment to the organization (Adams, 1965). Organizations must then balance the need to reward top performers without alienating the remaining workforce (Downes & Choi, 2014).

One of the most difficult issues to predict in the work environment is human behavior and how it affects the work environment and this continues to occupy the mind of management and its effect on productivity (Olajide, 2000). This was what led Taylor in the 1920's to develop a wage incentives system in order to motivate employees to be more productive. His approach however did not work; because he did not understand that employees are also social beings with economic and psychological needs. This led to the Hawthorn experiment which discovered that psychological factors were playing a higher motivational role to achieve productivity. Olajide, (2000) highlighted that Since 1940, the behavioral science management started to focus on need as the primary motivators of behaviour, hence the concept and practice of motivation became a critical issue in management

The start of the investigation of inspiration is consequently synonymous with the human relations hypothesis which can be followed to time and movement investigations of Frederick Taylor and Frank and Lilian Gilbreth. Frederick Winslow Taylor (1856 – 1917) set forward the possibility that specialists are roused basically by pay. His hypothesis of logical administration contended the accompanying: laborers don't normally appreciate work thus require close supervision and control in this manner supervisors should separate creation into a progression of little errands Workers should then be given fitting preparing and apparatuses with the goal that they can function as productively as conceivable on one set assignment, (Joyce, 2012). Laborers performing undertaking work for expanded profitability prompted the use of logical guideline of administration. Cash is the sole helper for specialists. To enhance profitability these proposals were made, breakdown undertaking (specialization), decide most ideal approach to play out each errand, indicate yield to be accomplished (Joyce, 2012).



### 1.2.3 Theoretical Background

This investigation is tied down on Fredrick Herzberg Theory of inspiration as the fundamental hypothesis. Fredrick Herzberg (1959) completed various investigates on worker inspiration. Herzberg utilized the basic episodes way to deal with figure out what makes an individual can rest easy or terrible about their work. He directed meetings with 203 bookkeepers and designers from associations around Pittsburgh in the USA (Herzberg, 1974; Herzberg and Snyderman, 1959), His investigation recommended that factors that prompted worker fulfillment were boundlessly not quite the same as those that brought about disappointment.

According to Ball, (2003), Herzberg's motivation theory is one of the content theories of motivation. These attempt to explain the factors that motivate individuals through identifying and satisfying their individual needs, desires and the aims pursued to satisfy these desires. This theory of motivation is known as a two factor content theory. It is based upon the deceptively simple idea that motivation can be dichotomised into hygiene factors and motivation factors and is often referred to as a 'two need system'. These two separate 'needs' are the need to avoid unpleasantness and discomfort and, at the other end of the motivational scale, the need for personal development. A shortage of the factors that positively encourage employees (the motivating factors) will cause employees to focus on other, non-job related 'hygiene' factors. Ball, (2003) further intimated that the most important part of this theory of motivation is that the main motivating factors are not in the environment but in the intrinsic value and satisfaction gained from the job itself. It follows therefore that to motivate an individual, a job itself must be challenging, have scope for enrichment and be of interest to the jobholder. Motivators (sometimes called 'satisfiers') are those factors directly concerned with the satisfaction gained from a job, such as: the sense of achievement and the

intrinsic value obtained from the job itself (1) the level of recognition by both colleagues and management (2) the level of responsibility (3) opportunities for advancement and (4) the status provided.

The application of this theory in banking is that Herzberg argued that job enrichment is required for intrinsic motivation, and that it is a continuous management process. According to Herzberg: (1) the job should have sufficient challenge to utilize the full ability of the employee. (2) Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility. (3) If a job cannot be designed to use an employee's full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilized, then there will be a motivation problem.

Equity theory is likewise another authoritative theory that illuminates this study. The core of the equity theory is the principle of balance or equity. As per this motivation theory, an individual's motivation level is correlated to his perception of equity, fairness and justice practiced by the management. Higher is individual's perception of fairness, greater is the motivation level and vice versa. While evaluating fairness, employee compares the job input (in terms of contribution) to outcome (in terms of compensation) and also compares the same with that of another peer of equal cadre/category. D/I ratio (output-input ratio) is used to make such a comparison. Carrel and Dittrich (1978) state that most scholars talking about the equity theory feature three essential focuses. To begin with, workers see a reasonable return for what they add to their activity. Second, representatives at that point run some sort of social examination with what their pay ought to be with their associates. Last every worker that sees himself to be in an unjust circumstance will endeavor to reduce this inequality. On the off chance that the representative considers his information yield proportion to be equivalent to proportions of other important workers, a condition of value exists.

#### **1.2.4 Conceptual Background**

The independent variable in this study is financial rewards and other extrinsic rewards which are external to the job and these comprise of elements such as fringe benefits, pay, promotions, private office space, the social climate, and job security. Additional examples are competitive salaries, merit bonuses, pay raises, and indirect payment forms as compensatory time off (Mahaney & Lederer, 2006), pension schemes, medical benefits.

The dependent variable is employee productivity. Employee productivity this is defined as “an index that measures output (goods and services) relative to the input (labour, materials, energy and other resources) used to produce them” (Lundström, & Stevenson, (2005),) for NGOs, greater productivity means lower cost.

#### **1.2.5 Contextual Background**

“Reward had been seen to be a vital instrument in employee productivity. A well rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being honoured and taken care of by their company”. Akerele,(1991) “blamed the productivity of Nigerian workers on several factors, among them being the employer’s failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which demoralizes the working class and consequently reducing their productivity”.

“Rewards play a vital role in determining the significant performance in a job and it is positively associated with the process of motivation” (Rizwan & Ali, 2010). Schaufeli., Salanova, Gonzales-Roma, Bakker, (2002), stress of the importance of rewards in order to combat burnout, which is typically experienced by most employees on the job. Individuals, who experience burnout in their work, typically do not feel fulfilled. They also tend to have negative outlooks, and they also approach the tasks at hand with less vigor and dedication. Akerele (1991) observes that poor remuneration is related to profits made by organization. Wage differential between high and low income earners was related to the low morale, lack of commitment and low productivity.

Stanbic Bank (Uganda), a commercial bank offering financial service was set up in 2002 and since its inception has implemented various motivational initiatives to increase staff morale and later productivity. As the bank seeks to increase productivity of employees, several challenges exists which impact on the overall bank objective of becoming the best bank in Uganda providing quality financial services (SBU, Strategic Plan, 2014). The study seeks to find out the contribution of financial rewards towards employee productivity in Stanbic Bank (Kampala), Uganda.

### **1.3 Statement of the Problem**

Financial Rewards are the approaches employed by managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with work laws and guidelines (Ali & Ahmed, 2009). Reward systems are very crucial for an organization (Maund, 2001). Stanbic Bank Uganda has been in existence for over 25 years. During this time the bank has implemented various financial rewards for instance: bonuses, shopping vouchers, gift trips, overtime, pension schemes, transport services, medical schemes,

sales commissions, annual pay rise, long service awards and the 2015 Beyond Excellence Award with a view of enhancing employee productivity (SBU Annual Report, 2014). However despite all the financial rewards initiatives implemented, the level and quality of output in the bank is still low as characterized by erroneous issues such as posting, inaccuracy, unresolved customer queries, high reworks, delayed processing of Real Time Gross Settlement (RTGS), Electronic Funds Transfers (EFTs) Salaries, and improper customer care by staff on customer instructions and limited cooperation amongst the employees, all which have an effect on productivity (Operations Performance Report, 2014). Therefore, this study seeks to investigate the contribution of financial rewards towards employee productivity.

### **1.3 Purpose of the study**

The purpose of this study is to investigate the contribution of financial rewards towards employee productivity in commercial banks with specific focus on Stanbic Bank Uganda.

### **1.5 Research Objectives**

- i. To establish the relationship between direct financial rewards and employee productivity.
- ii. To assess the impact of indirect financial rewards on employee productivity.

### **1.6 Research Questions**

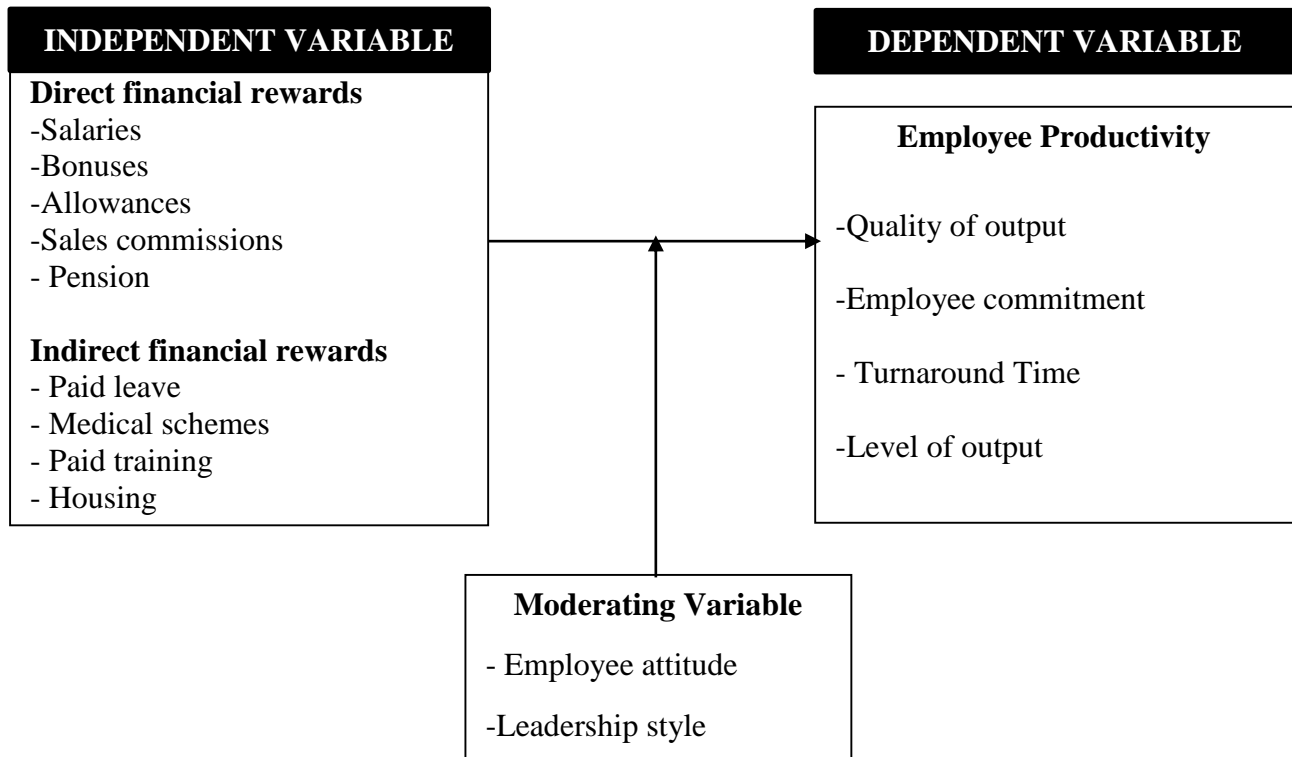
- i. What is the relationship between direct financial rewards and employee productivity?
- ii. What is the impact of indirect financial rewards on employee productivity?

### **1.7 Hypothesis**

- i. There is positive relationship between direct financial rewards and employee productivity
- ii. There is a positive relationship between indirect financial rewards and employee productivity.

## 1.8 Conceptual Framework

The conceptual framework below illustrates the Independent variable (Financial rewards) which are direct financial rewards and indirect financial rewards and how they influence the dependent variable-employee productivity.



*Figure 1: Conceptual Framework for Explaining the Association between Financial Rewards and Employee Productivity in an Organization. Adopted and simplified from the works of Maund, (2001) and Mayer, et al, (1993).*

According to Maud, (2001) “performance linked to employee productivity aids firms, industries and nations to achieve sustainable competitive advantage”. Similarly, Allan and Myer defined employee productivity as a multidimensional construct, to them, it refers to Psychological attachment of an employee with his/her organization in relation to identification and involvement. From this definition we can find out that they had considered it as a one-dimensional construct,

involving affective dimension only. According to them “employee productivity represents an employee’s (a) strong belief in and acceptance of the organization’s goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership”

According to Maund, (2001) and Mayer, et al, (1993). Direct financial rewards include; salaries, bonuses, allowances, sales commissions while indirect financial rewards include; paid leave, pension, medical schemes and paid training. These financial reward parameters influence employee productivity which is manifested through quality of output, employee commitment, and turnaround time. However the independent variable is moderated by factors like, employee attitude and leadership style both of which affect employee productivity.

## **1.9 Scope of the study.**

The scope of the study will be discussed using three major parameters these include; content scope, geographical scope and time scope.

The scope of the study will cover direct and indirect financial rewards, because the research seeks to examine the relationship between financial rewards and employee productivity.

The study will focus on establishing the relationship between financial rewards and employee productivity in commercial banks with specific reference to operations in Stanbic Bank (Uganda).

The study also will focus on both direct financial rewards and indirect financial rewards as attributes of financial rewards. The dependent variable will focus on employee productivity (quality of output, employee commitment, and turnaround time) Service Level Agreement

conformance. This study will be carried from Stanbic Bank Operation department, Nakasero Branch.

