

Impact of monetary rewards on levels of employee productivity in Savings and Credit organizations in South Western Uganda case study Kihanga Mparo SACCO Kabale Branch.

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Abstract: The study looked at Kihanga Mparo SACCO Kabale Branch, a Savings and Credit Organization, as a case study to see how financial incentives affected employee productivity levels. The goals of the study were to identify the elements influencing employee productivity, identify the tactics SACCOS might utilize to reach high levels of productivity, and investigate the link between financial incentives and staff productivity in Kihanga Mparo SACCO. The research study found a significant relationship between financial incentives and worker productivity. Using a cross-sectional research design, the study collected data. The study, which was done utilizing a questionnaire, interviews, and Focus groups, used both primary and secondary data. Both quantitative and qualitative research methodologies were used to perform the study, and coding and SPSS were used for analysis. The study advises Kihanga Mparo SACCO management to devise the most appropriate financial incentives, such as competitive wages and salaries, providing employees with Allowances, overtime, and other benefits with the purpose of increasing their productivity.

1.0 Back ground of the Study

Several studies have found that among employee surveyed, money was not the most important motivator, and in some instances managers have found money to have a demotivating or negative effect on employees. The decision-making processes and organizational elements that go into allocating benefits and remuneration to employees in exchange for their work on behalf of the company make up the reward system (Wilson 1994). An organization's senior management must establish a connection with its personnel that will satisfy the constantly evolving demands of both sides if it is to fulfill its commitments to shareholders, employees, and society (Wilson, 1994).

Throughout the history of industrial/organizational behavior, a great deal of research has been done on employee performance (Judge, Thoresen, Bono, & Patton, 2001) It has been called the "Holy Grail" of organizational/industrial behavior (Landy, 1989). When a job has activities that are fulfilling to him or her, an employee who is intrinsically motivated will be dedicated to it to that amount. A person who is driven by benefits from outside sources will be dedicated to their work to the extent that they can do so. He went on to say that in order for someone to be driven at work, a need must exist, one that the person must believe they have a chance of satiating through a reward.

The Northern Division Kabale Municipality is home to the Kihanga Mparo SACCO Kabale Branch. With only 50 clients when it started in 2018, it now has more than 2,000 clients. Its purpose was to make services more accessible to clients, especially those who lived in Kabale Town and the surrounding areas.

2.0 Review of Related Literature

2.1 Basis for Monetary Rewards

According to Isaac (2008), the three basis for a reward are result evaluation, result measurement, and target setting.

Results Assessment

The "outcome evaluation" determines the person's performance. Target setting and result measurement are both directly related to outcome evaluation. Comparing labor force targets with actual results is the process of evaluation. It offers details that have an impact on pay, motivation, and goal-setting. The creation of an information gathering system by the sales management that enables fair and accurate evaluation is crucial.

Result Measuring

A neutral procedure called "outcome measurement" is utilized to quantify performance. The effectiveness of result measurements depends on their ability to be changed by the personnel and their ease of regular measurement. The biggest influence on behavior comes from clearly defined, well-communicated, and followed-up goals. Performance should be track able and measurable for both employees and management on a regular basis.

Target Setting

Setting targets for employees involves choosing goals that are expressed in terms of anticipated performance. Every factor that is measured should have specific performance goals. The targets have two effects on behavior. First off, it will boost employees' motivation and action by giving them concrete goals to work toward. Second, by contrasting actual performance with anticipated performance, performance targets enable employees to assess their own performance (Merchant et al 2003). Having clear goals for employees is vital, according to Bergum (2001). Targets must be perceived by the person as fair, attainable, and demanding in order to be effective in motivating them.

2.2 Different Types of Rewards used in organization

It is crucial that the business understands that it must provide rewards that its personnel value (Halachmi 2005). If this is not considered, the award may have a negative effect on the recipient and may lower motivation to meet organizational goals. As a result, the company needs to understand what drives its employees and acknowledge that different factors motivate different people at different times of their lives. Generally, Halachmi (2005) explores the concepts of intrinsic and extrinsic rewards but generally views reward categories as being monetary, non-monetary, and non-financial rewards. It must be decided whether to provide monetary and/or non-monetary benefits.

Monetary Rewards

Cash bonuses are by far the most typical kind of financial compensation, though there are undoubtedly other forms as well, according to Halachmi (2005). Armstrong and Murlis (2004), for instance, list profit sharing, stock-related rewards, and gain sharing as additional financial incentives. According to Halachmi (2005), monetary incentives can be offered to both people and teams and can be determined by both individual and team performance. Money benefits do not necessarily have a good impact on motivation, as Armstrong (2004) suggests.

