

REWARDS AND STAFF RETENTION IN PUBLIC SECTOR IN UGANDA: AN EMPIRICAL STUDY FROM KABALE DISTRICT LOCAL GOVERNMENT

Moses Ntirandekura¹, Christopher Friday², Masembe Muhammad³

¹ntimoses33@gmail.com

PhD student/Assistant Lecturer, Kampala International University

²fridaychristopher@rocketmail.com

PhD student/Assistant Lecturer, Kampala International University

³muhammad.masembe@studmc.kiu.ac.ug

PhD student/Human Resource Manager, Kampala International University

ABSTRACT: *The study established the relationship between rewards and staff retention in public sector in Uganda with reference to Kabale District Local Government. The research espoused a cross-sectional research design backed by qualitative and quantitative methods. A total of 325 respondents who agreed to participate in the study were chosen using simple random sampling and purposive sampling techniques. Questionnaires and interview guide were used for data collection and descriptive and inferential statistics were used for analysis with the use of Statistical Package for Social Sciences version 22.0. The findings of the study revealed that rewards have a strong positive relationship with staff retention in the Kabale District Local Government. The study found that rewards have a significant relationship with staff retention. The study recommended that the Kabale District Local Government should increase its reward system and establish a structure for rewards that allocates funds for employee rewards. Kabale District Local Government must make sure that the criteria for promotions are just and should be based on an employee's successful performance.*

Keywords: Rewards; staff retention; public sector, local government

INTRODUCTION

The compensation that an employee receives from an employer in exchange for services rendered or as payment for labor performed is known as a reward (Lin, 2007).

The idea of staff retention refers to the measures taken by an organization to encourage the long-term employment of its productive employees. It consists of the different steps an organization takes to make sure a worker stays with the company for a long period (Chiboiwa, Samuel, & Chipunza, 2010). Employee retention is vital for any business since it ensures that the money spent on training new hires to make them corporate ready and compliant with established standards has been worthwhile (Connolly & McGing, 2017).

Background to the Study

In order to succeed, organisations both public and private today are beginning to create employee retention strategies. Organizations first used employee retention strategies in the United States, Europe, and Asia before spreading to Australia (Irshad & Afridi, 2007). According to Schuler (2015), in the 1990s, businesses began to suffer the consequences of labor turnover as a result of labor movements that had a negative impact on work performance and the subsequent decline in an organization's productivity.

Because it is linked to the organization's workforce's drive for greater performance, rewarding employees is the most crucial tactic for increasing staff retention. The problem for the organizations, though, is deciding what kind and combination of incentive tools to utilize. Numerous studies have shown that incentives have a beneficial effect on employees' health and workplace security. It is one of the elements that seeks to promote workplace employee engagement, which is a crucial component of work performance (Furtado, et al. 2009).

Effective human capital initiatives are a concern for businesses around the world looking to increase productivity. It is obvious that staff productivity in a growing company is a crucial aspect of how well the company performs. Employees, who are technically referred to as human resources in modern firms, are rightfully regarded as the most crucial resources for the success of the banking industry (Ong and Teh, 2012). Organizations in industrialized nations like the USA, Japan, the UK, and Germany view their staff as a valuable resource that should get careful attention when promotions are made (Lawler and Worley, 2006).

The justification for giving rewards to workers is that motivated workers are more likely to be pleased in terms of getting their wants, both material and non-material. Employees will be inclined to leave the company if this isn't done (Azasu, 2009). Employees can

choose to get extrinsic rewards like salary, bonuses, and incentives, or they can choose to receive intrinsic rewards like praise and acknowledgment for specific work successes (Sajuyigbe, Bosede and Adeyemi, 2013).

Employee rewards are one of the widely desired elements in commercial banking that are thought to have an impact on organizational performance in developing nations like China, India, and Thailand. Through acknowledgment and gratitude, one of the most crucial elements in rewarding employees for their contributions to the organization's success (Ajila and Abiloa, 2004).

Employees are motivated by rewards in the nations of East Africa, thus businesses must recognize and reward staff for fostering a healthy competitive atmosphere. This is one of the necessities for businesses to reach high levels of productivity. Some employees are highly motivated by extrinsic rewards like pay raises, promotions, and bonuses, while others are motivated by intrinsic rewards like recognition, appreciation, and praise (Bana and Kessy, 2007).