The study will cover the period of 2002-2015 and literature pertaining financial rewards and employee productivity in Stanbic Bank will be reviewed. According to the Annual financial report (2014). The bank acquired a 90% shareholding in February 2002 in Uganda commercial Bank (UCB). This was government owned retail banking operations with 65 five branches.

### **1.10 Significance of the study**

- The findings in the study will help to further highlight the possible problems that arise from failure to offer substantive financial rewards to employee and how financial rewards may influence employee productivity.
- Furthermore the study will be of immense benefit to policy makers the running human resources functions of banking institutions.
- Lastly this research will be helpful to other commercial banks administrators who will be in position to use the findings of the study to enhance employee motivation in their respective banks. It is logical that this research will add knowledge in the field of employee motivation and productivity.

### **1.11 Definition of Key Terms**

#### **Direct Financial rewards**

“Direct rewards refer to salaries, commissions, incentives, bonus, and allowances” (Khan & Ullah, 2010).



**Indirect financial rewards;** “includes all money paid out to an employee that are not included in direct compensation. This form of compensation is often understood as the portion of an employee’s contract that covers items such as temporary leaves of absence, benefits and retirement plans”. (Khan & Ullah, 2010).

**Productivity;** “is an average measure of the efficiency of production expressed as the ratio of output to inputs. Employee productivity is the amount of goods and services that a worker produces in a given amount of time” (OECD, 2011).

**Organizational Commitment:** is defined as “the relative strength of an individual’s identification with and involvement in a particular organization,” (Mowday, Steers, & Porter, 1979 pg 9).

**Theory:** “is a collection of collection of concepts about some real world area of concern or interest which facilitate explaining, predicting, or intervening usually derived from the study of a number of facts relating to it, but sometimes entirely a result of exercising the speculating imagination. Knowledge of science or art derived from such study and speculation. A general body of assumptions and principles” (Stoner; Freeman, & Gilbert, 2007).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Literature on the theoretical and conceptual review, the relationship between direct financial rewards and employee productivity in Stanbic Bank Operations department in Kampala and the impact of indirect financial rewards on employee productivity in Stanbic Bank are presented in this chapter. It concludes by giving a summary of literature reviewed.

#### **2.2 Theoretical Review**

This study was informed by the Herzberg, (1959) theory of motivation that brings at the fore two motivation factors; hygiene factors and motivators. The theory explains the factors that motivate employees by identifying their individual needs and desires. The dissatisfaction factor is called “hygiene” and the satisfaction factor is “motivators” (Bradley, 2003). “Hygiene factors are organization related such as the policies and procedures, salary and job security. Dissatisfaction comes if these factors are not present in the workplace. It simplifies the physiological needs which the employees expect and need to be satisfied”, (Bradley, 2003). In addition, “motivator factors determine satisfaction”. It is argued that they are intrinsic factors such as sense of achievement, recognition, responsibility, and personal growth which motivate employees for greater performance” (Bradley, 2003). Bagraim, Cunningham, Potgieter, and Viedge, (2007) state that “the findings of Hertzberg’s research indicated that the factors that made employees feel good about their jobs were significantly different from the factors that made them feel bad about their jobs”.

## **2.3 Employee Productivity**

Productivity as defined by the Cambridge International and Oxford Advanced learners dictionaries as “the rate at which goods are produced with reference to number of people and amount of materials necessary to produced it”. On the other hand, Zameer & Nisar, (2014) defined productivity as “the utilization of resources in producing a product or services”. However, Mathis and John (2003), state that productivity is “a measure of the quantity and quality of work done, considering the cost of the resources used. He goes ahead to mention that “The more productive an organization, the better its competitive advantage, because the costs to produce its goods and services are lower. Better productivity does not necessarily mean more is produced; perhaps fewer people (or less money or time) was used to produce the same amount. Results are often expressed as products or services for an internal or external customer, but not always. They may be in terms of financial accomplishments, impact on a community; whose results are expressed in terms of cost, quality, quantity or time”

### **2.3.1 Quality of Output**

According to Triplett, (1991) and Berger and Humphrey, (1992) “Measuring the output of banks is the starting point of the empirical research on productivity measurement, as well as the estimation of cost and economies of scale and the study of the efficiency of banks. However, there is no consensus among researchers regarding the definition of bank output this fact is connected with the intangible, multiple and interdependent nature of the services that banks provide to their customers. In particular, banks provide a wide range of services which are often difficult to separate and price independently, while other services are provided without any explicit charge”

### **2.3.2 Employee Commitment**

Ogba (2008) found that “older bank employees are more committed than younger employees, and high- income employees are less committed than low-income employees”. However, a study by Kaur and Sandhu (2010) found that there wasn't any significant differences between the three methods of commitment like continuous, affective and normative commitment at each level of employee career. Conversely, Karia, and Asaari, (2013). Asserted that “employees who are in the mid and late stage of career are more committed (i.e. affective, continuance and normative) than employees in an early stage of career. Organizational commitment in Indian banking sector has received inadequate focus. Organizational commitment is an important construct as it can be a predictor of work behaviours and behavioural intentions”. Organizational commitment is defined as “the relative strength of an individual's identification with and involvement in a particular organization” (Su, et al, 2009).

### **2.3.3 Turnaround time**

Pearce and Robinson (2000, p 265) argued that “turnaround strategies are a set of consequential, directive, long term decisions and actions targeted to the reversal of perceived crisis and threatens the firms survival”. They further intimated that states that “a turnaround situation represents absolute and relative-to-industry declining performance of a sufficient magnitude to warrant explicit turnaround actions. Turnaround situation may be the result of years of gradual slowdown or months of sharp decline”

## **2.4 Financial Rewards**

According to Maund, (2001) and Allen and Meyer, et al (1990), direct financial rewards are salaries, bonuses, allowances, sales commissions and the indirect financial rewards include paid leave, pension, medical schemes and paid training. These financial reward dimensions influence employee productivity which is manifested through quality of output, employee commitment, and turnaround time. However the independent variable is moderated by employee attitude and leadership in affecting employee productivity. Luthans (2000) indicated that there are essentially two forms of rewards that include' direct financial rewards also referred to as extrinsic and indirect financial rewards also known as intrinsic rewards. The argument is that both rewards can be applied certainly to enhance employee performance and productivity.

## **2.5 Direct Financial Rewards and Employee Productivity**

This section presents the various forms of financial rewards that include salary, bonuses, allowances, cash bonuses and pension and employee productivity indicators that include quality of output, employee commitment, turnaround time and level of output.

Bosco, (2014) argues that “money buys the things people want and need. Moreover, the less people are paid, the more concerned they are likely to be about financial matters”. John, (2010) also stated that “Indeed, several studies over the last few decades have found that when people are asked to guess what matters to their coworkers or, in the case of managers, to their subordinates they assume money heads the list. But put the question directly-what do you care about? and pay typically ranks only fifth or sixth”

“The current employee’s performance can be nurtured by managing a valid performance evaluation, bonus and reward system” (Bretz, Milkovich, & Read, 1992). It should be considered

that the amount of fringe benefits (or certain payback) and bonuses are varied among well-performing and weak-performing employees. The motivation, which is the result of employees encouragement by cash or other things such as bonuses (e.g. car loan and payment increase), will lead to employees productivity and better performance. Therefore, it is important to recognize which rewarding strategies lead to higher employee's productivity and to enhance their performance (Oyebanju, 2009).

“Incentives are generally developed to generate employee motivation, satisfaction, and greater performance. The link between the three variables has been widely discussed and debated among the researchers, scholars and practitioners” (Latham, 2007). It is also argued that incentives are very effective because they stimulate higher behavioural outcomes of workers. This is based on the degree to which those incentives are actually perceived to satisfy their needs. For instance, in case workers crave for job autonomy and the amount of money they receive is likely to motivate them to higher performance levels.

Conversely, Akerele,(1991) castigated the productivity of workers from Nigerian banks and various grounds such as; failure by the employers to provide enough compensation, insubordination of the elite class that conceitedly present their wealth hence demoralizing the working class hence diminished productivity. Nevertheless, Markova and Ford (2011) mentions that “the real success of companies originate from employees' willingness to use their creativity, abilities and know-how in favour of the company and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place”

Ali and Ahmed (2009) specified that there was a significant correlation between reward and compensation, and that this correlation was statistically significant. The same study also proved that there is a significantly statistically relationship between motivation and employee productivity. Therefore, when rewards and recognition are presented to employees were to be changed, there would be a similar change in motivation, satisfaction and employee productivity amongst employees. Khalizani et al, (2011) also discovered that there was a significant relationship between extrinsic rewards and employee motivation. Though rendering Perry et al (2006) “financial rewards is not the most motivating factor and financial results have a demotivating effect among employee” (Srivastava, 2001).

### **2.5.1 Salary**

According to Zaman, Hafiza. Shah. & Jamsheed, (2011) “A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. From the point of view of running a business, salary can also be viewed as the cost of acquiring and retaining human resources for running operations, and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll accounts”, they also emphasized that “Salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is commonly paid in fixed intervals, for example, monthly payments of one-twelfth of the annual salary”

On the other hand, Ali and Ahmed, (2009), intimated that “where a worker is paid a fixed salary in a given period despite the fact that there is no immediate relation between pay and performance, he is likely to have incentives to exert effort because good performance will improve future

contracts. Such reputational concerns imply that effort exertion can occur without explicit pay-for-performance contracts.” They further elucidate that “In long-term salary contracts, the benefits of good performance may come in the form of deferred payments or benefits, such as pensions. In shorter fixed-term salary contracts, the rewards to good performance may come in the form of contract renewal”. Equally, they conclude that “Salaries also smooth income fluctuations for workers, offering income security which may be absent among those on shorter-term performance-oriented contracts.”

### **2.5.2 Bonuses**

To illustrate what bonuses are and their benefits Ali, & Ahmed, (2009). “A bonus payment is usually made to employees in addition to their base salary as part of their wages or salary. While the base salary usually is a fixed amount per month, bonus payments more often than not vary depending on known criteria, such as the annual turnover, or the net number of additional customers acquired, or the current value of the stock of a public company. Thus bonus payments can act as incentives for managers attracting their attention and their personal interest towards what is seen as gainful for their companies' economic success” Surprisingly, there is are extensively used fundamentals of pay for performance and working well in many occasions. Including when a share of an employee’s contribution in the success of a company is desired.

There is a misconception by managers that they can adequately motivate their employees by offering rewards such as, bonuses and paid vacation, which indeed isn’t always true, (Atchison (2003). More still, that in the majority of cases there an extrinsic incentive programme which can be enhanced by both managers and employees. This this based on myths rather than on the existing



realities and contexts in the organisation. Similarly, studies have shown that monetary incentives do not motivate employees and that they may even become demotivators at certain points along the employee's career paths. (Shanks, 2007:32) asserts that "monetary reward motivates only to a point; that is, when compensation isn't high enough or is considered to be inequitable, it's a demotivator"

### **2.5.3 Cash Bonus**

"Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible" (Finkle, 2011). Still, according Block and Lagasse, (1997) they intimated that "The amount of cash is determined by how high the employee has over exceeded the set targets or they can also be based on ranks or job groups. Performance bonuses are now on the rise in many organizations because managers want to link performance to reward". These assertions are also supported by Finkle, (2011) who stated that "Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too"

Important to realize is that according to Taylor, (1911) money was said to be the sole and ultimate motivator. His idea was that if employees are given the required wages, then employee productivity improves correspondingly. However, other scholars, like shanks (2007), check his argument and point out that such employees will be only motivated until a point when compensation isn't considered high enough and inequitable. In contrast, shanks also argues that

when the monetary compensation is too high it becomes a demotivator and leads to performance interferences since the employees now focus on maintaining the higher pay. Further, (2003) Atchison argues that “as soon as money is predictable, it is an entitlement, not a motivator”.

