

**THE EFFECT OF COMPENSATION PRACTICES ON EMPLOYEE  
PERFORMANCE :A CASE STUDY OF NATIONAL COUNCIL OF SPORTS  
LUGOGO COMPLEX**

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**UGANDA CHRISTIAN  
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## DECLARATION

I Iriau Catherine do declare that this proposal is a result of my original work and has not been submitted for the award of the bachelor's degree in any other University, no part of this research should be reproduced without the authors' consent or that of Uganda Christian University.

Signature.....

Date .....10th. 09. 2024.....

## APPROVAL

This is to certify that this dissertation has been done under my supervision and is now ready for submission to the School of Business at Uganda Christian University.

Signature: ..... *Eyamu* ..... Date: ..... *10/07/2024* .....

DR. EYAMU SAM

(Supervisor)

## DEDICATION

I dedicate this dissertation to my loving parents, Mr. Eocu Benard and Mrs. Anguro Hellen, my beloved uncle, Mr. Oluga Joseph, and my brother, Omoding Paul, who have served as a great source of inspiration and influence during my research period, as well as those who have supported me financially, spiritually, emotionally, and socially. I am really appreciative for their unwavering support and effort.

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## LIST OF ACRONYMS

- NCS** - National Council of Sports
- HRM** - Human Resource management
- SPSS** - Statistical package for the social sciences

## ABSRTACT

The objective of this study was to assess the role of salary in enhancing the performance of employees at the National Council of Sports. This study seeks to fill a knowledge gap concerning what is known about compensation policies that have an impact on the performance of employees. The policy meant was to evaluate the effect of compensation management on employee performance in National Council of Sports. The study's specific objectives were: to determine the effect of direct pay on employee productivity in National council of sports; to establish the effects of indirect pay on employee productivity in National Council of sports; and finally to assess the impact of non-monetary data on employee performance in the national council of sports These findings of this research assisted in formulating and devising acceptable and better compensation systems to help bring about improvement and boost the performance level of employees by boosting their morale and attitudes toward work for better performance and a strong competitive advantage.

It employed a descriptive research design, thus allowing the use of questionnaires as a research instrument. The target population in this study was one hundred fifty (150) employees of NCS, which comprised management, support, and subordinate staff in the establishment. From this population, 45 respondents were obtained using stratified proportional random sampling, with qualitative and quantitative data analysis using SPSS before presenting on tables.

The data analysis led to conclusions and recommendations answering the research questions. The data were presented in the forms of pie charts, tables, graphs, and figures.

## CHAPTER ONE

### 1.0 Introduction

The background, problem statement, purpose, specific objectives, research questions, scope, conceptual framework, and significance of the study, together with the rationale, were presented in this chapter. The motivation was to establish the effects of the payment schemes on employee performance since most companies do not evaluate full pay packages, including those comprised of non-monetary benefits.

### 1.1 Background of the study

Global competitiveness is crucial in ensuring a well-designed and maintained compensation program that finds and retains within an organization competent, efficient, and well-informed individuals who ensure the best possible job performance from the employees (Akter and Moazzam, 2016). In fact, people are the most valuable resource for an organization, and the capability of employers to attract, retain as well as reward accordingly talented and competent employees determines whether the organization will thrive or fail. Employees' willingness to stay on the job is highly influenced by the organization's compensation packages (Armstrong, 2016). To promote optimal employee performance and retention, firms must explore a multitude of appropriate techniques to reward employees in order to achieve the desired objectives (Falola, Ibidunni, and Olokundun 2014).

Pay management, according to Adeniyi (2013), is one of the most vital components in human resource management because they are the complex but routine activities that require complete accuracy and cannot afford any delay in their completion for maximum organizational goals and objectives. According to Fadugba (2012), the job-satisfaction and staying desire of the employees depend upon the compensation packages and rewarding system adopted by the organization.

In other words, remuneration policies are an effective way of directing attention within an organization. The remunerations deliver explicit messages to all employees of the firm concerning what attitude counts and performance is

anticipated from them (Schell and Solomon 2017). Compensation strategies have a direct relationship with the employee's performance. For instance, Mayson and Barret, 2016 expounds that an organization's ability to attract, motivate and retain staff by competitive remunerations and relevant rewards is a positive determinant towards its performance and development while Inés and Pedro, 2015 established that employee compensation system significantly contributed to individual performance as well as overall organizational performance. Therefore, with the business competitiveness increasing rapidly on the continent, regionally, and locally, innovative compensation packages directly linked to increased employee performance are being sought by many firms. Deni and Michel, 2016. Usually, compensation programs are initiated by companies through direct and indirect financial rewards and incentives that encourage and, over time, increase performance. Long 2017. Most businesses use financial incentives, such as wages, salaries, or performance-based bonuses to stay ahead of their competitors and retain employees.