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Non-Financial Rewards

Cash is the most typical kind of monetary compensation, according to Halachmi (2005). If there is no connection between the award and the results, non-financial rewards are those that come at no expense to the business, according to Halachmi (2005). The work contract and the relationship between the employee and the employer are currently the most significant non-financial benefits. Money is no longer the primary motivator for employees, according to Harder (2008). They imply that employees are more interested in opportunities nowadays so they can advance their knowledge and abilities. An organization will experience employee retention issues if it is unable to successfully provide opportunities for its staff.

When employees have the power to make decisions that affect the organization and when these decisions are made based on the employees' abilities, knowledge, and competence, intrinsic incentives are more likely to occur. This will encourage staff to operate in the company's best interests (Segal 2005).

On the other hand, extrinsic rewards can be connected to both monetary and non-monetary benefits, making them something that the company can manage. In order to design the best incentive system possible, businesses must bear in mind both of these supplementary reward systems. The organization might nevertheless attempt to promote intrinsic incentives by developing a working atmosphere and job descriptions that the employees respect and enjoy, even though intrinsic rewards are related to the specific employee. When awarding a team for the first time, it is crucial to add extrinsic incentives because they will spur team members' interest in working together.

2.3 Monetary Rewards System and levels of employee production in Kihanga Mparo SACCO

According to Motta (1995), job performance is a function of both skill and job happiness. Ability is developed by training, tools, experience, comfort with tasks, and two sorts of capacities, namely, mental and physical. The elements that have proven to be the performance evaluation programs' unifying forces are the rewards and performance evaluation. Wilson (1994) identified performance management as one of the essential components of the complete reward system.

Entwistle (1987) noted that good employee performance results in organizational awards, and employee satisfaction is based on performance. The majority of companies demand that employees follow all rules and regulations as well as employment requirements

that adhere to the highest standards. The purpose of the investigations that were done to determine how remuneration and people related was to improve employee performance (Ciscel, 2004). Since of how well they perform, highly satisfied employees are a company's competitive advantage because they help the business achieve its objectives. In terms of giving a business a competitive edge over rivals, human resources. All employees' loyalty is predicated on rewards and recognition as referenced in Ali and Ahmed (2009). He made the case that an organization's ability to grow and endure depends on how its people resources are handled. By completely adhering to their business plan through well-balanced incentive and recognition programs for employees, the majority of firms have made significant development sources are more important than financial, economic, and other resources.

He claimed that giving employees effective acknowledgment would increase their job satisfaction and productivity, which would ultimately improve an organization's performance. How an organization maintains employee satisfaction and how they assess employee performance for pay are key factors in the firm's overall success. Any company strategy and approach to managing its human resources must include managing employee performance (Ahmed 2009).

According to Locke (2009), employees can only reach a condition of contentment and fulfillment when they exert all of their skills into carrying out their duties at work. Motivated workers are kept by firms in this way, which lowers further costs of hiring.

According to Ali and Ahmed (2009), incentive and recognition programs help employees stay upbeat, enhance their morale, and establish a connection between job happiness and performance. The fundamental goal of a recognition and reward program is to establish a compensation structure and explain it to the staff so that they may connect their rewards to their work output, which in turn promotes job satisfaction. According to Locke's definition from 2009, job satisfaction is a pleasurable emotional state that results from valuing one's employment based on their experiences at work. Financial incentives, compensation and benefits, promotions, and other incentives are among the rewards that, to some extent, please workers. However, for committed workers, acknowledgment is necessary to maintain their commitment, motivation, and appreciation.

Alimi (2002) contends that promotions present opportunities for social advancement, increasing levels of responsibility, and personal development. Similar to this, recognition, a key component of employee motivation, adores an employee through admiration and confers a status on them personally in addition to their position as an organization employee. According to Barton (2002), recognition, which is the key component of their compensation system, is what sets apart the Fortune Best Companies from the competition. According to Wilson (1994), conditional recognition is the kind of acknowledgment that one must work for and obtain by some feeling of action or outcome accomplishment.

Employees are unquestionably more connected to their employer because, after receiving appropriate rewards and recognition at work, their work can become their biggest source of personal fulfillment. Whether it is a first-time performance or repeated action at the workplace, rewards increase productivity and performance at work in a progressive approach. According to Eastman's (2009) research, creating creative work is consistently favored by internal motivation while unfavorable by extrinsic motivation.