#### **2.5.4 Pension**

“A pension is a fund into which money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments” (Chin –Ju Tsai, 2010). It may also be defined as "a defined benefit plan where a fixed sum is paid regularly to a person, or a defined contribution plan under which a fixed sum is invested and then becomes available at retirement age” (Chin –Ju Tsai, 2010). Likewise, Ippolito, (1997) stated that “Pensions should not be confused with severance pay; the former is paid in regular installments, while the latter is typically paid in a lump sum. The terms retirement plan and superannuation tend to refer to a pension granted upon retirement of the individual. Retirement plans may be set up by employers, insurance companies, the government or other institutions such as employer associations or trade unions. Pensions strongly influence workers behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis”

Auer and Fortuny (2000), specified that “while retirement policies constitute a push factor for non-employment of old-aged workers, pension systems and policies are a pull factor. It is well observed, especially in advanced European welfare countries that more generous pension benefits tend to pull old-aged workers out of employment even before normal retirement age but the availability of retirement funds to older workers contributes to the pull factor of retirement”. A

pessimistic opinion by Borsch-Supan (2003), is stated as “an aging workforce driven by low fertility and longer life expectancy has negative effects on economic growth through a set of interrelated mechanisms: decreasing labor input due to low population growth and aging; decreasing rates of savings and capital accumulation due to increasing dependency ratios and the social cost of long-term care; decreasing investment in the human capital of the young generation due to increasing social welfare costs; lower level of innovation and renovation and/or dynamics”

Uganda became a signatory to the International covenant on Economic, social and cultural rights (ICESCR) on January 21<sup>st</sup> 1987. Similarly, Article 9 of the covenant recognises the rights of everyone to social security and insurance. Borsch-Supan (2003), further emphasised that “pension’s form part of social insurance programs because they pool risks with a view to pay a benefit to qualifying members as may be stated in some law or instrument creating the program”. According to Auer and Fortuny (2000), “States which are signatories to ICESCR are required to recognize the right to social insurance by creating an enabling economic and legal environment which will enable the realization of the positive right. Pensions play a fundamental role in the realization of socio-economic right by providing a replacement of income to citizens who lose their regular income owing to old age, disability or death of a wage earner in the family”

#### **2.5.5 Sales commission**

Ali. & Ahmed, (2009) asserted that sales commission is calculated on the basis of a percentage of the goods sold out. They also argued that this is a solution to the principle-agent problem, which attempts to realign the interests of employees with the organizations goals and objectives. Another argument is that one of the most common ways of realigning these benefits is to design a contract

with inducements that track the performance of the agent. Conversely, Nilsson & Olve (2010) emphasized that “It is common for sales people to have a wage that varies with their performance. The basic idea is that the employee is motivated by this type of wage structure to sell more, since it will reflect on the salary. Commission wage can be mounted in different ways, full commission or full fixed wage, with added bonus or a mix of them all”. Henceforth, the stress is a lot higher compared to other business dealings, but at the time are incentives a more. Lindblom (1996) stipulated that “for some salespeople, especially those who are risk averse or in early stage of their careers, a commission-based compensation system could be unstable” while Flaherty and Pappas (2002) and Armstrong, (1993) concluded that “The greater the percentage of the salary that consists of commission, the greater is the risk that the company transfers to the employee”

## **2.6 Indirect Financial Rewards and Employee Productivity.**

Dessler, (2011) identified that “indirect reward is the indirect monetary and non-monetary remuneration employees get for continuing their job with the organization that is an essential element of every employee’s compensation. Other terminologies used for indirect compensation are fringe benefits, employee services, supplementary compensation and supplementary pay” correspondingly, Chhabra, (2001), stressed that “Indirect or Supplementary Compensation includes 'fringe benefits' rendered via several employee services and benefits like housing, financial assistance for food, medical allowance, day-care centers for children’s and so on. In the organization rewards are given by organizations to employees for their membership, attendance or participation”.

Baase, (2009) in his study showed that the health of the employees is significantly intertwined with its productivity which ultimately impacts on the health of the National economy of any

country. The findings also indicated that since employers are also aware of this fact, they thrive to improve their workers' health through expanding health protection and health promotion benefit initiatives.

More studies have also showed that there is a strong link between employee health and productivity in organizations than ever before in the recent past. This explains why for every one dollar spent on a workers medical costs, employers absorb two to three dollars of health productivity costs. (Loeppke, 2009).

Injuries sustained on the job are estimated to cost billions of dollars from the organizational operational budgets every year. The figures included are wages and productivity losses, administrative costs and medical costs as well as safety and hazard related costs by the employees (Wright et al, 2002). Alternatively, Pamela et al, (2011) stated that “The three factors, financial rewards, personal health and individual safety each is indispensable to a productive worker and to a productive workplace– are effectively combined in a symbiotic manner that increases their impact on overall health and productivity. The whole becomes greater than the sum of its parts. Once health protection and promotion programs are intertwined and deployed strategically to enhance each other, a healthier workforce thus becomes a safer workforce and vice versa”

“Medical benefits are intended to assist an officer and his family in maintaining good health since a healthy employee is an asset to the Government. The Government has incorporated out-patient medical benefits into personal emoluments thereby making a public servant responsible for his own medical requirement”. Also, COR, (2006) also reaffirmed that “Employee health problems are varied – and somewhat inevitable. They can range from minor illnesses such as colds to serious illnesses related to the jobs performed. Some employees have emotional health problems; others

have alcohol or drug problems”. Mathis & John, (2003) argued that some organizational challenges are chronic while others are indeed transitory, nevertheless these challenges affect organizational operations, employee productivity and performance. Further still, retirement plans also can enhance employee productivity.

According to Ippolito, (1997). “Pensions strongly influence workers behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. Empirical evidence indicates that pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns. While the productivity effects have been associated mostly with defined benefit plans, recent research has shown that 401(k) plans where a qualified employer-established plan to which eligible employees may make salary deferral (salary reduction) contributions on a post-tax and/or pretax basis exhibit similar effects in shaping workers behavior “

### **2.6.1 Paid Leave**

Society for Human Resource Management report (2008), stipulated that to retain and attract productive employees, there is need to have employee benefit programmes and initiatives. The report further brings to light that employee benefits are the most important job satisfaction factors for employees. According to the 2007 U.S. Chamber of Commerce Employee Benefits Study, “Leave and other employee benefits are important tools in the retention efforts for the current and future workforce. Leave benefits encompass paid and unpaid time off from the workplace for a variety of activities ranging from vacation and sick leave to bereavement leave and jury duty. Paid leave benefits provide employees with the opportunity to recharge and deal with non- work-related issues; however, their associated costs are considerable employer costs associated with paid leave

are ranked behind only employer benefits costs for medical and retirement benefits. Even with the high cost of paid leave, this benefit is one of the most frequently offered to employees”

## **2.6.2 Medical Schemes**

The Medical Schemes Act of Canada (Act 131 of 1998), defines a medical scheme as “the business of undertaking liability in return for a contribution in order to make provision for obtaining any relevant health service”. The role a medical scheme is to help meet the expenses on a health service or aid in the provision of relevant health service directly or through agreement with the health care providers. Base (2009) indicated that overwhelming evidence suggests that the health of the employees is strongly linked to health of the nation’s wealth. Baase (2009) states that evidence clearly shows that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation’s economy.

Conversely, Mathis, (2003) expressed that “employers increasingly recognize this link and are interested in improving worker health by expanding workforce health protection and health promotion benefit programs. Also many employers allow employees to miss a limited number of days because of illness without losing pay. Some employers allow employees to accumulate unused sick leave, which may be used in case of catastrophic illnesses. Others pay employees for unused sick leave. Some organizations have shifted emphasis to reward people who do not use sick leave by giving them well-pay – extra pay for not taking sick leave”

### **2.6.3 Paid Training**

Briscoe (1995: 83) noted that paid training “involves training and development of workforces and managers”. He further states that “training and development are often used to close the gap between current performances and expected future performance”. Similarly, McCourt and Derek, (2003) agreed that “training and development falls under HRD function which is a critical function of HRM”. Equally, this function is responsible for carrying out training needs assessment and implementing them to archive better employment outcomes, (McCourt & Eldridge 2003).

Guest (1987) argues that “policies are necessary to ensure that employee performance is evaluated, which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs”. He further says that “However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs. The main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. It is one of the most important potential motivators which can lead to both short-term and long-term benefits for individuals and organizations.”

### **2.6.4 Housing**

Bond and Galinsky, (2006) specified that “The fact that some organizations do give housing allowances or provide housing facilities and other supplementary benefits to their employees demonstrate that they view the investments valuable for purposes of enhancing recruitment, performance, and retention. It indicates how important the employees are to their organizations. Hence the need to be given these appropriate fringe benefits (in addition to salaries and wages)



and make sure that the elements of their Conditions of Service are properly implemented. This will increase employee morale and make better quality of goods and services better at low prices thus increasing profit”

## **2.7 Summary of Literature Review**

Literature on direct financial rewards converges on how workers have transformed the “rewarding system paradigms from a usual performance-based compensation to a new kind which is based on the firm’s strategy”. The missing link is that there are situations when financial rewards may not necessarily lead to satisfaction, motivation and greater employee productivity. Consequently, ‘it can be concluded that although incentives have great potential for improving employee work performance and increasing production efficiency through encouraging individuals or groups to act in a desired and productive way’, this should not be overemphasized as employees may be intrinsically motivated by indirect financial rewards and non-financial rewards. There several literature gaps in the studies reviewed, for example most of them tend to focus on financial rewards without necessarily breaking them down into direct and indirect, other focused on employee performance instead of employee productivity. This study focuses on the contribution of financial rewards towards productivity of employees.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

Chapter three presents themes in relation to how the research was carried out, it includes study design, area and population of the study, sample size and sampling techniques, data collection instruments, testing validity and reliability, procedure of conducting the research, data analysis, and ethical considerations of the study. The chapter also presents justification why these specific methods were used.

#### 3.2 Study Design

This study adopted a descriptive cross sectional survey design from a cohort of departmental leaders at Stannic Bank Operations department, Nakasero Branch and the banks clients. Amin (2005) observes that “the cross sectional survey design helps one to collect information from respondents at once without repetitively visiting them”. According to Klein and Meyer (1999), this design is used when the study aims at collecting first hand data from significant number of respondents in the shortest time possible. In the study, the association between the study variables was studied using a correlational study design as well. In addition, Descriptive statistics utilized data collection and analysis techniques that yielded reports concerning the measures of commonality using the principle component values, variation, and correlation and regressions.

#### 3.3 Study Population

“A target population refers to the entire group of people, things, or events which are of interest to a researcher, who would like to investigate further. It is a specific group identified where a researcher wants to make inferences” (Sekaran, 2003). The population consisted of 170 employees at Operations Department, Nakasero Branch from the various categories of who included Unit

managers/branch managers (13), Team leaders (10), heads of department/units (5), consultants/business bank operations officers (150).

### 3.4 Sample Size

In this study a sample of 113 respondents was chosen from a population of 170 according to Morgan and Krejcie, (1970). The distribution of the study population and sample are reflected in the table below.

**Table 3.1: Distribution of the Population and Sample Size at Stanbic Bank (U) Limited Operations Department, Nakasero Branch**

Category	Population	Sample size	Sampling Technique
Unit managers / branch managers	13	7	Purposive
Team leaders	10	5	Purposive
Heads of department /Units	5	3	Purposive
Consultants/ Business bankers Operations Officers	150	98	Simple random
<b>Total</b>	<b>178</b>	<b>113</b>	

*Source: Primary Data*

From table above 3.1, the Operations Department, Nakasero Branch of Stanbic Bank is comprised of Unit Managers, Team leaders, Heads of department, consultants and Operations Officers. It is from this spectrum of strata of 178 that 113 respondents were chosen for this study. This sample size was selected because it would enable the study to generalize the findings to over Stanbic Branches in Uganda as supported by (Creswell, 2014).

#### 3.4.1 Sampling Strategies and Techniques.

Convenience sampling is a type of nonprobability sampling in which people are sampled simply because they are "convenient" sources of data for researchers. In probability sampling, each

element in the population has a known nonzero chance of being selected through the use of a random selection procedure, (Bryman, 2008). Convenience sampling method was selected for this study because it's affordable, easy and the subjects are readily available (Bryman, 2008). Krejcie and Morgan, (1970) indicated that various sample sizes can be determined for example. Given a population size of 170 a sample size of 113 was determined as seen in Appendix (i).

A simple random sample is a subset of a statistical population in which each member of the subset has an equal probability of being chosen (Bryman, 2008). Simple random sampling method was used select the sample of consultants/business bankers or operations officers since it was relatively big population.

### **3.5 Data collection methods**

According to Leedy and Ormrod, (2001) “data collection is an important aspect of any type of research study. Inaccurate data collection can impact the results of a study and ultimately lead to invalid results”. For the purposes of this research various data collection methods were used. These include interview method, and questionnaire.

#### **3.5.1 Interviewing.**

Guided interviews were conducted with the Branch managers, Team leaders, Operations Managers of Stanbic Bank using In-depth Interviews (IDI) to supplement information given from the questionnaires and to confirm and clarify certain aspects of the study variables in regard to the contribution of financial rewards towards employee productivity of Stanbic Bank Uganda Ltd. In total, out of 8 anticipated interviews scheduled only 5 were interviewed. Interviews were face to face on appointment and were based on both structured and unstructured questions in an interview

guide. The importance of this was to receive first-hand information from the district leaders who are very busy and cannot spend time to fill in the questionnaire as supported by (Amin, 2005).

### **3.5.2 Questionnaire**

In this method, the respondent completes the survey on his/her own. Lower cost. No costs to administer the survey, as respondents do it themselves. Also, respondents have more time to complete the survey and control the pace at which they do so, making it easier and more convenient for them to respond, (Cresswell, 2012). The researcher used Self-Administered Questionnaires (SAQs) because of the advantages they have in ensuring confidentiality of the responses and being time saving especially when the sample size is large enough as in this study (Amin, 2005). The major research instrument (questionnaire) included only closed ended questions within which the respondents were expected to respond. The questions ranged from strongly agree (SA) to strongly disagree (SD) using the likert scale of five response options. As Kothari, (2004) states “structured questionnaires are used as the main instrument of primary data collection because this study covers a number of subjects and the nature of the research which has both quantitative and qualitative data”.

