



**REMUNERATION AND PERFORMANCE OF ACADEMIC STAFF  
IN PRIVATE UNIVERSITIES: A CASE OF KAMPALA  
INTERNATIONAL UNIVERSITY**

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## DECLARATION

I Christine Asekenye declare that this dissertation is my original work and has not been published and or submitted to any other university or institution of higher learning for a degree or any academic award.

.....

Sign

Date.....

## **APPROVAL**

This dissertation entitled “Remuneration and Performance of Academic staff in Private Universities, A Case of Kampala International University” prepared and submitted by Asekenye Christine in partial fulfillment for the requirements of the Degree of Master of Business Administration has been examined and approved.

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**Dr. Wilberforce Turyasingura**

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**Dr. Stella Kyohairwe**

## **DEDICATION**

To my father, the late Tertius William Epudu, and mother, late Mrs. Ketulah Apolot Epudu and all my family.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

KIU – Kampala International University

SAQ – Self Administered Questionnaires

IT – Information Technology

HR – Human Resource

HRM – Human Resource Management

CVI - Content Validity Index

## ABSTRACT

The study investigated the relationship between remuneration and performance of academic staff of private universities: a case of Kampala International University. The general purpose of the study was to investigate the relationship between remuneration and performance of academic staff of Kampala International University. The study examined salary, pay incentives and benefit packages as the independent variables while performance was the dependent variable. Salary was examined using two dimensions of pay structures and pay systems. Pay incentives had three dimensions which included: allowances, bonuses and wages. Benefit packages had three dimensions: tuition fees assistance, gratuity and health insurance. Performance had three dimensions of quality of reports made, compliance with academic standards and innovation in academic output.

The study looked at salary, pay incentives and benefit packages and how they affect performance of academic staff of KIU. The case study design using both qualitative and quantitative techniques was used to collect the data. The study population included principals of colleges, heads of department, quality assurance staff, human resource department staff and lecturers. Data collection was done using self administered questionnaires and interviews. The questionnaire was designed with statements that required respondents to state their views of either agreement or disagreement using a five point Likert scale ranging from strongly disagree to strongly agree. The interview guide was used to have a direct interaction with the respondents to probe and get indepth information about the variable under study in KIU. For purpose of analyzing quantitative data, descriptive statistics (frequencies and percentages) was used to determine the distribution of the respondents on personal information and on the questions under each of the variables. Inferential statistics (correlation coefficient of determination and regression) were used to test the hypotheses. Qualitative data was analyzed using content analysis. Specifically the study findings revealed that there is a positive significant relationship between salary and performance ( $\rho = .630, p=.000$ ). There is a positive significant relationship between pay incentives and

performance ( $\rho = .622$ ,  $p=.000$ ) It was further revealed that there is a positive significant relationship between work benefits and performance ( $\rho = .727$ ,  $p=.000$ ). It was concluded that salary pay structure based on skills and competencies as well as salary payment to staff based on roles and responsibilities lead to improved employee performance. In addition, to that monetary incentives have a great effect on employee performance and work benefit packages motivate staff members to improve performance. The study revealed discontentment among the academic staff regarding the salary, inadequate pay incentives and work benefit packages compared to their qualifications and efforts. It was therefore recommended that management at KIU should increase staff salary within the existing payment structures. There should be a uniform salary increment made across all salary scales, allowances and wages which staff members receive per extra hour worked be increased. Furthermore, the university should provide health insurance benefits to all academic staff members in order to improve overall performance.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

The study investigated the relationship between remuneration and performance of academic staff in private universities using Kampala International University for the study. Remuneration in the study was construed as the independent variable while performance was the dependent variable. Remuneration was measured in form of salary, pay incentives and benefit packages, while performance was measured in form of quality of reports made, compliance with academic standards and innovations in academic output

This chapter covered background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, hypotheses, scope, significance and justification of the study as well as operational definition of terms.

#### **1.1 Background to the study**

The background of the study is presented in four dimensions which include historical, theoretical, conceptual, and contextual perspectives as indicated below.

##### **1.1.1 Historical Background**

Globally, remuneration is an important element that organizations use for motivating employees to contribute their best efforts to make innovations, ideas which contribute towards better organizational functionality as well as improve performance of the company. Many organizations in Europe, Latin America and Asia reward their employees through praise from the manager, the chance to undertake an important task or project as well as attention of leadership. Employees usually offer their maximum efforts when they trust that management will reward their efforts. Over the years performance was not formally identified as business strategy until 1989 (Mullins, 1996). Today, most organizations are totally considering performance a major core function for which they had to compete internally.

In African countries, the success for any organisation depends on the employees' ability to contribute towards the achievement of its goals. Organizations are continuously being challenged to achieve high performance levels through employees. In Nigeria, Ghana, South Africa and other African countries, for workers to perform their responsibilities to the best of their abilities, they have to receive motivation through means such as rewards, incentives, leadership, their work as well as the organisational context in which they do their activities (Armstrong, 2003). Most emphasis and efforts have been placed on designing the most effective pay systems. According to Lowery and Petty (1995), one approach taken by many organizations to solve this problem is instituting a performance based pay system because of the inherent logic that payment ought to be related to performance.

In East Africa, as organisations move on to experience increasing competitive pressure, they devise means to do more with less and with high quality. As goals for organizations are towards attainment of high levels of quality and performance, growth of employment is mostly controlled and in a number of cases, considerable reductions in employment have been registered. Ideally, practices of remunerating employees play a key role in efforts to better manage human resources. Management of human resources is concerned with some important objectives which an organisation requires to achieve like performance (Torrington, 2008).

In Uganda, employees in private universities such as Kampala International University, typically depend on salaries and wages as a source of income. The high focus on employee performance at different levels in the organisation emerges from the pressure of globalisation and the requirements associated to create competitive advantage so as to survive in the international market. Human capital, value creating skills, competencies, abilities and talents of the workforce for an organisation are considered to be an important component in creating competitive advantages (Elias, 2004).



### **1.1.2 Theoretical Background**

This research was guided by the “Expectancy Theory” (Vroom, 1964). The theory asserts that the intensity for a tendency to perform within a specific way is determined by the strength of the expectation which the performance is to be followed by a definite result as well as the appeal. The Expectance Theory is described best as a process theory. It gives an explanation of reasons which make people chose a behavioral option other options. The notion behind the Expectancy Theory will be inspired because they trust that the decision they make shall lead to the outcome desired (Redmond, 2009). The theory of expectancy suggests that motivation to work depends on the association to exist between outcomes and performance, and that individuals base on the calculation of the outcomes anticipated to modify behavior (Chen & Fang, 2008). The Theory assumes that the way a person perceives outcomes determines the level of motivation. It presumes that the choice made is for minimizing pain as well as maximizing pleasure. This leads to a positive and practical advantage to improve motivation due to the fact that it has and can aid managers make workplace motivation programs. The Theory is based on the notion that motivation arises from an individual believing that they shall obtain what they need in form of rewards or performance.

The theory is based on three main elements namely:

Expectancy: This may be explained as the conviction that increased or higher efforts lead to improved results. This may be described by the thought that one makes a better think when he works harder. It means employees’ various confidence levels and expectations regarding what they are able to do; that efforts will result into first order outcomes. Conditions which increase expectancy include availability of the right sources, possessing the necessary skill set for job as well as availability of the support required to correctly have the job done (Stecher & Rosse, 2007).

Instrumentality: This may be explained as the thinking that if a person works well, that individual will receive a valued outcome. Certain things which instrumentality help have a better comprehension of the relationship between the outcomes and performance, respect and trust for individuals who decide on which type of reward one obtains as well as noting transparency during the process of the who receives which reward.

Instrumentality-This means employees' perception whether they will in fact obtain what is desired even though the manager has promised to provide it-

Valence: This refers to the conviction in the desirable outcome (Redmond, 2010). Valence means the emotional orientations that people have regarding outcomes (payment)-value which an individual attaches to the outcomes from the first and second orders. There are individual differences at the level of value that is linked to any particular outcome. For, a bonus cannot enhance motivation for a worker whose motivation is derived from increase in status like promotion or formal recognition.

The Expectancy Theory relates to the area of study in that people perform tasks assigned to them because they expect to receive a payment. An employee who is motivated is hence the result of the assumed satisfaction level, the assurance to attain and the payment that which the employee hopes to attain from obtaining the goals set.

### **1.1.3 Conceptual background**

In this research, remuneration is the independent variable. According to Laura (2012), salary is the payment made for the employees' service by the employer and a technique for in the currency form. It encompasses the auxiliary and the base. That base salary implies the foundation on which to establish bonuses, allowances and insurances. The benchmarks to determine the basic pay involve factors such as work experiences, labour skills, intensity, importance of the work in organisational strategy, responsibility and work years among others. The latter encompasses bonuses, allowances, free working meals and housing subsidies among others.

People are oriented towards goals and financial incentives may shape a person's goals as time goes by. A plan for pay incentives may assist to make the behavior of employees consistent with the goals of an organisation. The assessment of individual employee's performance assists the company to attain individual equity. An organisation needs to provide rewards that are proportional to efforts of an individual. When individuals are not given rewards, high performers can leave the company or reduce the level of performance to make it commensurate with the payment they receive.

The dependent variable of study is "employee performance." According to Hornby's (2010; p.1089) Oxford Advance Learner's dictionary of Current English, performance is defined as "how well or badly you do something, how well or badly something works. Bouckaert and Halligan (2008) contend that there is no specific definition of performance and in several studies, it has an implicit meaning. According to Meyer (2002), performance is what machines and people carry out. It is their accomplishments as well as functioning. In this study the indicators of performance were the quality of reports made, compliance with academic standards and innovations in academic output

#### **1.1.4 Contextual Background**

In a competitive business and academic environment both globally and locally, it is often occurs that companies provide to employees competitive and lucrative remuneration packages. This is directly inter related or linked to improving the performance of an individual retaining employees who are high achievers and attaining goals of the organisation. Remuneration in relation to performance is important in organization, short of which organizations are bound to be faced with various challenges. Remuneration is important in that it ensures that adequate payment packages may significantly enhance the motivation of a person to increase performance at the workplace. Traditionally, pay systems have been designed for attraction and retention of

productive employees and motivate them to enhance their output and efforts towards attaining goals of the organisation.

The study was conducted to examine the influence of remuneration on the performance of academic staff which was studied in terms of quality, efficiency, compliance, effectiveness, Innovations and creativity, Quantity in terms of the number of graduates and researches produced. As a study Kampala University is a member of the inter-university council of East Africa, a chartered private university in Uganda as well as a member of common wealth universities and association of African universities. The university was founded sixteen years ago in August 2001. It is known for its focus on creativity, innovation and commitment to the society's general wellbeing with a mission to provide response to the needs of the society by delivering and designing an education which is guided by the values and principles of respect for environment, economy and society. The University has two campuses. The main campus is in Kansanga, Kampala while the second (Western Campus); the School of Health Sciences is in Ishaka- Bushenyi District. The institution has study centres which were established to cater majorly for In-service programmes for teachers in areas of Tororo, Lyantonde and Bukwo. The structure of the Directorate of Human resources of KIU is composed of eight persons, with the Director of Human Resources at the strategic level, deputized by two persons in charge of Academics and Administration, in assistance to the deputies are two Senior Human Resource Officers regarding matters of human resources in the institution. People dominated by the need of economic security can complain about the job and how to save money for future purposes. This is a cruel need and when several employees have it a high need, the policies for the organisation can be worth considering.

According to the Daily Monitor issue, Thursday, December 16, 2006, Kampala International University lecturers were working abnormally under skewed conditions amidst poor pay, for instance lecturers were involved on normal workload, supervision of research and service for the

community among others (Wangoli, 2010). The report also mentioned that in certain faculties, a lecturer works from 7:00am to 10:00pm while working day, yet the lecturers over the weekend engage in additional load, not because they like it but due to poor remuneration. It is in view of the above circumstances that the study sought to establish the influence of remuneration on the performance of academic staff at Kampala International University.

## **1.2 Statement of the problem**

Good remuneration, in relation to services offered by employees, is a complex but important process in attracting, retaining, and developing skills and capabilities of the workforce (Cascio, 2003).