In Uganda's local governments, Wanda (2015) asserts that rewards (28.7%), training (32.3%), and performance appraisal (43.2 percent) all contribute to employee retention. The author suggested creating a policy framework aimed at enhancing employee benefits based on research done on the local government of Mbale District. For the years 2010 to 2015, UBOS estimated that Uganda's workforce experienced a turnover rate of 5% annually. According to the survey, inadequate pay is the main reason for employee churn. The public sector's expansion was largely to blame for the 71 percent of open posts that were now vacant (Uganda Bureau of Statistics, 2018).

The 2017 Auditor General's Report (Auditor General, 2017) noted understaffing in Kabale District Local Government which had an impact on its performance, particularly with regard to budget implementation. This may not be a sufficient justification for the poor service delivery found in the two reports, though. One of the likely reasons for the district's poor service delivery cannot be ruled out is management laxity in providing benefits to staff so they can work for the local government for longer. It is upon this background that a study was done to establish the relationship between rewards and staff retention in Kabale District Local Government.

Statement of the Problem

Employees are the most valuable assets of an organization and should be treated exemplarily so as to retain them. Kabale Local Government has institutional markers in place for developing a strong workforce, including employee performance appraisal, staff training, workshop facilitation and job postings to ensure that employees stay longer on their jobs. For the years 2010 to 2015, UBOS estimated that Uganda's workforce experienced a turnover rate of 5% annually. According to the survey, inadequate pay is the main reason for employee churn. The public sector's expansion was largely to blame for the 71 percent of open posts that were now vacant (Uganda Bureau of Statistics, 2018). Kabale Local Government faces staff shortage which has led to poor service delivery (Auditor General, 2017). Based on this background, this study was conducted to establish the relationship between rewards strategies and staff retention in public sector organisations in Uganda with due emphasis on Kabale District Local Government.

Objective

To establish the relationship between rewards and staff retention in Kabale District Local Government.

Research Hypothesis

Rewards have no significant relationship with staff retention in Kabale District Local Government.

RESEARCH METHODOLOGY

Research Design

A cross sectional research design was used because it enabled the researcher to save time and minimize expenditure of repetitive visiting of respondents. The study used both quantitative and qualitative approaches. Qualitative approach assisted the researcher to obtain detailed description of the study variables while quantitative approach helped in measurement of the relationship between the variables (Amin, 2005; Punch, 2006).

Study Population

The population was 1755 and consisted of the employees of Kabale District Local Governments.

Sample Size Selection

The total sample size was 325 and was determined using Sloven (1960) formula which is $n = N / (1 + Ne^2)$. Where, n = total sample size of the study N = total population size of the study e = sampling error (margin of error). This study will consider 5% of sampling error with 95% of confidence level in which samples have the true population value.

$$1755 / (1 + 1755 (5\%)^2)$$

$$1755 / (1 + 1755 (0.0025))$$

$$1755 / (1 + 1755 \times 0.0025)$$

$$1755 / (1 + 4.3875)$$

$$1755 / (5.3875) = 325$$

Sampling Techniques

Simple random sampling was used in this study to select 300 members of staff of Kabale District Local Government. This was done to ensure that every respondent selected randomly had an equal and independent chance of being selected. During simple random sampling, the researcher sought a list of staff from the human resource and each staff respondent was represented by his/her name in initials. These were written on pieces of papers and were thoroughly mixed together in a box, the researcher picked one by one until a sample of 300 staff was reached. Those whose names were picked were required to participate in the study.

This is the type of sampling which does not allow each elementary unit to be chosen. It is also called non – random sampling and it is used in qualitative research. Purposive sampling was used to select 25 staff because it provided specialized information on the area of study and it saves time and money as recommended by Mugenda & Mugenda (2003). Because of the typicality and usefulness of data, the researcher used it to select key informants of the study.

