ORGANIZATION DESIGN AND EMPLOYEE PERFORMANCE: A CASE STUDY OF BANK OF UGANDA

By Jane Nakibunga Nnaggenda

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A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE AWARD OF A MASTERS DEGREE IN MANAGEMENT STUDIES (HUMAN RESOURCE MANAGEMENT) OF UGANDA MANAGEMENT INSTITUTE, KAMPALA

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DECLARATION

I, Jane Nakibunga Nnaggenda, do declare that the work presented in this report is my original work and that it has never been presented for publication anywhere, or for any award in any University, college, or institution.

Signed………………………………………………..

Date………………………………………………….

APPROVAL

This research entitled "Organization Design and Employee Performance: A Case Study of Bank of Uganda," has been submitted to the Uganda Management Institute for examination with our approval as supervisors.

Signed: ………………………………………… Date…………………………….

Dr. Sebastian Bigabwenkya

Uganda Management Institute

Signed: ………………………………………… Date…………………………….

Prof. Benon C. Basheka

Uganda Technology and Management University

DEDICATION

This work is dedicated to my parents Professor Francis Nnaggenda and Mrs. Grace Nnaggenda for their extensive support, care and sacrifices that enabled me to complete it successfully and within schedule. I also dedicate this dissertation to my sister, Esther for her endless advice and encouragement.

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LIST OF ABBREVIATIONS

BOU	-	Bank of Uganda
SPBO	-	Senior Principal Banking Officer
PBO	-	Principal Banking Officer
SBO	-	Senior Banking Officer
BO	-	Banking Officer

ABSTRACT

The purpose of this study was to examine the effect of Organization Design on employee performance in Bank of Uganda, centering on three elements of Organization Design that is, Organizational Structure, Rewards and Organizational Culture. The study adopted a correlational research design, since it sought to establish the relationship between Organization Design (Organizational Structure, Rewards and Organizational Culture) and employee performance. The study was also descriptive in nature since it sought to describe characteristics of a group of employees in Bank of Uganda. The sample size was 201 staff of Bank of Uganda out of an accessible population of 247. The data were collected through questionnaires which were statistically analyzed through descriptive, correlation and regression analyses. Qualitative data were obtained through interviews and open-ended questions in the questionnaires. The study found that organizational structure, rewards and organizational culture were all positively and significantly related to employee performance. It was therefore concluded that any improvement in organizational structure, rewards or organizational culture would lead to an increase in employee performance in Bank of Uganda and vice versa. The key recommendations are; Bank of Uganda should enhance its organizational structure, rewards and organizational culture simultaneously in order to improve performance of employees. The organizational structure should be modified, so that it is flexible enough to support employee involvement, allow more decision-making at lower levels, and encourage creativity and innovativeness. Bank of Uganda should also improve its rewards by revising its policies on promotion, training and recognition and also introducing performance based pay. Lastly, Bank of Uganda should conduct leadership/ management assessments, in order to identify areas that require improvement, and provide training and development plans focusing on the specified areas. Management practices that encourage employee engagement should also be reexamined to further improve employee performance.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examined the effects of Organization Design on employee performance in Bank of Uganda. In this study, Organization Design was the independent variable while employee performance the dependent variable. Organization Design was analyzed in terms of organizational structure, rewards, and organizational culture (Stanford, 2007) and (Daft, 2010) while Employee Performance was in terms of goal achievement, timely provision of information and accurate reports (Mullins, 2010). This chapter presents the background to the study, the statement of the problem, the purpose and objectives of the study, the research questions, the hypotheses, the theoretical framework, conceptual framework, the scope of the study, the significance, the justification and operational definition of terms and concepts.

1.2 Background to the Study

1.2.1. Historical Perspective

Organization Design involves the alignment of all elements (such as organizational structure, technology, rewards, organizational culture, among others) in an organization in order to achieve the organization's goals and objectives. Organization Design and employee performance are not new phenomena, over the years various approaches have emerged on how to design and manage work in order to increase productivity. According to Daft (2010), Organization Design and management approaches have varied in response to changes in the larger society. The first attempts date as far back as the 1900s and these were aimed at resolving the problems of human administration and organization that were being faced at the time, that is, labour shortages and other effects of the world wars in the 1900s. Consequently, a number of approaches to organization, structure and management were developed. These approaches can be categorized as Classical, Human Relations, Systems and Contingency (Mullins, 2007). The Classical approach was prominent from the 1910s to the 1940s; the Human Relations approach from the 1940s to the 1960s; the Systems approach from the 1950s to the 1960s and the Contingency approach from the 1970s to date (Tibamwenda, 2010). Organizations are not static; they continuously adapt to shifts in the external environment. Today, some challenges organizations are facing include globalization, intense competition, rigorous ethical scrutiny, the need for rapid response, the digital workplace, and increasing diversity (Daft, 2010).

The Classical approach was developed during the Industrial Revolution a time when the factory system emerged. Production of work was now on a larger scale and therefore people had to think of how to design and manage work in a way that would increase productivity and also help organizations to attain maximum efficiency (Daft, 2010). This approach mainly focused on; the purpose; formal structure and hierarchy of management; technical requirements and general sets of principles of organizations (Mullins, 2007). During the period of the Classical approach a number of theories were developed; the Scientific Management Theory by Fredrick Winslow Taylor in 1911 and in 1919 Henri Fayol's theory of administration which had 14 principles of Management to act as guidelines for managers (Champoux, 2006).

The Classical approach received strong criticism from workers who found work organized this way boring and requiring little skill (Mullins, 2007). While management expected increased productivity at the lowest cost possible from the workers, the workers feared that working at a faster pace would put them out of their jobs. As a consequence, antagonism grew between workers and management (Champoux, 2006). An example of such antagonism was the case of the 1998 General Motors (U.S.A) strike that was resolved through appointment of a new vice president for labour relations with a background in cooperative orientation to labour (Champoux, 2006). Today this approach still receives criticism yet it is forgotten that it was developed during the time of industrial reorganization and the emergence of large, complex organizations with new forms of technology (Mullins, 2007). Nonetheless, efforts of Taylor and his disciples did not go to waste, in modern management they left behind the legacy of practices such as; work study, organization and methods, payment by results, management by exception and production control (Mullins, 2007). A sub-group of the Classical approach was 'bureaucracy' developed by Max Weber in 1946.

The Human Relations Approach was developed in the 1920s, during the time of the Great Depression. Focus was then shifted from structure and the formal organizations to social factors at work and employee behavior within the organization, that is, human relations (Mullins, 2007). One of the advocates of this approach was Elton Mayo, a lead researcher in the Hawthorne Experiments at the Western Electric Company in America between 1924 and 1932 (Mullins, 2007). These experiments sought to examine the factors that contributed to worker productivity at the Hawthorne Plant dealing in the production of parts for telephone switching systems (Champoux, 2006). Findings of the experiments were that factors such as physical working conditions and refreshment breaks had no effect on worker productivity. However, the form of supervision (one that is empathic in nature) and working in informal groups (with their own norms or beliefs) greatly improved worker productivity (Champoux, 2006).

As much as the Hawthorne Studies were criticized for lack of supporting empirical evidence (Mullins, 2007), in the view of Robbins (2001) they were the beginning of the era of organizational humanism where managers would no longer consider the issue of organization design without including effects on work groups, employee attitudes, and manager-employee relationships. The studies concluded that if workers were treated in a positive manner, they would be motivated to work and produce more (Daft, 2010). According to Champoux (2006), these studies motivated further understanding of human behavior in organizations. The Human Relations Approach though criticized for disregarding the organization's role, emphasized that people are not motivated by monetary rewards but by various needs (Mullins, 2007).

Dissatisfaction with the Human Relations Approach gave rise to the Neo-Human Relations Approach which had a more psychological orientation (Mullins, 2007). In the 1960s focus completely shifted to the behavior of people in organizations (Armstrong, 2006). Theories that were developed in line with this approach are; Maslow's Hierarchy of Needs Theory, Herzberg's Theory and McGregor's X and Y theory. These theorists adopted a more humanistic view concerned with what people could contribute and how they could best be motivated (Armstrong, 2006).

The classical, bureaucratic and human relations theorists thought of organizations as closed systems. That is, they analyzed their problems with reference to their internal structures and processes of interaction, without taking into consideration external influences and changes they impose or even consider the technology used in the organization. The systems and contingency theorists on the other hand, thought of organizations as open systems which were continually dependent upon and influenced by their environments (Armstrong, 2006).

The Contingency approach was developed in the 1960s by some theorists who realized that there was no one best way of organizing work and managing humans as portrayed by the scientific management and administration principles that attempted to design all organizations the same way (Daft, 2010). Promoters of this approach include British sociologists Tom Burns and George Stalker and American organization theorists Paul Lawrence and Jay Lorsch who were among the first to argue that an organization's structure should be based on the conditions it faces in the environment (Hatch & Cunliffe, 2006). According to Mullins (2007), the Contingency approach suggests that organization theory should not endeavor to prescribe a one best way to structure or manage organizations but should provide insight into the situational and contextual factors which influence management decisions. Armstrong (2006) stresses that there is no such thing as an 'ideal' organization due to the changes constantly taking place within the business and in the environment the business operates. Organization Design is therefore contingent upon many factors including the environment, goals, technology, and people, with the most effect organizations having all these elements aligned (Hatch & Cunliffe, 2006).

Today, most organizations operate in highly uncertain environments; the internet and other advances in communications and information technology; globalization and the increasing interconnection of organizations; the rising education level of employees, among others. All these have had an influence on the shift of organization design and therefore concepts of organization theory and design are changing in a dramatic way. More flexible approaches focusing on the entire organizational system that consider the external environment rather than relying on strict rules and hierarchy, have become more prevalent (Daft, 2010). Many managers are redesigning companies toward the learning organization which is characterized by horizontal structure, empowered employees, shared information, collaborative strategy, and an adaptive culture (Daft, 2010)

Uganda has not been an exception to efforts on organizing work and managing humans for better performance. A case in point is the Public Service Reform that took place in the aftermath of the political turmoil around the 1970s and 1980s. This saw the formation of the Public Service Review and Reorganization Commission in 1989 with an attempt to rebuild the Public Service (Kuteesa, Tumusiime-Mutebile, Whitworth, & Williamson, 2010). The Commission unearthed weaknesses in the Public Service including; lack of discipline; the erosion of rules and regulations; obsolete procedures; poor remuneration; limited managerial and technical skills; and poor attitude among public servants. Recommendations made included; restructuring and downsizing of ministries and agencies, retrenchment and voluntary redundancies of public servants, progressive salary enhancements and monetization of benefits, and improved personnel management systems (Kuteesa, et al., 2010; 90). These were implemented through the Public Service Reform Programme between 1990 and 1995. With these measures, salaries of the remaining public servants were significantly increased thus meeting the Programme's objective of having a properly motivated public service.

1.2.2. Theoretical Perspective

A number of theories have been advanced to explain the theory of Organization Design. One such theory is that of Scientific Management developed by Fredrick Winslow Taylor in 1911 which denoted that scientifically managed jobs and management practices were the remedy for improving efficiency and labour productivity (Daft, 2010). To use this approach, managers develop precise, standard procedure for doing each job, select workers with appropriate abilities, train workers in the standard procedures, carefully plan work, and provide wage incentives to increase output (Daft, 2010).

Another theory is that of bureaucracy propounded by Max Weber in 1946. This was characterized by allocation of tasks as official duties among the various positions; an implied clear-cut division of labour and high specialization levels; a hierarchical authority; rules and regulations; an impersonal orientation from officials when dealing with clients and other officials; employment based on technical qualifications and life long careers for the officials (Mullins, 2007). Robbins (2001) asserts that bureaucracy though widely used, can cause employee alienation, that is, members perceive the impersonality of the organization as creating distance between them and their work. He stresses that many large organizations are predominantly bureaucratic in structure since it represents the most efficient way for them to organize. In the same vein Armstrong (2006) views bureaucracy as the most efficient form of organization because it is coldly logical and because personalized relationships and irrational, emotional considerations do not get in its way. Bureaucracy is existent in many large scale organizations. However, it has its limitations including; over-emphasis on rules and procedure; stifled initiative; dependence on bureaucratic status, symbols and rule, among others (Mullins, 2007).

The theory that closely related to this study was the Systems Theory advocated by Ludwig von Bertalanffy in the 1930s but only became popular in the 1950s. The Systems Theory views an organization as a system made up of interacting parts called subsystems. Each subsystem affects the others, and each in turn depends on the whole (Hatch & Cunliffe, 2006). According to Luthans (2008), a system cannot survive without continuous input, the transformation process, and outputs. This also applies to an organization. An organization refers to technologies, social structures, cultures and physical structures that exist within and respond to an environment (Hatch & Cunliffe, 2006). Organizations are systems which, as affected by their environment, have a structure which has both formal and informal elements (Armstrong, 2006). Organization Design therefore, is a series of activities aimed at aligning all the elements of an enterprise and as a result high performance and achievement of the business strategy (Stanford, 2007). This study therefore adopted the Systems Theory Approach, specifically Galbraith's Star Model which was suitable for a large organization such as BOU.

1.2.3 Conceptual Perspective

Organization Design has been defined differently by different scholars depending on their background. Stanford (2007; 1) defines Organization Design as "the outcome of shaping and aligning all the components of an enterprise towards the achievement of an agreed mission." According to Robbins (2001), Organization Design is concerned with constructing and changing an organization's structure to achieve the organization's goals. Armstrong (2009) describes Organization Design as the process of deciding how organizations should be structured and function. The definition adopted for this study was Stanford's since it considers alignment of components of an organization which include organizational structure, rewards and organizational culture.

Organizational Structure defines how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms and interaction patterns that will be followed (Robbins, 2001)**.** According to Mullins (2007), structure is the pattern of relationships among positions in the organization and among members of the organization. Armstrong (2006) regards Organizational structure as a framework for getting things done. The working definition adopted for this study was how job activities, power and authority are placed in an organization.

Reward is something of value a person is given because he has done something good or worked hard. It is a material or psychological payoff for performing tasks in the work place (Tibamwenda, 2010). It can be regarded as the fundamental expression of the employment relationship (Armstrong, 2009). For this study reward was defined as what employees receive from the organization in return for tasks executed.