Well designed benefit plans motivate employees to put in their best to the organization they belong. In order to improve employee performance, KIU instituted remuneration practices in form of basic salary and other pay incentives such as allowances, bonuses, pay for best performers and gratuity. In addition, the institution offers other benefit packages which include tuition fees assistance and reimbursement, transport reimbursement, pension and health insurance to motivate employees improve their performance.

Despite the above efforts, performance of academic staff at KIU has remained below the expected standards. According to KIU (Annual Report 2015), the quality of reports by some staff members was below the expected standards and did not comply with the requirements of National Council of Higher Education. Between 2014 and 2015, only 9 research publications were made by University staff against 25 publications expected per year at KIU (Annual Report, 2015). In addition, the situation at hand is characterized by low commitment and morale, dissatisfaction among the employees, and high turnover rates has indicated that employee motivation has been taken for granted (Staff association report, 07/03/2011). Clearly, if the matter of worker remuneration in that university is not properly addressed, the current state of

affairs such poor quality reports and failure to comply with standards of NCHE could continue and exacerbate the situation even further; it could also make the university poorly responsive to today's competitive market. Hence, it was therefore imperative to establish the relationship between remuneration and employee performance. This case of Kampala International University will hopefully lead to valuable inputs put in place for favourable remuneration packages in order to have sound employee performance in that institution and avoid losing out its labour force.

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

The purpose for conducting this study was to investigate the relationship between remuneration and academic staff performance at Kampala International University.

### **1.4 Objectives of the study**

The study was intended:

- i. To establish the relationship between salary and performance of academic staff members at Kampala International University.
- ii. To assess the relationship between other pay incentives and performance of academic staff members at Kampala International University.
- iii. To examine the relationship between existing work benefit packages and performance of academic staff at Kampala International University.

### **1.5 Research questions**

- i. What is the relationship between salary and performance of academic staff at Kampala International University?
- ii. What is the relationship between other pay incentives and performance of academic staff members at Kampala International University?

- iii. What is the relationship between existing work benefit packages and performance of academic staff at Kampala International University?

## 1.6 Hypotheses

The study tested the following hypotheses

- i. There is a significant positive relationship between salary and performance of employees.
- ii. There is a significant positive relationship between other pay incentives and performance of employees.
- iii. There is a significant positive relationship between existing work benefit packages and performance among the employees.

## 1.7 Conceptual framework

The conceptual framework shows the relationship between remuneration (independent variable) and performance (dependent variable)

### Remuneration

### Performance



**Figure 1.1** Conceptual Framework showing the relationship between remuneration and employee performance.

The dependent variable for the study was employee performance which has a relationship with remuneration; the independent variable. The Framework depicts the independent variable remuneration under which is salary, incentives and benefit packages. Under salary are pay systems being the base upon which the institution rewards employees for individual performance. Pay structures on the other hand are structures used to establish particular rates of payment of a specific job based, determined by its nature. The concept of incentives is an alternative pay approach, and it will also assess the determinants of pay in terms of allowances, bonuses and wages. In addition, gratuity packages include tuition fees assistance, gratuity and health insurance. It is conceptualized that effective remuneration will lead to improved performance in terms of quality of reports made, compliance to NCHE standards and innovations in research and academic output.

### **1.8 Significance of the study**

The contribution of the study may be testing of several hypotheses and expose how those variables influence the performance of the academic staff in Kampala International University. The study contributes to literature and methodology of similar future studies and prompt more researches in the area. Administration and management of private universities may be mindful of their role as far as rewarding employees is concerned, which will improve the productivity of the staff in the institution. It may be beneficial to the students as a result of a satisfied workforce that performs effectively. Policy makers in the institution may be better informed about the underlying factors that should be born in mind in formulation of policies that affect the workforce that may ensure better quality education in the institution.

### **1.9 Justification of the study**

At present there is a growing concern about poor performance in many organizations in Uganda especially tertiary institutions. Many universities require academic staff members to participate in carrying out research, teaching, rendering community service and publishing. They have



specified the performance level on which each staff is judged for employment and promotion and yet administration and management of these institutions has not adequately met the desires of the academic staff to enable them meet the expectations of the institution. These factors are rather unclear hence need to carry out the study to establish the causes of poor performance and seek solutions.

## **1.10 Scope of the study**

### **1.10.1 Geographical scope**

This study was conducted at Kampala International University, Kansanga campus, because it has continued to face challenges of poor performance despite the fact that the university provides remuneration to employees.

### **1.10.2 Time Scope**

This study focused on the years from 2012 to 2016. The period was considered because, according to KIU Report (2016), it was revealed that the University had registered poor employee performance during this period.

### **1.10.3 Content Scope**

The study focused only on remuneration and employee performance of academic staff at KIU. This is because employees have been receiving remuneration, yet performance has continued to deteriorate (KIU, Annual Report 2016).

## **1.11 Operational definitions of key terms:**

**Incentives:** incentive is defined as something that encourages someone to do something or work harder.

**Performance** is the attainment of a particular task that is measured against known standards preset in terms of speed, completeness, accuracy and cost.

**Pay structures** refer to a collection of pay brands or grades set out by various levels of pay for employees in a given profession.

**Pay systems** are methods for rewarding employees for the contribution they make to the organisation.

**Remuneration** is a reward for a job done in form of salary or wage including benefits, allowances, bonuses and other non cash incentives.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Chapter two presents a review of the expectancy theory and literature objective by objective. It also reviewed theories backing the study. The information for literature that was used in the study includes, text books, journals, magazines, newspapers, internet material,

#### **2.1 Theoretical Review**

This study was anchored on the Expectancy Theory (Vroom, 1964). The theory contends that the intensity of a tendency to carry out particular activities in a given way is dependent on the strength of the expectation what performance will be appreciated and remunerated. Vroom's Expectancy Theory addresses management and motivation of employees. The expectancy theory provides explanations as to why people chose to behave in particular way (Redmond, 2009). The theory of expectancy suggests that motivation to work depends on the association to exist between outcomes and performance, and that individuals base on the calculation of the outcomes anticipated to modify behavior (Chen & Fang, 2008). This has a positive and practical benefit to improve motivation because it has and can aid leaders make workplace motivation programs. The Theory is based on the notion that motivation arises from an individual believing that they shall obtain what they need in form of rewards or performance.

The expectancy theory bases on three major elements that is, expectancy, instrumentality, Expectancy: This can be explained as the belief that increased or higher effort yield better results. This may be described by the thinking that one makes a better think when he works harder. It means employees' various confidence levels and expectations regarding what they are able to do; that efforts will result into first order outcomes. Conditions which increase expectancy include availability of the right sources, possessing the necessary skill set for job as

well as availability of the support required to correctly have the job done (Stecher & Rosse, 2007).

Instrumentality: This may be explained as the thinking that if a person works well, that individual will receive a valued outcome. Certain things which instrumentality help have a better understanding of the relationship between the outcomes and performance, respect and trust for individuals who decide on which type of reward one obtains as well as noting transparency during the process of the who receives which reward. Instrumentality means employees' perception whether they will in fact obtain what is desired even though the manager has promised to provide it. The third element is valence, which refers to beliefs on the outcome desirability (Redmond, 2010). Valence means the emotional orientations that people have regarding outcomes (payment)-value which an individual attaches to the outcomes from the first and second orders.

## **2.2 Salary and employee performance**

According to Cole (2007) salary is a periodical fixed payment made to employees, mostly expressed in monetary terms. Similarly, Natwenda (2010) stated that salary is the fixed and periodic financial compensation that one receives for the services rendered after a fixed period of time usually on a monthly basis. Bhambra (2008) contends that salary is the most common form of monetary reward which determines employee performance. When companies for which employees are working do not provide good salaries, there is a tendency to hunt for jobs which can pay them fairly well.

Nakacwa, (2007) revealed that inadequate salary contributes towards reduced employees' social status which leads to inadequate commitment to their employment, hence a decrease in employee performance. Salary takes various forms of pay structures which are set in several levels of payment for jobs in reference to the internal value. Armstrong (2012) and Robert (2011) agree that there are various types of salary pay structures, The types of pay structures include;

broad graded, narrow graded, job family and career family among others. some institutions employ spot rates for some or all employees. Although such an approach doesn't constitute a pay structure, it is explained as a feature of certain systems of pay.

Narrow graded salary structure consists of a series of job grades in which jobs of broadly equivalent are put. Alternatively, salary grades can be termed by profiles or grade definitions that provide the information necessary to match jobs stipulated under job demand factor headings (Robert, 2011). On the other hand, broad banded salary structure compresses multiple graded structures into five or four bands. Broad banding system which is the same as a pay grade system, except all the jobs in a specific category are assigned in a particular category.

The broadband salary pay system is increasingly being used by organizations for rewarding employees. Most organizations have adopted the system because it allows flexibility in work cross functional development, encourages competency and career development. It is however criticized in that; employees have become 'conditioned' to the idea that a promotion is accompanied by a salary pay raise which discourages work effort which in turn leads to low performance. Broad banding encourages teamwork and allows employees to be rewarded easier for outstanding performance (Armstrong 2012). Pay spines salary structure consists of a series of incremental pay points which extend from the lowest paid jobs to the highest paid jobs that the structure covers. Job grades are made in line with the pay spine as well as the pay ranges for grades defined by scales of pay points (Armstrong, 2012).

According to Laura (2012), salary payment is the most important as well as motivating benefit which is received as a result of performing a service or task. Pay is the one which motivates individuals to move out and seek employment. The system of pay may be used by management to influence the behaviours of employees for increased performance of the organisation (Milkovich et al., 2005). In this regard, the payment of salary is deemed as a necessary motivator

for performance of a specific task. Pink (2013) stated that the salary pay system plays a vital role in strategy implementation. The method in which people are paid has an effect on their attitude towards customers, the quality of their work, as well as the readiness to be flexible as well as learn new skills. High levels of can ensure that the organisation attracts and at the same time retains employees of high quality. Pay can be one method workers determine whether the time spent and the efforts put into working are worthwhile (Ryan & Sagas, 2009).

Laura (2012), says that salary payment systems have to comply with several constraints from government. The critical areas which laws address include hours of work and minimum wage standards. With a pay system based on skills, the levels of salary are based on the skills of an employee, contrary to the title of the job. Skills based pay is a payment system based on inputs whereby employees receive payment for the competencies or skills they acquire. The system provides employees a chance to influence the pay they receive by getting more skills which lead to increases in pay. Skills based payment promotes flexibility and multitasking, which subsequently enables an organisation to respond more effectively to customers' needs (Torrington et al., 2009).

Instead of considering particular skills, the approach based on competency looks at the characteristics or traits of an employee, contrary to particular set skills. This mechanism pays more attention to what employees may become, contrary to the skills she or he already has (Robert, 2010). On the other hand, Armstrong (2006) recommends the variable salary pay system which provides employees with a pay based on the achievement of some goals. According to Milkovich and Wigdor, (2011), systems based on merit pay facilitate motivation of greater work by rewarding top performers differently over marginal performers. Studies indicate that a pay system that is discriminating may enhance the motivation of employees to perform by as much as 40% (Lawler, 2010). Similarly, findings from this study revealed that both pay structure and pay systems significantly influence performance.

### **2.3 Pay incentives and employee performance**

An incentive is a specific type of payment intended to attain some particular behavioral change. Incentives take various forms and may either be non financial or financial. Employers use financial incentives to retain the best brains and compensate them for excellent performance through financial forms. Pay incentives may come in several forms such as allowances, bonuses, overtime pay, attendance incentives, and many others (Pattanayak, 2005).

Allowances are direct monetary payments to employees to facilitate them perform (Cole, 2007). These may include but not limited to medical, transport, lunch and subsistence allowances. They vary from one scale to another. It is believed these allowances have a great impact on employee performance and lack of them may incapacitate the labour force and may contribute to poor performance (Natwenda, 2010). However, allowances depend on several factors such as the position which one holds, the number of extra hours one has worked for and the responsibilities which one has.