Employee benefits in the country are structured to protect employees and their families from financial disruptions due to health challenges. In addition, the workplace programs are structured to enhance their overall quality of life (Ali and Raza, 2015). Health non-provincial benefits include medical, prescription, vision, and dental plans. Others offered include group disability, employee assistance, and retirement benefit programs. The short and long run increased employee performance due to the availability of diverse pay packages made the working environment competitive to be at par with firms that lag in giving better compensation practices Ali and Raza 2015. Most of the employees change employment in Uganda especially in this case the National Council of Sports in search of high salary. The authors stated that the common causes of employee turnover were either low remuneration in their current position, which acted as a motivating factor to look out for other opportunities.

This may evidence that due to certain unfair compensations, there were unspent budgets at the National Council of Sports. The National Council of Sports Vote 166 Performance Report FY 2022/23 indicates in the second quarter that this was due

to the ongoing procurement process, staff who left for greener pastures, travel abroad, and welfare and entertainment balances.

Several researchers, with notable mention of Ali and Raza (2015), indicate that employees only remain with an organization to put in all their best efforts when they believe the pay-out procedure is fair on par with their efforts. This has been the reason for a significant number of employees leaving their jobs to settle in another city or country in search of greener pastures. Apparently, most organizations in the country are still grappling with issues that surround compensating employees well enough to improve performance.

Therefore, an assessment on whether remuneration policies affect employee performance at National Council of Sports has to be conducted on a wide basis.

Moreover, Andrews (2016) stated that while a job-title-based salary can be determined as an appropriate reward for working effectively in routine activities, there are situations when top talents need some additional incentives. These will provide the opportunity to attract qualified and talented staff and keep them in the enterprise. Although there have been claims that many firms have lost employees to competitors of late, poor compensation practices have been accused of being the reason for this exodus, and employees seek to go to other firms that will consider compensating them better and, as a result, repay them by performing well. It was against this background that this study contributed to the debate by attempting to establish what the true picture of the prevailing remuneration schemes and their impact on employee performance at the National Council of Sports was.

## **1.2 The Problem Statement**

Each organization strives to be at the top in the market by taking the largest market share and having a better competitive advantage over competitors. For this to occur, employee performance is key to such a situation since it leads to increased productivity whereby one will have a reduced employee turnover rate, employees focus on timely completion of tasks, customers satisfaction, and delivering quality service or job in their roles. Their pay policies were also criticized as it was unfair since the National Council of Sports offered only salary

without considering direct and indirect remuneration. Benefits are those returns given to employees for the efforts they invest in the organization. Potential list of employee performance awards are health insurance, disability income protection, retirement benefit, daycare, tuition reimbursement, sick leave, vacation- paid and unpaid, educational funding, flexible and alternative work arrangements. All compensations were in cash, and compensation issues of employees were thus narrowly viewed by employers. Other forms of remunerations that make up the employees' total compensation package are barely thought of. The employee had not come to understand that his or her salary was a package that was not limited to just cash. This above understanding of pay leads to poor management of pay and most of the time performance due to such understanding. Today, work environment had more change and unpredictability, there was a greater demand for expertise individuals, traditional incentives are declining, non-traditional incentives are on the rise, and variable remuneration is increasingly being used.

Many studies found no significant relationship between executive compensation and performance of the staff, while others found that a combination of monetary and non-monetary compensations improve performance. As shown by the conflicting findings of research, the actual impact that remuneration policies have upon employees' performance in the National Council of Sports, particularly its administration and all support staff - which this study was based upon - is not readily available. What National Council of Sports had witnessed was the clearly stipulated procedure for employee compensation package determination, what monetary and non-monetary packages were available to the organization, and the impact on employees' performances. Also, non-monetary packages impacted the employee's performance. Compensation, in general had limited resources to cash therefore a tunneled perspective. The firm also made an effort to have a concentration on methods of compensation for employees. However, employees had failed to realize that their remuneration was a bundle that encompassed more than just cash. Due to the previous perception of pay practices, it was moderately organized and employee's performance were generally affected, and vice versa. The research aimed at closing this gap by assessing the impact of remuneration schemes on employee's performance.

### **1.3 Main objective of the study**

The main objective of the study was to examine the effect of compensation practices on employee performance at National Council of Sports.

### **1.4 Specific objectives of the study**

- i. Examine the effect of direct-financial compensation on employee performance at National Council Sports.
- ii. Examine the effect of indirect-financial compensation on employee performance at National Council Sports.
- iii. Examine the effect of non-financial compensation on employee performance at National Council Sports.

### **1.5 Research questions**

- i. How did direct remuneration affect employee performance at National Council Sports?
- ii. How did indirect remuneration affect employee performance at National Council Sports?
- iii. How did non-financial pay impact employee performance at National Council Sports?