Organizational Culture is the underlying set of key values, beliefs, understandings, and norms shared by employees. The underlying values and norms may pertain to ethical behavior, commitment to employees, efficiency, or customer service, and they provide the glue to hold the organization members together (Daft, 2010). In the view of Brown (2011), Organizational Culture refers to "a system of shared meanings, including the language, dress, patterns of behavior, value system, feelings attitudes, interactions, and group norms of the members". Organizational culture is the shared social knowledge within an organization regarding the rules, norms, and values that shape the attitudes and behaviors of its employees (Colquitt, LePine & Wissen, 2010; 275). This study adopted Daft's definition.

Job performance also known as employee performance, is the value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment (Colquitt, et al., 2010). Viswesvaran (2001) terms it as evaluatable behaviors. According to Bernadin and Beatty as cited by Viswesvaran (2001), it is the record of outcomes produced on a specified job function or activity during a specified time period. The working definition applied for this study was the achievement of targets within a specified period. Employee Performance has multiple facets but this study focus was on goal achievement, timely provision of information and accurate reports. These dimensions best described the situation that prevailed in BOU.

1.2.4 Contextual Perspective

Bank of Uganda (BOU) is the Central Bank of the Republic of Uganda. It was established in 1966 under the BOU Act 1966 and continued under the Bank of Uganda Act (Cap. 51) with a mission of fostering price stability and a sound financial system in Uganda. BOU's core functions include; issuing legal tender (the Uganda Shilling); regulating money supply through Monetary Policy; acting as banker to the Government of Uganda and Commercial Banks; supervising and regulating of Financial Institutions (all Commercial Banks and Micro Finance Deposit-Taking Institutions); managing the country's external/ foreign reserves and external debt and advisor of Government on financial and economic issues. These functions are carried out under the mandate of the Constitution, Bank of Uganda Act (Cap. 51), Micro Finance Deposit- Taking Institutions, the Financial Institutions Act 2004, Micro Finance Deposit-Taking Institutions Act 2003 and the Foreign Exchange Act 2004.

BOU has its headquarters in Kampala. It has five branches located in Kampala, Jinja, Gulu, Mbarara and Mbale, managed by Branch Managers. It has four Currency Centres located at Kabale, Fort Portal, Arua and Masaka, managed by Currency Officers. BOU as at 6th November 2012 had a total of 998 employees of which, 537 were in the category of officers while 461 were support staff.

BOU is governed by the Board of Directors, with the Governor as Chairman. The Governor is assisted by a Deputy Governor and Executive Directors who head the nine Functions of the Bank. Each Function has departments headed by directors. Altogether BOU has 22 Directors and 66 Division Heads. The remaining 438 officers fall under the categories of Principal, Senior and Banking Officers.

By virtue of its functions and the major role it plays in the economy, BOU has since its inception sought to employ a robust, competent and highly qualified workforce and commits resources to continuous professional development. Employee performance has thus been a key issue in the Bank's operations and likewise, workplace conditions and facilities have been maintained at high levels. However, in the last five years, there have been various reports indicating partially met or unachieved goals, delays in provision of information and inaccurate reports which makes the performance of staff of BOU questionable. If nothing is done to help the status quo, there is bound to be a great decline in staff performance and the performance of the Bank as a whole. It is on these grounds that the researcher conducted this research.

1.3 Statement of the Problem

One of BOU's Strategic Themes is leadership and its goal is to have a conducive working environment, adequate structures and remuneration practices that support outstanding performance and innovation (BOU, Strategic Plan 2012-2017). BOU has endeavored to enhance employee performance by implementing macro and micro structures, right-sizing, making improvements in staff remuneration, recognizing outstanding performance through Annual Performance Awards, skills development and by adopting an organizational culture that encourages staff participation.

In spite of all the above efforts, there was a report of partially met or unachieved goals and delays in information provision used as input in the effective accomplishment of tasks (Deloitte (U) Ltd., 2013). Additionally, inaccurate reports have also been noted in both system and manually produced reports (Bank of Uganda Memo, 2012). The BOU Performance Monitoring Report July to December 2012 also cites a number of Departments facing the challenge of slow response from staff and provision of inaccurate information. The apparent adverse indicators of employee performance as aforementioned leave doubts as to whether the measures put in place in the past years to improve employee have some gaps. Hence, the need to carry out this study in order to investigate whether the questionable employee performance was due to gaps in Organization Design.

1.4 Purpose of the Study

The purpose of this study was to investigate the effect of Organization Design on the performance of staff of BOU.

1.5 Objectives of the Study

a) To establish the effect of Organizational Structure on performance of staff of Bank of Uganda.

b) To establish the effect of rewards on performance of staff of Bank of Uganda.

c) To examine the effect of organizational culture on performance of staff of Bank of Uganda.

1.6 Research Questions

a) Does Organizational Structure have an effect on the performance of staff of Bank of Uganda?

b) To what extent do rewards affect performance of staff of Bank of Uganda?

c) Is there a relationship between Organizational Culture and performance of staff of Bank of Uganda?

1.7 Hypotheses of the Study

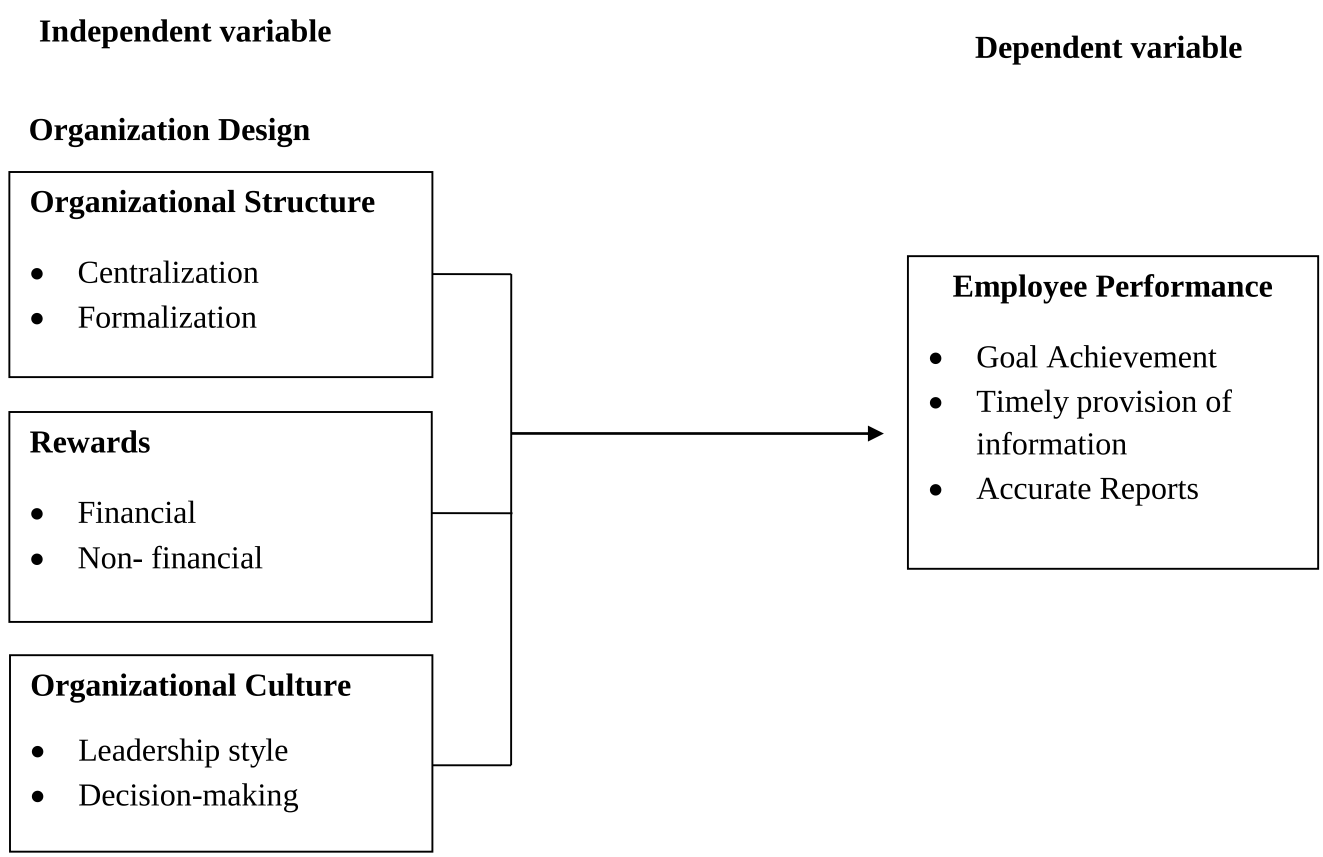
a) There is a relationship between Organizational Structure and performance of staff.

b) There is a relationship between rewards and performance of staff.

c) There is a relationship between organizational culture and performance of staff.

1.8 Conceptual Framework

It was conceptualized that the elements of Organization Design under study, that is, organizational structure, rewards and organizational culture have an effect on staff performance. This can be illustrated by the Systems Theory which depicts the contribution of each element towards staff performance. Therefore, in on order to improve employee performance, it is our belief that all the aforementioned elements are critical. Figure 1 illustrates the relationship between Organization Design and performance of staff of BOU.



Source: Adapted from Galbraith's Star Model (*Stanford, 2007) and Mullins (2010) and modified by Researcher*

Figure 1: Conceptual Framework for Understanding the Relationship between Organization Design and Employee Performance

The conceptual framework indicates the relationship between the independent variables and the dependent variable. An independent variable is one that a researcher manipulates in order to determine its effect or influence on another variable (Mugenda & Mugenda, 2003). A dependent variable on the other hand, attempts to indicate the total influence arising from the effects of the independent variable (Mugenda & Mugenda, 2003). A favorable organizational structure with clear reporting lines, will increase employee performance and vice versa. Rewards will motivate employees to improve performance. A conducive organizational culture will enhance employee performance.

To develop the framework, the researcher adopted the Star Model originated by Jay Galbraith in the 1960s (Stanford, 2007). The advantage of the Star Model is that it describes important organizational elements (that is, strategy, structure, people, rewards and process) while recognizing the interaction between them. However, this model does not 'call out' some key elements including inputs/ outputs culture (Stanford, 2007). The culture dimension was adopted from the elements as identified by Daft (2010) which include; structure, goals and strategy, size, culture, technology and the environment. The indicators for the dependent variable that is, goal achievement, timely provision of information and accurate reports were adopted from Mullins (2010). Hence, for this study the dimensions adopted for the independent variable (Organization Design) were organizational structure, rewards and organizational culture. For the dependent variable (employee performance) the dimensions included goal achievement, timely provision of information and accurate reports. These dimensions best supported the situation that prevailed at BOU.

1.9 Significance of the Study

The study was expected to add value to the existing knowledge of Organization Design and employee performance. It would also be of interest to BOU management, Human Resource practitioners, academicians and other personalities with a concern for Organization Design and employee performance. The study would also address the researcher's training needs in the area of Organization Design and employee performance.

1.10 Justification of the Study

Organization Design is very critical to every organization however, executives rarely talk about it and even more rarely act to consciously design or redesign their business for success, what they often do is to instead reorganize or restructure (Stanford, 2007). For any organization to survive there should be optimal performance which is determined by the performance of its employees. It was therefore of paramount importance that the relationship between Organization Design and employee performance was investigated.

It was anticipated that the study would enable management of BOU to get a deeper understanding of Organization Design, make improvements which would subsequently enhance employee performance. It would also enable the researcher and BOU to fill the knowledge gap in this area. It was observed that in Uganda not many studies had been carried out in the area of Organization Design and employee performance. There was therefore a gap in the knowledge regarding the relationship between Organization Design and employee performance.

1.11 Scope of the Study

BOU has five Branches and four Currency Centres. However, the focus of this study was the Bank's Headquarters located in Kampala where the majority of staff is based. BOU has a total of 998 staff. (Bank of Uganda, Human Resource Department Report as at 6th November 2012)

The study investigated the effect of Organizational Design on Employee performance. Organization Design covered; organizational structure, rewards and organizational culture. It sought to analyze employee performance at BOU, while employee performance focused on goal achievement, timely provision of information and accurate reports.

The period of focus was five years that is, 2008-2013 during which period employee performance was questionable through indicators such as unachieved goals, delays in provision of information and production of inaccurate reports.

1.12 Operational Definitions

a) **Accuracy** is lack of error or closeness to truth or fact.

b) **Goal** is what an employee is trying to accomplish on the job.

c) **Employee performance** is how well work related activities expected of an employee are executed.

d) **Organization Design** is how structures, processes, reward systems and people are configured in an organization in order to achieve its strategic goals.

e) **Organizational Culture** is the artifacts, values, symbols, beliefs and behaviors that are found in people working in the same organization.

f) **Organizational Structure** is how job activities, power and authority are placed in an organization

g) **Strategic Themes** are key focus areas in which an organization must excel to achieve its mission and vision, and deliver value to customers.

h) **Reward** is something of value a person gets in exchange of good work

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature related to the effect of Organization Design on the performance of employees. Literature relating to the influence of organizational structure, rewards and organizational culture on employee performance was reviewed. Each of these sub-variables was examined in isolation; organizational structure was examined in terms of centralization and formalization. Rewards in terms of financial and non-financial, organizational culture in terms of leadership style and decision-making. Employee performance was examined in terms of goal achievement, timely provision of information and accurate reports.

2.2 Theoretical Review

The Systems Theory offers a theoretical justification for the relationship between the two constructs under study, that is, Organization Design and employee performance. The Systems Theory was developed by a biologist, Ludwig von Bertalanffy in the 1950s. This theory, according to Hatch and Cunliffe (2006), was intended to explain all scientific phenomena across both natural and social sciences right from the atom and molecule, through the single cell, organ and organism, all the way up to the levels of the individual, group and society. These phenomena formed a hierarchy, that is, societies contain groups, groups contain individuals and individuals are comprised of organs, organs of cells, cells of molecules, molecules of atoms. To generalize across all these phenomena Bertalanffy referred to each as a system (Hatch & Cunliffe, 2006). Luthans (2008) argues that a system cannot survive without continuous input, the transformation process and output. Specific examples of inputs into a business organization include monetary, material, informational and human resources, while outputs include profit or loss, product or service sales, new products or services, and role behaviors. Luthans (2008) further explains that the transformation process is where internal organization plays an important role and consists of a logical network of subsystems that lead to the output.