Stride et al., (2008) contend that when employees notice that there is limited relationship between rewards and performance, they can set minimum goals so as to retain jobs although may not see the reason for excelling. However, when fair rewards such as allowances are revised to employees as well as their accessible basic needs, their commitment levels will rise and will be contented to continue working with an organisation. Monetary allowances such as transport allowances, housing allowances, welfare and medical allowances ought to be provided if low employee turnover and job commitment are to be enhanced. Providing high allowances as well as other fringe benefits minimizes unhappiness among employees, enhances their social status thus improved performance.

Bonuses are important to keep an overall competitive level of remuneration for major people especially the performers (Cole, 2007). On the other hand, bonuses can be defined as a reward

that closely resembles a straight addition to pay than most of the other benefits. They are usually payable in regard to certain criterion like profit or length of service, rather than as gifts from employer to employee. However, they tend to become rights other than a benefit in the eyes of the employee.

While Armstrong (2007) contends that bonuses are payments or general rewards offered after achievement of company profitability targets and growth, though in certain schemes they can be related to individual achievement, Bhambra (2008) states that bonuses have a short motivational and minimal value; most employees take it for granted. Workers anticipate bonus at the end of the year, even if the employees many not have added any contribution towards profitability of the company. On contrary, when the bonus is not paid for whatever reason, there can be a backlash as employees become de-motivated, angry, disappointed and frustrated. The bonus's value turns into sustenance of motivation instead of motivation per ce. Similarly, there is a real de-motivation threat when bonus is not offered or the amount is below expectations (Amoding, 2010). According to Pink (2013), payment of bonuses to creative people for good performance de-motivates them and guarantees that they will fail, hence bonuses may not be the best way to ensure staff motivation.

Employees who offer wages that are most attractive have a lower rate of attrition rates compared to those who pay poorly. Amoding (2010) asserts that paying employees a market related wage may help in retaining valuable employees and improve their performance. When higher performers are insufficiently rewarded, they tend to perform poorly. On the other hand, if jobs provide adequate wages, the more likely employees will remain with those particular organisations and improve their performance (Griffeth, 2007). Relatedly, findings from this study established that pay incentives improve performance of academic staff.



## **2.4 Benefit packages and employee performance**

According to Pitts (1995), benefits include pension schemes, bonuses, allocated cars, subsidized meals, health insurance and beneficial loans among others. Employers have established that tuition aid and educational assistance benefits are much liked by employees. Such programs have been established to aid the retention and satisfaction of employees (Mathis & John 2003). According to Otuko, Chege and Douglas (2013), the relationship between educational benefits and job satisfaction is not straightforward. Acquisition of skills may enhance employee job satisfaction because it is easy to shift to other jobs which have high satisfaction. On the contrary, specific skills commit employees to the company and can induce satisfaction through creation of a barrier to exit as employees may lose a portion of skills when they move. In addition, Sahinidis and Bouris (2008) noted that the effect of educational benefits and job satisfaction may be both direct and indirect. In a direct manner, the duty of education programs at a workplace is considered as a technique to improve capabilities of both the organisation and employees.

Gratuity or retirement benefits greatly influence the behavior of workers, providing younger employees a reason to proceed working for the employer as well as encouraging older employees to retire on time. Experimental evidence shows that gratuity determines the type of employee a company attracts and may aid an employer to attract employees who show desirable patterns of behavior (Cole, 2002). Luchak and Gellatly (2002) contends that as the gratuity of employees increases in value along the job tenure, employees can feel more vulnerable to loss of the job because companies can opportunistically lay off workers to minimize liabilities accruing from pension.

Some studies found that gratuity does not impact job satisfaction significantly in cross section estimates. Artz (2008) used the data set of 2000 employees in Britain and found that gratuity does not have a significant impact on employee job satisfaction. Donohue and Heywood (2004)

found related results in the National Longitudinal Survey (NLS) on retirement plans provided by the employer. .

Health insurance benefits refer to the kind of benefit that employers offer to the employees as well as their immediate members of the family with access to private health services which can be an important feature of remuneration particularly for professionals and managers within the private sector (Najjinda, 2013). Luthans (2010) stated that health insurance is a major benefit. It is another important factor for job satisfaction. The cost of responding to issues of safety and workplace health has the potential of undermining an organization's competitiveness in the global marketplace (Kamau, 2013).

Robert, Mathis and Jackson (2011) noted that employee benefits like health insurance are not only a technique to improve the performance of employees, but also assists in the attraction of applicants during the process of recruitment. Similarly, Amah et al., (2013) noted that benefit research that benefits provided by employers such as life , health and dental insurance, maternity leave or child care provision as well as retirement plans can cause a big impact on satisfaction and performance of employees. This study established that health protection benefits and other benefit packages improve performance by promoting long citizenry and encouraging employees to report early to work.

## **2.5 Summary of the Literature review**

This comprehensive review of the literature has clearly shown that a well remunerated employee is an essential ingredient for successful performance in the organization. The literature outlined the definitions of remuneration, pay systems and structures. It also highlighted the types of pay structures that organizations use to attract high performance from employees and performance management. Whereas the literature on employee performance is enlightening and agreeable to the researcher it was still the researcher's desire to carry out the study on private institutions. It sought to address the gaps identified in the literature. This research sought to establish

quantifiable evidence that correlates remuneration to employee performance and make a contribution in that context. Secondly the researcher looked at the remuneration applicable to private institutions of higher learning. In this respect therefore the researcher established that remuneration has a strong relationship with employee performance.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

The chapter discusses the research methodology employed during the study. Includes the design and category of study participants, how respondents were selected, the methods and instruments used for collection of data, quality control of data collection instruments and data analysis techniques among others.

#### **3.1 Research design**

This study employed a case study design using both qualitative and quantitative approaches. The design was chosen to enable the researcher cover a desirable quantifiable behavior of the respondents. (Yin, 1994) Case study design links the experimental data to initial research questions of the study and definitely its conclusion.

Qualitative approaches were used because they encourage a great understanding of both the way and why things are in a particular way. The researcher was therefore able to obtain and describe findings that promote greater understanding of how remuneration affect employee performance. On the other hand, quantitative approach was used to collect numerical data so as to describe, explain, understand, control or predict the phenomenon of interest or to interest or to investigate the relationship including the cause and effect relationship.

#### **3.2 Population of the study**

The study population was staff of Kampala International University main campus for research purposes a population comprising of 140 people from academic staff was considered for sampling. Due to time, resource constraints and the distance from Study Centres, the study was conducted at Kampala International University main campus in Kabalaga, Kansanga, Makindye Division, Kampala. The study population comprised of sampled population from various

administrative staff to include Finance department, Library department, Lecturers from College of Social Science & Humanities, College of Economics, School of Computing, School of Law, School of Engineering and Applied Sciences, College of Education, Open and Distance Learning, Administrators and Human Resources department. The researcher believed that the information that was got from these respondents was a true reflection because respondents are from different departments. The researcher chose the above categories of respondents because they comprise those whose performance can be evaluated. The study covered the period between 2012 and 2016, this period was chosen because it's a period long enough to enable one study the performance trends overtime.

### 3.3 Sample Size and Selection

From a population of 140 members of the academic staff, the sampling technique used in selecting the respondents for the research purpose was purposive sampling and simple random sampling, where 5 respondents from Quality assurance were selected, 4 Principals, 7 heads of departments, 5 staff members from human resource department and 82 lecturers.

**Table 1: Sample size selection and sampling technique**

Category	Population	Sample size	Sampling technique
Quality Assurance staff	7	5	Purposive sampling
Principals of Schools and Colleges	6	4	Purposive sampling
Human resource Department	7	5	Purposive sampling
Heads of Department	10	7	Purposive sampling
Lecturers	110	82	Simple random sampling
<b>Total</b>	<b>140</b>	<b>103</b>	

**Source:** KIU Human resource manual (2016)

### **3.4 Sampling Technique and Procedure**

The study used purposive and simple random sampling techniques to select respondents as further explained below;

#### **3.4.1 Simple random sampling**

This technique was employed to select respondents from lecturers. This is because they have many members, all of whom have equal chances of participating in the study. This was premised on the fact that the simple random technique enables respondents to have an equal chance of participating in the study and giving reliable data, as Amin (2005) emphasises.

#### **3.4.2 Purposive Sampling**

The purposive sampling was employed to select key informants from quality assurance staff and principals of schools and colleges, human resource department and heads of department since these were expected to be more knowledgeable about remuneration and employee performance at KIU. The purposive sampling enabled the study choose participants of study's interest based on their knowledge and expertise (Mugenda & Mugenda, 1999).

### **3.5 Data Collection Methods**

Data collection was carried out using qualitative and quantitative techniques. Qualitative data collection was used to explore phenomena by eliciting and categorizing responses to questions through interviews. This method enabled the researcher understand the research problem from the perspectives of the population of study and further helped interpret as well as understand better the real situation and meaning of qualitative data. Data collected through quantitative methods was used because it is mostly believed to yield more accurate and objective information due to the fact that they are collected using standardized methods, can be reproduced and analysed through sophisticated statistical mechanisms.

### **3.5.1 Questionnaire survey method**

Questionnaire survey method involved use of questionnaires to generate quantitative data. A questionnaire was used to investigate motives and feelings in a Likert scale, as suggested by Creswell, (2011). It was also used because it is less expensive for data collection (Amin, 2005). The questionnaire was structured based on a five point Likert scale whereby 1 represents strongly disagree and 5 represents strongly agree. The questionnaire items were close-ended in order to generate quick responses.

### **3.5.2 Interview method**

This is a purposeful discussion between the researcher and the respondent. Interviews are face to face meetings (Mugenda & Mugenda, 1999). The researcher interviewed quality assurance staff, principals of schools and colleges, Heads of Department and human resource department to obtain in-depth information on the relationship between remuneration and employee performance among academic staff of Kampala International University. This method takes the option of face to face interviews that seek to provide an excellent opportunity to probe and explore questions (Creswell, 2013).

### **3.5.3 Documentary review**

Documentary review method involves the analysis of texts which contain records of events, values, rules and norms (Sekaran, 2003). A number of documents were reviewed in line with the study topic. These included human resource manuals, remuneration policy documents, annual reports, and other articles with information on remuneration and employee performance. This helped provide supportive data in order to come up with a comprehensive report.

## **3.6 Data Collection Instruments**

The instruments used in data collection were self administered questionnaires, the structured interview guide, documentary review, and below is a brief description of how each was used.

### **3.6.1 Self Administered Questionnaire**

Self administered questionnaire were used to capture data on the independent variable. These instruments were used because they are cost effective in a survey of highly literate persons who are expected to respond clearly as they give their personal opinions. This tool was designed to be used in both closed and open ended questionnaires. Amin, (2005) describes a questionnaire as a self – report instrument used for gathering information about the variables of interest in an investigation. The researcher prepared interrelated questions about the research topic under investigation based on the objectives and hypotheses of the study. Closed ended questions were provided. The semi-structured open ended questionnaire were used to collect data from Heads of department and sampled staff from Quality Assurance department, lecturers and other non academic staff, Mugenda and Mugenda, (1999) explain that questionnaire are valuable methods of collecting data from a large number of respondents. SAQs were self administered to the Principals, Heads of department, lecturers and non academic staff. Open ended questionnaires provided the respondent with an opportunity to give deeper understanding on the trend of responses enabled the respondents to describe their responses in greater detail.

The responses were obtained using the Likert scale where a five (5) headed response rating using the (1. Strongly Disagree 2. Disagree 3. Undecided 4. Agree 5. Strongly agree) were used to ease the respondents' effort in filling the questionnaire and minimize subjectivity. According to Jill & Rogers, (2003) Likert scale turns the questions into different statements which the respondents can select according to their judgment.

### **3.6.2 Structured Interview Guide**

Interview guides was focused on getting responses from the senior persons in the Human Resource department and Principals of Colleges and Head of Quality Assurance Department that enabled the researcher interact more through probing for more detailed information from the respondents. Mugenda & Mugenda, (1999) states that interviews are face-to-face encounters and



leads to obtaining accurate information because the researchers can seek clarity and such improves the relationship with the respondents. The researcher chose the above categories of respondents because they hold key positions in the organization and have a wide range of information about the University including the performance of employees over time. Interview was used because it saves time and reduces the costs. It was used for purposes of getting qualitative informative data and for purposes of triangulation (Sarantakos 2005).