Staffing, job design, performance and reward systems, managerial styles, and training are five crucial human resource management (HRM) activities that Gagne (2009) proposed a new model of knowledge-sharing incentive. According to Ali and Ahmed (2009), there is a statistically significant association between motivation and satisfaction as well as reward and recognition, respectively. According to the study, there would be a comparable change in employee motivation and satisfaction if rewards or recognition were to be changed.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

The research study employed a cross-sectional survey approach to gather views and opinions about financial incentives and productivity levels.

3.2 Population of the Study

100 respondents were chosen as the target demographic from among the SACCO's stakeholders, including employees, clients, and community members.

3.3 Sampling Techniques and Sample Size

Purposive sampling, non-probability sampling, and stratified sampling procedures were the sample methods employed in the study.

3.4 Data Collection Techniques

There were interviews and a questionnaire used to collect the data.

3.5 Methods of Data Analysis

Statistical Package for Social Scientists V 20 was used to do correlation analysis, mean and standard deviation calculations on the data.

3.6 Area of the Study

Kihanga Mparo Savings and Credit Organization Kabale Branch was the focus of the study.

4.0 DATA PRESENTATION AND ANALYSIS**4.1 Sex of the respondents**

Table showing the sex of the respondents

Sex	Frequency	Percentage
Male	70	58
Female	50	42
Total	120	100

Source: Field Survey, 2022

According to the table, 58% of responders were men and 42% were women.

4.2 Age of the respondents

Table 2 showing the Age of the respondents

Age	Frequency	Percentage
18- 28	35	29
29 – 39	20	17
40 – 50	40	33
51 – Above	25	21
Total	120	100

Source: Field Survey, 2022

According to the aforementioned statistic, 29% of respondents were between the ages of 18 and 28, 17% between the ages of 29 and 39, 33% between the ages of 40 and 50, and 21% were over the age of 51.

4.3 Marital status of the respondents

Table 3 showing marital status of the respondents

Marital Status	Frequency	Percentage
Married	70	58
Single	40	33
Widowed	10	08
Total	120	100

Source: Field Survey, 2022

58% of the respondents were married, 33% were single, and 8% were widowed, as shown above.

4.4 Basic Monetary rewards

Table 4 showing the basics for monetary reward

Basis of Reward	Frequency	Percentage
Result evaluation	40	33
Result Measuring	50	42
Target Setting	30	25
Total	120	100

Source: Field Survey, 2022

As can be seen from the table above, there are a number of fundamentals for financial rewards. According to 33% of respondents, result evaluation can serve as a fundamental for financial rewards, 42% indicated result measurement, and 25% stipulated target establishing.

4.5 Different types of rewards

Table 5 showing the types of rewards

Type of rewards	Frequency	Percentage
Financial Rewards	70	58
Non-Financial Rewards	50	42

Total	120	100
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Source: Field Survey, 2022

There are various forms of prizes, as was already mentioned. 42% of respondents said non-financial awards are also used to reward personnel within a business, while 58% of respondents said financial benefits are one of the sorts of rewards.

4.6 Impact of Monetary rewards on the level of employee performance in Kihanga Mparo SACCO**Table showing the impact of Monetary Rewards on employee performance**

Impact	Frequency	Percentage
Motivation	20	16
Increased Out put	30	25
Commitment of employee	25	21
Control labor turnover	35	29
Opportunity for growth	10	8
Total	120	100

Source: Field Survey, 2022

According to the responses in the table above, respondents had varying opinions on how financial incentives affect worker performance. 16% of respondents said that financial incentives may boost motivation levels, 21% said that they can increase employee engagement, 29% gave an example of how financial incentives can reduce labor turnover, and 9% said that they can create opportunities for growth.

5.0 CONCLUSION AND RECOMMENDATIONS**5.1 Conclusion**

The research investigation found a strong and significant correlation between financial incentives and workers' levels of productivity in Kihanga Mparo SACCO. According to the study, when workers receive fair pay and salaries, their morale rises, which in turn results in higher output and productivity, which in turn promotes organizational sustainability and growth. A questionnaire and an interview guide were utilized in the research project to collect both qualitative and quantitative data, which was then analyzed using SPSS V20. According to the research, motivating people inside a business requires offering them alluring rewards, providing a positive work atmosphere, and giving them training to develop high levels of productivity.

5.2 Recommendations

The research study made the following management recommendations: management should give employees a wide range of perks based on their needs, ensure job security, pay workers on time, and give them wages and salaries that can allow them to meet their needs.

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