Laszlo and Krippner (1998) anticipated that the Systems Theory would offer a powerful conceptual approach for grasping the interrelation of human beings, and the associated cognitive structures and processes specific to them, in both society and nature. Indeed as Tibamwenda (2010) explains, the Systems Theory perceives all elements of an organization as being interrelated and that the survival of an organization depends on the environment. Two approaches under the Systems Theory are the open systems and closed systems approach. Some models under this theory which have been tried and tested over the last two decades are, among others; the McKinsey 7-S Model developed by Pascale and Athos in 1981 and refined by Peters and Waterman in 1982; Galbraith's Star Model developed by Jay Galbraith and Burke-Litwin Model developed by W. Warner and George H. Litwin (Stanford, 2007). However, with the ever changing environment and developments therein, all these models are still found to be lacking.

New theories of Organizational Design are emerging as organizations respond to changes in society, technology, economics, environment, politics and legislation. These include the complexity theory and quantum theory, among others (Stanford, 2007).

2.3 Employee Performance

The main concern for all organizations is what should be done to achieve sustained levels of performance through people (Armstrong, 2006). Consequently, organizations have focused their attention on how individuals can be motivated which could be through incentives, rewards, leadership, job context and organization context within which they execute their work (Armstrong, 2006). If such motivational factors are inadequate or lacking, performance could be adversely affected. For instance, employees who do not feel that their inducements meet or exceed their contributions are likely to withdraw their support for the organization by reducing the level of their performance or by leaving the organization (Jones, 2004). A reduction in the level of performance can be evident through unachieved goals, delay in provision of data and inaccurate reports.

Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent on clarifying the performance concept (Sonnentag, 2002). However, in the last 10 to 15 years various writers have attempted to define and conceptualize the employee performance construct. Sonnentag

(2002) and Williams (2002) are of the view that individual performance comprises two aspects; output and behavior. According to Williams (2002) a wide range of terms is used to denote performance as output for instance, accountabilities, key result areas, objectives, goals, targets, among others. Sonnentag (2002) clarifies that the behavioral aspect refers to what one does in the work situation but cautions that not every behavior is considered, only that which is relevant for the organizational goals. The outcome aspect on the other hand refers to the consequence or the result of the individual's behavior.

Viswesvaran (2001) stresses that in many instances there is no clear-cut difference between behaviors and outcomes contrary to the view of other researchers such as Campbell who insist on a clear –cut demarcation between behaviors and outcomes resulting from the alleged control an individual has over them. Whether one defines performance and related constructs as behaviors or outcomes depends on the attributions one makes and the purpose of the evaluation. Campbell's Theory of Performance (1990), according to Williams (2002), attempts to map the behavioral domain by speculating that job performance can be described in terms of eight factors. These include job-specific task proficiency; non-job-specific task proficiency; written and oral communication task proficiency; demonstrating effort; maintaining personal discipline; facilitating peer and team performance; supervision/leadership and management/administration.

Razuanna (2012) argues that understanding the performance of employees cannot be separated from the discussion of motivation, because motivation is a means of achieving high performance for employees in any form of organization. Employees' motivation, job satisfaction and work performance according to Mullins (2007), are determined by the comparative strength of sets of needs and expectations and the extent to which they are fulfilled. These sets are; economic rewards, intrinsic satisfaction and social relationships. Employee performance can also be affected by human resource practices including aspects of the selection process, socialization and training, performance measurement, as well as rewards and recognition programs (Schuler & Jackson, 2002).

According to Cascio (1998), a manager who defines performance ensures that individual employees or teams know what is expected of them, and they stay focused on effective performance. This is done by paying careful attention to three key elements namely, goals, measures and assessment. It should however be noted that the mere setting of goals is not enough (Cascio, 1998), managers should be able to measure the extent to which goals have been achieved for instance, the number of defective parts produced per million or the average time to respond to a customer's inquiry, specifically measures that are more tangible. Sutter (2013) lists five factors that can measure and evaluate employees' performance, that is, punctuality, appearance, quality, subordination and personal habits. In other words, the performance of employees is how well they perform their task duties and responsibilities. In this study the indicators of employee performance were goal achievement, timely provision of information and accurate reports which were the major issues of concern at Bank of Uganda.

2.3.1 Goal Achievement

Goal achievement is a factor that influences the success levels of individual employees, departments, business units and the overall organization (Luthans, 2008). This is because goals have a number of functions such as providing a standard of performance; help to develop commitment of individuals and groups to the activities of the organization; are a basis of planning and management control related to the activities of the organization, among others (Williams, 2002). For goals to be effective they should be emphasized, stated clearly and communicated to all members of the organization (Mullins, 2010). Further, people with specific quantitative goals such as a defined level of performance or a given deadline for completion of a task will perform better than people with no set goal (Mullins, 2005). Goal setting is therefore the process of motivating employees by establishing effective and meaningful performance targets (Luthans, 2008). It can be setting realistic targets, quantifiable or behavioral that are well defined, specific and measurable (Williams, 2002).

2.3.2 Timely Provision of Information

Timeliness addresses how quickly, when, or by what date the employee or work unit produced the work (Office of Personnel Management, 2011). According to Lloyd (2013), some of the phrases that describe exceptional timeliness include, someone is always on time and on target with his work; is excellent at prioritizing work; plans out the work, and then works the plan; is sensitive to the time demands and constraints of others among others. This study focused on the timely provision of information which was determined by promptly getting the information needed to execute tasks, planning work so that it is done on time and promptly providing information that is requested.

2.3.3 Accurate Reports

Accuracy of work is one of the quantitative factors that is indicative of managerial effectiveness and can be measured by the number of recorded errors (Mullins, 2010). However, some scholars regard it as an indicator of quality (Office of Personnel Management, 2011). According to Sutter (2013) one of the questions asked when considering quality of work is ‘”how good is the work that is being performed?” “Does it need several revisions before it is completed?”In this study accuracy of work was gauged through reports prepared and accepted with minor changes, reports meeting the required objectives and whether deadlines given enable presentation of accurate reports.

2.4 Organization Design

Organization Design is the outcome of shaping and aligning all the components of an enterprise towards the achievement of an agreed mission (Stanford, 2007). Organization Design is a business process that "is so critical that it should be on the agenda of every meeting in every single department," Rheingold (2003) as cited by Stanford (2007:1). Many organizations are facing problems which could be traced to the way the organization is designed. Some of these organizations focus on a few elements or subsystems of the organization and yet all must be tackled holistically. As Stanford (2007) posits, Organization Design must take on a holistic approach in order to achieve high levels of employee performance and in turn, the delivery of desired goals of an organization. The aim of Organization Design is to optimize the arrangements for conducting the affairs of a business (Armstrong, 2006).

Organizational Design is a key area of decision-making for companies. However, as noted by Foss (2012) in her newly started open-access Journal of Organization Design (JOD), "established organization studies/ theory journals do not seem to publish much organizational design research, and perhaps this JOD can partially preempt this niche." Such studies could help emphasize the importance of Organization Design in improving employee performance. Nevertheless the researcher came across a few studies but these investigated the relationship between Organization Design and other variables other than employee performance. For instance; Organization Design in Operations Management (Ruffini, Boer, & Riemsdijk, 2000); Organization Design for Team working (Tranfield & Smith, 2002), influence of Organization Design on Knowledge Transfer (Martin-Perez, Martin-Cruz & Estrada-Vaquero, 2011), among others.

Bank of Uganda is the central bank and this makes it one of the most important institutions in the country. It is therefore paramount that an effective Organization Design is put in place in order to boost performance of its employees. Organization Design as already pointed out in chapter one has a number of dimensions but for this study, these were operationalized into organizational structure, rewards and organizational culture.

2.5 Organizational Structure and Employee Performance

An organizational structure formally dictates how jobs and tasks are divided and coordinated between individuals and groups within the company (Colquitt, *et al.*, 2010). Armstrong (2006) regards it as a framework for getting things done. He describes it as consisting of units, functions, divisions, departments and formally constituted work teams into which activities related to particular processes, projects, products, markets, among others, are grouped together. The structure indicates reporting lines, accountabilities and responsibilities, among others. Organization Structure is reflected in the organizational chart (Daft, 2010).

Mullins (2007) asserts that in practice the operation of the organization and success in meeting its objectives will depend upon the behavior of the people who work within the structure and who give shape and personality to the framework. He emphasizes that the structure of an organization affects not only productivity and economic efficiency but also the morale and job satisfaction of the workforce. Organizational structures have five key elements, that is, work specialization, chain of command, span of control, centralization (decentralization) and formalization. The study adopted the elements of centralization and formalization which appeared to best illustrate the BOU situation.

2.5.1 Centralization

According to Tibamwenda (2010), centralization is a coordination mechanism or situation where more of the job activities, power and authority are retained or concentrated at the top organizational levels while leaving less of the same to subordinates at the lower organizational levels. Colquitt *et al*. (2010) agree with Tibamwenda (2010) that such an organization would be termed as having a highly “centralized” structure. In an organization with central headquarters and geographically dispersed branches, centralization would also mean that more job-related activities, power, resources and authority are retained or concentrated at the headquarters while less of the same is left to the organizational branches.

Mullins (2007) points out some advantages of organizations with a centralized structure which include easier implementation of a common policy for the organization as a whole; providing a consistent strategy across the organization; preventing sub-units becoming too independent; making for easier coordination and management control; improved economies of scale and a reduction in overhead costs; greater use of specialization, including better facilities and equipment; improved decision-making which might otherwise be slower and a result of compromise because of diffused authority. Conversely, Champoux (2006) is of the view that organizations with centralized decision-making processes restrict the scope of decision-making and responsibility of individuals lower in the organization. This yields jobs low in skill variety, lessens autonomy and also reduces task identity, all of which have an effect on motivating potential and the resultant levels of motivation, performance and satisfaction (Champoux, 2006). In the same vein, a study by Caruana, Morris and Vella (1998) found that increases in centralization negatively affected entrepreneurial behavior.

2.5.2 Formalization

Formalization pertains to the amount of written documentation in the organization (Daft, 2013). Such documentation includes procedures, job descriptions, regulations, and policy manuals which describe expected behavior and activities. Formalization requires that any organizational activities should be arranged with specific responsibility and any employee should act according to specific rules, procedures and instructions (Wei, Yi, & Yuan, 2011). Further, in firms with higher level of formalization the employees are more confined to their specific job description, which confines their attention to the most work-related information (Wei, Yi, & Yuan, 2011). Caruana, Morris and Vella, (1998) argue that formalization helps to ensure that individuals and teams do not, in the name of innovativeness, pursue random or superfluous opportunities that are inconsistent with the company’s mission and strategic direction. In a study by Wei, Yi and Yuan (2011) it was found that organizational formalization can improve the accelerated positive effect of bottom-up learning on exploitative innovation. Caruana, Morris and Vella (1998), found that increased formalization positively influences entrepreneurial behavior. Both exploitative innovation and entrepreneurial behavior do impact employee performance positively.

2.6 Rewards and Employee Performance

Monetary rewards and recognition are powerful in motivating employees, directing their behavior, and developing their potential (Schuler & Jackson, 2002). In the view of Luthans (2008), organizations provide their personnel with rewards as a way of motivating them to perform and encourage their loyalty and retention. In other words, reward is a simple contract where the organization needs only to be clear to the employee about what it wants and what it is willing to give in return (Hansen, Smith, & Hansen, 2002). Organizations engage people to perform work and in return people expect to be compensated for their performance in accordance with the contract they made with the organization. It is therefore without a doubt that employees having accomplished their tasks need some form of reward. Cascio (1998) stresses that to encourage performance and more especially repeated good performance, managers must provide a sufficient number of rewards that employees really value, and do so in a timely and fair manner.

Rewards come in two types; financial rewards and non-financial rewards (Tibamwenda, 2010). In a study by Eshun and Duah (2011) both types of rewards were found to be important in motivating employees to perform. In another study, Ajila and Abiola (2004) also found that workers place greater value on the rewards given to them by their employers and when not given the workers tend to express their displeasure through poor performance and non-commitment to their job. All in all, rewards whether financial or non-financial, motivate people to perform and ultimately achieve organizational goals.

2.6.1 Financial Rewards

Financial rewards, also called extrinsic rewards, emanate from external sources. They are incentives that are payments based on the level of performance and results realized by an individual/ employee. Such rewards usually motivate and encourage employees to work harder and include; salary, individual and group bonuses, commission, group, insurance, retirement benefits, paid holidays, medical benefits, among others (Tibamwenda, 2010). In today's organizations, money is the most dominant reward system and is not only a motivator but is used by people to get ahead, that is, the more some people get the more they want (Luthans, 2008). In the studies conducted by Yousef (2000) and Hanan (2009) financial rewards like pay satisfaction was an important determinant of job performance. Similarly, a study by Yap and Bove (2009) revealed that financial rewards are instrumental in shaping employee behaviors. In other words once basic needs have been satisfied, people can use money to get ahead a goal that is always out of their reach, so they strive for more.

2.6.2 Non-Financial Rewards

These rewards are also called intrinsic rewards and are basically elements of job satisfaction inherent in a job (Tibamwenda, 2010). Their intrinsic nature sometimes leads to focusing more on financial rewards and yet these non-financial rewards impact greatly employee performance. These rewards do not involve any direct payment and often arise from the work itself, for example, achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high quality leadership (Armstrong, 2009). Luthans (2008) argues that unlike financial rewards, non-financial rewards such as genuine social recognition can be given anytime or are more frequent, and as a result have a big impact on employee productivity and quality service behaviors. In a study by Hanan (2009), promotion as a form of reward was found to be a predictor of job performance. Recognition, on the other hand, is appropriate to intrinsically motivated behaviors such as inventiveness, commitment, and initiative, because these behaviors translate into innovation and creativity, service above and beyond the call of duty, and eagerness to change and move forward (Hansen *et al*., 2002). Therefore, in order to improve employee performance, non-financial rewards should also be provided on top of financial rewards.

2.7 Organizational Culture and Employee Performance

Organizational culture according to Armstrong (2009) is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done. Champoux (2006) likens Organizational culture to entering the culture of another country where the architecture, food, language, behavior and values are different from where one comes from. To fit into that country, one must adopt its culture thus easing anxiety and the sense of feeling 'lost.' Champoux further explains that culture grows with time and is existent in organizations that have been around for a very long time whose members have a shared history. Organizational culture can be divided into four types; mission culture, adaptive culture, clan culture and bureaucratic culture.