### **3.6.3 Documentary Review checklist**

Documentary review was used on secondary data collection involving analysis of document such as reports. Libraries like Uganda Management Institute library, Kampala International University Library were used to get information. According to Baver, (2000) documentary analysis is one way of interpreting textual data since it examines it as a medium of expression that reflects a people's culture. This helped supplement data gathered through interviews and structured questionnaire to enable the researcher get substantial information on the study.

## **3.7 Validity and Reliability**

### **3.7.1 Validity**

This refers to the degree to which a data collection instrument measures the intended item to be measured (Gay, 1992). Validity is designed to measure and pre-test the instrument, to ensure clarity; accuracy of the instruments so that the data collected provides meaningful, reliable results representing variables in the study, Mugenda and Mugenda, (2003). Mark (1995) recommends that before a survey is used to collect meaningful data, it has to be tested to ensure its accuracy and avoid the random error (unpredictable error) and measurement error. To ensure validity of the instrument, the validity was measured using expert judgment. The questionnaire was given to two experts in the field of human resource management, who were requested to rate the relevance of its question items one by one. After expert judgment, the content validity index was computed by adding up all items rated relevant by each expert and divided them by the total

number of questions in the questionnaire. The formula used to compute Content Validity Index (CVI) was the following:

$$CVI = \frac{\text{Number of questions declared valid}}{\text{Total number of questions}}$$

**Table 2 Results from CVI tests**

Construct	CVI	Number of items
Salary	0.8	10
Pay incentives	0.888	9
Benefit packages	0.875	8
Employee performance	.777	9

**Source:** Primary data (2017)

Results in Table 2 shows that salary had a CVI of 0.8, pay incentives had 0.888; benefit packages had 0.875 while employee performance had 0.777 which were all above 0.7. This shows that the data collection instruments were valid.

### 3.7.2 Reliability

Mugenda and Mugenda (1999) contend that reliability is the measure of the magnitude to which a research instrument is able to yield consistent data or results after several trials. To ensure consistent measurement and reliability of the instrument, every participant in the sample was asked a similar set of questions presented in the same way such that differences in responses were based on variations in respondents' views, and not stimuli. In order to control variations in stimuli, the researcher followed particular directions to ensure consistent question wording and meaning in a simplified language to respondents for easier understanding and response. The instrument was pretested to 10 respondents to establish its reliability and relevant corrections made. The degree of reliability established by using the Cronbach Alpha, a formula that was developed by Kuder Richardson, Amin, (2005) to estimate rational equivalence reliability. Reliability of research instrument was then tested using the Cronbach alpha coefficient,

computed using SPSS. The resulting coefficients are summarized in table 3.3. With these results, the instruments were declared reliable and were therefore used for further analysis.

**Table 3 Results from Reliability tests**

<b>Construct</b>	<b>Cronbach's Alpha</b>	<b>Number of items</b>
Salary	.797	10
Pay incentives	.796	9
Benefit packages	.725	8
Employee performance	.768	9
Overall	.894	36

**Source:** Primary data (2017)

Results in Table 3 shows that salary had a Cronbach's Alpha of 0.797, pay incentives had 0.796; benefit packages had 0.725 while employee performance had 0.768 which were all above 0.7. This shows that the data collection instruments were able to collect reliable data for the study.

### **3.8 Data Management and Analysis**

Data analysis is the process of organizing, summarizing and making it clear and meaningful. According to Enon, (2002), data analysis is the process of organizing data so that readers can get meaning out of it. Mugenda and Mugenda, (1999) adds that it is the instrument used to collect qualitative and quantitative data.

#### **3.8.1 Quantitative Data Analysis**

The researcher carried out a careful scrutiny of the data captured to ensure consistency, accuracy and completeness of the questionnaire. Analysis was done according to the objectives of the study. The quantitative data was edited with the view of checking the completeness and accuracy during data collection, where incomplete data sheets were omitted before it was entered into the computer using Statistical Package for Social Scientists (SPSS)(Forster 1998). The researcher used frequencies, and Spearman correlation coefficient to statistically determine the relationships, in form of tables, where interpretations were made.

### **3.8.2 Qualitative Data Analysis**

Qualitative research is subjective, rich and in-depth description of information presented in form of content that was derived from the respondent's open ended questions and interviews. Content analysis was done basing on the responses. Content analysis has been defined by Berelson, (1952) Krippendorff, (1980) and Weber, (1990) as a systematic replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding. The qualitative data was analyzed through review of the scripts looking for similarities and differences in the content to identify themes and develop categories according to the study objectives.

### **3.9 Measurement of Variables**

Measurement is the process of mapping aspects, of a domain on to aspects of a range according to some rule of correspondent, (Kothari, 2000). To measure the variables of remuneration practices and employee performance, the researcher used Five Likert scale namely: 5- Strongly agree; 4-Agree; 3- Not sure; 2- Disagree; 1-Strongly disagree. The mode of measuring variables at the end enabled the researcher establish the relationship between remuneration practices and employee performance at KIU. In qualitative data analysis, the researcher used constructed key questions comprising of remuneration practices and employee performance and the respondents' opinions and observations were categorized in themes and then analyzed.

### **3.10 Ethical Considerations**

This researcher maintained ethical rules of conduct and adhered to the laws governing research Sarantakos (2013). The researcher sought informed consent from all respondents. They were provided with adequate and clear information about the study. The researcher informed the respondents that the study was for academic purposes. Respondents were free to participate or opt out of the study at any point as recommended by Sarantakos (2005).

In addition, the researcher avoided violation of privacy of the respondents. In order to ensure confidentiality and anonymity, respondents' names were not written on the research instruments. Respondents were not coerced to give information, the intervention of force, fraud, deceit, duress, or other forms of constraint were not used. The relationship between the researcher and the respondents was such that the respondents were able to give information on voluntary basis.

The researcher ensured that findings got are free for publication purposes, no information has been concealed from the findings. Respondents were respected, and not pressured according to the time constraint of the researcher, the time they gave to respond to interviews and questionnaire was respected.

To ensure data accuracy, the researcher collected the data and made a report accurately. The researcher made sure to avoid fabrication of data, and avoided falsification of data to change content of the findings. Sarantakos (2005). Data is presented without prejudice.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

This chapter presents the response rate, background characteristics, data presentation, analysis as well as interpretation of study findings. The presentation is made basing on objectives of the study covering remuneration performance of academic staff in KIU.

#### 4.1 Response rate

**Table 4 Response rate**

<b>Category / Data collection instrument</b>	<b>Sample intended</b>	<b>Return rate</b>	<b>Percentage</b>
Quality Assurance staff/Interview	5	4	80%
Principals of Schools and Colleges/interview	4	3	75%
Human resource department/Interview	5	4	80%
Heads of Department/Interview	7	7	100%
Lecturers/Questionnaire	82	79	96%
<b>Total</b>	<b>103</b>	<b>97</b>	<b>94%</b>

**Source:** Primary data (2017)

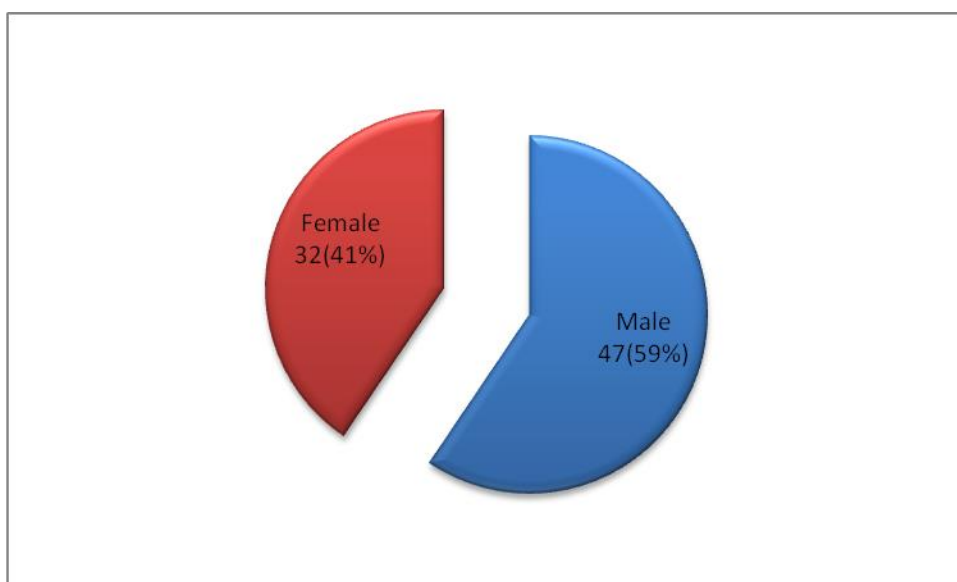
Table 4 shows that 5 respondents were sampled from quality assurance and 4 staff members actually participated giving a response rate of 80%. Out of the four principals of schools and colleges sampled, 3 participated which gave a response rate of 75%. Out of the 5 respondents sampled from human resource department, 4 staff members actually participated, giving a response rate of 80%. All the 7 heads of Department who were sampled actually participated and this gave a response rate of 100%. In addition, out of 82 sampled lecturers, 79% participated, giving a response rate of 96%. The overall response rate from both questionnaires and interviews was 94%. This response rate was above the recommended two-thirds (67%) response rate (Amin, 2005; Mugenda & Mugenda, 1999). The results of the response rate imply that the

researcher obtained data that was enough to write the report since the percentage response rate was above two-thirds as recommended by Amin (2005).

## 4.2 Background characteristics

During the study, the researcher sought demographic characteristics of lecturers in terms of gender, level of education, longevity in service and category of respondents. Results obtained are presented in the next sub section.

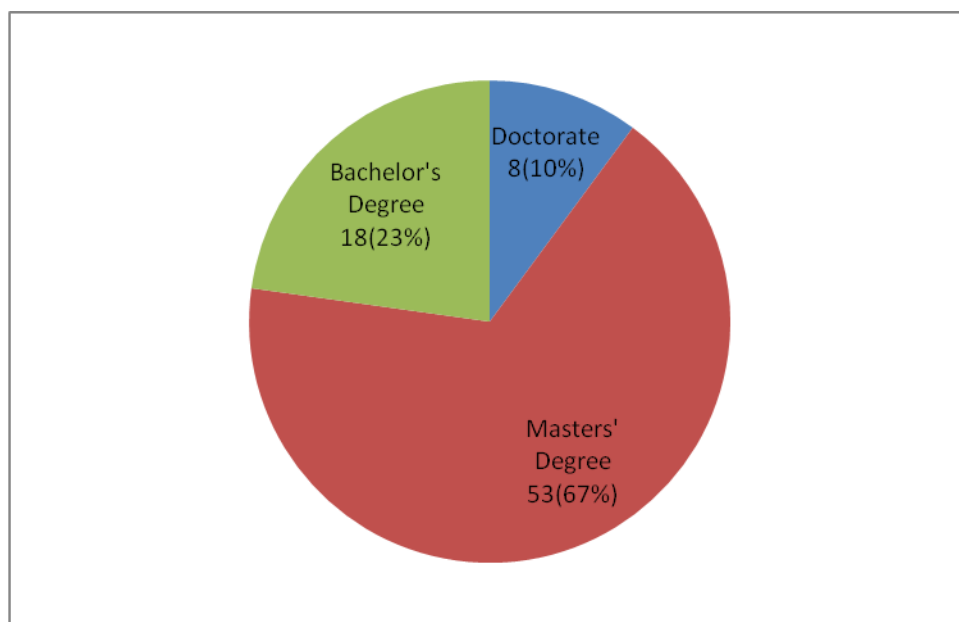
### 4.2.1 Gender of lecturers



**Figure 4.1 Lecturers according to gender**

Results in Figure 4.1 above show that majority (47)59% of the respondents were males while (32) 41% were females. This indicates that data was obtained from a gender balanced sample size without bias, therefore appropriate for the study.