### **1.6 Scope of the study**

#### **1.6.1 Subject scope**

The research was pegged on two variables, where one was the compensation practices acting as an independent variable while employee performance acted as a dependent variable. For the pay methods, they were clearly measured for the influence as the independent variable at the National Council of Sports based on salary, bonus, benefits, and performance-based pay.

#### **1.6.2 Geographical scope**

The survey was done among employees of the National Council of Sports Uganda, which is located at site no. 2-10 Coronation Avenue Central, Kampala Lugogo Complex. The target population consisted of 150 personnel, including administration, technical, and support professionals.

### **1.6.3 Time scope**

The survey was limited to employees who had worked for NCS for less than a year and hence had experienced type of compensation at NCS. This survey took period of four months which were long enough to allow the researcher to collect data.

### **1.7 Significance of the study**

Understanding the relationship between compensation practices and employee performance was crucial for several reasons:

**Increased Employee Motivation and Engagement:** Competitive remuneration plans would serve to incentivize employees toward harder work and higher returns. Employees will feel valued by the remuneration, hence increasing engagement and commitment toward the realization of organizational goals.

**Improved Retention and Recruitment:** Top candidates will remain longer and can be attracted with the best remuneration practices that organizations provide. Competitive remuneration minimizes the urge for employee turnover, reducing time and money spent on recruitment and training.

**Improved Performance and Productivity:** When staff feel appreciated and secure from a financial point of view, they are more likely to be productive and produce good work. A well-structured compensation plan can encourage desired behaviors and skill levels that link directly to organizational performance.

**Strategic Talent Management:** By understanding how compensation practices impact performance, organizations can design reward systems that align with their strategic goals. This allows them to attract and retain the talent needed to achieve specific objectives.

**Improved Employer Brand and Reputation:** The reputation of paying fairly or competitively raises the bar in organizations by boosting their employer brand. This results in a wider pool of qualified applicants and a positive work environment.

**Better Employee Relationships:** Applications of the principle of fair compensation nurture a positive working environment with improved employee relations. In

instances where employees perceive fairness in their treatment, satisfaction and relations with employees are usually good.

## **1.8 Justification of the study**

### **1.8.1 National council of sports**

The results of the study could greatly assist National Council of Sports in creating more effective compensation structures. By prioritizing employee morale and motivation, these enhancements are expected to improve service quality and overall performance

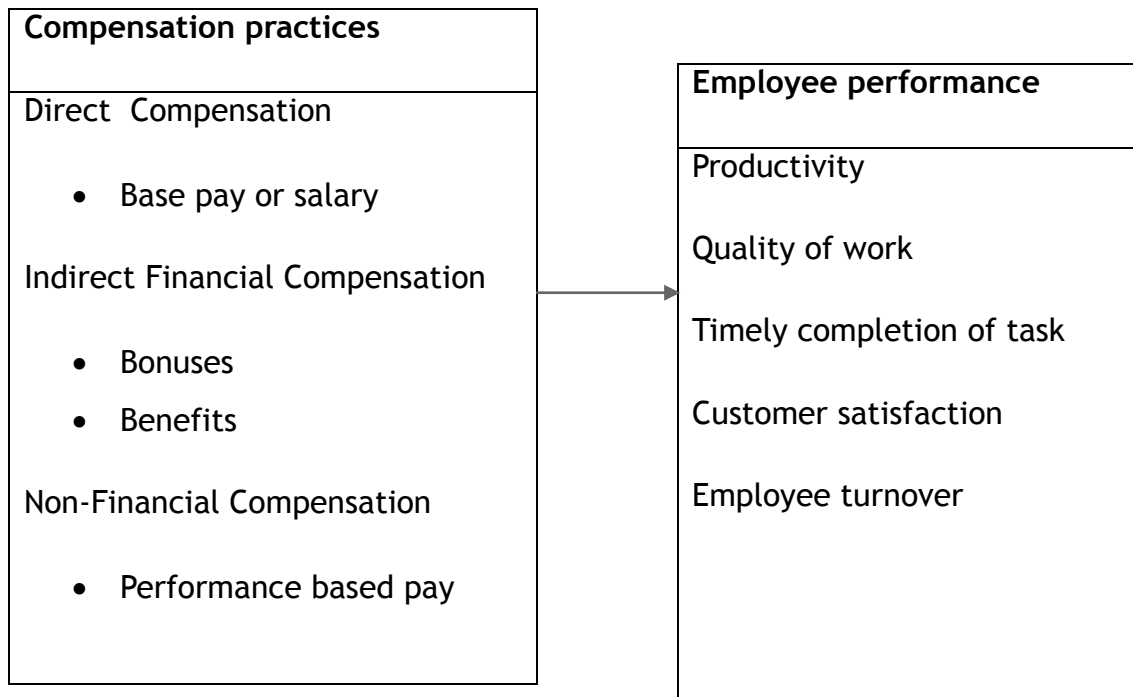
### **1.8.2 Other researchers**

Moreover, the study may also be a useful resource for other researchers. It can provide a deeper understanding of the issues explored and highlight gaps in the current literature, thus facilitating further research recommendations. This dual advantage emphasizes the study's potential influence on both organizational practices and academic exploration.