Organizational culture has three main components: observable artifacts, espoused values, and basic underlying assumptions (Colquitt *et al*., 2010). Observable artifacts are the way people dress and act, type of control systems, symbols, stories, ceremonies, among others (Daft, 2010). Espoused values are the beliefs, philosophies and norms that an organization explicitly states including a company's vision or mission statement, verbal statements made to employees by executives and managers, among others (Colquitt *et al*., 2010). Basic underlying assumptions, which are the least observable, are those beliefs and philosophies that are taken for granted but ingrained that employees simply act on them (Colquitt *et al.*, 2010). They are unconsciously held learned responses, they are implicit assumptions that actually guide behavior and determine how group members perceive, and think about things (Mullins, 2010).

Culture helps to guide the daily activities of the workers to meet certain goals. Strong cultures according to Daft (2010), can greatly impact on an organization either positively or negatively. For instance strong values of cooperation, caring for employees and customers, and “an all for one and one for all” attitude can enable a company to consistently meet productivity, quality, and customer-service goals (Daft, 2010). Armstrong (2006) concurs that a ‘good ‘culture positively influences organizational behavior and could help create a ‘high- performance’ culture, one that will produce a high level of business performance. He however clarifies that there is no such thing as ideal culture but only an appropriate culture since cultures evolve all the time and cultures that are ‘good’ in one set of circumstances or period may be dysfunctional in different circumstances. On the other hand, a culture where employees are encouraged to engage in risky behavior can be detrimental to an organization.

According to Mullins (2007) once cultural values have been accepted by employees they increase the power and authority of management. The employees will internalize the organization’s values when they believe they are right and also the employees are motivated to achieve the organization’s objectives. The pervasive nature of culture in terms of ‘how things are done around here’ and common values, beliefs and attitudes will therefore have a significant effect on organizational processes such as decision-making, design of structure, group behavior, work organization, motivation and job satisfaction, and management control .

Organizational culture also has a number of dimensions. Hofstede, one of the most significant contributors to the construct of organizational culture specifies them as, power distance, uncertainty avoidance, individualism and masculinity (Mullins, 2005). According to Martins

(1987) model culture dimensions encompass the following; strategic vision and mission, customer focus (external environment), means to achieve objectives, management processes, employee needs and objectives, interpersonal relationships, and leadership (Martins & Terblanche, 2003). This research focused on two organizational processes that can constitute organizational culture, that is, leadership style and decision-making in light of the organizational culture of BOU.

2.7.1 Leadership Style

Leadership style is a critically important characteristic of managers (Lam & O'Higgins, 2012). Armstrong (2009) describes the process of leadership as inspiring people to do their best to achieve a desired result. Similarly, Rad and Yarmohammadian (2006) suggest that leadership style is the ability of a leader to influence subordinates to perform at their highest capability. There are several styles of leadership such as: autocratic, bureaucratic, laissez-faire, charismatic, consultative, democratic, participative, situational, transactional and transformational (Mosadeghrad, 2003). This study focused on transformational, transactional and laissez-faire leadership styles.

Transformational leaders are proactive, raise followers for transcendent collective interests, and help followers achieve extraordinary goals (Antokanis, Avolio, & Sivasubramaniam, 2003). While transactional leadership is an exchange process based on the fulfillment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes (Antokanis, Avolio, & Sivasubramaniam, 2003). And, a laissez faire (genuine) style is one where the manager observes that members of the group are working well on their own. The manager consciously makes a decision to pass the focus of power to members to allow them freedom of action ‘to do as they think best’ and not to interfere but is readily available if help is needed. The style is termed ‘genuine’ to emphasize that the manager is not just abdicating (Mullins, 2007).

Mullins (2007) asserts that there is no one best leadership style. Rad and Yarmohammadian (2006) agree with Mullins (2007), according to them a leader may have knowledge and skills to act effectively in one situation but may not emerge as effectively in a different situation. Further, leadership styles could also vary due to the size of the organization or between public and private sectors. Thus, organizational success in obtaining its goals and objectives depends on managers and their leadership style (Rad & Yarmohammadian, 2006). The leadership styles predominant at BOU are transformational and transactional.

There have been some research studies on the relationship between leadership style and employee performance, however, the findings have been entirely inconsistent. For instance, in the United Arab Emirates, Yousef (2000) examined the mediating role of organizational commitment in the relationships of leadership behavior with job satisfaction and job performance. The study concluded that employees who perceive their superiors as adopting consultative or participative leadership behavior are more committed to their organization, more satisfied with their jobs and performance is high. Similarly, in the study by Hanan (2009), supportive and leadership behavior have a positive effect on job performance.

2.7.2 Decision-making

Decision-making is the process of identifying and solving problems (Daft, 2010). It entails; problem identification and diagnosis; developing alternatives; assessing alternatives; choosing an alternative; carrying out the decision and finally assessing the decision's effects (Mullins, 2007). Similarly, Colquitt *et al.* (2010) describe it as the process of generating and choosing from a set of alternatives to solve a problem. Decision-making is a basic function of a manager's role, non-managers however, also make decisions. The behavior of a decision-maker, or those participating in each phase, varies depending on the culture in which the decision process happens (Mullins, 2007). There are a number of approaches to decision-making, these can be described as authoritative in character (where the decision-maker alone makes the decision), consultative (where the decision maker gets more information and advice from others- including subordinates- before deciding) and group (where the decision-maker shares the problem with subordinates as a group and tries to get consensus from the group members. The approach the manager chooses to use will affect the performance of employees (Mullins, 2007).

2.8 Summary of Literature Review

The body of literature reviewed in this chapter related to theories associated with Organization Design. Also reviewed were the three elements of Organization Design, that is, organizational structure, rewards and organizational culture, and how these influenced employee performance. This chapter also examined the concept of employee performance and its indicators. Although many studies have been conducted on the elements of Organization Design, very few studies have been found to be on Organization Design as a whole. Moreover, the researcher did not come across any study investigating the link between Organization Design and Employee Performance in Uganda.

It is on this premise that the researcher conducted an investigation of the relationship between Organization Design (focusing on three elements; organizational structure, rewards and organizational culture) and Employee Performance (goal achievement, timely provision of information and accurate reports).

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses and presents the methodology that was applied for this study. It specifies the research design, study population, sample size and selection, sampling techniques and procedures, data collection methods and instruments. It further discusses the mode of checking validity and reliability of the instruments, procedure of data collection & analysis, mode of measurements of variables and limitations to data collection.

3.2 Research Design

The researcher was interested in investigating whether organizational design relates to employees' performance in BOU. There was no intention of establishing definite cause effect relationship between the two variables so the researcher used a correlational study design. The research undertook the course of a descriptive nature because it was undertaken in an organization in order to learn about and describe the characteristics of a group of employees (Sekaran, 2003). According to Amin (2005), it describes the, who, what, how, when and where of a situation, this way a systematic description that was factual and accurate as possible was obtained. The study was correlational since it sought to provide an estimate of just how related two variables were. The more related two variables were, the more accurate the predictions based on their relationship (Amin, 2005). This study was conducted on only a single organization, that is, BOU which has a mandate unique from all other banks or financial institutions. The study adopted a combination of qualitative and quantitative techniques because of the advantages that triangulation comes with such as enabling the researcher to acquire and analyze data from all angles and give a more concrete and realistic description of the findings. Triangulation also helps to validate the study (Amin, 2005).

Although this study had a triangulation approach, it was predominantly quantitative. Such an approach is applied when describing current conditions or when investigating relationships (Amin, 2005). The qualitative approach was adopted to enable the researcher seek a greater understanding of not just the way things are, but also why they are the way they are (Amin, 2005). This was through intensive and extensive interviews and discussion using key informants where the researcher derived and described findings that promote greater understanding of employee performance. A quantitative approach was used with questionnaires being administered. The technique was used to generate quantifiable data to describe employee performance in detail given that the sample size is not large (Kothari, 2004). This kind of design enabled the researcher to meet the purpose, objectives, hypotheses, and also answer questions of the study.

3.3 Study Population

Dooley (1995) as cited by Odiya (2009:154) defines a study population as “the collection of all the individual units or respondents to whom the results of the survey are to be generalized.” For this study the study population was the 586 staff of BOU provided for on the Bank's Organizational Structure who would ably provide information relevant to the study. These included, Senior Managers, Middle Managers, Officers and Administrative Assistants. The rest of the staff fell in the category of support staff and were excluded from the study since they were not provided for on the Bank's Organizational Structure and would therefore not be in position to provide the information sought. Out of the 586 staff, the accessible population was 247 and these were staff located at the BOU Headquarters in Kampala.

3.4 Sample Size and Selection

A sample size of 201 staff had been initially selected from the accessible population of 247 staff. The sample size was determined by using the Krejcie and Morgan (1970) table (Amin, 2005), as indicated below:

Table 3.1: Sample Size and Selection

Category	**Study Population**	**Accessible Population**	**Sample Size**	**Sampling Technique**
Senior Management	97	31	28	Purposive sampling
Middle Management	152	77	63	Simple Random Sampling
Officers	286	114	86	Simple Random Sampling
Administrative Assistants	51	25	24	Simple Random Sampling
Total	**586**	**247**	**201**	

Source: Human Resource Department (Bank of Uganda) Report as at 6th November 2012

From Table 3.1, the sample selection was done by use of both random and non-random sampling techniques. The use of the different sampling techniques greatly depended on the nature of respondents and the kind of information that was required. A non-random sampling technique was applied to the Senior Management category while the simple random sampling technique was applied to the rest.

3.5 Sampling Techniques and Procedures

Staff were grouped into different strata depending on the level at which they were. Executive Directors, Directors and Assistant/ Deputy Directors were grouped into the Senior Management stratum. SPBOs and PBOs were grouped into the Middle management stratum, while SBOs and BOs were grouped into officer stratum. The Administrative Assistants had their own stratum. Grouping into different strata was to enable representation from each category of staff under study.

Non random sampling, specifically purposive sampling was used to obtain a sample from the senior management stratum. This was to enable the researcher obtain critical information required for the study. Simple random sampling was applied to the rest of the strata in order to select a reasonable number of subjects that would represent the target population (Mugenda & Mugenda, 2003). This method was appropriate in providing accurate information about large groups such as staff of BOU that cannot be studied in their entirety.

3.6 Data Collection Methods

Given that the research utilized both primary and secondary data, the following methods were used; questionnaire survey, interview and documentary review. The documentary review of Bank of Uganda manuals, management reports and other documentation was done to supplement the primary data.

3.7 Data Collection Instruments

This includes tools that were used for each data collection method employed, that is, questionnaires, interview schedule and documentary analysis guide.

3.7.1 Questionnaire

A questionnaire is a carefully designed instrument for collecting data in accordance with the specifications of the research questions and hypotheses (Amin, 2005). It is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2003). It is a device used for gathering facts, opinions, perceptions, attitudes, beliefs, among others (Odiya, 2009). Questionnaires are quite easy to administer since each item has alternative answers and are economical too in terms of resources (Mugenda & Mugenda, 2003). According to Oso and Onen (2009), some of the strengths of using questionnaires are their suitability if the population is literate, large and is time limited. Questionnaires also offer greater assurance of anonymity and also produce quick results (Amin, 2005).

The questionnaire for this study was carefully designed following the research objectives. It had mainly close-ended questions with three open-ended questions to allow collection of qualitative data as well. The questionnaire that was used is attached as Appendix 1. The questionnaires were personally administered by the researcher to the respondents who collected them after one week. The researcher was thus able to collect a lot of information over a short period of time.

3.7.2 Interview Schedule

An interview schedule is a written or printed formal list of questions designed to elicit objective data from an interview (Odiya, 2009). In order to achieve the specific objectives of the study, structured interviews were conducted on key respondents, that is, five Senior Managers. The researcher asked intended questions that led the respondents towards giving data to meet the study objectives. The key informants' interview schedule that was used is attached as Appendix 2.

3.7.3 Documentary Review

The researcher made use of the available data and literature by management reports, human resource manuals, personnel records and management information system using the Document Analysis Guide attached as Appendix 3. Documentary review involved reviewing primary and secondary sources of data such as the BOU Strategic Plan 2012-2017, BOU Organizational Structure, BOU Salary and Benefits Structure, BOU Administration Manual, Departmental Operations Manuals, reports, strategic plan, and evaluation reports to supplement and substantiate data obtained from questionnaires and interviews.

3.8 Reliability and Validity

The Researcher had to ensure that the data obtained by use of the selected instruments was quality assured, that is, through reliability and validity of the instruments. Reliability and validity are two important concepts that determine the acceptability of using an instrument for research purposes (Amin, 2005). Reliability of an instrument is an indication of the stability and consistency with which the instrument measures the concepts of interest (Sekaran, 2003). Validity on the other hand is the ability of the instrument to produce findings that are in agreement with theoretical or conceptual values (Sekaran, 2003).

3.8.1 Reliability

Reliability is the measure of degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). It is concerned with consistency of the scores produced. For instance, in classical test theory, reliability of a test would mean how much measurement error is present in the scores produced by the test (Amin, 2005). Reliability is influenced by random error which is the deviation from a true measurement due to factors that might have not been effectively addressed by the researcher. An increase in random error means decrease in reliability. Random error could result from a number of factors including inaccurate coding, ambiguous instructions to subjects, fatigue of the interviewer or interviewee, interviewer bias, among others (Mugenda & Mugenda, 2003). To minimize the random error so as to increase reliability of the research instruments, the researcher tested the questionnaire for reliability using the internal consistency method. This was done by administering the instruments to ten respondents who were staff of Bank of Uganda in the category of Officer and Administrative Assistant. After three weeks, the same instrument was administered to the same group. A Chronbach's alpha coefficient of 0.847 was obtained. According to Odiya (2009), if the coefficient is 0.70 or higher the instruments will have yielded data with high test-retest reliability. The researcher then considered the questionnaire reliable. After the study, the corresponding reliabilities for each of the sub variables was calculated, the break down is shown in the table below

Table 3.2 Reliabilities of the Variables

	Variables	**Cronbach Alpha Value**	**Number of Items**
1	Organizational structure	0.763	11
2	Rewards	0.710	13
3	Organizational Culture	0.711	14
4	Employee Performance	0.857	12
	General	0.812	50

3.8.2 Validity

The validity of an instrument refers to the ability of the instrument to collect justifiable and truthful data (Odiya, 2009). It is concerned with how accurately the data obtained in the study represents the variables under study (Mugenda & Mugenda, 2003). Validity of data could be affected by the presence or absence of systematic error in data. Systematic error, also known as non-random error has consistent boosting effect on the measuring instrument. For purposes of validity, a researcher must ensure that the instruments used to collect data and the information obtained enable drawing of correct conclusions relevant to the study (Amin, 2005).