#### 4.2.2 Level of education



**Figure 4.2 Lecturers' level of education**

Figure 4.2 above shows that majority 53(67%) of the respondents had Masters' degree. Those with Bachelors Degree we 18(23%) while respondents who had PhD constituted 8(10%). This shows that all the respondents were educated and able to understand and interpret research questions to provide reliable data. The reliable and authentic data enabled the researcher to prepare a comprehensive report.

#### 4.2.3 Length of service

**Table 5 Lecturers' length of service**

Length of service	Frequency	Percentage
1-3 Years	24	30%
4-6 Years	41	52%
7 Years and above	14	18%
Total	79	100

**Source:** Primary data (2017)

Results in table 5 above show that majority 41(52%) of the respondents had worked at KIU for a period between 4-6 years. Those who had worked for a period between 1-3 years constituted



24(30%) while those for seven years and above were 14(18%). The above statistics shows that most respondents had worked at KIU for a long period and were more knowledgeable about remuneration and employee performance. Therefore, they were in position to provide reliable data for the study.

#### 4.2.4 Category of staff

**Table 6 Category of staff**

Category of staff	Frequency	Percentage
Quality assurance	4	4%
Principles of schools and colleges	3	3%
Head of department	4	4%
Human Resource Department	7	7%
Lecturers	79	82%
<b>Total</b>	<b>97</b>	<b>100%</b>

**Source:** Primary data (2017)

Results in Table 6 show that 82% of the respondents were lecturers because they constitute the largest number of academic staff at KIU. These were followed by 7% from the human resource department since it is the department responsible for staff remuneration. In addition, 4% were heads of department, 4% from quality assurance while 3% were principals. All the respondents were in position to provide valid and reliable data for the study.

### 4.3 Empirical findings

#### 4.3.1 Descriptive statistics about employee performance

The dependent variable in this study was performance of academic staff in Kampala International University, conceptualized in terms of quality of reports made, compliance with academic standards and innovations in academic output. Each of these five elements was operationalised using a number of items/ statements in the questionnaire and each question was

Likert-Scaled using five points, ranging from 1-5; with 1 for strongly disagree; 2 for disagree; 3 for not sure; 4 for agree; and 5 for strongly agree.

Lecturers (79) who responded to the questionnaire indicated the extent to which they agree or disagree with each of the items/ statements. The other staff members (18) participated in key informant interviews as indicated in the analysis and interpretation which follows the presentation of findings.

**Table 7 Descriptive statistics from 79 lecturers showing performance of academic Staff**

Statement	SD	D	NS	A	SA	Total
1 I produce work of good quality	3 (4%)	17 (21%)	0	44 (56%)	15 (19%)	79 (100%)
2 Quality Assurance department in the university has greatly improved my performance	20 (25%)	9 (11%)	2 (3%)	20 (25%)	28 (35%)	79 (100%)
3 I produce my work when it is error free	13 (17%)	12 (15%)	0	35 (44%)	19 (24%)	79 (100%)
4 I usually complete targets set for me to achieve	15 (19%)	27 (34%)	0	12 (15%)	25 (32%)	79 (100%)
5 Performance gaps do not exist in the university	18 (23%)	23 (29%)	9 (11%)	21 (27%)	8 (10%)	79 (100%)
6 I follow university policy of ensuring full time attendance to my duties	4 (5%)	8 (10%)	0	46 (58%)	21 (27%)	79 (100%)
7 I do my work in conformity with university regulations	3 (4%)	8 (10%)	8 (10%)	46 (58%)	14 (18%)	79 (100%)
8 The university encourages innovations and attributes it to performance	2 (3%)	8 (9%)	13 (16%)	38 (47%)	18 (22%)	79 (100%)
9 Providing academic funds have improved innovation among staff members.	3 (4%)	7 (9%)	17 (22%)	36 (46%)	16 (20%)	79 (100%)

**Source:** Primary data (2017)

Results in Table 7 show that most lecturers concurred with all the 9 items about performance of academic staff. The respondents who concurred were between 85% and 37%. On the other hand, respondents who were not sure were between 0% and 22% while those opposed ranged between 11% and 53%. Therefore, results indicate that the majority lecturers held the opinion that they produced work of good quality, quality assurance department in the university has greatly

improved their performance and they produce work when it is error free. However, they do not complete targets set for them to achieve on time, an indicator of poor employee performance which is attributed to inadequate remuneration the university. This was verified with findings from documentary review of the quality assurance report (2016) on staff performance which indicated that a total of 69 lecturers did not submit results of the second semester, year one students for the academic year 2015/2016 in time.

Findings further showed that performance gaps exist in the university. The above findings were further confirmed through a review of KIU Annual Audit report (2016) which revealed that only 5 research publications were made by the university staff against 25 publications which are expected to be published each year study findings revealed that performance gaps do exist at the university. Lecturers follow the university policy of ensuring full time attendance to their duties and work in conformity with university regulations. The university encourages innovations and attributes it to performance and providing academic funds have improved innovation among staff members.

### **Findings from interviews**

Interviews from staff members from quality assurance, principals of schools and colleges, human resource department and heads of Department provide more evidence on performance of academic staff at KIU. For example, when key informants were asked whether quality assurance department in the university has greatly improved their performance, key informant KI\_1 reported:

*Quality assurance checks the content matter of the course units taught. In addition, it ensures that the university has a standard grading system whereby university students score marks commensurate to the quality of work they present.*

In addition, when key informants were asked whether staff members work in conformity with university regulations, KI\_3 noted:

*Academic staff members work in conformity with the university regulations. For example, the university requires that lecturers give course works and tests at the end of each course unit, a thing they have observe each semester.*

Providing academic funds have improved innovation among staff members because lecturers are supported to pursue further studies and advance their teaching career. Key Informant KI\_5 reported:

*Providing academic fund has improved innovation among staff members because members who are sponsored for further studies are able to acquire more knowledge and skills applied at the university which leads to general improved output.*

Although the findings show that lecturers concurred with the items on performance of academic staff and results from key informant interviews showing that there are attempts to ensure improved performance at the university, it can be noted that lecturers do not complete targets set for them to achieve on time as verified through the review of existing documents. This explains why lecturers noted that performance gaps exist in the university.

#### **4.3.2 Descriptive statistics about salaries**

The first objective in this study was to establish the influence salaries have on performance of academic staff at Kampala International University. Salaries in this study was construed into two elements namely; payment structures and payment systems. Using the items formulated about salaries, respondents rated the different aspects of their payment structures and systems, the researcher asked lecturers to indicate the extent to which they agreed or disagreed with the items in the questionnaire. Their responses are summarized in Table 8:

**Table 8 Descriptive results on salary and performance**

<b>Items about pay structure</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
1 I am contented with the salary I receive from the University	1 (1%)	42 (54%)	4 (5%)	22 (28%)	10 (13%)	79 (100%)
2 The salary I receive is commensurate to the work that I do	23 (29%)	29 (37%)	0 (0%)	20 (25%)	7 (9%)	79 (100%)
3 The university has a clear pay structure for staff members	11 (14%)	33 (42%)	1 (1%)	13 (16%)	21 (27%)	79 (100%)
4 Salary pay structure is based on skills and competencies	29 (37%)	15 (19%)	9 (11%)	4 (5%)	22 (28%)	79 (100%)
5 Payment is based on one's career path (career structure) that encourages me to develop	25 (32%)	5 (6%)	3 (4%)	25 (32%)	21 (27%)	79 (100%)
<b>Items about pay systems</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
6 Salary payment to staff is always based on roles and responsibilities	3 (4%)	5 (6%)	16 (20%)	34 (43%)	21 (27%)	79 (100%)
7 I am comfortable with the system of payment	32 (41%)	24 (30%)	14 (18%)	4 (5%)	5 (6%)	79 (100%)
8 The salary pay system motivates me to perform very well	38 (48%)	10 (13%)	2 (3%)	10 (13%)	19 (24%)	79 (100%)
9 I am contented with the existing policies that govern the system of payment of salaries.	33 (42%)	14 (18%)	1 (1%)	9 (11%)	22 (28%)	79 (100%)

**Source:** Primary data (2017)

### **Pay structure**

Results in Table 8 show that most lecturers were opposed to all the items about pay structure (items 1 to 5). The respondents who opposed were between 66% and 55%. On the other hand, respondents who were not sure were between 0% and 11% while those who concurred ranged between 34% and 41%. Therefore, results indicate that the majority lecturers were not contented with the salary they receive from Kampala International University. When staff members are not contented with their salary, they are de-motivated which affects their performance.

In addition, most lecturers held the idea that the salary they receive is not commensurate to the work they do. However, most lecturers concurred with the idea that the university has a clear pay structure, based on skills and competencies and that payments are based on one's career path (career structure) encourages staff members to develop. A review of the Salary structure from the

human resource department revealed that senior lectures holding PhDs are paid 2.5 million Uganda Shillings while Lectures with Masters Degree are paid 800,000 Uganda Shillings per month. This shows that the university has clear pay structure upon which the university bases to effect payment to staff members.

### **Pay systems**

Most lecturers were opposed to the four items about pays systems (6 to 9) in comparison with respondents who agreed that those not sure. The respondents against the statement were between 10% and 71%, those not sure were between 1% and 20% while those in support were between 10% and 70%. Therefore, findings show that most lecturers were of the view that salary payment to staff is always based on roles and responsibilities. However, most lecturers are not comfortable with the system of payment, the salary system does not motivate them to perform well and are not contented with the existing policies that govern the system of payment of salaries.

### **Interview findings**

In support of the findings from questionnaires and documentary review were interviews from staff members from quality assurance, principals of schools and colleges, human resource department and heads of Department.. For example when asked whether the academic staff was contented with the salary they receive, the Key Informant KI\_12 responded as follows: *“The salary I receive from this university is not enough to cater for my needs. The University pays us little salary compared to the amount of work that we do.”* (Interview with Key Informant KI\_12, 10<sup>th</sup> July 2017)

In addition, Key Informant KI\_14 revealed how she receives little payment for the extra work she does as quoted:

*The payment I receive is little compared to the work that I do. I am paid only 200,000 Uganda Shillings per month for the extra work load. At the end of the month, the salary I receive is not commensurate to the work that I do. (Interview with key informant KI\_14, 10<sup>th</sup> July 2017)*

Thus, findings show that academic staff members are not contented with the payment they receive which affects their performance at the University.

As noted in Table 8 for descriptive statistics, results from Key Informant interviews confirmed that the pay structure for academic staff is based skills and competencies as noted by KI\_9: *“The University has a structure for paying staff members. The structure is based on qualifications such as PhD, Masters degree or any other relevant qualification.”* (Interview with key informant KI\_9, 14<sup>th</sup> July 2017)

In addition, findings from key informant interviews showed that payment to academic staff is based on the roles and responsibilities as revealed by KI\_7 in the quotation below:

*Payment is made to staff members according to their responsibilities at the University. For example all academic staff members who are in position of responsibility; for instance Heads of department are paid an additional sum for that extra role besides teaching. (Interview with key informant KI\_7, 12<sup>th</sup> July 2017)*

Similarly, KI\_10 revealed that academic staff members are paid according to the amount of work they do as noted:

*Some staff members who are part timers are paid according to the amount of work each of them does. They are paid according to the number of hours they teach. On the other hand, fulltime staff members are paid a monthly salary although they also receive additional allowances based on the amount of extra hours they teach but paid on a monthly basis. (Interview with key informant KI\_10, 8<sup>th</sup> July 2017)*

This implies that payment to academic staff members is attached to the job or work done since staff members with additional responsibilities are paid for the extra duties played which contributes towards improved performance.

In addition, results from Key Informants confirmed that salary pay structure is based on skills and competencies as evidenced by the payments made to staff members in different departments. Key informant KI\_17 said: *“Payment to staff members is based on their skills and competences because staff members who teach in the School of Engineering are paid more money than those lectures who teach other degree courses.”* (Interview with key informant, 18<sup>th</sup> July 2017) This shows that skills and competencies at KIU are determined by one’s level of education. PhD holders are paid more than Masters’ degree holders because they have more skills and therefore receive a higher remuneration which motivates them to improve performance.