## **3.5 Research Instruments**

“Research Instruments are measurement tools designed to obtain data on a topic of interest from research subjects” (Creswell, 2004). These are research tools used to collect data, the tools are discussed below.

### **3.5.1 Interview Guide**

An interview guide was designed according to the major themes and administered to the respondents in top leadership positions. Interview schedule was used in this study because

according to Trochin (2006), these instrument contain probing questions that allow flexibility in asking and obtaining in-depth information from respondents. In addition, they permit asking both closed and open ended questions hence allowing the researcher to explore into greater depth of some aspects that may not have been covered in more detail using a questionnaire.

### **3.5.2 Questionnaire Guides**

The instrument had closed ended questions as supported by Amin (2005). The questionnaire was designed from an extensive literature review related to the objective of the study. The questions were asked following the themes in the questionnaire.

## **3.6 Quality Control**

“The two most important aspects of precision are reliability and validity” (Creswell, 2003). Reliability was computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher was considered as “acceptable” (Gupta & Gupta, 2011). This will ensure that data are collected, managed and utilized with accuracy and precision.

### **3.6.1 Validity**

For validity, experts and practitioners in the field were used to test the validity. The content validity index was computed and all items were supposed to score above 0.7 as recommended by Amin, (2005). “It measures the extent to which a research instrument measures what it is intended to measure or the extent to which the research findings can be generalized to other populations to test the validity of the instrument”, (Bryman, 2008). Validity is was measured using the content validity index (CVI)

$$\text{CVI} = \frac{\text{Total Number of relevant Items}}{\text{Number of items}}$$

$$47/49 = 0.96.$$

This meant that the questions that were asked were valid and, therefore, the researcher obtained sound and logical answers since the results obtained 0.96 were more than 0.7

### 3.6.2 Reliability

To assess the consistency of the research instruments a reliability test was carried out. The reliability coefficient will be computed using Cronbach's alpha. This method is appropriate because most of the items in the questionnaire will be close-ended and since Cronbach alpha coefficient gives the average correlation of all items in the questionnaire, the researcher will consider it more suitable to compute the reliability of the instrument.

**Table 3.2: Reliability Statistics**

Cronbach's Alpha	N of Items
.721	64

*Source: SPSS Output.*

According to Bryman, (2008) "Cronbach's alpha is a measure of internal consistency that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability".

The Cronbach Alpha Reliability Coefficient test revealed that that the research instrument was reliable as shown by the Cronbach's Alpha (.721) above the benchmark of (0.7) as stipulated by (Chronbach, 1951). The alpha value is (.721), meaning that all items in the research instrument were consistent.

### 3.7 Research Procedure

The researcher constructed the instruments of data collection, obtained an introductory letter from the School of Business and Management Uganda at Management Institute (UMI), which introduced her to the relevant authorities at Stannic Bank Operations in order to collect the required data. Respondents were given questionnaires and the researcher occasionally checked on them to check their progress on filling them. This was done for 5 days until the required response rate was obtained.

### 3.8 Measurement of Variables

**Nominal:** A nominal scale was used to assign different subjects to certain categories and groups, according to (Sekaran, 2003). Nominal scales were used in the background information of the questionnaire.

**Interval:** An interval scale allows certain arithmetical operations to be performed on the collected data from the respondents, Sekaran, (2003). Interval scales was used in a Likert form.

### 3.9 Data Processing, Analysis and Presentation

In this study, data were collected from questionnaires was sorted, coded, entered and cleaned using the Statistical Package for Social Sciences Programme (SPSS version 16) that involved transforming the options of each item in the administered instruments into codes. Data were made ready for presentation using frequency tables, means and percentages. At another level, inferential statistics was used to test the hypothesis using chi-square tests while Parsons Correlation coefficient ( $r$ ) was used to establish the relationship between the variables. A regression analysis was used for predictability. In addition for individual variables, factor analysis will be used. According to Dancey and Reidy, (2002) "Factor analysis is a statistical approach that can be used to analyse interrelationships among a large number of variables and to explain these variables in



terms of their common underlying factors”

### **3.9 Ethical Considerations**

In compliance with the National Council of science and Technology (UNCST) and Uganda Management Institute (UMI) research standards, all respondents to participate in the study, including the pilot study, were requested to sign a consent letter. Other key elements to look at include confidentiality and privacy of the respondents. The researcher took into consideration the ethical rules that are likely to limit the effectiveness of data gathering as recommended by Norris & Oppenheim, (2003). These include; access and acceptance, informed consent, privacy and confidentiality. Specifically, respondents were up-to-dated about the aim and nature of the research which helped to get access and acceptance from the respondents. Informed consent was sought by elucidating to the respondents the purpose of the research, benefits and participants’ right.

## CHAPTER FOUR

### PRESENTATION AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

In this chapter the researcher presents the results of the study. The findings of this study were an outcome of quantitative research instrument-questionnaires used in data collection and the qualitative research instruments that included Interviews. The results are presented based in the order of the objectives of the study in the sequence of the methods of data collection that included questionnaires. The findings were in order of the following objectives; to establish the relationship between direct financial rewards and employee productivity and to assess the impact of indirect financial rewards on employee productivity at Stanbic Bank Uganda Nakasero Branch

##### 4.1.1 Response rate

The study sought to have a response rate of 100%. However, due to multiple challenges that were encountered in the study a response rate of 81.4% was achieved. Under normal circumstances it's difficult to achieve 100% response rate organizational studies because of a multiplicity of reasons. The 81.4% response rate was thus representative enough to draw logical and empirical conclusions from the research findings. "A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and /or outcome" (AAPOR, 2000).

**Table 4.1: Response Rate**

Questionnaires sent out /interviews Guides intended	113
Actual Questionnaires returned and interviews conducted	92
<b>Response Rate</b>	<b>81.4%</b>

## 4.2 Background Information

This sub-section presents the demographic characteristics of the sex of the respondents, age groups of the respondents and educational level.

### 4.2.1 Sex of the Respondents

The sex of the respondents was investigated and the findings are shown in the table below;

**Table 4.2: Sex of the Respondents**

Sex	Frequency	Percent	
Valid	Male	40	43.5
	Female	52	56.5
	<b>Total</b>	<b>92</b>	<b>100.0</b>

*Source: Primary Data*

Findings from table 4.2 indicates that majority of the respondents (56.5%) were from females, followed by 40(43.5%) who were males. This means that females are more than males at Stanbic Bank Uganda-Nakasero Branch. This also implies that the SBU adheres to the principle of equity as advocated by the Equal Opportunities Commission Act 2007.

### 4.2.2 Age Group of the Respondents

The age group of the respondents was investigated and the findings are shown in the table below;

**Table 3.3: Age Group of the Respondents**

Age Group	Frequency	Percent	
Valid	21-25 Years	10	10.9
	26-30 Years	25	27.2
	31-35 Years	31	33.7
	36-40 Years	26	28.3
	<b>Total</b>	<b>92</b>	<b>100.0</b>

*Source: Primary Data*

Findings from table 4.3 indicated that in regard to the age group, majority of the respondents 31(33.7%) were between the age group of 31-35 years, these were followed by 26(28.3%) in the age group of 36-40 years. In addition, 25(27.2%) respondents were in the age category of 26-30 years. And lastly the least category was that of 21-25 years who constituted 10(10.9%) of the respondents. This means that those who participated in the study were old enough to give informed responses in reference financials rewards and employee productivity at Stanbic Bank. Nakasero Branch

#### 4.2.3 Education Level of the Respondents

The Education of the Respondents from Stanbic Bank Uganda-Nakasero Branch was investigated and findings are shown in table 4:4

**Table 4.4: Education Level of the Respondents**

Education level	Frequency	Percent
Diploma	7	7.6
Degree	66	71.7
Valid Post Graduate	15	16.3
Others	4	4.3
Total	92	100.0

*Source: Primary Data*

According to table 4.4 above, majority of the respondents 66(71.7%) of the respondents had bachelor's degrees, these were followed by 15(16.3%) masters holders. Those with Diplomas were 7(7.6%). This is likely to reflect that the respondents were knowledgeable enough to comprehend the questions asked from the questionnaires and give appropriate answers to that effect in regard to financial rewards and employee productivity.

#### 4.2.4 Designation of the Respondents

The designation of the Respondents from Stanbic Bank Uganda-Nakasero Branch was investigated and findings are shown in table 4:5

**Table 4.5: Designation of the Respondents**

<b>Designation</b>	<b>Frequency</b>	<b>Percent</b>
Unit Manager	10	10.9
Team Leader	15	16.3
Consultant/Business Bankers	44	47.8
Others	23	25.0
<b>Total</b>	<b>92</b>	<b>100.0</b>

*Source: Primary Data*

A significant number of the respondents from table 4:5 who participated in the study were Consultant/Business Bankers who constituted 44(47.8%). Unit managers 10(10.9%), team leaders 15(16.3%) and others 23(25.0%). Since this was a cross sectional study, data had to be collected from a cross section of units or departments in order to validate the information and ensure representation of the study findings.

#### 4.3 Factor Analysis of Employee Productivity

“Factor analysis operates on the notion that measurable and observable variables can be reduced to fewer latent variables that share a common variance and are unobservable, which is known as reducing dimensionality” (Bartholomew, Knott, & Moustaki, 2011). “These unobservable factors are not directly measured but are essentially hypothetical constructs that are used to represent variables” (Cattell, 1973).

“The study used factor analysis because it attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used

in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables”. “Factor Analysis reduces the information in a model by reducing the dimensions of the observations. This procedure has multiple purposes. It can be used to simplify the data, for example reducing the number of variables in predictive regression models”.

“To examine the level of employee productivity at SBU-Nakasero Branch the study used factor analysis to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables as seen in table 8 below”

**Table 4.3.1 Factor Analysis of Employee Productivity**

	<b>Direct Financial Rewards</b>	<b>Quality of Output</b>	<b>Employee Commitment</b>	<b>Turnaround time</b>
	<b>Quality of Output</b>			
1	The Bank requires that I be “present” at work even if I am not being productive	.819		
2	I come to work even if I am sick or not feeling well	.713		
3	I feel I am productive at all times	.105		
4	A lack of defined goals in my job affects my productivity	.328		
5	Employees execute the duties and responsibilities as per their contracts	.821		
6	I shoot over my targets every month	.819		
	<b>Employee Commitment</b>			
7	I meet agreed upon deliverables on time and as promised		.913	
8	I demonstrate continuity when leaving the position by ensuring that the relationship is sustained in a good way.		.862	
9	I work past normal time to accomplish delayed tasks.		.859	
10	I do not resist assignments that are delegated to me by my superiors.		.913	
11	At Stanbic Bank i demonstrate honesty, timeliness and consistency in all communications and transactions		.848	
	<b>Turnaround Time</b>			
11	I handle complaints logged by clients in the shortest time possible			.621
12	There is standard time in which feedback is supposed to be given to its clients.			.689
13	I handle the number of clients I am supposed to handle per day.			.827
14	Account Opening is done always between within 24 hours.			.675
15	I process Online banking instantly without any challenges.			.595
16	I always offer timely financial advice to my clients			.519
	<b>Eigen value</b>	<b>2.086</b>	<b>3.231</b>	<b>3.827</b>
	<b>Variance %</b>	<b>41.712</b>	<b>64.622</b>	<b>63.777</b>
	<b>Cumulative %</b>	<b>41.712</b>	<b>64.622</b>	<b>63.777</b>
	<b>N=Sample size</b>	<b>N=92</b>	<b>N=92</b>	<b>N=92</b>

### **4.3.2 Quality of Output**

Findings in table 4.3.1 show that the Bank requires that employees be “present” at work even if they are not being productive (.819). This means that SBU values employee productivity at however inconsequential it maybe. It also implies that the banks total productivity is dependent on individuals aggregated efforts. On the contrary employees reported that they don’t feel productive all the time (.105). This means that productivity largely depends on employee’s emotions, moods and context. Also, lack of defined job goals was found to affect employee’s productivity (.328). Nevertheless, employees execute their duties and responsibilities as per their contracts (.821). This implies that employees are goal oriented and hold efficiency and effectiveness in high regard.

### **4.3.3 Employee Commitment**

On whether respondents met the agreed upon deliverables on time and as promised the response was indeed significant at a higher principle component value of (.913). This means that SBU employees execute their duties diligently as per their job descriptions prescribed in their appointments letters. In addition, respondents agreed that they work past normal time to accomplish delayed tasks (.859). This a true exhibition of employee commitment in attaining productivity through working extra hours. Besides, respondents do not resist assignments that are delegated by my superiors (.913). Related to the above, findings indicated that respondents demonstrated honesty, timeliness and consistency in all communications and transactions related to the bank (.848).



#### **4.3.4 Turnaround Time**

In relation to turn around time, findings indicated that employees handle complaints logged by clients in the shortest time possible (.621). This is a good indicator of employee productivity. There is also a standard time in which feedback is supposed to be given to its clients (.689). This ensures efficiency and timeliness and impacts of organisational productivity and performance. Similarly, respondents agreed that they handle the number of clients they are supposed to handle per day (.827). In addition, Account Opening is done always between within 24 hours (.675). Some employees also confirmed that they process online banking instantly without any challenges (.595). I always offer timely financial advice to my clients (.519).