In this study the Researcher assessed validity by giving the instruments to three experts. These experts were asked to rate each item of the instruments as "valid" or "not valid" to the study. The ratings were compared and a Content Validity Index (CVI) established using the formula below. A CVI of 0.81 was obtained for the questionnaire while a CVI of 0.79 was obtained for the interview schedule. According to Amin (2005), for the instrument to be accepted as valid it should have a CVI of 0.7 or above and therefore the instruments were considered valid for this study.

$$CVI = \frac{\text{Number of items in the instrument regarded relevant}}{\text{Total Number of items in the instrument}} \times 100$$

$$CV = 50/62 = 0.806$$

$$CV = 11/14 = 0.785$$

3.9 Procedure of Data Collection

Questionnaire Survey

Participants were approached and requested to fill the questionnaire. They were informed that the survey was for study purposes only. It was also made explicit in the introductory section of the questionnaire that the information provided would be treated with utmost confidentiality. Participants were given one week to complete the questionnaire after which the Researcher collected them, while some participants who completed the questionnaire earlier opted to deliver them.

Interview

Face-to-face structured interviews were conducted on five key respondents. The researcher scheduled appointments with the interviewees, briefed them and conducted face-to-face interviews on the set dates in their respective offices. The interviews lasted approximately one hour. Specific questions were asked from specific topic areas for each interviewee in order to get definite responses. The data were recorded manually by the researcher and some backed by audio–recording to ensure that details were captured. The audio-recorded data were transcribed and each interviewee given a code, that is, Senior Manager 1 (SMG1), Senior Manager 2 (SMG2), Senior Manager 3 (SMG3), Senior Manager 4 (SMG4) and Senior Manager 5 (SMG5). The data were used to supplement that collected through the questionnaire method and also check them for consistency.

3.10 Data Analysis

When data are collected from the field they are in a raw form which is difficult to interpret. The data should therefore be cleaned, coded, entered into a computer and analyzed for it to make sense (Mugenda & Mugenda, 2003). The following sections detail how both the quantitative and qualitative data were analyzed.

3.10.1 Quantitative Data

Data were collected through questionnaires which were distributed to the selected respondents and returned after being filled. Each questionnaire was then carefully scrutinized to ensure that they had been filled properly. The questionnaire was coded with each code representing a response category for each item. The coding guidelines already provided by the Likert scale were applied. Data from the questionnaires were then transferred into worksheets using the Statistical Package for Social Sciences (SPSS) where they were analyzed using descriptive statistics such as frequency tables in order to describe the variables in the questionnaire. Following the descriptive statistics, a correlation analysis using the Regression Analysis was done to reveal the relationship between the variables under study. A correlation is the linear relationship between two quantitative variables and is derived by assessing the variations in one variable as another variable also varies (Sekaran, 2003).

3.10.2 Qualitative Data

Qualitative data collected from the three open-ended questions in the questionnaire were sorted and classified into themes considered to be useful to the study. The themes were brought together and summarized into tables.

Qualitative data from interviews were analyzed for content. Content analysis consisted of reading and re-reading the transcripts looking for similarities and differences in order to find themes and to develop categories/meanings describing the relationships between the independent and the dependent variables.

3.11 Measurements of Variables

The survey included 50 items measured on a five-point Likert-type scale. The questionnaire assessed dimensions of Organization Design (organizational structure, rewards and organizational culture) and employee performance. While most elements in the questionnaire were generated by the researcher, some specifically those relating to formalization (a dimension under the organizational structure sub-variable) and leadership style (a dimension under the organizational culture sub-variable) were adopted from previous studies. Formalization questions were adopted from an instrument that was originally developed by Ferrell and Skinner (1998) based on earlier work by John (1984) as cited by Caruana, Morris and Vella (1998). Leadership style questions were adopted from the Multifactor Leadership Questionnaire (Avolio *et al*., 1999). The Likert rating scale as proposed by Amin (2005) was used to draw opinions and attitudes from respondents which were rated on a five point scale **(**5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1= Strongly Disagree). Such numerical scales help to minimize subjectivity and enable the use of quantitative analysis (Mugenda & Mugenda, 2003).

3.12 Ethical consideration

The researcher first sought approval to proceed with the research from Uganda Management Institute and ensured that the research was conducted in accordance with the Institute's guidelines. Informed consent was obtained from all the participants prior to participation through an introductory letter. Confidentiality of data was upheld by non disclosure of the names of the respondents.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter presents, analyzes and interprets the results of the study. It is divided into five major sections. The first section presents results about the response rate. The second section presents background information of the respondents while the third section presents the descriptive results on employee performance. The fourth section presents results on organizational structure and employee performance, the fifth results on rewards and employee performance and lastly results on organizational culture and employee performance.

4.2 Response Rate

Response rate refers to the percentage of people who responded to the survey (Mugenda & Mugenda, 2003). In this study, the sample was 201 respondents but the study managed to get 147 respondents. The breakdown of the respondents is shown in the following table.

Table 4.1: Response Rate

Respondent Category	Sampled size	Responses received	Percentage (%)
Senior Management	28	17	60.7%
Middle Management	63	52	82.5%
Officers	86	56	65.1%
Administrative Assistants	24	22	91.7%
Total	**201**	**147**	**73.1%**

Source*: Survey Data*

According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting. Therefore, the results were considered representative of what would have been obtained from the population.

4.3 Background Information

The background characteristics of respondents considered in this section included: their age group, gender, staff category, highest education level attained and length of service at Bank of Uganda. The descriptive statistics used to present the background information collected were frequency distribution tables and percentages. These are detailed in the sections that follow and are presented in the order age group, gender, staff category, highest education level attained and length of service at Bank of Uganda.

4.3.1 Age Group of the respondents

The age of the respondents being an important factor in determining the information that one will give, was collected and the results were tabulated in Table 4.2.

Table 4.2: Age Group of the Respondents

Age Group	Frequency	Percentage (%)
Below 26 years	2	1.4
26-35 years	74	52.1
36-45 years	45	31.7
46-55 years	18	12.7
56-65 years	3	2.1
Total	142	100.0

***Source**: Survey Data*

Results from Table 4.2 indicate that majority of the respondents came from the age category 26-35 years (52.1%) followed by those in the age category 36-45 years (31.7%) and then those in the age category 46-55 years (12.7%). The results also show that only 2.1% of the respondents were above 56 years. This means that BOU employs a relatively young labour force. The implication is that the performance of employees is likely to be good since the young energetic employees form majority of the labour force at BOU.

4.3.2 Respondent Gender

Information concerning the gender of the respondents in this study was collected. The corresponding results were presented in Table 4.3:

Table 4.3 Gender of the Respondents

		Frequency	Percentage (%)
1	Male	77	54.2
2	Female	65	45.8
	Total	142	100.0

Source*: Survey Data*

From the table above, majority (54.2%) of the respondents were male and the rest (45.8%) female. This means that the staff composition at Bank of Uganda is mainly male. This suggests that employee performance in Bank of Uganda will be majorly a reflection of male behavior.

4.3.3 Staff Category

Information concerning the staff category of the respondents in this study was collected. The corresponding results were presented in Table 4.4.

Table 4.4: Category of the Employee

	Frequency	Percentage (%)
Senior Management	12	8.5
Middle Management	52	36.6
Officers	56	39.4
Administrative Assistants	22	15.5
Total	**142**	**100.0**

Source*: Survey Data*

The results from Table 4.4 show that majority of the respondents were from the staff category of Officers (39.4%) followed by those in the Middle Management category (36.6%) then Administrative Assistants category (15.5%) and Senior Management (8.5%). This means that the predominant staff category at BOU is that of Officers and Middle Management. This implies that the performance of employees is likely to be good since the staff complement is well balanced.

4.3.4 Highest Education Level Attained

The highest education level attained by the respondents being a great determinant of the information that one would provide, was collected and the results tabulated in Table 4.5.

Table 4.5: Highest Education level attained

	Education level	Frequency	Percentage (%)
1	Diploma	4	2.8
2	Bachelor's Degree	45	31.7
3	Postgraduate Diploma	20	14.1
4	Masters Degree	70	49.3
5	PhD	2	1.4
6	Others	1	0.7
	Total	142	100.0

***Source**: Survey Data*

According to Table 4.5, nearly half of the respondents (49.3%) had Masters Degrees as their highest education level attained. This means that the researcher dealt with individuals who were well educated and thus understood the study variables. This implies that employee performance in Bank of Uganda is likely to be high considering that majority of staff is highly educated.

4.3.5 Length of Service at Bank of Uganda

Data on the respondents' length of service at Bank of Uganda was collected and the results tabulated in Table 4.6:

Table 4.6: Length of Service at Bank of Uganda

Years	Frequency	Percentage (%)
Less than 6 Years	57	40.1
6- 10 years	29	20.4
Over 10 years	56	39.5
Total	142	100.0

Source*: Survey Data*

Table 4.6 shows that majority of respondents had served at Bank of Uganda either for over ten years (39.5%) or less than six years (40.1%). This means that the number of respondents with more experience and those with less experience was balanced. This implies that employee performance in Bank of Uganda is likely to be good considering that there is a balance between staff with vast experience and those who are bringing in new ideas.

4.4 Results on the Substantive Objectives

It is recommended that when presenting the results of statistical tests, the researcher should give descriptive statistics before the corresponding inferential statistics (Plonsky, 2007). Thus, this approach was adopted in this study. The descriptive statistics used were frequencies and percentages. To analyze the findings for both descriptive and inferential statistics, respondents who strongly agreed and those who agreed were combined into one category of respondents who "Agreed." In addition, respondents who strongly disagreed and those who disagreed were combined into another category of respondents who "Disagreed" to the items. This was done since the responses were merely arranged in order whereby one could not exactly determine how much one disagreed or agreed and as such adding or subtracting the responses such as strongly disagree from disagree did not make a difference. Thus, three categories of respondents were compared, which included respondents who “Agreed with the items”, respondents who were “Undecided about the items” and respondents who “Disagreed with the items”. Interpretation was then drawn from the comparisons of the three categories.

After presenting the descriptive statistics for each of the objectives, using the same response categories of Agreed, Undecided and Disagreed, inferential statistics in form of Spearman Rank Order Correlation and significance levels were computed and interpreted in order to test the hypotheses. The Spearman Rank Order Correlation Coefficient (rho) was used to determine the strength of the relationship between the variables under study. The significance of the coefficient (p) was used to test the findings by comparing p to the desired significance levels. A two tailed test was used as the formulated hypotheses were all non-directional. The above described procedure was applied to all objectives as shown in the subsequent sections.

4.5 Employee Performance

Data were collected with the aim of determine the respondents’ attitude towards how they perform at Bank of Uganda as shown in Table 4.7.

Table 4.7: Descriptive Statistics on Employee Performance

Goal Achievement	**1**	**2**	**3**
I am aware of the goals that I am expected to achieve	.0%	1.4%	98.6%
I always meet the target goals	3.5%	4.2%	92.3%
I am able to do my work well with minimum time and effort however challenging it is.	2.9%	7.0%	90.1%
I take appropriate actions to achieve goals	.0%	4.2%	95.8%
I create an environment that supports and encourages goal achievement	0.7%	4.9%	94.4%
I have the necessary strengths to achieve goals	.0%	0.7%	99.3%
Timely Provision of Information			
I promptly get the information I need to execute my tasks	16.9%	8.5%	74.6%
I plan my work so that it is done on time	.0%	2.1%	97.9%
I promptly provide information that is requested	0.7%	2.1%	97.2%
Accurate Reports			
Reports I prepare are always accepted with minor changes	5.6%	9.9%	84.5%
My reports always meet the required objectives	4.2%	7.7%	88.1%
The deadlines I am given enable me to present accurate reports	5.6%	19.8%	74.6%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

Findings in Table 4.7 indicate that almost all (98.6%) respondents agreed that they were aware of the goals they were expected to achieve while a few (1.4%) respondents were undecided and none disagreed. Majority (92.3%) of the respondents felt that they always meet the target goals, 4.2%

were undecided while 3.5% did not concur. Most of the respondents (90.1%) felt that they were able to do their work well with minimum time and effort however challenging it was to which 7.0% were undecided and 2.9% disagreed. The greatest majority (95.8%) agreed that they took appropriate actions to achieve their goals while only 4.2% were undecided and none disagreed. When the respondents were asked whether they created an environment that supported and encouraged goal achievement majority (94.4%) affirmed to this, 4.9% were undecided while a negligible (0.7%) number disagreed. Still majority of the respondents (99.3%) agreed that they had the necessary strengths to achieve goals while 0.7% was undecided. This means that some staff were not aware of the goals they were expected to achieve and therefore they could not meet their target goals. This implies that some staff were not meeting their goals which adversely affects performance.

Regarding timely provision of information, 74.6% affirmed that they promptly got the information they needed to execute their tasks while 16.9% were in opposition and 8.5% undecided. When asked whether the respondents planned their work so that it is done on time a significant number (97.9%) were in agreement while 2.1% were undecided and none were in disagreement. 97.2% of the respondents felt that they promptly provided information that was requested, 2.1% were undecided and 0.7% disagreed. This means that some staff of Bank of Uganda do not provide information on time. This implies that performance of some employees could be negatively impacted since the information needed to execute their tasks is not provided timely.

With regards to accurate reports, a significant number (84.5%) of respondents were of the view that the reports they prepared were always accepted with minor changes to which 5.6% disagreed and 9.9% undecided. Majority (88.1%) of the respondents affirmed that their reports always met the required objectives, 7.7% were undecided and 4.2% disagreed to this. On whether deadlines given enabled the respondents to present accurate reports 74.6% answered in the affirmative, while 16.9% disagreed and only 8.5% were undecided.

4.6 Organizational Structure and Employee Performance

One of the objectives of the study was to establish the effect of Organizational Structure on performance of staff of Bank of Uganda. Findings were analyzed, presented and interpreted.