After establishing respondents’ views on salary and employee performance, the researcher tested the hypothesis using inferential statistics. Findings are presented in this section.

#### 4.3.2.1 Testing the first hypothesis

The first alternative hypothesis stated: *“There is a significant positive relationship between salary and performance of academic staff at Kampala International University.”* The researcher used Spearman rank order coefficient (*rho*) to test the hypothesis and results are presented in Table 9

**Table 9 Correlation matrix for salary and employee performance**

	<b>Salary</b>
<b>Employee performance</b>	$\rho = .630^{**}$ $\rho^2 = .372$ $p = .000$ $n = 79$

**Source:** Primary data (2017)



Findings show a strong positive correlation ( $\rho = .630$ ) between salary and employee performance. The coefficient of determination ( $\rho^2 = .372$ ) shows that salary accounted for 37.2 % variance in employee performance. The findings were further tested to establish the significance (p) which was 0.000, below 0.05 level of significance. From all the results obtained, the hypotheses that; there is a positive significant relationship between salary and performance of academic staff was accepted.

The strong correlation means that improvement in salary was related to a big change in employee performance. Since the nature of the correlation was positive, it means that salary moved in a similar direction, in that increase in salary was related to improved employee performance while poor salary was related to poor employee performance.

In addition, regression analysis was carried out to establish the effect pay structures and pay systems had on employee performance. Results are presented in Table 10.

**Table 10 Regression analysis for pay structure and pay systems on employee performance**

<b>Regression statistics</b>					
Multiple R	.574				
R Square	.329				
Adjusted R Square	.312				
Standard Error	.51959				
Observations	79				

<b>ANOVA</b>					
	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>Sig.</i>
Regression	10.071	2	5.036	18.652	.000
Residual	20.518	76	.270		
Total	30.589	78			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-Value</i>
Intercept	1.461	.321	4.553	.000
Pay structures	.195	.106	1.850	.003
Pay systems	.355	.101	3.530	.001

**Source:** Primary data (2017)

Findings in Table 10 show a moderate linear relationship (Multiple R = .574) between the combination of dimensions of salary (pay structure and pay system) and employee performance.

Basing on the Adjusted R Square, it is indicated that the dimensions of salary, that is pay structure and pay systems account for 32.9% variance in employee performance. The ANOVA test gave the significance value (Sig F=0.000) of the Fishers ratio (F = 18.652), below the significance level of 0.05. The coefficients revealed that pay structures p-value (p-value = .003) and pay systems p-value (p-value = .001) had a significant effect on employee performance. This implies that improvement in pay structures and pay systems have a significant effect on employee performance.

### 4.3.3 Pay incentives and employee performance

In relation to pay incentives, respondents were asked a set of questions in order to establish their opinions on incentives and the extent to which they contribute to employee performance. The responses are presented in the table below:

**Table 11 Descriptive results on pay incentives and employee performance**

<b>Items about pay incentives</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>TOTAL</b>
<b>Items about allowances</b>						
1 I receive monetary incentives in form of allowances	11 (13%)	15 (19%)	0 (0%)	44 (56%)	9 (12%)	79 (100%)
2 I am satisfied with the allowances that I receive from the University	25 (32%)	35 (44%)	0 (0%)	14 (18%)	5 (6%)	79 (100%)
3 The allowance I receive motivate me to improve performance	10 (13%)	37 (47%)	2 (3%)	18 (23%)	12 (15%)	79 (100%)
<b>Items about bonuses</b>						
4 The University offers me bonus payment for the extra performance	6 (8%)	12 (15%)	1 (1%)	22 (27%)	38 (48%)	79 (100%)
5 Bonuses are offered in a fair and transparent manner	25 (32%)	35 (44%)	0 (0%)	6 (8%)	13 (16%)	79 (100%)
6 Bonuses motivate me to improve my performance	42 (53%)	24 (30%)	8 (10%)	3 (4%)	2 (3%)	79 (100%)
<b>Items about wages</b>						
7 I am always paid for wages for the time I work	6 (7%)	24 (30%)	0 (0%)	39 (49%)	10 (13%)	79 (100%)
8 The wages I receive from the University are commensurate with the work that I do	30 (38%)	31 (39%)	0 (0%)	11 (14%)	7 (9%)	79 (100%)
9 Wages motivate me to improve my performance	1 (1%)	6 (8%)	13 (16%)	43 (54%)	16 (20%)	79 (100%)

**Source:** Primary data (2017)

### **Items about allowances**

Most lecturers disagreed with all the items on allowances (item 1 to 3) in comparison with those who were not sure and those that agreed. The percentage of lecturers who opposed ranged from 32% to 76% while those not sure were between 0% and 2% yet those who supported the items were between 24% and 68%. Therefore, the findings indicate that academic staff members receive at KIU receive incentives in form of allowances. However, they are not satisfied with the allowances they receive, hence the allowances they receive do not motivate them to improve performance.

### **Bonuses**

Most lecturers were opposed to the three items about bonuses (items 4 to 6) in comparison with lecturers who consented as well as those not sure. The percentage of lecturers who were against the items ranged between 23% and 83%, those not sure were between 0% and 8% while those in support of the items were between 7% and 75%. Thus, findings revealed that the University offers bonus payment to academic staff members for the extra performance. A review of the KIU human resource manual (2015) indicated that for each extra work load, a staff member is paid between 200,000 and 300,000 Uganda Shillings depending on the school they offer services. This shows that there are mechanisms to motivate staff members for the additional work they do, which contributes to improved employee performance. Most lecturers held the opinion that bonuses are not offered in a fair and transparent manner and therefore, do not motivate them to improve performance.

### **Wages**

Study findings indicated that the majority lecturers did not support three items on wages ( item 7 to 9) in comparison with respondents who agreed and those not sure. The percentage of lecturers who were against the items ranged between 9% and 77% while those not sure were between 0% and 13% and those in support of the items ranged between 23% and 74%. Hence, findings

revealed that lecturers are paid for wages for the time they work. On the contrary, most lecturers held the idea that the wages they receive from the University are commensurate with the work that they do which explains why most of them reported that the wages do not motivate them to improve performance. The above findings point to the fact that while lecturers are paid wages they are not equivalent to the work they do which affects their performance.

### **Interview findings**

In order to support findings from questionnaires, Key Informant interviews we held with staff members from quality assurance, principals of schools and colleges, human resource department and heads of Department. For example, when Key Informants were asked whether staff members at KIU receive allowances, Key Informant KI\_18 had this to say: *“Staff members who work for extra hours or who teach additional classes mainly in the Study Centres and weekend programmes are paid an allowance.”* (Interview with key informant KI\_18, 11<sup>th</sup> July 2017)

Results from Key Informants further revealed that academic staff members are paid equal allowances for the extra work done, which is regarded unfair for staff members with higher academic qualifications as noted by KI\_11 who noted: *“We are paid equally for extra workload regardless of whether you hold a PhD or not. There is need for management to revise the structure and increase the allowances we receive.”* (Interview with key informant KI\_11, 2<sup>nd</sup> July 2017). From the above results, it can be noted that while staff members are paid incentives, most staff members are not satisfied with the incentives they receive in form of allowances, bonuses and wages which affects performance of academic staff members.

#### **4.3.3.1 Testing the second hypothesis**

The second alternative hypothesis stated; There is a positive significant relationship between pay incentives and performance of academic staff of Kampala International University. The researcher used Spearman rank order coefficient (*rho*) to test the hypothesis and the results are presented in Table 12.

**Table 12 Correlation matrix for pay incentives and employee performance**

	<b>Pay incentives</b>
<b>Employee performance</b>	$\rho = .622^{**}$ $\rho^2 = .401$ $p = .000$ $n = 79$

**Source:** Primary data (2017)

Findings show a strong positive correlation ( $\rho = .622$ ) between pay incentives and employee performance. The coefficient of determination ( $\rho^2 = .401$ ) shows that pay incentives accounted for 40.1% variance in employee performance. The findings were further tested to establish the significance ( $p$ ) which was 0.000, below 0.05 level of significance. From all the results obtained the hypotheses that; there is a positive significant relationship between pay incentives and performance of academic staff was accepted.

The strong correlation means that improvement in pay incentives was related to a big change in employee performance. Since the nature of the correlation was positive, it means that pay incentives moved in a similar direction, in that increase in pay incentives was related to improved employee performance while poor pay incentives was related to poor employee performance.

Regression analysis was further carried out to establish the effect of pay incentives on employee performance. Results are presented in Table 13.

**Table 13 Regression analysis for pay incentives and employee performance**

<b>Regression statistics</b>					
Multiple R	.549				
R Square	.302				
Adjusted R Square	.274				
Standard Error	.53362				
Observations	79				

<b>ANOVA</b>					
	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>Sig.</i>
Regression	9.233	3	3.078	10.808	.000
Residual	21.356	75	.285		
Total	30.589	78			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-Value</i>
Intercept	1.406	.369	3.806	.000
Allowances	.029	.087	.337	.000
Bonuses	.231	.096	2.403	.019
Wages	.292	.097	2.998	.004

**Source:** Primary data (2017)

Findings in Table 13 show a moderate linear relationship (Multiple R = .549) between the combination of dimensions of pay incentives (allowances, bonuses and wages) and employee performance. Basing on the Adjusted R Square, it can be noted that pay incentives account for 27.4% variance in employee performance. Results from ANOVA tests indicated that the significance (Sig F=0.000) of the Fishers ratio (F= 10.808) was below the significance level of 0.05 which showed a significant effect on employee performance. The coefficients further indicated that allowances p-value (p-value = .000) and wages (p-value = .004) had a significant effect on employee performance. This implies that improvement in allowances and wages significantly influenced employee performance. However, bonuses (p-value = .019) did not significantly affect employee performance because the p-value was above 0.05.

#### **4.3.4 Benefit packages and employee performance**

During the study, respondents were asked a set of questions in order to establish their opinions on benefit packages and the extent to which they contribute to employee performance. The responses are presented in the table below;

**Table 14 Descriptive results for benefit packages and employee performance**

<b>Tuition fees assistance and reimbursement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
1 The university offers tuition aid assistance to qualifying staff members.	1 (1%)	18 (23%)	10 (13%)	37 (47%)	13 (16%)	79 (100%)
2 Tuition aid assistance is offered to staff members on a fair and transparent manner.	14 (17%)	10 (13%)	6 (8%)	27 (34%)	22 (28%)	79 (100%)
3 Providing tuition fees assistance motivates staff members to improve performance	2 (3%)	6 (8%)	8 (10%)	39 (49%)	24 (30%)	79 (100%)
<b>Gratuity</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
4 The gratuity I anticipate to receive is adequate for my needs	17 (21%)	32 (41%)	8 (10%)	14 (18%)	8 (10%)	79 (100%)
5 Gratuity motivates me to work harder.	3 (4%)	1 (1%)	9 (11%)	49 (62%)	17 (22%)	79 (100%)
6 The university pays gratuity to staff members on time	1 (1%)	6 (8%)	13 (16%)	41 (52%)	18 (23%)	79 (100%)
<b>Health insurance</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
7 I receive health insurance benefits from the University	19 (24%)	38 (48%)	0 (0%)	16 (20%)	6 (8%)	79 (100%)
8 Health benefits are fairly provided to all staff members	25 (32%)	36 (46%)	0 (0%)	8 (10%)	10 (13%)	79 (100%)
9 Health benefits motivate me improve performance	21 (27%)	42 (53%)	1 (1%)	11 (14%)	4 (5%)	79 (100%)

**Source:** Primary data (2017)

#### **Tuition fees assistance and reimbursement**

Most lecturers concurred with the items about tuition fees assistance and reimbursement (that is item 1 to 3) compared to those who were not sure and the ones that opposed. The percentage of lecturers who concurred ranged from 62% to 79% while the percentage of respondents who were not sure ranged from 8% to 13% and those that opposed the items ranged from 11% to 30%. Thus, findings show that the university offers tuition aid assistance to qualifying staff members.