#### 4.4 Factor Analysis for the Indicators of direct and indirect Financial Rewards

**Table 4.6: Factor Analysis for Financial Rewards**

<b>Direct Financial Rewards</b>		<b>Salaries</b>	<b>Bonuses</b>	<b>Sales commission</b>	<b>Pension benefits</b>	<b>Allowances</b>
	<b>Salaries</b>					
1	The Stanbic Bank offers a salary that is more than other Banks in Uganda.	.421				
2	I am satisfied with the salary I receive at this Bank.	.894				
3	The salary scale at this Bank is fixed and does not increase.	.909				
4	Employees receive their salaries in time always at Stanbic Bank Uganda.	.828				
5	Salary advances are always given if employees ask for them	.419				
<b>Bonuses</b>						
6	Working overtime automatically qualifies me for a bonus pay		.952			
7	The bonuses given to me at Stanbic Bank are desirable and worth working for		.846			
8	The bonuses given to me vary according to the duties executed		.918			
9	Bonuses are topped up on my monthly salary and given as a lumpsum.		.826			
10	The cash bonuses given to me improve productivity.		.874			
<b>Sales commission</b>						
11	The banks employees receive commission as per their sales.			.847		
12	Employees are paid depending on the number of clients served			.627		
13	The commission paid to employees is sufficient in boosting their standard of living.			.817		
14	Sales commission are not applicable in my department.			.463		
15	I prefer commission rather than salary.			.442		
<b>Pension/retirement benefits</b>						
16	At Stanbic Bank retirement benefits will be given to me				.698	
17	Upon retirement I will be given pension as a lumpsum				.475	
18	Upon retirement I will be given pension each month until death				.685	
19	Pensions strongly influence my behavior and productivity				.516	
20	Pensions influence the type of worker at Stambic Bank				.698	
<b>Allowances</b>						
21	The rated of allowances I receive is indicated in the employment contract					.568
22	I receive more allowances as compared to my colleagues in other Banks around Kampala.					.362
23	My allowances are given to me in real time upon execution of tasks.					.868
<b>Eigen Value</b>		<b>2.289</b>	<b>1.958</b>	<b>2.01</b>	<b>1.25</b>	<b>2.13</b>
<b>Variance %</b>		<b>45.78</b>	<b>39.16</b>	<b>40.14</b>	<b>31.34</b>	<b>53.3</b>
<b>Cumulative %</b>		<b>45.78</b>	<b>39.16</b>	<b>40.15</b>	<b>31.34</b>	<b>53.3</b>
<b>N=Sampale Size</b>		<b>N=92</b>	<b>N=92</b>	<b>N=92</b>	<b>N=92</b>	<b>N=92</b>

Results in the table above indicated that direct financial rewards composed of 5 components that included; salaries, bonuses, sales commission, pension/retirement benefits and allowances.

The percentage of the variance obtained referred to the extent to which a component explains variations in financial rewards. The values that were considered significant basing on the magnitude of the values, were those close to (1) according to the tables and in the entire discussion of results and those less significant were those ranging from (0.5) and (0.1).

#### **4.4.1 Salaries**

According to the findings respondents disagreed with the statement that SBU offers a salary that is more than other Banks in Uganda (.421). However, were satisfied with the salary they receive (.894). In relation to whether the salaries they receive is fixed, respondents significantly agreed at (.909). Further still, Employees receive their salaries in time always at Stanbic Bank Uganda (.828). However, on whether Salary advances are always given if employees ask for them, the majority of the respondents disagreed as indicated with a low principle component value of (.419). This indicates that the management of SBU doesn't encourage salary advances or it either doesn't have it in its employment and remuneration policy.

#### **4.4.2 Bonuses**

The study also sought to investigate the state of Bonuses at SBU and found out the following; respondents confirmed that Working overtime automatically qualifies them for a bonus pay (.952). Similarly, the bonuses given at SBU-Nakasero Branch are desirable and worth working for (.846). In the same vain, the bonuses given to employees vary according to the duties executed (.918). The respondents also unanimously agreed that bonuses are topped up on their monthly salary and given as a lumpsum at the end of the month (.826). In regard to the influence of cash bonuses,

employees confirmed that cash bonuses improve their productivity (.874). In addition, according to interview findings one manager intimated that.

*“The bank has implemented a Deferred Bonus Scheme (DBS) to compulsorily defer a portion of incentives over a minimum threshold for some senior managers and executives. This improves alignment of shareholder and management interests and enables claw back under certain conditions, supporting risk management. Therefore, all employees who are awarded an incentive over a certain threshold are subject to a mandatory deferral of a certain percentage of their bonus into the DBS for up to 42 months”*

This implies that the management of SBU is mindful of the importance of bonus payment in relation to boosting employee productivity. This explains why possibly a deferred bonus scheme has been put in place.

#### **4.4.3 Sales Commission**

The banks employees receive commission as per their sales as indicated by a higher Principle component value of (.847). Employees are paid depending on the number of clients served (.627). According to an interview with one of the team leaders, he intimated that sales commission is given to the sales executives or Account Managers basing on the specific clientele base handled and served.

Further findings indicated that the commission paid to employees is sufficient in boosting their standard of living (.817). However, Sales commission was not applicable most of the respondent's departments department given a low principle component value of (.463). Besides, most of respondents didn't prefer commission but rather preferred salary (.442). This means that most employees prefer salaried pay offers because it provides regular, dependable income. An employee with a salary knows exactly how much each pay check will be worth. This means that the employee

can budget around his/her salary without worrying that her income will fall short at any given time. In addition, document review findings confirmed that fixed pay is intended to attract and retain employees by ensuring competitive positioning in the local market and in certain cases (SBU, Annual Report, 2013). Therefore, the findings of this study and document review concurred on the role of sales commission and fixed pay in relation to employee productivity at SBU.

#### **4.4.4 Pension/Retirement Benefits**

At SBU-Nakasero Branch employees are optimistic that retirement benefits will be given to them upon retirement (.698) this is because according to the findings the staff of SBU-Nakasero Branch have a Pension Fund that is registered with Uganda Retirement Benefits Regulatory Authority (URBRA). However, upon retirement respondents degreed that they shall not be given pension as a lumpsum (.475). This means that a monthly amount shall be given to them until they pass on (.685). On whether pension strongly influences employee's behavior and productivity (.516). These findings concur with earlier studies by indicated Dorsey and Macpherson (1997) found a strong positive relationship between pension coverage and training on the job, providing a further link between the use of pensions as a form of compensation and employee productivity. In their book on pensions and productivity, Dorsey, Cornwell, and Macpherson (1998) estimate a series of productivity models and conclude that labor appears to be more productive in firms that offer defined benefit pension plans.

#### **4.4.5 Allowances**

The rate of allowances respondents received was indicated in the employment contract (.568). Furthermore, respondents didn't agree that they receive more allowances as compared to their colleagues in other Banks around Kampala (.362). However, what they were sure of was that they

receive the allowances in time, upon execution of tasks (.868). According to qualitative findings from one of the managers, he intimated that;

*“Allowances are also in form of Annual incentives are provided to ensure appropriate reward for performance. Incentive pools are allocated to teams shaped by a combination of overall bank and team performance within the set risk tolerance levels”*

These findings harmony with Bond and Galinsky, (2006) who stated that The fact that some organizations do give housing allowances or provide housing facilities and other supplementary assistances to their workers demonstrate that they view the investments valuable for purposes of enhancing recruitment, performance, and retention.

#### **4.5 Indirect Financial Rewards**

Factor analysis was also used to understand the various forms of indirect financial rewards at SBU and how it affects employee productivity. These specific indirect financial rewards included the following but not limited to paid leave, medical schemes, paid training and housing facilitation. These were also analysed using factor analysis to ascertain their underlying influence on employee productivity.

**Table 4.7 Factor analysis for the indicators of indirect financial rewards at Stanbic Bank Uganda**

<b>Indirect Financial Rewards</b>		<b>Paid leave</b>	<b>Medical schemes</b>	<b>Paid training</b>	<b>Housing facilitation</b>
<b>Paid Leave</b>					
24	Employees who call in sick or take time off from work with little or no notice may negatively affect productivity.	.828			
25	Employees on sick leave are paid to help them cater for their health requirements	.651			
26	Vocation leave is always paid for all employees who need it.	.453			
27	Paid sick leave benefits protect employees against the loss of income	.620			
28	Paid leave increase employee satisfaction	.518			
<b>Medical Schemes/Benefits</b>					
All employees of Stanbic Bank are entitled to Medical Insurance			.349		
29	Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy		.717		
30	Work-related accidents and injuries exert an enormous toll on employers.		.744		
31	Accidents, or injuries caused lower employee productivity		.218		
32	Cost of responding to these workplace health and safety issues has the potential to undermine and organizations competitiveness.		.501		
<b>Paid Training</b>					
33	Most of the training opportunities are paid for in this Bank			.926	
34	I am always paid for the external trainings i go to			.930	
35	The Bank encourages cost sharing for cater for training costs			.727	
36	I benefit from Paid trainings conducted every three months.			.723	
37	Paid trainings have a direct effect on my productivity.			.648	
<b>Housing Facilitation</b>					
38	Housing allowance is given to me at Stanbic Bank				.243
39	The Bank has its own housing units that I rent at a subsidized cost				.176
40	Housing allowances are given on top of the monthly salary				.372
41	The bank encourages cost sharing to cater for the training opportunities the bank identifies.				.235
42	I am offered with housing facilities that boosts my productivity at work				.213
<b>Eigen Value</b>		<b>1.98</b>	<b>2.53</b>	<b>2.47</b>	<b>3.23</b>
<b>Variance %</b>		<b>39.49</b>	<b>50.60</b>	<b>41.09</b>	<b>64.77</b>
<b>Cumulative %</b>		<b>39.49</b>	<b>50.60</b>	<b>41.09</b>	<b>62.77</b>
<b>N=Sample size.</b>		<b>N=92</b>	<b>N=92</b>	<b>N=92</b>	<b>N=92</b>

#### **4.5.1 Paid Leave**

Respondents agreed to the statement that employees who call in sick or take time off from work with little or no notice may negatively affect productivity (.828). Also, employees on sick leave are paid to help them cater for their health requirements (.651). Vacation leave isn't always paid for all employees who need it as indicated by a low Principle component Value (.453). Paid sick leave benefits protect employees against the loss of income (.620). In addition, paid leave increase employee satisfaction according to the findings (.518)

#### **4.5.2 Medical Schemes/Benefits**

In relation to medical schemes or benefits at SBU, respondents didn't agree that all employees of SBU-Nakasero Branch are entitled to Medical Insurance (.349). This means that medical insurance is for the few top management and board members not all employees. Respondents agreed that Health of the workers is undistinguishably linked to the efficiency of the workforce and the health of the nation's economy (.717). Similarly, findings also established that work-related accidents and injuries exert an enormous toll on employee's productivity (.744). In related findings, cost of responding to these workplace health and safety issues has the potential to undermine the organizations competitiveness (.501)

#### **4.5.3 Paid Training**

The respondents at SBU-Nakasero Branch unanimously agreed that most of the training opportunities are paid for as indicated by a high Principle component value of (.926). Also, on whether employees are always paid for the external trainings, the response was also strong at (.930). However, in other related findings the bank encourages cost sharing to cater for some



training costs (.727) thence respondents benefited from paid trainings conducted every three months (.723). It was also found that paid trainings have a direct effect on my productivity (.648).

#### **4.5.4 Housing Facilitation**

Indirect financial rewards in form of Housing allowance/facilitation in not given as per the findings of the study (.243). Besides, the bank doesn't have its own housing units that respondents rent at a subsidized cost as indicated by a low principle component value of (.176). Still, on whether employees are given housing allowances on top of the monthly salary the response was indeed low (.372). Correspondingly, employees didn't think that housing allowances would boost their productivity at work as indicated by a low (.213).

#### **4.6 Pearson's Correlation Coefficients of The Study Variables Using Direct Financial Rewards and Employee.**

Correlation analysis measured the degree of relationship between two or more variables. Correlation analysis was done to determine the relationship between the independent variables and dependent variable that is; the relationship between financial rewards and employee productivity at SBU-Nakasero Branch.

#### 4.6.1 Pearson Correlation between Direct Financial Rewards and Employee Productivity.

**Table 4.8: Pearson’s Correlations between Direct Financial Rewards and Employee Productivity at SBU-Nakasero Branch**

Pearson’s Correlation Matrix		Direct Financial Rewards	Employee Productivity
Direct Financial Rewards	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.000
	N	92	92
Employee productivity	Pearson Correlation	.722**	1
	Sig. (2-tailed)	.000	
	N	92	92

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

From table 4.8, there is a positive relationship between direct financial rewards and employee productivity. Since the Sig value is (.000) (which is less than .05), the study concluded that there is a significant correlation between the hypothesis tested. In addition, given Pearson’s correlations coefficient ( $r = .722$ ,  $p < .01$ ). This means that changes in direct financial rewards are strongly correlated with changes in employee productivity SBU-Nakasero Branch. For this reason, the study concluded that there is a strong relationship between direct financial rewards between and employee productivity.