Table 4.8: Centralization and Employee Performance in BOU

Centralization	**1**	**2**	**3**
Senior management maintains strong control of the affairs of the Bank	0.0%	2.8%	97.2%
Most job activities are concentrated at the Bank's Head Office	1.4%	2.1%	96.5%
All actions at the lower level are subject to the approval of the Bank's top management.	14.1%	17.6%	68.3%
Key decisions are taken by the Bank's top management	.0%	0.7%	99.3%
Any change in the strategic direction of the Bank is decided by the Board or senior management	.0%	1.4%	98.6%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

Results from Table 4.8 show that the majority (97.2%) of respondents affirm that senior management maintains strong control of the affairs of the Bank while only 2.8% were not sure. It is also important to note that key decisions are taken by the Bank's top management (99.3%). The results mean that all the affairs of the BOU are maintained by the senior staff and they take final decisions on behalf of the people that they lead. These findings are in line with the findings from the key informants' interviews with one of the Senior Managers who concurred:

> The structure is hierarchical, kind of a pyramid. Power is not evenly distributed. It is concentrated at the top mainly with the Board and Executive Committee of Management, although for purposes of expediency some of that power at the top is delegated in a limited way down to some other lower levels of departments. (SMG1)

Findings from the interview above indicate that authority and power among leadership at BOU is not evenly distributed. Much of the authority is retained by the top management leaving less of it to subordinates at the lower level. This implies that the performance of employees will be dependent on decisions mainly made by top management at the organization.

Further, 96.5% felt that most job activities were concentrated at the Bank's Head Office, while 2.1% disagreed and 1.4% was not sure. The results mean that most of the Bank’s job activities were centered at the Head Office with very few activities at the branches. Some of the key informants shared the same view and one had this to say: “Given the nature of work at Bank of Uganda most activities are better located at the Bank’s headquarters where senior management can have an oversight of all activities in order to manage them effectively and enable decision-making.” (SMG4) This means that decision making over all the Bank’s activities is made by senior management at the Bank’s headquarters. The performance of all employees at Bank of Uganda therefore will be based on the overall decisions made by senior management and how timely these decisions are made.

Table 4.9: Formalization and Employee Performance in Bank of Uganda

Formalization	1	2	3

If a written rule does not cover some situation, we make up informal rules for doing things as we go along	11.1%	17.6%	71.3%
There are many activities in the Bank that are not covered by some formal procedure.	13.0%	15.4%	71.6%
The Bank has a very large number of written rules and policies	2.1%	4.2%	93.7%
In my experience, things at the Bank are done "by the rule book"	14.1%	12.2%	73.7%
I ignore the rules and reach informal agreements to handle some situations	72.5%	16.2%	11.3%
The Bank has formal communication procedures	1.4%	.0%	98.6%

Scale: 1 = Disagree   2 = Undecided   3 = Agree

Formalization was found to be high at the Bank with a significant number of respondents (98.6%) agreeing that the Bank has formal communication procedures and the rest (1.4%) in disagreement with this. The majority respondents (93.7%) affirmed that the Bank had a large number of written rules and policies, a few (2.1%) and (4.2%) were in disagreement and undecided, respectively. The results are an indication that the activities and decisions of the Bank are guided by senior management. This implies that most activities are determined by rules, policies and procedures which could affect timely provision of information and goal achievement.

4.6.1 Testing of the First Hypothesis

The first hypothesis stated that *there is a relationship between Organizational Structure and performance of staff.* Spearman rank order correlation coefficient (*rho*) was used to determine the strength of the relationship between organizational structure and staff performance. The sign of the coefficient (positive or negative sign) was used to determine the change in direction in the relationship between Organizational structure and the staff performance. The coefficient of determination was used to determine the effect of organizational structure at Bank of Uganda on staff performance. The significance of the coefficient (p) was used to test the findings by comparing p to the critical significance level at (0.05). This procedure was applied in testing the second hypothesis and thus, a lengthy introduction is not repeated in the subsequent section of hypothesis testing. Table 4.10 below presents the test results for the first hypothesis.

Table 4.10 Correlation between Organizational Structure and Employee Performance

			Employee Performance	**Organizational Structure**
Spearman's rho	**Employee Performance**	Correlation Coefficient	1.000	0.480
		Sig. (2-tailed)	.	.000
		N	142	142
	Organizational Structure	Correlation Coefficient	0.480	1.000
		Sig. (2-tailed)	.000	.
		N	142	142

Findings show that there was a positive correlation (rho = 0.480) between organizational structure and employee performance. The coefficient of determination, which is a square of the correlation coefficient (rho^2 = 0.2304), was computed and expressed as a percentage to determine the variance employee performance to organizational structure. Thus, findings show that organizational structure accounted for 23.0% variance in employee performance. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p = .000) is less than the recommended critical significance at 0.05. Thus, the effect was significant. Therefore, the hypothesis, *there is a relationship between Organizational structure and performance of staff* was accepted.

The implication of these findings is that organizational structure *had a significant effect on employee performance at Bank of Uganda*. The strong correlation implied that a change in organizational structure was related to a reasonable change in employee performance. The positive nature of the correlation implied that an improvement in organizational structure was associated with an improvement in employee performance and vice versa.

4.7 Rewards and Employee Performance

Under this sub-theme the researcher set out to determine the relationship between rewards and employee performance in Bank of Uganda. This section presents the descriptive statistics of the data gathered on rewards in relation to employee performance.

Table 4.11: Financial Rewards and Employee Performance

Financial Rewards	**1**	**2**	**3**
My salary drives me to work harder	15.5%	14.8%	69.7%
I feel I am paid fairly considering the work I do	11.3%	12.0%	76.7%

I value the bonus (13th cheque) I receive at the end of the year when I do my job very well	1.4%	2.8%	95.8%
My benefits match both my needs and expectations	20.4%	17.6%	62.0%
The Bank's Retirement Benefits Scheme is an important factor in keeping me on my job	27.5%	16.9%	55.6%
I feel that pay increases are handled fairly	21.8%	16.2%	62.0%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

Results from Table 4.11 show that majority (95.8%) of the respondents affirmed that they valued the bonus (13th cheque) they received at the end of the year when they did their job very well, 1.4% disagreed while 2.8% were undecided. It is also important to note that 76.7% felt that they were paid fairly in consideration of the work they did, 12% were undecided while 11.3% were in disagreement. A significant number (69.7%) agreed that their salary drove them to work harder, 15.5% disagreed while 14.8% were undecided. This means that different financial rewards motivate employees to perform. The implication is once employees do not receive the type of financial rewards that motivate them then there will be unmet goals, delay in provision of information and inaccurate reports. Most of the key informants also felt the same way. One respondent said:

> Currently the Bank mostly provides monetary rewards in form of pay increments and promotions as well as foreign trips. The only gap is that the rewards are not strongly linked to performance and therefore have not been used by the Bank to influence and guide employee performance in a desired direction. (SMG4)

This means that as much as the Bank has good financial rewards, these are not awarded based on one's performance. This implies that financial rewards, not being linked to performance, did not influence employee performance.

Table 4.12: Non-Financial Rewards and Employee Performance

Non-Financial rewards	1	2	3
My supervisor recognizes my good performance	4.9%	10.6%	84.5%
The Bank has frameworks for recognizing best performers	14.1%	23.9%	62.0%
The Bank provides me with parking space	73.9%	1.5%	24.6%
The Bank has promotional opportunities for its staff	13.4%	16.2%	70.4%
The Bank provides me with training and development opportunities	8.5%	2.8%	88.7%
Medical services provided by the Bank are very beneficial to me and my family	6.4%	4.2%	89.4%
My workplace provides a safe working environment	1.4%	2.1%	96.5%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

Table 4.12 shows that 96.5% of the respondents affirmed that their workplace provided a safe working environment, 2.1% were undecided while 1.4% disagreed. When asked whether medical services provided by the Bank were very beneficial to them and their families, the greatest number of respondents 89.4% was in agreement while 6.4% was in disagreement and only 4.2% were undecided. 88.7% agreed that the Bank provided them with training and development opportunities, 8.5% disagreed and 2.8% undecided. These findings are similar with the findings from the key informants' interviews where one of the Senior Managers asserted:

> Training is a big thing in the Central Bank; people can train until the day they die. It is an indirect benefit. The Bank many times acknowledges performance and rewards it through

> promotion although the system may not be very waterproof but there is a very clear method of identifying performers. The reward is by promotion of course. Promotion has the added advantage of financial benefits and empowerment. (SMG1)

Findings from the interviews above indicate that BOU has in place a number of other criteria used in the promotion of its employees on top of training which is an ongoing practice. These findings corroborate with those from a survey conducted in BOU that found that over 50% of employees were satisfied with the training and development opportunities (BOU Employee Satisfaction Survey Report, 2012). These findings indicate that much as there are several types of non-financial rewards offered by the Bank the level of satisfaction derived from these rewards will determine whether employee performance will be boosted or not.

4.7.1 Testing of the Second Hypothesis

The second hypothesis stated, *there is a relationship between rewards and performance of staff*. Spearman rank order correlation coefficient (rho) was used to test the hypothesis. Table 4.13 presents the test results.

Table 4.13 Correlation between Rewards and Employee Performance

			Rewards	**Employee Performance**

Spearman's rho	**Rewards**	Correlation Coefficient	1.000	.551**
		Sig. (2-tailed)	.	.000
		N	142	142
	Employee Performance	Correlation Coefficient	.551**	1.000
		Sig. (2-tailed)	.000	.
		N	142	142

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

Findings show a strong positive correlation (r = .551) between rewards and employee performance. The coefficient of determination (rho^2 = .303) shows that rewards accounted for 30.3% variance in employee performance. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p = .000) is less than the recommended critical significance at 0.01. Thus, the effect was significant. Because of these findings, the hypothesis *there is a relationship between rewards and performance of staff* was accepted.

Thus, the implication of the findings was that rewards *had a significant effect on employee performance at Bank of Uganda*. The strong positive correlation implied that a change in rewards was related to a big change in employee performance. The positive nature of the correlation implied that the change in rewards and employee performance was in the same direction whereby better rewards were related to high employee performance and vice versa.

4.8 Organizational Culture and Employee Performance

This section presents the descriptive statistics of the data gathered on organizational culture in relation to employee performance.

Table 4.14: Leadership style and Employee Performance

Leadership Style	1	2	3
The leadership provides specific guidance to subordinates on what is expected of them and offers rewards when goals are achieved.	26.1	20.3%	53.6%
Leaders pay attention to each individual's need for achievement and growth by acting as a mentor/coach	28.1%	28.9%	43.0%
Leaders give subordinates complete freedom to solve problems on their own	39.4%	29.6%	31.0%
Leaders encourage subordinates to be innovative and creative in their duties.	21.2%	18.8%	60.0%
Leaders totally trust followers to perform the job themselves	33.8%	30.3%	35.9%
Leaders focus on adherence to standard rules and regulations	7.0%	8.5%	84.5%
Leaders talk optimistically about future goal attainment.	16.2%	10.9%	72.9%
Leaders only take action when things are not going as planned	49.3%	22.5%	28.2%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

Table 4.14 shows that majority (84.5%) of the respondents agreed that leaders focused on adherence to standard rules and regulations to which 7.0% disagreed and 8.5% undecided. When asked whether leaders talked optimistically about future goal attainment 72.9% agreed, 16.2% disagreed while 10.9% were undecided. A substantial number (60%) of the respondents felt that leaders encourage subordinates to be innovative and creative in their duties, while 21.2% disagreed and 18.8% were undecided. Findings indicate that leaders focused more on adherence to rules and regulations than encouraging subordinates to be innovative and creative in their duties. This implies that employee performance at BOU will be largely dependent on adherence to rules and regulations. These rules and regulations are spelt out in the Departmental Operations Manuals.

These findings are similar to the observation made during interviews with key informants. According to one of the informants:

> Leadership styles differ by the person who is in that leadership position so you might find each head of department having a different leadership style although at the Central bank we have formal structures, formal procedures…. You find those who allow staff to innovate and think of ways of doing things: that gives the staff motivation. Then you find those who say things must be done and then the person just does the work because they have been told to do so. (SMG3)

This means that a number of leadership styles exist in BOU. One such leadership style is the transformational leadership style which encourages innovation and creativity. Another leadership style is the transactional type which focuses more on adherence to standard rules and regulations. This implies that the performance of employees will be dependent on the leadership style that is predominant in a given function or department.

Table 4.15: Decision-Making and Employee Performance

Decision Making	1	2	3
During decision-making managers always get more information and advice from others including subordinates	26.8%	20.4%	52.8%

Decisions in the Bank are based on open discussion and debate of facts	42.2%	31.0%	26.8%
Managers share the problem with subordinates and get a solution supported by the majority	43.0%	33.8%	23.2%
When making decisions managers spend very little time consulting with colleagues	31.7%	31.7%	36.6%
Managers allow others to share their views but make decisions on their own	16.9%	30.3%	52.8%
Decisions are solely made by managers	30.3%	19.7%	50.0%

Scale: 1 = Disagree 2 = Undecided 3 = Agree

About half (52.8%) of the respondents agreed that during decision-making managers always got more information and advice from others including subordinates, 26.8% disagreed and 20.4% were undecided. Only 36.6% agreed that when making decisions managers spend very little time consulting with colleagues, while 31.7% disagreed and 31.7% were undecided. With regard to whether managers allowed others to share their views but made decisions on their own, 52.8% agreed, 30.3% were undecided, while 16.9% disagreed. This means that major decisions concerning the activities of the bank were made by the top management. It implies that employee performance at the bank will be largely dependent upon the policies passed by top management. These finding were in line with those from key informants:

> The Bank has a hierarchical structure but it does not have a command structure. It allows discussions and that is why so much time is spent in meetings. There are committees in place to share decisions and consensus building. …management allows contribution of ideas from the bottom, a consensus style. (SMG1)

From the findings above, as much as the BOU has a hierarchical structure management involves employees at lower levels in decision-making through committees and meetings decisions are still made largely by top management. Implication of this is that decision-making is for the most part dependent upon the policies passed by top management and this could affect timely provision of information and goal achievement.

4.8.1 Testing of the third Hypothesis

The third hypothesis, *there is a relationship between organizational culture and performance of staff* was tested. The results are presented in Table 4.16.