Tuition aid assistance is offered to staff members on a fair and transparent manner. Providing tuition assistance motivates staff members to improve performance. The findings imply that KIU provides education assistance such as scholarships to staff members to allow them advance their academic qualifications.

### **Gratuity**

Findings from this study show that most lecturers concurred with items about gratuity (that is items 4 to 6) compared to those who disagreed and those that were not sure. The percentage of respondents who concurred ranged from 28% to 84% while those who were not sure ranged from 10% to 16% and those who disagreed ranged from 5% to 62%. Thus findings indicate that the university pays gratuity to staff members on time, gratuity motivates lecturers work harder although most lecturers held the idea that the gratuity they anticipate to receive is not adequate for their needs. The above findings imply that the university pays gratuity promptly which improves the performance of staff members.

### **Health insurance**

Most lecturers opposed the items about health insurance (items 7 to 9) in comparison with those who supported the items and those not sure. The percentage that was against the items was between 72% and 80%, those who were not sure constituted 1% while those that supported the items under health insurance were between 19% and 28%. Therefore, most lecturers do not receive health benefits, the benefits are not fairly provided to all staff members and they do not motivate staff members to improve performance. The above findings imply that few staff members at KIU receive health insurance. There is differentiation in the provision of health benefits which reduces the motivation of staff members who are not catered for.



## **Interview findings about benefit packages**

Key informant interviews held with staff members from quality assurance, principals of schools and colleges, human resource department and heads of Department were used to support results from questionnaires. Key informant KI\_12 revealed that tuition fees assistance helps staff members to improve their career and said: *“Providing tuition fees assistance motivates staff members because it gives them an opportunity to advance their education career and the consequent increment in the payment they receive after adding on the qualifications they possess.”* (Interview with key informant KI\_12, 6<sup>th</sup> July 2017) In addition, Key informant KI\_7 noted that few staff members receive health benefits from the university as quoted: *“Health benefits are only provided to Top management. Most of us do not benefit from the University health scheme.”* (Interview with key informant KI\_7, 18<sup>th</sup> July 2017) When asked whether gratuity is promptly paid to staff members, Key Informant KI\_1 had this to say:

*All qualifying staff members receive their gratuity within one week of application. This is because their employment details are available at the University and it is easy to establish the amount of money to pay, which facilitates prompt payment of gratuity.* (Interview with key informant KI\_1, 14<sup>th</sup> July 2017)

From the above findings, it can be noted that staff members receive benefit packages although not all staff members have equal access to the benefits offered. Unfair provision of health insurance benefits discourages staff members which affects performance

### **4.3.4.1 Testing the third hypothesis**

The third alternative hypothesis stated: “There is a positive significant relationship between benefit packages and performance of academic staff at Kampala International University.”

The researcher used Spearman rank order coefficient ( $\rho$ ) to test the hypothesis. Results are presented in Table 15.

**Table 15 Correlation matrix for benefit packages and employee performance**

	<b>Benefit packages</b>
<b>Employee performance</b>	$\rho = .727$ $\rho^2 = .522$ $p = .000$ $n = 79$

**Source:** Primary data (2017)

Findings show a strong positive correlation ( $\rho = .727$ ) between benefit packages and employee performance. The coefficient of determination ( $\rho^2 = .522$ ) shows that benefit packages accounted for 52.2% variance in employee performance. The findings were further tested to establish the significance (p) which was 0.000, below 0.05 level of significance. From all the results obtained, the hypotheses that; “there is a positive significant relationship between benefit packages and performance of academic staff of Kampala International University was accepted.”

The strong correlation means that improvement in benefit packages was related to a big change in employee performance. Since the nature of the correlation was positive, it means that benefit packages moved in a similar direction with employee performance, in that increase in benefit packages was related to improved employee performance while a decrease in benefit packages was related to decrease in employee performance. Regression analysis was further conducted in order to establish the effect of benefit packages on performance of academic staff. Results were presented in Table 16.

**Table 16 Regression analysis for benefit packages and performance of academic staff**

Regression statistics					
Multiple R	.677				
R Square	.459				
Adjusted R Square	.437				
Standard Error	.46983				
Observations	79				

ANOVA					
	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>Sig.</i>
Regression	14.034	3	4.678	21.191	.000
Residual	16.556	75	.221		
Total	30.589	78			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-Value</i>
Intercept	1.132	.298	3.803	.000
Tuition fees	.355	.067	5.261	.000
Gratuity	.077	.075	1.034	.305
Health insurance	.226	.083	2.716	.008

**Source:** Primary data (2017)

Findings in Table 16 show a moderate linear relationship (Multiple R = .677) between the combination of dimensions of benefit packages (tuition fees assistance, gratuity and health insurance) and employee performance. Basing on the Adjusted R Square, it was noted that benefit packages account for 43.74% variance in employee performance. Results from ANOVA tests revealed that significance (Sig F=.000) of the Fishers ratio (F= 21.191) was below the significance level of 0.05 and therefore the results were accepted. Findings from coefficients showed that only tuition fees assistance (p-value = .000) had a significant effect on employee performance. However, gratuity (p-value = .305) and health insurance (p-value = .008) did not have a significant effect on employee performance because the p-value was above 0.05. This means that tuition fees assistance has do not have a significant effect on performance of academic staff members at KIU.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents the summary on the findings of the study, discussions of the study objective by objective, with respect to findings. The chapter further presents conclusions, recommendations and ends with area for further study.

#### 5.1 Summary of the findings

##### 5.1.1 The relationship between salary and employee performance

The first objective of the study was *to investigate the relationship between salary and performance of academic staff of Kampala International University*. The research question was, *what is the relationship between salary and performance of academic staff of Kampala International University?* The tested hypothesis was, *there is a significant positive relationship between salary and performance of academic staff of Kampala International University*, which was accepted. Findings revealed a strong positive relationship between salary and employee performance ( $\rho = .630$ ). In addition, the combination of dimensions of salary account for 32.9% variance in employee performance. The study also revealed that the University has a structure for paying staff members. The structure is based on qualifications such as PhD, Masters degree or any other relevant qualification. Payment is made to staff members according to their responsibilities at the University. However, the study further revealed that the salary they receive is not commensurate to the work they do and it is not enough to cater for their needs.

##### 5.1.2 The relationship between other pay incentives and employee performance

The second objective of the study was *to investigate the relationship between pay incentives and performance of academic staff of Kampala International University*. The research question was, *what is the relationship between pay incentives and performance of academic staff of Kampala International University?* The tested hypothesis was, *there is a significant positive relationship between pay incentives and performance of academic staff of Kampala International University*,

which was accepted. Findings revealed a strong positive relationship between salary and employee performance ( $\rho = .622$ ). A further analysis using a regression established a moderate linear relationship between allowances, bonuses, wages and employee performance. A combination of dimensions of pay incentives accounted for 27.4% variance in employee performance. Allowances affected employee performance more than wages. However, bonuses did not have a significant effect on employee performance because their p-value was not significant. The study also revealed that staff members who work for extra hours or who teach additional classes/hours are paid an allowance. However the allowances they receive are not enough which calls for adjustments in the incentives academic staff members receive in order to boost their performance.

### **5.1.3 The relationship between work benefit packages and employee performance**

The third objective of the study was *to investigate the relationship between work benefit packages and performance of academic staff of Kampala International University*. The research question was, *what is the relationship between work benefit packages and performance of academic staff of Kampala International University?* The tested hypothesis was, *there is a significant positive relationship between work benefit packages and performance of academic staff of Kampala International University*, which was accepted. Findings revealed a strong positive relationship between salary and employee performance ( $\rho = .727$ ). A further analysis using a regression established a moderate linear relationship between tuition fees, gratuity, health insurance and employee performance. A combination of dimensions of work benefit accounted for 52.2% variance in employee performance. Tuition fees assistance affected employee performance more than gratuity and health insurance. The study also revealed that each academic year, the university provides tuition aid to staff members to pursue further studies. Most assisted members are those who excelled in academic performance at both undergraduate who are sponsored for Masters degrees while others are provided tuition aid to pursue PhD programs. Providing tuition fees assistance motivates staff members because it gives them an opportunity to

advance their education career and the consequent increment in the payment they receive after adding on the qualifications they possess.

## **5.2 Discussion**

### **5.2.1 The relationship between salary and employee performance**

The study focused on the relationship between salary and employee performance. Salary was studied in terms of pay structures and pay systems while performance was conceptualized in terms of quality of reports made, compliance with academic standards and innovations in academic output. During the study, it was established that few staff members at KIU are contented with the salary they receive from the University. When staff members are not contented with their salary, they are de-motivated which affects their performance. This is in agreement with Nakacwa (2007) who asserted that inadequate salary leads to low employees' social status leading to lack of commitment on their jobs hence a decrease in employee performance. It was established that the salary staff members receive is not commensurate to the work they do and not enough to cater for their needs. This affects their performance since staff members are de-motivated as a result of the low salary they receive. This is supported by Pink (2013) who stated that the amount of salary people receive affects their commitment to work and performance.

Study findings further revealed that the university has a clear pay structure based on qualifications of staff members. In addition, salary payment to staff is always based on roles and responsibilities. Therefore staff members with more roles and responsibilities are paid a higher salary to motivate them improve their performance. This is supported by Ryan & Sagas, (2009) who contends that a high level of salary payment and/or benefit relative to that of competitors can ensure that a company attracts and retains high- quality employees who are committed with improved performance. This is further in line with findings from this study which revealed that

payments based on one's career path (career structure) encourages staff members to develop and perform better.

During the study, it was further established that the rate of payment is attached to the job or work academic staff members do, and that the salary pay structure is based on skills and competencies. This is corroborated by Torrington et al. (2009) who asserted that skills based pay system gives the employees an opportunity to influence their pay by acquiring more skills that lead to pay increases. Skills-based pay encourages multitasking and flexibility, which in turn enables the organization to respond faster and more effectively to the needs of customers thereby leading to improved performance.

The study revealed that staff members are comfortable with the payment system and that it motivates them to perform very well. This is in agreement with Milkovich and Wigdor, (2011) who stated that merit pay systems facilitate greater work motivation by differentially rewarding top performers over marginal performers. This further explains why findings from this study showed that staff members are contented with the existing policies that govern the system of payment of salaries.

### **5.2.2 The relationship between other pay incentives and employee performance**

The study focused on the relationship between pay incentives and employee performance. pay incentives were categorized into allowances, bonuses and wage while performance was conceptualized in terms of quality of reports made, compliance with academic standards and innovations in academic output. During the study, it was established that most staff members at KIU receive allowances. Allowances are most often given to staff members who carry out additional activities other than their initial assignments. Staff members who work for extra hours or who teach additional classes/hours are paid an allowance based on each hour they work. This is supported by Natwenda (2010) who opines that allowances have a great impact on employee. Although they receive allowances, most staff members reported that they were not satisfied with

the allowances they receive. This has a negative influence on employee performance. In order for employees to be satisfied with the allowances they receive, the University has to increase the amount of money they pay to staff members in form of allowances. This is in agreement with Wall and Wood (2008) who stated that when fair rewards such as allowances are adjusted to employees and their basic needs accessible, their levels of commitment will rise and will be contented to continue working with an organisation.

Similarly, very few respondents agreed that the allowance they receive motivates them to improve performance. This has a negative effect on employee performance because they are less motivated to work hard. Thus the university needs to offer high allowances to motivate staff members improve their performance. This is corroborated by Cole (2007) who stated that offering high allowances and other fringe benefits minimizes discontent among employees, increases their social status, hence improved performance.

Study findings further revealed that the university offers staff members bonus payment when they exceed set targets. In addition, bonuses motivate them to improve performance. This is in agreement with Bhambra (2008) who asserted that bonuses have a short motivational value. The findings are on the other hand contrary to Pink (2013), who revealed that paying creative people bonuses for good performance not only demotivates them, but almost guarantees they will fail and that bonuses are not the best way to motivate staff. The study revealed that the wages staff members receive from the University are not commensurate with the work that they do, yet wages motivate staff members to improve performance. Hence, increasing wages staff members receive contributes to improvement in performance. This is supported by Amoding (2010) who revealed that paying employees a market related wage may help in retaining valuable employees and improve their performance.