#### 4.6.2 Pearson’s Correlation between Indirect Financial and Employee Productivity

The relationship between indirect financial rewards and the employee productivity was tested using Pearson’s correlation matrix and coefficients as presented in the table below;

**Table 4.9: Pearson’s Correlations between Indirect Financial Rewards and the Employee productivity at SBU-Nakasero Branch**

Pearson’s Correlation Matrix		Financial Rewards	Employee Productivity
Indirect Financial Rewards	Pearson Correlation	1	.404**
	Sig. (2-tailed)		.000
	N	92	92
Employee Productivity	Pearson Correlation	.404**	1
	Sig. (2-tailed)	.000	
	N	92	92

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

From table 4.9, there is a strong positive relationship between indirect financial and employee productivity. Since the Sig value is (.000) (which is less than .05), the study concluded that there is a significant correlation between the hypothesis tested. Given the Pearson’s correlations coefficient ( $r = .404$ ,  $p < .01$ ). This means that changes in indirect financial rewards are correlated with changes in employee performance at SBU-Nakasero Branch. For this reason, the study concluded that there is a weak positive relationship between indirect financial rewards and employee productivity at SBU-Nakasero Branch

#### 4.6.3 Regression Analysis

Regression Analysis was carried out to predict the effect of the independent variable that is financial reward on employee productivity (Dependent variable) of SBU-Nakasero Branch. The regression analysis was conducted for predictability purposes; as seen in the table 4:10 below;

**Table 4.10: Multiple Regression Analysis for Direct financial rewards, Indirect Financial Rewards and Employee Productivity.**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.694	.559		6.609	.000
Direct Financial Rewards	.117	.200	.291	.583	.562
Indirect Financial Rewards	.083	.139	.047	.598	.552
<b>Dependent Variable: Employee Productivity</b>					
R Square .005,		Adjusted R Square .17,		F Statistic 0.242, Sig.000	

*Source: Primary Data*

Results in table 4:10 indicated that the independent variables explain significantly 17% percent (R-Square=.17) of employee productivity. Direct financial rewards (beta=.291.\*\*=29%) predicts more employee productivity than indirect financial rewards (beta=.047\*=4.7%). The regression model was overall significant (F=0.242 sig=.000). Model; Employee Productivity =3.694+.117+.083. These results suggest that if SBU-Nakasero Branch is to achieve the desired employee productivity, it should to put more emphasis on indirect financial rewards.

#### **4.7 Summary of Findings**

The findings showed that was a positive relationship between direct financial rewards and employee productivity. Since the Sig value is (.000) (which is less than .05), the study concluded that there is a significant correlation between the hypothesis tested. In addition, given Pearson's correlations coefficient (r) = .722, p < .01. In addition, there was a strong positive relationship between indirect financial and employee productivity. Since the Sig value is (.000) (which is less than .05), the study concluded that there is a significant correlation between the hypothesis tested. Given the Pearson's correlations coefficient (r) = .404, p < .01.

On the basis of which independent variable strongly predicted employee productivity, findings indicated that the independent variables combined explained significantly 17% percent ( $R\text{-Square}=.17$ ) of employee productivity. While individually Direct financial rewards ( $\text{beta}=.291^{**}=29\%$ ) predicts more employee productivity than indirect financial rewards ( $\text{beta}=.047^*=4.7\%$ ).

## CHAPTER FIVE

### SUMMARY, DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The study examined the contribution of financial rewards towards employee productivity at Stanbic Bank Uganda (SBU)-Nakasero Branch. The summary, discussion, and recommendations will be as per the set study objectives of; to examine the contribution of direct financial rewards towards employee productivity and to assess the contribution of indirect financial rewards towards employee productivity at SBU-Nakasero Branch.

#### 5.2 Summary of findings

This section is a summary of findings in relation to the study objectives that included; the association between direct financial rewards and employee productivity and the second objective that was examining the relationship between indirect financial rewards on employee productivity.

##### 5.2.1 The relationship between direct financial rewards and employee productivity.

The first objective of this study was to assess the influence of indirect financial rewards on employee productivity at SBU-Nakasero Branch. This objectives were quantitatively analysed using questionnaire survey. In addition, its findings were also analysed qualitatively by using Key Informant Interviews (KII). The study tested the first hypothesis; “*Direct financial rewards has a significant positive influence on employee productivity*” and it was accepted since there was a positive Pearson’s correlations coefficient ( $r = .722$ ), between direct financial rewards and employee productivity whereby a shift or change in direct financial rewards would alter the state of employee productivity at SBU-Nakasero Branch.

According to the findings respondents didn't concur with the statement that SBU offers a salary that is more than other Banks in Uganda. However, were satisfied with the salary they receive. In relation to whether the salaries they receive is fixed, respondents significantly agreed at. Further still, Employees receive their salaries in time always at Stanbic Bank Uganda. However, on whether Salary advances are always given if employees ask for them, the majority of the respondents disagreed as indicated with a low principle component value of.

The banks employees receive commission as per their sales as indicated by a higher Principle component value of. Employees are paid depending on the number of clients served. According to an interview with one of the team leaders, he intimated that sales commission is given to the sales executives or Account Managers basing on the specific clientele base handled and served.

Further findings indicated that the commission paid to employees is sufficient in boosting their standard of living. However, Sales commission was not applicable most of the respondent's departments department. Besides, most of respondents didn't prefer commission but rather preferred salary. This means that most employees prefer salaried pay offers because it provides regular, dependable income. An employee with a salary knows exactly how much each pay check will be worth. This means that the employee can budget around his/her salary without worrying that her income will fall short at any given time. In addition, document review findings confirmed that fixed pay is intended to attract and retain employees by ensuring competitive positioning in the local market and in certain cases (SBU, Annual Report, 2013).

At SBU-Nakasero Branch employees are optimistic that retirement benefits will be given to them upon retirement this is because according to the findings the staff of SBU-Nakasero Branch have a Pension

Fund that is registered with Uganda Retirement Benefits Regulatory Authority (URBRA). However, upon retirement respondents decried that they shall not be given pension as a lumpsum. This means that a monthly amount shall be given to them until they pass on. On whether pension strongly influences employee's behavior and productivity.

The rate of allowances respondents received was indicated in the employment contract. Furthermore, respondents didn't agree that they receive more allowances as compared to their colleagues in other Banks around Kampala. However, what they were sure of was that they receive the allowances in time, upon execution of tasks. According to qualitative findings, allowances are also in form of Annual incentives are provided to ensure appropriate reward for performance. Incentive pools are allocated to teams shaped by a combination of overall bank and team performance within the set risk tolerance levels.

### **5.2.2 The relationship between Indirect Financial Rewards on Employee Productivity**

The second objective of the study was to assess the influence of indirect financial rewards on employee productivity at SBU-Nakasero Branch. This findings in this study were investigated using both qualitative and quantitative methods. These includes questionnaire survey and interviews.

The study tested the second hypothesis: "there is a weak positive relationship between indirect financial rewards and employee productivity in SBU-Nakasero Branch", and it was accepted. This is because there was a positive Pearson's correlations coefficient ( $r = .404$ ,  $p < .01$ ), between indirect financial rewards and employee productivity and food security whereby any change in indirect financial rewards would influence employee productivity.



Respondents agreed to the statement that employees who call in sick or take time off from work with little or no notice may negatively affect productivity. Also, employees on sick leave are paid to help them cater for their health requirements. Vacation leave isn't always paid for all employees who need it as indicated by a low Principle component Value. Paid sick leave benefits protect employees against the loss of income. In addition, paid leave increase employee satisfaction according to the findings.

In relation to medical schemes or benefits at SBU, respondents disagree that all employees of SBU-Nakasero Branch are entitled to Medical Insurance. This means that medical insurance is for the few top management and board members not all employees. Respondents agreed that Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy. Similarly, findings also established that work-related accidents and injuries exert an enormous toll on employee's productivity. In related findings, cost of responding to these workplace health and safety issues has the potential to undermine the organizations competitiveness

The respondents at SBU-Nakasero Branch unanimously agreed that most of the training opportunities are paid for as indicated by a high Principle component value of. Also, on whether employees are always paid for the external trainings, the response was also strong at. However, in other related findings the bank encourages cost sharing to cater for some training costs thence respondents benefited from paid trainings conducted every three months. It was also found that paid trainings have a direct effect on my productivity.

Indirect financial rewards in form of Housing allowance/facilitation weren't given as per the findings of the study. Besides, the bank doesn't have its own housing units that respondents rent at a subsidized cost. Still, on whether employees are given housing allowances on top of the monthly salary the

response was indeed low. Correspondingly, employees didn't think that housing allowances would boost their productivity at work as indicated by a low.

### **5.3 Discussion of findings.**

**The findings of this study are discussed in relation to earlier studies by other scholars.** The findings are in relation to direct financial rewards and employee productivity and the relationship between indirect financial rewards and employee productivity at SBU-Nakasero Branch.

#### **5.3.1 The Relationship between Direct Financial Rewards and Employee Productivity**

The study findings are in line with earlier scholars who found that there is a positive relationship between direct financial rewards and employee productivity. Respondents confirmed that working overtime automatically qualifies them for a bonus pay. Similarly, the bonuses given at SBU-Nakasero Branch are desirable and worth working for. In the same vain, the bonuses given to employees vary according to the duties executed. The respondents also unanimously agreed that bonuses are topped up on their monthly salary and given as a lumpsum at the end of the month. In regard to the influence of cash bonuses, employees confirmed that cash bonuses improve their productivity. This concurs with the Globler et al (2006) who further stressed that employees are likely to be highly encouraged and increase their efficiency if they notice that there is a straight relationship between the rewards received and level of performance. Utmost performance based pay systems provide employees with a basic income and the opportunity to earn additional reward if their productivity surpasses a certain standard.

At SBU-Nakasero Branch employees are optimistic that retirement benefits will be given to them upon retirement this is because according to the findings the staff of SBU-Nakasero Branch have a Pension Fund that is registered with Uganda Retirement Benefits Regulatory Authority

(URBRA). However, upon retirement respondents decreed that they shall not be given pension as a lumpsum. This means that a monthly amount shall be given to them until they pass on. On whether pension strongly influences employee's behavior and productivity. These findings concur with earlier studies by Dorsey and Macpherson (1997) found a strong positive relationship between pension coverage and training on the job, providing a further link between the use of pensions as a form of compensation and employee productivity. In their book on pensions and productivity, Dorsey, Cornwell, and Macpherson (1998) estimate a series of productivity models and conclude that labor appears to be more productive in firms that offer defined benefit pension plans

Correspondingly, the findings above are reinforced by earlier studies that stated that The current employee's performance can be nurtured by managing a valid performance evaluation, bonus and reward system (Bretz, Milkovich, & Read, 1992). It should be considered that the amount of fringe benefits (or certain payback) and bonuses are varied among well-performing and weak-performing employees. The motivation, which is the result of employees encouragement by cash or other things such as bonuses (e.g. car loan and payment increase), will lead to employees productivity and better performance. Therefore, it is important to recognize which rewarding strategies lead to higher employee's productivity and to enhance their performance" (Oyebanju, 2009).

Incentives are generally developed to generate employee motivation, satisfaction, and greater performance. The link between the three variables has been widely discussed and debated among the researchers, scholars and practitioners (Latham, 2007). They argue that the effectiveness of incentives for reaching higher behavioral outcomes of employees is based on the degree to which those incentives are perceived to fulfill or satisfy their needs. For example, if the employee

overwhelmingly desires job autonomy and perceives the amount of money or benefits are likely to satisfy this need, then the payment is likely to motivate them to perform the job

Akerele,(1991) blamed the productivity of Nigerian workers on several factors, among them is employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity. Markova and Ford (2011) mentions that the real success of companies originate from employees' willingness to use their creativity, abilities and know-how in favour of the company and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

Ali and Ahmed (2009) proved that there is a statistically significant relationship between reward and recognition respectively, motivation and employee productivity. Their study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation, satisfaction and employee productivity. Janseen, (2010) revealed that there is a significant and positive relationship between extrinsic rewards and employee motivation however, According to Perry et al (2006) financial rewards is not the most motivating factor and financial results have a de-motivating effect among employee (Srivastava, 2001).

Pertaining to the reward discussion, Ivana, Lovorka, and Nevenka (2009) discussed that rewarding must please an open and full obvious regarding awards. On the other side, communication of the

rewards accessibility, the criteria for getting satisfied, and the award recipients recognition should be accessed by rewards (Ivana et al. 2009)

Similarly, findings from this study concur with (Appelbaum et al., 2011; Datta, 2012) who intimated that extrinsic rewards also drive workers morale and the distribution of these rewards always has loomed large in companies, especially in accordance with performance evaluations in present globalization eras. Furthermore, giving rewards has become a part of firm's policies as it has been shown to improve workers performance and the organizations productivity

Based on all current literatures and by focusing on the links between all of the findings, one can understand that an appropriate compensation package, including financial rewards, will cause a higher performance and efficiency for the firm. This compensation package consists of both extrinsic and intrinsic rewards. Extrinsic rewards include tangible and external rewards to the attempts and performed tasks in terms of salary/pay, promotions, bonuses, incentives, etc. Overall, the highly involved workers who are oriented more to their occupations are dependent more on intrinsic than extrinsic rewards (Wood, 1974). In addition, a significant and direct association exists between extrinsic rewards and the motivation of employees; however, it is verified that the companies do not spend sufficient budget on financial rewards (Hafiza et al., 2011).