Table 4.16 Correlation between Organizational Culture and Employee Performance

			Organizational Culture	**Employee Performance**
Spearman's rho	**Organizational Culture**	Correlation Coefficient	1.000	.660**
		Sig. (2-tailed)	.	.000
		N	142	142
	Employee Performance	Correlation Coefficient	.660**	1.000
		Sig. (2-tailed)	.000	.
		N	142	142

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

The findings present a strong positive correlation (*rho* = 0.660) between organizational culture and employee performance. The corresponding coefficient of determination (rho^2 = 0.4356) implies that organizational culture accounts for 43.6% variance in employee performance. The obtained significance value (p) of 0.00 implies that the relationship between the two variables is significant since it is less than the critical value of 0.01 in this case. Therefore the hypothesis, *there is a relationship between organizational culture and performance of staff* was accepted. The findings imply that an improvement in the culture at Bank of Uganda was associated to a corresponding improvement in the performance of its employees**.**

4.9 Regression Analysis

A further analysis was conducted using multiple regression to predict employee performance using all the sub-variables of Organization Design (organizational structure, rewards and organizational culture). The findings are presented in table 4.17 accompanied with corresponding analysis and interpretation.

Table 4.17: **Effect of Organization Design (organizational structure, rewards and organizational culture) on employee performance**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786[a]	.618	.610	.104

a. Predictors: (Constant), Organizational Culture, Organizational Structure, Rewards

The findings in the model summary show a strong linear relationship, (*Multiple R = .786*) between Organization Design (organizational structure, rewards and organizational culture) and employee performance. Since the *R* is considered to be one measure of the quality of the prediction of employee performance, a value of 0.786 indicates a good level of prediction by Organization Design (organizational structure, rewards and organizational culture).

The coefficient of determination, R^2 = 0.618 means that 61.8% of the variation in employee performance at BOU is explained by variability in organizational structure, rewards and organizational culture. The rest (38.2%) is explained by other variables. The findings were subjected to an Analysis of Variance (ANOVA) test.

Table 4.18:

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.404	3	.801	74.563	.000[a]
	Residual	1.483	138	.011		
	Total	3.887	141			

a. Predictors: (Constant), Organizational Culture, Organizational Structure, Rewards

b. Dependent Variable: Employee Performance

The results from the ANOVA table showed that the significance level (F = 74.563, p = 0.000) was less than the critical significance at the level of 0.05. This further confirms a strong linear relationship between the variables as seen from the table of correlation. Hence, the findings were accepted. To test further how each of them varied with employee performance, the table of correlation was presented (Table 4.19).

Table 4.19:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.454	.169		2.691	.008
	Organizational Structure	.163	.039	.241	4.234	.000
	Rewards	.240	.044	.314	5.452	.000
	Organizational Culture	.448	.050	.499	8.889	.000

a. Dependent Variable: Employee Performance

The coefficients findings further confirm that Organization Design (organizational structure, rewards and organizational culture) significantly affected employee performance at BOU because the significant p-values of all the sub-variables of Organization Design were less than the critical significance value of 0.05.

The higher t-values show the sub-variables of Organization Design (organizational structure, rewards and organizational culture) that most affected employee performance while the lower t-values show the sub-variables of Organization Design that least affected employee performance. Thus, organizational culture affected employee performance most with (t = 8.889), followed by rewards (t=5.452), and then organizational structure (t=4.234).

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable, when all other independent variables are held constant. As indicated in the Coefficients table, the unstandardized coefficients for organizational structure, rewards and organizational culture are 0.163, 0.240 and 0.448 respectively. This means that any improvement in the organizational structure, leads to an improvement in employee performance of 16.3% when all other independent variables are held constant, while rewards and organizational culture would lead to an improvement of 24% and 44.8% respectively, when all other independent variables are held constant.

4.10 Summary

The empirical results of the research were presented in this chapter. It was established that in line with the objectives, research questions and hypotheses of the study, Organization Design (organizational structure, rewards and organizational culture) did have an effect on employee performance. This was evidenced by the results obtained through the interpretation, presentation and analysis of both the descriptive and inferential statistics applied in the study.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study, discusses the results in reference to Chapter two – literature review, draws conclusions on the findings and based on the same results suggests practical recommendations for addressing employee performance in Bank of Uganda and other large organizations. In each of these sections, a presentation is made under the same sub-themes as those used in Chapter Four, that is, organizational structure and employee performance, rewards and employee performance and organizational culture and employee performance.

5.2 Summary of findings of the study

The purpose of the study was to assess the effect of Organization Design on employee performance, in BOU. The study focused on three Organization Design sub-variables which the researcher envisaged were influencing employee performance in BOU. These included organizational structure, rewards and organizational culture.

The researcher undertook a correlational design that entailed use of both quantitative and qualitative techniques. To collect data three major data collection instruments were employed by the researcher namely questionnaire, interview schedule for key informants and a documentary review tool. The quantitative data collected were then entered and analyzed using SPSS while the qualitative data were transcribed verbatim.

5.2.1 Organizational structure and employee performance

Findings for this study show that 97.2% of respondents affirmed that senior management maintains strong control of the affairs of the Bank while 99.3% felt that key decisions were taken by the bank’s top management. This means that the affairs of the BOU are maintained by the senior management and they take final decisions on behalf of the people that they lead. Therefore, performance of employees in BOU is greatly influenced by decisions made by senior management.

Another finding was that 98.6% agreed that the Bank has formal communication procedures while 93.7% affirmed that the Bank had a large number of written rules and policies. This is an indication that there is a high level of formalization at BOU and that activities are guided by senior management which could affect goal achievement, timely provision of information and production of accurate reports.

The results of the study indicate that there is a strong positive correlation (rho = 0.480) between organizational structure and employee performance. The significance of the correlation (p=.000) was found to be less than the desired significance (0.01) and hence statistically significant. The coefficient of determination (rho^2 = 0.2304) was computed and a variance of 23% derived. This means that 23% of the variation in employee performance is significantly explained by organizational structure. Further analysis using the regression model confirmed the results that a strong positive correlation exists between organizational structure and employee performance. The significance of the correlation (p=.000) was found to be less than the desired significance (0.05) and hence statistically significant. The unstandardized coefficient for organizational structure was found to be 0.163, meaning that any improvement in organizational structure would lead to an improvement in employee performance of 16.3% when all other independent variables are held constant.

5.2.2 Rewards and employee performance

In this study, findings show that 95.8% of the respondents valued the bonus (13th cheque) they received at the end of the year when they did their job very well. About 76.7% felt that they were paid fairly in consideration of the work they did. About 69.7% were of the view that their salary drove them to work harder.

Further findings showed that majority (96.5%) of respondents affirmed that their workplace provided a safe working environment. About 89.4% felt that medical services provided by the Bank were very beneficial to them and their families. Up to 88.7% of the respondents agreed that the Bank provided them with training and development opportunities.

According to the findings of the study, there is a strong positive correlation ($rho = 0.551$) between rewards and employee performance. The coefficient of determination ($rho^2 = 0.303$) meant that rewards accounted for 30.3% variance in employee performance. Further analysis using the regression model depicts an unstandardized coefficient of .240, implying that any improvement in rewards would lead to an improvement in employee performance of 24% when all other independent variables are held constant. The study revealed a significant relationship between rewards and employee performance given that p= 0.000 was less than the desired 0.01 leading to the acceptance of the hypothesis "*There is a relationship between rewards and employee performance*".

5.2.3 Organizational culture and employee performance

This study was designed to establish the effect of organizational culture on employee performance in Bank of Uganda. The survey elicited perceptions and opinions from the study respondents on two attributes of organizational culture, that is, leadership style and decision-making. About 84.5% of the respondents felt that leaders focused on adherence to standard rules and regulations. 72.9% were of the opinion that leaders talked optimistically about future goal attainment. Regarding decision-making, almost half (52.8%) of the respondents were of the view that during decision-making managers always got more information and advice from others including subordinates.

Another 52.8% felt that managers allowed others to share their views but made decisions on their own.

The results of the study indicate that there is a strong positive correlation (rho = 0.660) between organizational structure and employee performance. The significance of the correlation (p=.000) was found to be less than the desired significance (0.01) and hence statistically significant. The coefficient of determination (rho^2 = 0.4356) produced a variance of 43.6%. This means that 43.6% of the variation in employee performance is significantly explained by organizational culture. Further analysis using the regression model confirmed the results, with an unstandardized coefficient of 0.448 organizational culture was to contribute 44.8 % variance in employee performance. As the significance value (.000) is smaller than the desired level of significance (0.05), the found correlation is statistically significant. Hence the alternative hypothesis *there is a relationship between Organizational culture and employee performance* was accepted and the null rejected. Therefore, there is statistical evidence to claim that there is a significant relationship between organizational culture and employee performance.

5.3 Discussion of the findings of the study

This study attempted to shed light on an important issue for organizations today, which is employee performance. Under this subsection the researcher attempted to discuss the findings of the study. The study found that a strong, positive relationship existed between Organisation Design and employee performance. The implication of this finding is that if the Bank wishes to enhance its employees' performance it is essential to tackle all the dimensions, that is, organizational structure, rewards and organizational culture concurrently. Findings regarding organizational structure and employee performance are presented first, followed by findings on rewards and employee performance and lastly those on organizational culture and employee performance.

5.3.1 Organizational structure and employee performance

This study found evidence to support the hypothesis that *there was a relationship between organizational structure and employee performance*. Findings indicate that organizational structure significantly and positively contributes to employees' performance. This finding empirically confirms the theoretical arguments given by Mullins (2007) that in practice the operation of the organization and success in meeting its objectives will depend upon the behavior of the people who work within the structure and who give shape and personality to the framework. He emphasizes that the structure of an organization affects not only productivity and economic efficiency but also the morale and job satisfaction of the workforce.

The organizational structure of BOU was found to be highly centralized and formalized which has an influence on employee performance. Champoux (2006) views organizations with centralized decision-making processes as restrictive in the scope of decision-making and responsibility of individuals lower in the organization. This according to him yields jobs low in skill variety, lessens autonomy and also reduces task identity, all of which have an effect on motivating potential and the resultant levels of motivation, performance and satisfaction. In the same vein, a study by Caruana, Morris and Vella (1998) found that increases in centralization negatively affected entrepreneurial behavior while increased formalization positively influences entrepreneurial behavior. Similarly, the results of this study indicate that the high level of centralization and formalization negatively affected employee performance.

5.3.2 Rewards and employee performance

A key finding in this study showed that rewards are a significant and positive predictor of employee performance. This underlines the acceptance of the second hypothesis that *there is a relationship between rewards and performance of staff*. Drawing from the descriptive statistics results majority (95.8%) of the respondents valued the bonus (13th cheque) they received at the end of the year when they did their job very well, while a significant number (69.7%) agreed that their salary drove them to work harder. Other areas that were rated highly were that the workplace provided a safe working environment, medical services provided by the Bank were very beneficial to staff and their families and that the Bank provided staff with training and development opportunities. In a study by Milne (2007) which involved an examination of literature reporting on previous research, it was found that incentive programmes can positively affect motivation, performance and interest within an organization. This is in agreement with the argument made by Schuler and Jackson (2002) that monetary rewards and recognition are powerful in motivating employees, directing their behavior, and developing their potential.

In a study by Eshun and Duah (2011) both financial and non-financial rewards were found to be important in motivating employees to perform. In another study, Ajila and Abiola (2004) also found that workers place greater value on the rewards given to them by their employers and when not given the workers tend to express their displeasure through poor performance and non-commitment to their job. Similarly, a study by Yap and Bove (2009) revealed that rewards are instrumental in shaping employee behaviours. In the studies conducted by Yousef (2000) and Hanan (2009) financial rewards such as pay satisfaction was an important determinant of job performance.

Luthans (2008) argues that unlike financial rewards, non-financial rewards such as genuine social recognition can be given anytime or are more frequent, and as a result have a big impact on employee productivity and quality service behaviors. In a study by Hanan (2009), promotion as a form of reward was found to be a predictor of job performance. Recognition, on the other hand, is appropriate to intrinsically motivated behaviors such as inventiveness, commitment, and initiative, because these behaviors translate into innovation and creativity, service above and beyond the call of duty, and eagerness to change and move forward (Hansen *et al*., 2002). In this study both financial and non-financial rewards were found to be important in motivating the employees of Bank of Uganda to perform.

5.3.3 Organizational Culture and employee performance

The third objective of the study was designed to find out the effect of Organizational Culture on employee performance in Bank of Uganda. According to this study, of all the variables Organizational Culture accounted for the highest variance (43.6%) in employee performance. This indicates that organizational culture greatly had an effect on employee performance in Bank of Uganda. These findings corroborate with Mosadeghrad's (2006) conclusion that improvement of higher education service quality lies in the organization's ability to provide an overall climate and culture for change through its various decision-making systems, operating systems, and human resource practices. A study by Mathew (2007) revealed that various aspects of organizational culture had a significant influence on productivity. The aspects included empowerment, agreement (on issues on the basis of give and take), integrity or core values, knowledge sharing, concern for employees and trust, mission (vision, strategic direction and emphasis on goals and objectives), customer focus and high performance work orientation. A study by Montgomery, Panagopoulou, Kehoe, and Valkanos (2011) revealed that a more real approach to promoting quality of care is to recognize that its success or failure is embedded in the organizational culture of a hospital.

Culture helps to guide the daily activities of the workers to meet certain goals. Strong cultures according to Daft (2010), can greatly impact on an organization either positively or negatively. For instance strong values of cooperation, caring for employees and customers, and “an all for one and one for all” attitude can enable a company to consistently meet productivity, quality, and customer-service goals (Daft, 2010). In the view of Armstrong (2006), a ‘good ‘culture positively influences organizational behavior and could help create a ‘high- performance’ culture, one that will produce a high level of business performance. Leadership style, one of the organizational culture sub-variables used for this study was also found to have an effect on performance. According to Rad and Yarmohammadian (2006), organizational success in obtaining its goals and objectives depends on managers and their leadership style. A study by Yousef (2000) found that employees who perceive their superiors as adopting consultative or participative leadership behavior are more committed to their organization, more satisfied with their jobs and performance is high. Similarly, in the study by Hanan (2009), supportive and leadership behavior have a positive effect on job performance. A study by Walumbwa & Hartnell (2011) revealed that transformational leadership was positively associated with relational identification with the supervisor, which, in turn was related to self efficacy, and consequently performance.