### **5.2.3 The relationship between work benefit packages and employee performance**

The study established that there is a strong positive relationship between benefit packages and employee performance. According to findings from the study, the university offers tuition aid assistance to qualifying staff members. Each academic year, the university provides tuition aid to staff members to pursue further studies. This is supported by Mathis and John (2003) who revealed that educational and tuition aid assistance benefits are highly desired by employees. They aid employee retention and job satisfaction which consequently leads to improved employee performance. It was found that providing tuition assistance motivates staff members to improve performance because it gives them an opportunity to advance their education career and the consequent increment in the payment they receive after adding on the qualifications they possess thereby leading to improved performance. This is in agreement with Sahinidis and Bouris (2008) who noted the role of education programs at a workplace is seen as a measure of improving employee and organizational capabilities. This is because when the organization invests in improving the knowledge and skills of its employees, the investment is returned in the form of more productive and effective employees.

According to findings from this study, few staff members acknowledged that the gratuity they anticipate to receive is adequate for their needs. Although the gratuity may not be adequate to meet their needs, most staff members reported that it motivates them to work harder. This shows staff members work very hard to sustain their employment at KIU and receive gratuity when their work contract expires. This is in line with Luchak and Gellatly (2002) who posited that as employees' gratuity increase in value over their job tenure, workers may feel more vulnerable to job loss since firms may opportunistically layoff employees to reduce pension liabilities. It was further established that the University pays gratuity to staff members on time which enhances their commitment and performance.

During the study, it was established that few staff members receive health benefits from the university. Health benefits are only provided to top management. This is in line with Najjinda (2013) who revealed that private health services can be an important feature of remuneration especially for managers and professionals in the private sector. The study revealed that, few staff members at KIU agreed that health benefits are fairly provided to all staff members. Similarly, few staff members acknowledged that health benefits motivate them to improve performance. Therefore, providing academic staff members with health insurance can improve employee performance of academic staff members at the University. This is supported by Lutherans (2010) who stated that health insurance is a major benefit and an important factor for job satisfaction and employee performance.

### **5.3 Conclusions**

#### **5.3.1 The relationship between salary and employee performance**

According to study findings, it was concluded that salary pay structure based on skills and competencies as well as salary payment to staff based on roles and responsibilities lead to improved employee performance. If academic staff members receive salaries commensurate to the work they do, employee performance will improve. The University has a structure for paying staff members. The structure is based on different qualifications such as PhD, Masters degree or any other relevant qualification. In addition, payment is made to staff members according to their responsibilities at the University.

#### **5.3.2 The relationship between other pay incentives and employee performance**

According to study findings, it was concluded that monetary incentives have a great effect on employee performance. Therefore, pay incentives such as allowances, bonuses and wages lead to improved employee performance. When staff members receive additional payment, they get motivated to work harder and continue working extra hours, hence improved performance.

### **5.3.3 The relationship between work benefit packages and employee performance**

It was further concluded that work benefit packages motivate staff members to improve performance. Therefore provision tuition fees assistance, gratuity and health insurance will lead to improved employee performance at KIU. When staff members are provided with tuition fees assistance, they are able to undergo further studies which further enhance their performance. Gratuity and health insurance further increase employee commitment to the job and the resultant improved performance.

## **5.4 Recommendations**

To ensure that there is improved employee performance the researcher made recommendations upon which KIU and other private education institutions can base on in order to improve the relationship between remuneration and employee performance. The recommendations include the following:

### **5.4.1 Recommendation to improve salary and employee performance**

The study recommends that KIU increases staff salary within the existing payment structures. A uniform salary increment should be made across all salary scales. This will ensure that academic staff members receive salary commensurate to the work they do, which will in turn enhance their performance.

### **5.4.2 Recommendation to improve pay incentives and employee performance**

The study further recommends that the allowances and wages which staff members receive per extra hours worked be increased. This will motivate academic staff members to work for extra hours whenever work is available, which will in turn lead to improved performance of the entire university.

### **5.4.3 The Recommendation to improve work benefit packages and employee performance**

The study recommends that the university should provide health insurance benefits to all academic staff members. This will help cater for the health needs of staff members and their

immediate family members, thus motivating staff members to work harder for improved performance.

### **5.5 Area for further study**

Further study may be carried out on;

The effect of staff training on employee performance at KIU.

Performance measurement in Academic departments in KIU.

### **5.6 Limitations of the study**

- i) Some sections of the randomly selected respondents did not cooperate; some of the returned SAQs had incomplete responses.
- ii) There was an element of respondents being hesitant to give information for fear of being victimized despite having an informed consent ensuring anonymity of the respondent (Sarantakos 2005).
- iii) The researcher was equally faced with the problem of having limited time of contact with the respondents as most of them expressed that they were very busy.
- iv) Time taken to return the SAQs was rather very low in that, respondents took so long to return the questionnaires; whereby the researcher had to have maximum patience in order to get a feed back.
- v) Extraneous variable: The research had no control over the extraneous variable such as policies, university regulations and restricted documents such that some information was not easily attainable due to its confidential nature.

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## APPENDICES

### APPENDIX I: 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 the population size

'S' is the sample size

**APPENDIX II: QUESTIONNAIRE**

**UGANDA MANAGEMENT INSTITUTE**

**MASTERS OF BUSINESS ADMINISTRATION**

**Questionnaire to be filled by principals of schools/colleges, heads of department, quality assurance, human resource department, lecturers**

Dear respondent,

I, Christine Asekenye, a Master of Business Administration student at Uganda Management Institute, Kampala; I am undertaking a study on Influence of Remuneration on Performance of Academic Staff in Private Universities A Case Study of Kampala International University. As one of the staff of Kampala International University, your opinions are very important and you are have been selected as a respondent in this study. The information provided will used for academic purposes, and will be treated with utmost confidentiality.

Thank you in advance.

**PART A: DEMOGRAPHIC CHARACTERISTICS (Please tick in the appropriate box provided)**

1. Sex. Male  Female

2. What is your level of education?

O' Level  A' Level  Diploma  1<sup>st</sup> Degree

Others (Please specify)

.....

2. How long have you worked with the institution?

1-3years  4-6years  7 years and above

3. Department .....

**Category of staff**

Principal/Deputy Principal

Head of Department

Quality Assurance Department

Human Resource Department

Lecturer

Non Academic Staff

**Part B 1: Performance of Academic Staff**

SD = Strongly Disagree, D=Disagree, NS = Not Sure, A= Agree, SA=Strongly Agree

<b>Items about pay structure</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
1 I am contented with the salary I receive from the University						
2 The salary I receive is commensurate to the work that I do						
3 The university has a clear pay structure for staff members						
4 Salary pay structure is based on skills and competencies						
5 Payment is based on one's career path (career structure) that encourages me to develop						
<b>Items about pay systems</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>Total</b>
6 Salary payment to staff is always based on roles and responsibilities						
7 I am comfortable with the system of payment						
8 The salary pay system motivates me to perform very well						
9 I am contented with the existing policies that govern the system of payment of salaries.						

**Part B2: SALARY**

SD = Strongly Disagree, D=Disagree, NS = Not Sure, A= Agree, SA=Strongly Agree,

	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
<b>Tuition fees assistance and reimbursement</b>					
1 The university offers tuition aid assistance to qualifying staff members.					
2 Tuition aid assistance is offered to staff members on a fair and transparent manner.					
3 Providing tuition fees assistance motivates staff members to improve performance					
<b>Gratuity</b>					
4 The gratuity I anticipate to receive is adequate for my needs					
5 Gratuity motivates me to work harder.					
6 The university pays gratuity to staff members on time					
<b>Health insurance</b>					
7 I receive health insurance benefits from the University					
8 Health benefits are fairly provided to all staff members					
9 Health benefits motivate me improve performance					

### PART B 3: PAY INCENTIVES

SD = Strongly Disagree, D=Disagree, NS = Not Sure, A= Agree, SA=Strongly Agree,

<b>Items about pay incentives</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
<b>Items about allowances</b>					
1 I receive monetary incentives in form of allowances					
2 I am satisfied with the allowances that I receive from the University					
3 The allowance I receive motivate me to improve performance					
<b>Items about bonuses</b>					
4 The University offers me bonus payment for the extra performance					
5 Bonuses are offered in a fair and transparent manner					
6 Bonuses motivate me to improve my performance					
<b>Items about wages</b>					
7 I am always paid for wages for the time I work					
8 The wages I receive from the University are commensurate with the work that I do					
9 Wages motivate me to improve my performance					

**Part B 4: BENEFITS PACKAGES**

SD = Strongly Disagree, D=Disagree, NS = Not Sure, A= Agree, SA=Strongly Agree,

	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
<b>Tuition fees assistance and reimbursement</b>					
1 The university offers tuition aid assistance to qualifying staff members.					
2 Tuition aid assistance is offered to staff members on a fair and transparent manner.					
3 Providing tuition fees assistance motivates staff members to improve performance					
<b>Gratuity</b>					
4 The gratuity I anticipate to receive is adequate for my needs					
5 Gratuity motivates me to work harder.					
6 The university pays gratuity to staff members on time					
<b>Health insurance</b>					
7 I receive health insurance benefits from the University					
8 Health benefits are fairly provided to all staff members					
9 Health benefits motivate me improve performance					

**Thank you for your valuable time and cooperation**

## **APPENDIX III**

### **INTERVIEW GUIDE**

**For Heads of Departments, Director Human Resource, Principals of Colleges and the Head of Quality Assurance Department**

**Objective 1: To investigate the influence of salaries on employee performance among the academic staff of Kampala International University**

1. How does the University formulate its systems that are used to effect payment of salaries?  
What are the key criteria it utilizes for this task?
2. Do you think that staff members are comfortable with the system of pay and why do you say so?
3. From the feedback you have gathered, what is the general staff opinion, both positive and negative, with the system of payment of salaries or other rewards? What is their foremost concern?
4. After how long does the university review your pay or salary and why that period?
5. In your opinion, what remuneration should be embraced to improve staff performance at KIU?

**Objective 2: To establish the relationship between other pay incentives and employee performance among the academic staff of Kampala International University.**

6. In your view, how do pay incentives of this university impact on the level of performance of the staff?
7. What incentives are available to encourage employees to perform in line with the expectations of the University?
8. If any, are incentives given generally or they are provided for only high performing staff? Why is this so?
9. How do you address the situation where an employee feels dissatisfied with the incentive they receive from the University?



10. How do you determine that the incentive given has had (or will have) a significant impact on the performance of an employee?
11. Can you say that the incentives you provide are competitive? Why?

**Objective 3: To examine the association between work benefits and employee performance on academic staff performance of Kampala International University.**

12. What kind of work benefits does the university provide to the staff
13. How do work benefits reflect on staff performance?
14. Is every employee entitled to these work benefits, if not who are the beneficiaries?
15. With regard to work benefits are there any challenges that the institution faces in providing these benefits?
16. What challenges do you face in an attempt to address those concerns as management?
17. Are there complaints that management gets when there is a delay in the provision of these benefits?
18. Are staff members satisfied with the work benefits provided to them?

#### **APPENDIX IV: Documentary review checklist**

- i. KIU annual reports
- ii. Minutes of meetings held
- iii. KIU Human resource manual
- iv. KIU staff remuneration policy/manual.

## APPENDIX V

### 3.8 Budget Framework

**Table 3: Budget framework**

<b>Item</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost (Ugx)</b>
Subsistence Allowance	4 days x 5 people	5,000=	100,000
Honorarium	4 days x 3 research assistants	30,000=	360,000
Travel (Vehicle Hire)	3 people x 4 days	5,000=	60,000
Data Analysis (using of analytical computer software (SPSS))	Software 1	100,000	150,000
Secretarial Services (Processing the research instruments and reports)	lump sum		100,000
Photocopying	lump sum		200,000
Report Production (Printing and Binding)	lump sum		200,000
Other Expenses	lump sum		100,000
<b>Total</b>			<b>1,270,000</b>