Data Collection Instruments

The study used questionnaires and interviews to collect primary data. Kothari (2004) defines a questionnaire as a document that consists of a number of questions printed or typed in a definite order on a form or set of forms. It was derived from purpose of study or general objective and was scored using a five Likert Scale ranging from strongly agree to strongly disagree in regard to responses to items questioned. According to Mugenda and Mugenda (2003) measurement of the variable give the researcher information regarding the extent of individual difference on a given variable. It was therefore on this basis that the appropriate measuring instruments were used to measure the variables and to categorize data in an orderly form. The questionnaire included Likert scale constructs with a scale ranging from 1-5 where each respondent was required to rate each and every statement given describing a given variable. The scale ranged from 5=Strongly Agree, 4=Agree, 3=Neutral, 2= Disagree and 1=Strongly Disagree. The questionnaires were administered to 300 respondents. Questionnaires were used to collect quantitative data and it was been chosen because respondents were literate and able to read and generate quantitative data.

Interview guide was used to collect qualitative data to capture in depth information in order to complement data that was collected by structured questionnaires.

Data Analysis and Presentation

The researcher used Statistical Packages for Social Sciences version 22.0 software to analyze the data. Quantitative data were entered into Statistical Package for Social Sciences and were analysed using descriptive and inferential statistics. Inferential statistics involved the use of Pearson correlation coefficient and regression to determine the associations between the independent and the dependent variables. The qualitative data from the interview responses, documentary review were analyzed using thematic procedures. This involved organizing the statements and responses (through summaries, coding and testing out main study themes) and useful conclusions and interpretation were generated based on patterns and explanations of the study findings and research objectives.

FINDINGS

Correlation Analysis of Rewards and Staff Retention in Kabale District Local Government

The correlation between rewards and staff retention was determined and the results were indicated in table 4.2;

Table 4.2: Correlation between Rewards and Staff Retention

	Rewards	Staff Retention
Rewards	Pearson Correlation	1
		.994**

	Sig. (2-tailed)		.000
	N	300	300
Staff Retention	Pearson Correlation	.994**	1
	Sig. (2-tailed)	.000	
	N	300	300

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

Source: Primary Data, 2022

From Table 4.2, the Pearson correlation of $r=.994^{**}$) reveals a positive but statistically significant relationship between rewards and employee retention, which means that staff provision of pension when statutory retirement clocks, paying enhanced salaries to staff, providing great skills, allocating responsibilities to staff that make employees feel work is important, offering promotions based on performance and following the right criterion, and provision of allowances are all good examples of how to keep staff happy and enhance their retention.

Model Summary of Rewards and Staff Retention in Kabale District LG

Table 4.3 shows the model summary of rewards and staff retention

Table 4.3: Model Summary of Rewards and Staff Retention in Kabale DLG

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.994 ^a	.988	.988		.15009

a. Predictors: (Constant), Rewards

Source: Primary Data, 2022

Results indicated in Table 4.3 shows that rewards accounts for 98.8% of the variation in staff retention in Kabale District Local Government (Adjusted $R^2 = .988$). However, the model failed to explain 1.2% of the variations in staff retention. This implies that there could be other factors that influence staff retention in Kabale District Local Government other than rewards which are not explained by this regression model.

Analysis of Variance on Rewards and Staff Retention in Kabale District Local Government

The analysis of variance on rewards and staff retention in Kabale District Local Government is presented in table 4.4 as follows;

Table 4.4: Analysis of Variance on Rewards and Staff Retention in Kabale DLG

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	556.861	1	556.861	24718.633	.000 ^b
	Residual	6.713	298	.023		
	Total	563.574	299			

a. Dependent Variable: Staff Retention

b. Predictors: (Constant), Rewards

The findings indicated in table 4.4 shows that the values of F (24718.633) and Sig statistics (.000^b) indicates that the regression model is statistically significant because the sig. value (.000^b) less than 0.05, indicating that rewards has a significant influence on staff retention. The high residual sum of Sum of Squares (6.713) indicated that the model does not explain the variations in staff retention and there could be other factors that explain for a higher proportion of the variation in employee retention in Kabale District Local Government.