In a study by Trivellas and Dargenidou (2009), it was found that adhocracy prevails in the improvement of all aspects of higher education service quality. Adhocracy culture embraces intrapreneurship, experimentation, creativity, proactiveness, adaptation and innovativeness which values are conducive to enhanced quality of teaching and administration. In tandem with this, this study also found that 60% of the respondents felt that leaders encourage subordinates to be innovative and creative in their duties.

5.4 Conclusions of the study

This study investigated the effect of Organization Design on employee performance. Three Organization Design sub-variables (organizational structure, rewards and organizational culture) were assessed in connection with employee performance. It was found that all three sub-variables have a significant and positive relationship with employee performance. Findings also revealed that an improvement in these sub-variables simultaneously results in a 61.8% improvement in employee performance. This led to confirm that an enhancement in the quality of Organization Design would result in improvement in the performance of employees. Drawing from the summary and discussion of findings in subsection 5.2 and 5.3, the researcher drew conclusions about the sub-variables under study. Conclusions on organizational structure and employee performance are presented first, followed by conclusions relating to rewards and employee performance, then those for organizational culture and employee performance.

5.4.1 Organizational structure and employee performance

The results of the study lead to confirm the hypothesis made by the researcher regarding the existence of a relationship between organizational structure and employee performance. This is evidenced by the strong linear and significant relationship that was found to exist between organizational structure and employee performance. Additionally, the unstandardized coefficient for organizational structure of 0.163 meant that any improvement in the quality of organizational structure, results in a 16.3% improvement in employee performance when all other independent variables are held constant and vice versa. Basing on this evidence, it can be deduced that organizational structure has a significant positive effect on employee performance at BOU. The null hypothesis was therefore rejected and the alternative accepted that a relationship between Organizational Structure and performance of staff exists.

5.4.2 Rewards and employee performance

The researcher hypothesized that a relationship existed between rewards and employee performance in Bank of Uganda. This hypothesis was confirmed by the results which indicated a significant and strong linear relationship between rewards and employee performance. The established unstandardized coefficient of 0.240 meant that rewards contributed 24% variance in employee performance when all other independent variables are held constant and vice versa. Therefore, an improvement in rewards, both financial and non-financial, would lead to higher employee performance and the reverse is true.

5.4.3 Organizational culture and employee performance

From the findings, it is evident that organizational culture does play a significant role in increasing employee performance in Bank of Uganda. Results from this study indicated a strong linear relationship between organizational culture and employee performance. Organizational culture was found to contribute 44.8% variance in employee performance when all other independent variables are held constant and vice versa. The significance value (.000) was less than the desired level of significance (0.05) hence the correlation was statistically significant. Important to note is that of all the independent variables under study organizational culture most affected employee performance (t=8.889). Hence the prediction made by the researcher that a relationship existed between organizational culture and employee performance. It is therefore essential that managers adopt an organizational culture that is favourable in order to improve employee performance.

5.5 Recommendations of the study

As much as the elements of Organization Design applied to this study indicated a positive and significant relationship, for employee performance to improve these elements have to be enhanced simultaneously. A focus simply on organisation structure seldom has the desired effect. It is therefore recommended that organizational structure, rewards and organizational culture should all be aligned in order to improve performance of employees. The recommendations below take into account all the views and findings of the study in respect of organizational structure and employee performance, rewards and employee performance, and organizational culture and employee performance.

5.5.1 Organizational structure and employee performance

The study findings indicate that the organizational structure of the Bank was highly centralized and formalized. Centralization and formalization come with some elements such as lack of employee involvement in various areas which could disadvantage employee performance. Some of these were evidenced in the responses from the open-ended questions where some of the challenges affecting employee performance were cited as inability to make decisions and bank bureaucracy. It is therefore recommended that the Bank modifies its organizational structure which is highly centralized and formalized, so that it is flexible enough to support employee involvement, allow more decision-making at lower levels, and encourage creativity and innovativeness, in order to improve employee performance.

5.5.2 Rewards and employee performance

Despite the fact that the study shows a significant positive relationship between rewards and employee performance, these could be enhanced further. While Bank of Uganda seems to have favourable rewards in place, the Bank should make an effort to further improve these rewards by revising its policies on promotion, training and recognition as evidenced by the findings from the qualitative data. In one of the interviews, it was established that rewards are not strongly linked to performance and therefore have not been used by the Bank to influence and guide employee performance in a desired direction. Introducing performance based pay could further improve employee performance.

5.5.3 Organizational Culture and Employee Performance

Of the three sub-variables in this study, it was found that organizational culture had the strongest positive correlation with employee performance. Meaning an improvement in organizational culture would significantly lead to an increase in employee performance by 43.6%. Premised on this, Bank of Uganda should conduct a leadership/ management assessment in order to identify areas that require improvement, and then provide training and development plans focusing on the specified areas. Management practices that encourage employee engagement should also be reexamined, that way employee performance could further improve.

5.6 Limitations of the study

Although this study contributes to the relevant literature by providing a case from a Ugandan organization, several limitations exist. Firstly, the research subjects were drawn from an exclusive organization, the BOU. Results may vary in different organizations as there are major variations in different organizations.

Second limitation is focus was on only three Organization Design elements that the researcher envisaged were affecting employee performance. Other elements could also affect employee performance.

Third limitation is the nature of research design that was used in this study, that is, a correlational design.

Fourth limitation is the unavailability of literature on Organization Design. This was also noted by Foss (2012) in her newly started open-access Journal of Organization Design (JOD), "established organization studies/ theory journals do not seem to publish much organizational design research, and perhaps this JOD can partially preempt this niche."

5.7 Areas recommended for future research

This study has been carried out in only one organization which happens to be the only one of its kind in Uganda, that is, the BOU. It is therefore recommended that further and more extensive research on employee performance be carried out in other organizations in order to compare results. Furthermore, this study centered on three Organization Design variables as predictors of employee performance, further research could be conducted on other variables of Organization Design such as those recommended by Stanford (2007) namely, strategy, processes, management practices, systems and people. These variables are similar to those recommended by the key informants of this study who indicated during interviews that some of the things that could encourage employees to fully perform their duties excellently as more challenging tasks, work-life balance, enhanced automation of communication processes and substantial increase in the level of Information Technology. The methodology used was predominantly quantitative further research with a more qualitative approach could be conducted.

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APPENDIX 1

SURVEY QUESTIONNAIRE

TOPIC: ORGANIZATION DESIGN AND EMPLOYEE PERFORMANCE: A CASE STUDY OF BANK OF UGANDA

Dear Participant,

I am currently pursuing a Masters in Management Studies (Human Resource Management) at Uganda Management Institute. As part of my course dissertation, I am undertaking a study on Organization Design and employee performance.

Organization Design is defined as the "the outcome of shaping and aligning all the components of an enterprise towards the achievement of an agreed mission." The components of an organization include; organizational structure, rewards, organizational culture, among others.

The purpose of this study is to examine the relationship between Organization Design and performance of staff of Bank of Uganda. Your responses will provide an understanding of the range of issues that can improve the level of employee performance in an organization like Bank of Uganda.

Kindly complete the attached questionnaire as objectively and accurately as possible, a process which should not take more than 20 minutes of your time. The completed questionnaire should be returned to the undersigned at the earliest opportunity, preferably not later than **31 July 2013.**

Please note that the information provided will be treated with utmost confidentiality and will only be used for the purpose of the study.

Thank you for your kind participation. If you have any queries, please do not hesitate to contact me on Ext. 2655.

Yours sincerely,

Jane Nnaggenda
Human Resource Department

SECTION A: PERSONAL INFORMATION

Please respond to the following questions by ticking/marking the appropriate response:

1) AGE

Below 26 ( )

26-35 ( )

36-45 ( )

46-55 ( )

56-65 ( )

2. GENDER

Male ( )

Female ( )

3. STAFF CATEGORY

Senior Manager (AD, DD, HD, ED) ( )

Middle manger (SPBO, PBO) ( )

Officer (BOII- SBOI) ( )

Administrative Assistant ( )

4. HIGHEST EDUCATION ATTAINMENT

Diploma ( )

Bachelors Degree ( )

Post Graduate Diploma ( )

Masters Degree ( )

PHD ( )

Others (please specify) ……………………………………………………………….........

5. LENGTH OF SERVICE AT BANK OF UGANDA

Less than 6 years ( )

6 – 10 years ( )

Over 10 years ( )

SECTION B: ORGANIZATION DESIGN

Please use the scale below to indicate your level of agreement or disagreement with the statements below.

SCALE	5	4	3	2	1
	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree

(i) Organizational Structure

	Organizational Structure Dimensions					
	Centralization	5	4	3	2	1
1.	Senior management maintains strong control of the affairs of the Bank.					
2.	Most job activities are concentrated at the Bank's Head Office.					
3.	All actions at the lower level are subject to the approval of the Bank's top management.					
4.	Key decisions are taken by the Bank's top management.					
5.	Any change in the strategic direction of the Bank is decided by the Board or Senior management.					
	Formalization	5	4	3	2	1
6.	If a written rule does not cover some situation, we make up informal rules for doing things as we go along					
7.	There are many activities in the Bank that are not covered by some formal procedure.					
8.	The Bank has a very large number of written rules and policies.					
9.	In my experience, things at the Bank are done "by the rule book."					

10.	I ignore the rules and reach informal agreements to handle some situations.					
11.	The Bank has formal communication procedures.					

Subsection (ii) Rewards

	Rewards Dimensions					
	Financial	5	4	3	2	1
12.	My salary drives me to work harder.					
13.	I feel I am paid fairly considering the work I do.					
14.	I value the bonus (13thcheque) I receive at the end of the year when I do my job very well.					
15.	My benefits match both my needs and expectations.					
16.	The BOU Retirement Benefits Scheme is an important factor in keeping me on my job.					
17.	I feel that pay increases are handled fairly.					
	Non-Financial	5	4	3	2	1
18.	My supervisor recognizes my good performance.					
19.	The Bank has frameworks for recognizing best performers.					
20.	The Bank provides me with parking space.					
21.	The Bank has promotional opportunities for me.					
22.	The Bank provides me with training and development opportunities.					

23.	Medical services provided by the Bank are very beneficial to me and my family.					
24.	My workplace provides a safe working environment					

Subsection (iii) Organizational Culture

	Organizational Culture Dimensions					
	Leadership Style	**5**	**4**	**3**	**2**	**1**
25.	The leadership provides specific guidance to subordinates on what is expected of them and offers rewards when goals are achieved.					
26.	Leaders pay attention to each individual's need for achievement and growth by acting as a mentor /coach.					
27.	Leaders give subordinates complete freedom to solve problems on their own.					
28.	Leaders encourage subordinates to be innovative and creative in their duties.					
29.	Leaders totally trust followers to perform the job themselves.					
30.	Leaders focus on adherence to standard rules and regulations.					
31.	Leaders talk optimistically about future goal attainment.					
32.	Leaders only take action when tasks are not going as planned.					
	Decision-Making	**5**	**4**	**3**	**2**	**1**
33.	During decision-making managers always get more information and advice from others including subordinates.					
34.	Decisions in the Bank are based on open discussion and debate of facts.					
35.	Managers share the problem with subordinates and get a solution supported by the majority.					

36.	When making decisions managers spend very little time consulting with colleagues.					
37.	Managers allow others to share their views but make decisions on their own.					
38.	Decisions are solely made by managers.					

SECTION C: EMPLOYEE PERFORMANCE

Please use the scale below to indicate your level of agreement or disagreement with the statements below.

SCALE	5	4	3	2	1
	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree

	Employee Performance					
	Goal Achievement	**5**	**4**	**3**	**2**	**1**
39.	I am aware of the goals that I am expected to achieve.					
40.	I always meet the target goals.					
41.	I am able to do my work well with minimum time and effort however challenging it is.					
42.	I take appropriate actions to achieve goals.					
43.	I create an environment that supports and encourages goal achievement.					
44.	I have the necessary strengths to achieve goals.					
	Timely provision of information					
45.	I promptly get the information I need to execute my tasks.					
46.	I plan my work so that it is done on time					
47.	I promptly provide information that is requested.					

	Accurate Reports					
48.	Reports I prepare are always accepted with minor changes.					
49.	My reports always meet the required objectives.					
50.	The deadlines I am given enable me to present accurate reports.					

SECTION D:

Please provide honest responses to the following questions. You may note that this research is for study purposes only and your confidentiality is assured.

51. Please indicate at least TWO things in order of priority that could improve your performance by ranking them **1** and **2** in the space provided with **1** being the most important

………

………

52. What do you consider as the main challenges when performing your duties?

……

……

……

53. What are some of the things that you think the Bank could do to encourage employees to fully perform their duties excellently?

……

……

……

THE END

THANK YOU FOR YOUR PARTICIPATION

APPENDIX 2

INTERVIEW SCHEDULE FOR BOU KEY RESPONDENTS

Dear Respondent,

I am currently pursuing a Masters in Management Studies (Human Resource Management) at Uganda Management Institute. As part of my course dissertation, I am undertaking a study on Organization Design and employee performance.

The purpose of this study is to examine the relationship between Organization Design and performance of staff of Bank of Uganda. Your responses will provide an understanding of the range of issues that can improve the level of employee performance in an organization like Bank of Uganda.

Please note that the information provided will be treated with utmost confidentiality and will only be used for the purpose of the study.

I thank you in advance for participating in the survey.

Q1: How would you describe the Bank's Organizational Structure in terms of job activities, power and authority?

____

____

Q2: In your view how does your answer in (Q1) above in affect employee performance?

____

____

____

____

Q3: What rewards does the Bank have in place for its staff?

Q4: How in your opinion have these rewards affected employee performance?

Q5: What other kind of rewards do you think would help improve staff performance?

Q6: Which leadership style describes that predominant at BOU?

Q7: Explain how the leadership style you have described above affects employee performance if at all it does.

Q8: Which leadership style would you recommend?

Q9: What is the nature of decision-making in BOU?

Q10: How does your answer in (9) above influences the performance of staff of the Bank? Please explain.

Q11: Please indicate at least TWO things in order of priority that could improve your performance by ranking them 1 and 2 in the space provided with 1 being the most important.

APPENDIX 3

DOCUMENT ANALYSIS GUIDE

Particulars of Documents	Variable of Focus	Observation remarks/ Data				Strength in Literature	Gaps in Literature
		Period of study	Methodology of study	Results of study	Environment of Study		