### **5.3.2 The Relationship between Indirect Financial Rewards and Employee Productivity**

The study concluded that there is a significant correlation between the hypotheses tested. Given the Pearson's correlations coefficient ( $r = .404$ ,  $p < .01$ ). These findings are however in line with other findings of Dessler, (2011) who established a positive relationship between indirect financial

rewards and employee productivity. He further went to state that indirect reward is the indirect monetary and non-monetary remuneration employees get for continuing their job with the organization that is an essential element of every employee's compensation

Also, according to Chhabra, (2001), Indirect or Supplementary Compensation includes 'fringe benefits' rendered via several employee services and benefits like housing, financial assistance for food, medical allowance, day-care centers for children's and so on. In the organization rewards are given by organizations to employees for their membership, attendance or participation

Baase (2009) states that evidence clearly shows that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy, it also shows that employers increasingly recognize this link and are interested in improving worker health by expanding workforce health protection and health promotion benefit programs. Research also shows "a much greater connection between employee health and productivity in the workplace than was ever realized in the past. For example, studies have shown that on average for every one dollar spent on worker medical/pharmacy costs, employers absorb two to three dollars of health-related productivity costs (Loeppke, 2009)

It has been estimated that on-the-job injuries cost organizations billions of dollars annually. Included in this figure are wage and productivity losses, medical costs and administrative costs. In addition to these safety- and hazard-related injury costs, the effort of administering to the needs of injured workers is also extremely costly (Wright et al, 2002). The two factors, personal health and personal safety each essential to a productive worker and to a productive workplace— are effectively combined in a symbiotic manner that increases their impact on overall health and

productivity. The whole becomes greater than the sum of its parts. Once health protection and promotion programs are intertwined and deployed strategically to enhance each other, a healthier workforce thus becomes a safer workforce and vice versa (Pamela et al, 2011)

In relation to medical schemes or benefits at SBU, respondents disagreed that all employees of SBU-Nakasero Branch are entitled to Medical Insurance. This means that medical insurance is for the few top management and board members not all employees. Findings established that that Health of the workforce is inextricably linked to the productivity of the workforce

Medical benefits are intended to assist an officer and his family in maintaining good health since a healthy employee is an asset to the Government. COR, (2006) intimated that if government has incorporated out-patient medical benefits into personal emoluments it makes a public servant responsible for his own medical requirement. But all may affect organizational operations and individual employee productivity (Mathis & John, 2003). Retirement plans in addition to serving as a tax-advantaged means of accumulating retirement income, can enhance productivity

The presence of a pension scheme at SBU strongly influence workers behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. Further still, empirical evidence indicates that pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns. While the productivity effects have been associated mostly with defined benefit plans, recent research has shown that 401(k) plans where a qualified employer-established plan to which eligible employees may make salary deferral (salary reduction) contributions on a post-tax and/or pretax basis exhibit similar effects in shaping workers behavior (Ippolito, 1997)

## 5.4 Conclusion

Direct financial rewards is positively and significantly collated with employee productivity as per the findings of the study. Paying is a vital factor which affects employee's motivation. Both motivation and satisfaction impact on employee productivity. Rewarding is an initial step like any other HR operations, especially when it confronts with salary, pay, bonuses, sales commissions and financial payment. It should be noted that employers plan on rewarding systems are based on their employees efficiency and effectiveness which both contribute to their productivity

In addition, indirect financial rewards are weakly correlated with employee productivity at SBU-Nakasero Branch. The motivation, which is the result of employee's encouragement by pension schemes, medical insurances and housing allowance will lead to employee's productivity and better performance. Therefore, it is important to recognize which rewarding strategies lead to higher employee's productivity and to enhance their performance. Considering the result of this study, it can be determined that different indirect financial rewarding elements like medical insurance, housing facilitation and pension, have significant connection with higher performance (Oyebanju, 2009).

By all means, rewards are part of the financial institutions like banks plan to attract, retain and motivate its employees to achieve success in their life, as well as contributing in meeting the bank's objective. Overall, it is found that the reward strategy and reward system implemented do have positive impact towards employee productivity. In respect of employee productivity, it increases the sales results and generates higher revenue for the bank. Non-financially, it helps to meet the strategic objectives of the SBU especially on the recruitment perspective and organizational



growth prospect. This is to link back with the framework that put forward rewards do motivate the agents' effort and persistency in achieving desired performance. Nevertheless, there is still room for more thorough planning on the issue of reward such as to achieve total reward management

## **5.5 Recommendations**

Basing on the findings, this study gives the following recommendations;

Indirect financial rewards should be intensified since they had the lowest predictor value of ( $\beta = .047^* = 4.7\%$ ) using the multiple regression analysis. This study recommends that more emphasis should put on enhancing indirect financial rewards to so its relationship with employee productivity is strong.

SBU should put in place medical schemes or benefits since the Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy.

Housing allowance/facilitation in not given as per the findings of the study, therefore, the Bank should mainstream housing allowance to all employees other than top management.

The Banks should systematically phase out trainings that are cost shared since employees perceive them as expenses that erode their salaries.

## **5.7 Limitation to the study**

- First of all, the research was conducted in a population where the principle investigator works. However, much as the principle investigator tried to minimize response bias, this

could not be guaranteed since the principle investigator is a superior to the respondents that participated in the study.

- Second, the study sample was small, only ninety two employees and this might not represent the majority of the employees to have a generalization to other banking institutions other than SBU.
- Third, since the questionnaire designed to measure the employee's' attitude towards direct and indirect financial rewards might give useful information about the impacts of employee productivity. However, other causes of employee productivity other than direct and indirect financial rewards aren't addressed by this study.

## **5.8 Areas for Further Research**

- This study only focused on two factors, direct financial rewards and indirect financial rewards and how they affect employee productivity. Therefore, other factors that affect employee productivity should also be investigated by other studies.
- This study also focused on Stanbic Bank as a case study however this does not necessary represent other banks because of the different remuneration contexts and policies. More studies should cover more categories of employees.
- More research should be carried using other research methodologies like pure qualitative studies using Focus Group Discussions (FGDs), In-depth Interviews (IDIs) and Key Informant Interviews (KIIs) to further interrogate respondents opinions, expressions, feelings, knowledge and understanding of the financial rewards and employee productivity.

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**Appendix i**  
**Appendix ii: Morgan's Table**  
**Table for Determining Sample Size from A Given Population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size  
"S" is sample size.

**Appendix ii**  
**Questionnaire**  
**Uganda Management Institute**

<b>DIRECT FINANCIAL REWARDS</b>						
<b>(i)</b>	<b>Salaries</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
1.	The Stanbic Bank offers a salary that is more than other Banks in Uganda.	1	2	3	4	5
2.	I am satisfied with the salary I receive at this Bank.	1	2	3	4	5
3.	The salary scale at this Bank is fixed and does not increase.	1	2	3	4	5
4.	Employees receive their salaries in time always at Stanbic Bank Uganda.	1	2	3	4	5
5.	Salary advances are always given if employees ask for them	1	2	3	4	5
<b>(ii)</b>	<b>Bonuses</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
6.	Working overtime automatically qualifies me for a bonus pay	1	2	3	4	5
7.	The bonuses given to me at Stanbic Bank are desirable and worth working for	1	2	3	4	5
8.	The bonuses given to me vary according to the duties executed	1	2	3	4	5
9.	Bonuses are topped up on my monthly salary and given as a lumpsum.	1	2	3	4	5
10.	The cash bonuses given to me improve productivity.	1	2	3	4	5
<b>(iii)</b>	<b>Sales commission</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
14	The banks employees receive commission as per their sales.	1	2	3	4	5
15	Employees are paid depending on the number of clients served	1	2	3	4	5
16	The commission paid to employees is sufficient in boosting their standard of living.	1	2	3	4	5
17	Sales commission are not applicable in my department.	1	2	3	4	5
18	I prefer commission rather than salary.	1	2	3	4	5
<b>(iv)</b>	<b>Pension/Retirement Benefits</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
19	At Stanbic Bank retirement benefits will be given to me	1	2	3	4	5
20	Upon retirement I will be given pension as a lumpsum	1	2	3	4	5
21	Upon retirement I will be given pension each month until death	1	2	3	4	5
22	Pensions strongly influence my behavior and productivity	1	2	3	4	5
23	Pensions influence the type of worker at Stambic Bank	1	2	3	4	5
<b>INDIRECT FINANCIAL REWARDS</b>						
<b>(i)</b>	<b>Paid Leave</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
1.	Employees who call in sick or take time off from work with little or no notice may negatively affect productivity.	1	2	3	4	5
2.	Employees on sick leave are paid to help them cater for their health requirements	1	2	3	4	5
3.	Vocation leave is always paid for all employees who need it.	1	2	3	4	5
4.	Paid sick leave benefits protect employees against the loss of income	1	2	3	4	5
5.	Paid leave increase employee satisfaction	1	2	3	4	5
<b>(ii)</b>	<b>Medical Schemes/Benefits</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
6.	All employees of Stanbic Bank are entitled to Medical Insurance	1	2	3	4	5
7.	Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy	1	2	3	4	5



8.	Work-related accidents and injuries exert an enormous toll on employers.	1	2	3	4	5
9.	Accidents, or injuries caused lower employee productivity	1	2	3	4	5
10.	Cost of responding to these workplace health and safety issues has the potential to undermine and organizations competitiveness.	1	2	3	4	5
<b>(iii)</b>	<b>Paid Training</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
11.	Most of the training opportunities are paid for in this Bank	1	2	3	4	5
12.	I am always paid for the external trainings i go to	1	2	3	4	5
13.	The Bank encourages cost sharing for cater for training costs	1	2	3	4	5
14.	I benefit from Paid trainings conducted every three months.	1	2	3	4	5
15.	Paid trainings have a direct effect on my productivity.	1	2	3	4	5
<b>(iv)</b>	<b>Housing Facilitation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
16.	Housing allowance is given to me at Stanbic Bank.	1	2	3	4	5
17.	The Bank has its own housing units that I rent at a subsidized cost	1	2	3	4	5
18.	Housing allowances are given on top of the monthly salary	1	2	3	4	5
19.	The bank encourages cost sharing to cater for the training opportunities the bank identifies.	1	2	3	4	5
20.	I am offered with housing facilities that boosts my productivity at work	1	2	3	4	5

### Questionnaire

Dear Respondent, I am a student undertaking a research study as an academic requirement in partial fulfillment for the award of Masters In Management Studies of Uganda Management Institute. This questionnaire is intended to facilitate the study on *“The Contribution of Financial Rewards towards Employee Productivity of Stanbic Bank Uganda Ltd”* The information provided for this research will be purely for academic purposes and the recommendations made will be of great importance to your business. The information provided here will be treated with utmost confidentiality.

#### SECTION I: GENERAL INFORMATION

For this section, please tick the response category that applies to you,

1. Sex
  - (i) Male
  - (ii) Female
2. Age group (years)
  - (i) 21-25
  - (ii) 26-30
  - (iii) 31-35
  - (iv) 36-40
  - (v) Above 41
3. Highest level of education attained
  - (i) Diploma
  - (ii) Degree level
  - (iii) Post graduate qualification
  - (iv) Others specify \_\_\_\_\_
4. Designation
  - (i) Unit Manager
  - (ii) Team Leader
  - (iii) Head of Department
  - (iv) Consultant/Business Bankers
  - (v) Others specify \_\_\_\_\_
5. How long have you worked with this bank?

- (i) Less than 1 year  (ii) 1-3 years  (iii) 4-6 years  (iv) 7-9 years   
 (v) 10 Years and above

*Please indicate by ticking in the appropriate box to what extent you agree/disagree to the following statements*

<b>Scales:</b>	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**SECTION THREE: Employee Productivity**

<b>Scales:</b>	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

SN	Quality of Output	SD	D	N S	A	SA
12.	The Bank requires that I be “present” at work even if I am not being productive	1	2	3	4	5
13.	I come to work even if I am sick or not feeling well	1	2	3	4	5
14.	I feel I am productive at all times	1	2	3	4	5
15.	A lack of defined goals in my job affects my productivity.	1	2	3	4	5
16.	Employees execute the duties and responsibilities as per their contracts	1	2	3	4	5
17.	I shoot over my targets every month	1	2	3	4	5
	<b>Employee Commitment</b>	<b>SD</b>	<b>D</b>	<b>N S</b>	<b>A</b>	<b>SA</b>
18.	I meet agreed upon deliverables on time and as promised	1	2	3	4	5
19.	I demonstrate continuity when leaving the position by ensuring that the relationship is sustained in a good way.	1	2	3	4	5
20.	I work past normal time to accomplish delayed tasks.	1	2	3	4	5
21.	I do not resist assignments that are delegated to me by my superiors.	1	2	3	4	5
22.	At Stanbic Bank i demonstrate honesty, timeliness and consistency in all communications and transactions	1	2	3	4	5
23.		1	2	3	4	5

	<b>Turnaround Time</b>	<b>SD</b>	<b>D</b>	<b>N S</b>	<b>A</b>	<b>SA</b>
24.	I handle complaints logged by clients in the shortest time possible	1	2	3	4	5
14.	There is standard time in which feedback is supposed to be given to its clients.	1	2	3	4	5
15.	I handle the number of clients I am supposed to handle per day.	1	2	3	4	5
16.	Account Opening is done always between within 24 hours.	1	2	3	4	5
17.	I process Online banking instantly without any challenges.	1	2	3	4	5
18.	I always offer timely financial advice to my clients	1	2	3	4	5

**Appendix iii**  
**Uganda Management Institute**  
**Interview Guide**

Dear Respondent, I am a student undertaking a research study as an academic requirement in partial fulfillment for the award of Masters In Management Studies of Uganda Management Institute. This questionnaire is intended to facilitate the study on *“the contribution of financial rewards towards employee productivity of Stanbic Bank Uganda”* The information provided for

this research will be purely for academic purposes and the recommendations made will be of great importance to your business. The information provided here will be treated with utmost confidentiality.