Regression Coefficient of Rewards and Staff Retention in Kabale District Local Government

The regression coefficient of rewards and staff retention in Kabale District Local Government is presented was presented as follows;

Table 4.5: Regression Coefficient of Rewards and Staff Retention in Kabale DLG

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1	(Constant)	-1.249	.028		-44.125	.000
	Rewards	1.237	.008	.994	157.222	.000

a. Dependent Variable: Staff Retention

Source: Primary Data, 2022

According to regression coefficient in Table 4.5; rewards has a positive significant influence on staff retention in Kabale District Local Government since the Beta Value (.994) is positive and its corresponding Sig. value (.000) is less than 0.05. The Beta value indicates that one unit improvement in rewards results into .994 improvements in staff retention in Kabale District Local Government. This is supported by $B = 1.237$, $p=0.000$. The results imply that a unit change in rewards leads to a positive change in staff retention by the rate of 1.237. The null hypothesis which states that there is no significant relationship between rewards and staff retention in Kabale District Local Government is thus neglected and the alternative is accepted.

CONCLUSIONS

The study concludes that rewards have a positive significant with staff retention. It was established that staff provision of pension when statutory retirement clocks, paying enhanced salaries to staff, provision of great skills, allocating responsibilities to staff that make employees feel work is important, offering promotions basing on performance and following the right criterion enhanced staff retention in Kabale District Local Government.

RECOMMENDATIONS

Rewards were found to have a significant influence on staff retention in Kabale District Local Government. Thus, it is recommended that Kabale District Local Government should improve on its reward system and should provide remuneration policy framework that provide budget line for employee rewards.

Kabale District Local Government need to ensure that promotion criterion is fair and giving promotion should be based on effective performance of a staff. This will improve employee retention as well as performance.

Findings revealed that most staff were paid low salaries compared to the cost of living. Thus, it is recommended that there is need for enhancement of salaries of staff in order to much the cost of living so that employees can meet his basic necessities. This will motivate staff to stay long in service thus improving performance in Kabale District Local Government.

The findings revealed that most staff disagreed that they were paid over time when they worked for long hours. Therefore, in order to ensure that employees worked overtime and stay long in the local government, overtime work should be accompanied by payment of allowances.

REFERENCES

- Ajila, C., and Abiola, A. (2004), Influence of Rewards on Workers Performance in an Organization, *Journal of Social Science*, 8(1), pp.7-12.
- Auditor General. (2017), Annual report of the Auditor General on the results of audit for the year 2017. Kampala: Auditor General.
- Azasu, S., (2009), Rewards and performance of Swedish real estate firms, *Compensation & Benefits Review*, 41(4): 19-28.
- Bana, B. and Kessy, A. (2007), Staff Management and Organisational Performance in Tanzania and Uganda: Public Servant Perspectives.
- Chiboiwa, M. W., Samuel, M. O., & Chipunza, C. (2010), An examination of employee retention strategy in a private organisation in Zimbabwe. *African Journal of Business Management*, 4(10), 2103-2109.
- Connolly, P., & McGing, G. (2017), Graduate education and hospitality management in Ireland. *International Journal of Contemporary Hospitality Management*, 18(1), 50-59.
- Furtado, F. Aquino, G. & Meira, S. (2009), Incentive Systems in Software Organizations, *ICSEA 2009 - The Fourth International Conference on Software Engineering Advances*. Porto, Portugal. September, 2009.
- Irshad, M., & Afridi, F. (2007), Factors affecting employees retention: Evidence from literature. *Abasyn Journal of Social Sciences*, 4(2), 307-339.
- Lawler, E.E. and C.G. Worley, (2006), Winning support for organizational change: Designing employee reward systems that keep on working, *Ivey Business Journal*, pp: 15.

Lin, H.F., (2007), Effects of extrinsic and intrinsic motivation on employee knowledge sharing intention, *Journal of Information Science*, 33(2): 135-158.

Ong, S and Teh H (2012), Reward System and Performance Within Malaysian Manufacturing Companies, IDOSI Publications, 1Faculty of Economics and Management, University Putra Malaysia, Malaysia.

Schuler, R. S. (2015), The 5-C framework for managing talent. *Organizational Dynamics*, 44(1), 47-56.

Uganda Bureau of Statistics (2018), Manpower survey Uganda (MAPU) 2016/2017. Kampala: Uganda Bureau of Statistics.

Wanda, S. (2015), Human Resource Practices and Employee Retention in Local governments in Uganda: A Case Study of Mbale District Local Government. Kampala: Uganda Management Institute.