---

**Section A**  
**Background Information**

1. Gender of Interviewee  
 Male  Female  (*Tick appropriately Using Observation*)
2. Position of the interviewee.....
3. Level of experience in years.....

**Section B**

**Financial Rewards**

- 1) What are is the salary scale of Stanbic Employees in relation to other Banks?
- 2) Under what conditions do employees receive bonuses?
- 3) What pension programs are present at Stanbic Bank?
- 4) What are the rates of sales commissions in this bank?
- 5) What types of leave does the bank give to its employees?
- 6) Are there medical schemes at bank? Yes/No. If Yes which ones?
- 7) What category of training do employees undergo? {*Probe about paid and non-paid training*}
- 8) Comment about the housing facilitation in this Bank.

**Employee Productivity**

- 9) Comment about the quality of work exhibited by the employees, {*Probe*} if high do you think it's as a result of financial rewards?
- 10) Assess the level of employee commitment in this bank?
- 11) How fast do employees handle customer's complaints in terms of time?
- 12) In your opinion how do you rate the level of customer satisfaction?

***“Thank you for your time”***

**Appendix iv**  
**Factor Analysis Values**  
**Salaries**

**Communalities**

	Initial	Extraction
--	---------	------------

The Stanbic Bank offers a good pay compared to any bank in Uganda	1.000	.421
I am satisfied with the salary i receive at this Bank	1.000	.894
The salary scale at this bank is fixed and does not increase	1.000	.909
Employees receive their salaries in time always at Stanbic Bank Uganda	1.000	.828
Salary advance are always given if employees ask for them	1.000	.419

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.289	45.780	45.780	2.289	45.780	45.780
2	1.382	27.647	73.427	1.382	27.647	73.427
3	.830	16.598	90.025			
4	.325	6.507	96.532			
5	.173	3.468	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
The Stanbic Bank offers a good pay compared to any bank in Uganda	.767	.180

I am satisfied with the salary i receive at this Bank	.427	.844
The salary scale at this bank is fixed and does not increase	-.690	.658
Employees receive their salaries in time always at Stanbic Bank Uganda	.868	-.275
Salary advance are always given if employees ask for them	.538	.360

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

## Bonuses

### Communalities

	Initial	Extraction
Working overtime automatically qualifies me for a bonus pay	1.000	.952
The bonuses given to me at Stanbic Bank are desirable and worth working for	1.000	.846
Bonuses given to me vary according to the duties executed	1.000	.918
The bonuses are topped up on my monthly salary and given as a lumpsum	1.000	.826
The cash bonuses given to me improve productivity	1.000	.874

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.958	39.159	39.159	1.958	39.159	39.159
2	1.420	28.410	67.569	1.420	28.410	67.569

3	1.037	20.744	88.313	1.037	20.744	88.313
4	.328	6.560	94.873			
5	.256	5.127	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Working overtime automatically qualifies me for a bonus pay	.459	.140	.850
The bonuses given to me at Stanbic Bank are desirable and worth working for	.840	.370	.062
Bonuses given to me vary according to the duties executed	.369	.742	-.481
The bonuses are topped up on my monthly salary and given as a lumpsum	.818	-.332	-.214
The cash bonuses given to me improve productivity	.486	-.777	-.185

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

**Sales commission**

**Communalities**

	Initial	Extraction
The bank employees receive commission as per their sales	1.000	.847

Employees are paid depending on the number of clients served	1.000	.627
The commission paid to employees is sufficient in boosting their standard of living	1.000	.817
Sales commission are not applicable in my department	1.000	.463
I prefer commission rather than salary	1.000	.442

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.007	40.148	40.148	2.007	40.148	40.148
2	1.188	23.766	63.913	1.188	23.766	63.913
3	.900	17.995	81.909			
4	.521	10.429	92.338			
5	.383	7.662	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
The bank employees receive commission as per their sales	-.509	.767
Employees are paid depending on the number of clients served	.777	.151
The commission paid to employees is sufficient in boosting their standard of living	.502	.752
Sales commission are not applicable in my department	-.676	.079
I prefer commission rather than salary	.660	-.077

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

**Pensions/Retirement Benefits**

**Communalities**

	Initial	Extraction



At Stanbic Bank retirement benefits will be given to me	1.000	.698
Upon retirement i will be given as a lumpsum	1.000	.475
Upon retirement i will be given each month until death	1.000	.685
Pensions strongly influence my behaviour and productivity	1.000	.516

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.253	31.335	31.335	1.253	31.335	31.335
2	1.121	28.019	59.354	1.121	28.019	59.354
3	.902	22.538	81.892			
4	.724	18.108	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
At Stanbic Bank retirement benefits will be given to me	.300	.780
Upon retirement i will be given as a lumpsum	.550	.416
Upon retirement i will be given each month until death	.613	-.556
Pensions strongly influence my behaviour and productivity	.697	-.175

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

**Allowances**

**Communalities**

	Initial	Extraction

The rate of allowances i receive is indicated in the employment contract	1.000	.568
I receive more allowances as compared to my colleagues in other banks in around Kampala	1.000	.662
My allowances are given to me in real time upon execution of tasks.	1.000	.868
Employees who call in sick or take time off from work with little or no notice may negatively affect productivity	1.000	.034

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.133	53.330	53.330	2.133	53.330	53.330
2	.992	24.789	78.119			
3	.671	16.771	94.890			
4	.204	5.110	100.000			

Extraction Method: Principal Component Analysis.

#### Component Matrix<sup>a</sup>

	Component
	1
The rate of allowances i receive is indicated in the employment contract	.754
I receive more allowances as compared to my colleagues in other banks in around Kampala	.814
My allowances are given to me in real time upon execution of tasks.	.932
Employees who call in sick or take time off from work with little or no notice may negatively affect productivity	-.186

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## Paid Leave

#### Communalities

	Initial	Extraction
Employees who call in sick or take time off from work with little or no notice may negatively affect productivity	1.000	.828
Employees on sick leave are paid to help them cater for their health requirements	1.000	.651
Vocation leave is always paid for all employees who need it	1.000	.453
Paid leave increases employee satisfaction	1.000	.620
All employees of Stanbic Bank are entitled to Medical insurance	1.000	.518

Extraction Method: Principal Component Analysis.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.975	39.491	39.491	1.975	39.491	39.491
2	1.097	21.940	61.430	1.097	21.940	61.430
3	.747	14.941	76.371			
4	.687	13.746	90.117			
5	.494	9.883	100.000			

Extraction Method: Principal Component Analysis.

	Component	
	1	2
Employees who call in sick or take time off from work with little or no notice may negatively affect productivity	-.013	.910
Employees on sick leave are paid to help them cater for their health requirements	.774	.229
Vocation leave is always paid for all employees who need it	.672	-.032
Paid leave increases employee satisfaction	.776	.138
All employees of Stanbic Bank are entitled to Medical insurance	.567	-.443

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

### Medical allowance

### Communalities

	Initial	Extraction
All employees of Stanbic Bank are entitled to Medical insurance	1.000	.349
Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's Economy	1.000	.717
Work related accidents and injuries exert an enormous toll on employees	1.000	.744
Accidents, or injuries causes lower employer productivity	1.000	.218
Cost of responding to these workplace health and safety issues has the potential to undermine and organisations competitiveness	1.000	.501

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.530	50.600	50.600	2.530	50.600	50.600
2	.918	18.364	68.964			
3	.745	14.898	83.862			
4	.530	10.601	94.464			
5	.277	5.536	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

Component
1

All employees of Stanbic Bank are entitled to Medical insurance	.591
Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's Economy	.847
Work related accidents and injuries exert an enormous toll on employees	.863
Accidents, or injuries causes lower employer productivity	.467
Cost of reponding to these workplace health and safety issues has the potential to undermine and organisations competiveness	.708

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

### **Paid training.**

#### **Communalities**

	Initial	Extraction
Most of the traininf oportunitis are paid for in this Bank	1.000	.926
I am always paid for the external trainings i go to	1.000	.930
The bank encourages cost sharing for cater for trainig costs	1.000	.727
I benefit from paid trainings conducted every three months	1.000	.723
Paid trainingd have a direct effect on my productivity	1.000	.648
Housing allowances is given to me at Stanbic Bank	1.000	.866

Extraction Method: Principal Component Analysis.

#### **Total Variance Explained**

Component	Initial Eigenvalues	Extraction Sums of Squared Loadings
-----------	---------------------	-------------------------------------

	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.466	41.095	41.095	2.466	41.095	41.095
2	1.286	21.427	62.522	1.286	21.427	62.522
3	1.069	17.819	80.341	1.069	17.819	80.341
4	.603	10.044	90.384			
5	.410	6.832	97.216			
6	.167	2.784	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Most of the training opportunities are paid for in this Bank	.642	.590	-.407
I am always paid for the external trainings i go to	.375	.775	.434
The bank encourages cost sharing for cater for training costs	.808	-.171	.213
I benefit from paid trainings conducted every three months	.743	-.103	-.400
Paid training have a direct effect on my productivity	.625	-.444	-.247
Housing allowances is given to me at Stanbic Bank	.564	-.315	.670

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

## **Housing facilitation.**

**Communalities**

	Initial	Extraction
Housing allowances is given to me at Stanbic Bank	1.000	.843
The Bank has its own housing units that i ret at a subsidized cost	1.000	.876
Housing allowances are given on top of the monthly salary	1.000	.672
The bank encourages cost sharing to cater for the training opportunities the bank identifies	1.000	.235
I am offered with housing facilities that boosts my productivity at work	1.000	.613

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.239	64.776	64.776	3.239	64.776	64.776
2	.879	17.585	82.361			
3	.511	10.213	92.574			
4	.238	4.751	97.325			
5	.134	2.675	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component
--	-----------

	1
Housing allowances is given to me at Stanbic Bank	.918
The Bank has its own housing units that i rent at a subsidized cost	.936
Housing allowances are given on top of the monthly salary	.820
The bank encourages cost sharing to cater for the training opportunities the bank identifies	.484
I am offered with housing facilities that boosts my productivity at work	.783

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	Indirect Financial Rewards , Direct Financial rewards <sup>b</sup>		Enter

a. Dependent Variable: Employee Productivity

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.074 <sup>a</sup>	.005	.17	.65594

a. Predictors: (Constant), Indirect Financial Rewards , Direct Financial rewards

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
-------	----------------	----	-------------	---	------



	Regression	.208	2	.104	.242	.786 <sup>b</sup>
1	Residual	38.293	89	.430		
	Total	38.501	91			

a. Dependent Variable: Employee Productivity

b. Predictors: (Constant), Indirect Financial Rewards , Direct Financial rewards

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	3.694	.559		6.609	.000
1	Direct Financial rewards	.117	.200	.069	.583	.562
	Indirect Financial Rewards	.083	.139	.070	.598	.552

a. Dependent Variable: Employee Productivity

**Appendix v**  
**INTRODUCTORY LETTER**



# UGANDA MANAGEMENT INSTITUTE

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Kampala, Uganda  
Website: <http://www.umi.ac.ug>

Your Ref:

Our Ref: G/35

2/11/2016

TO WHOM IT MAY CONCERN

## MASTERS IN MANAGEMENT STUDIES DEGREE RESEARCH

Ms. Gloria Namutebi Reg.No.15/MMS/18/KLA/DAY/0022 is a student at Uganda Management Institute pursuing a Masters in Management Studies specializing in Financial Management.

In partial fulfillment for award of the Masters, she is conducting a research study title "*The Contribution of Financial Rewards towards Employee Productivity of Stanbic Bank Uganda Ltd*".

This communication therefore serves to formally request you to allow her access any information in your custody/organization, which is relevant to her research.

Thank you for your cooperation in this matter.

Yours sincerely,

Lugemoi Wilfred Bongomin  
CHAIRPERSON SCHOOL RESEARCH COMMITTEE  
[SCHOOL OF BUSINESS AND MANAGEMENT]