## 1.9 Conceptual framework

Independent variable

Dependent variable



This conceptual framework is developed by Mobley, H., Griffeth W., Hand, H. & Meglino, B. (2013).

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter provided analysis of the literature connected to the topic under study. It concentrated on the variables described in the preceding chapter. The chapter's goal was to give the researcher a better understanding of the subject field from the perspective of other researchers and intellectuals. The researcher's goal was to get an understanding of the subject area's gaps, with ultimate goal of filling those that come within the scope of this research.

#### 2.1 Equity theory

According to equity theory, employees assess their contributions to the organization, the rewards they receive, and how their commitment compares to others both within and outside the organization to ensure that their business relationship is fair and transparent. The anticipation of addressing imbalances in the region unit was anticipated to motivate staff to undertake initiatives aimed at restoring value. Unfortunately, some of these measures (for example, suspending or requiring participation) may not be effective for an organization. Equity theory centers around two aspects: the input and the outcome. Employees with an associate degree in an organization analyze the quantitative connection between their job inputs and the outcomes associated with their degree. If the employee observes a discrepancy, he or she could take steps to rectify the inequality. The employee might decrease their productivity or the standard of their work. Persistent inequalities would lead to higher rates of absenteeism and even employees leaving the organization (greenberg, 2005).

Polyglot (2010) investigated how a company handled the problem of worker pay discount, as well as the results for high embezzlement fees and perceived fairness. two organizational devices experienced panoptic salary cutbacks. a third unit obtained no compensation cuts and served as an impact cluster. Clarifications for the pay reduction were dealt with in a spread of ways for the 2 pay-reduce businesses. Inside the "exceptional clarification" pay-reduction cluster,

management supplied a wealth of data to illustrate the grounds for the pay cut, as well as communicating pressing remorse. In qualification, the "inadequate clarification" cluster acquired a plethora of much less facts and not using a trace of regret. The control cluster acquired no salary discount (hence, no rationalization). The mob in command and the two pay-reduce recipients began with similar theft ranges and equity perspectives. After the pay cut, the stealing charge in the applicable cause cluster was 54% higher than within the manipulate group. However, the price of embezzlement inside the "inadequate rationalization" circumstance turned into 141% greater than now not the control group. if so, communicate had a major self-regulating impact on personnel' perceptions and behaviors.

Cowherd and Levine (2012) emphasized that employees should evaluate their salaries in relation to those of higher-level positions within the organization. If lower-level specialists perceive inequities in their treatment, they may opt to reduce their efforts to extract value from their work. In the context of their research, quality was characterized by clients' acknowledgment of service standards.

They further posited that additional role-related behaviors, such as volunteering to assist others, adhering to the intent rather than the literal interpretation of regulations, and rectifying errors that might typically lead to termination, would be minimal when considerable pay disparities exist between hourly workers and those in higher social control roles. Their research supported this idea, concluding that companies must take proactive measures to mitigate the potentially detrimental psychological effects of employees drawing motivation from various sources.

## **2.2 Direct Monetary Compensation and Employee Performance**

A direct monetary stipend can act as both a reward and a source of motivation. Salaries are typically issued regularly and punctually. It is understood that wages or pay rates are provided as compensation in the form of cash or similar methods through employment (Baker, 2012). One of the primary objectives for nursing staff within an organization is to receive financial compensation.

Basic needs such as food, clothing, and shelter are met through this compensation. Each company has the capacity to offer a foundational pay rate that fulfills these essential requirements (Kanzunnudin, 2007). Various economists have commented on wage mechanisms.

The implicit contract briefly illustrates how professional wages within a company are established through agreements between employers and unions. This suggests that wage rates may be resistant to effective alterations, particularly in the presence of powerful unions, much like in a competitive market. Stagnant salaries make it incredibly challenging to decrease compensation.

Insider-outsider models argue that both labor and product markets are flawed. In the labor market context, unions and a limited number of employers determine wage rates through collective bargaining agreements. Non-union employees are categorized as outsiders, while union members are viewed as insiders. Consequently, the wages negotiated tend to be higher than those in a highly competitive marketplace.

Wage flexibility emerges as a critical topic in economic discussions, frequently referenced in relation to the motivational dynamics provided by organizations. Various theoretical models propose how companies should structure pay plans in order to incentivize employees to work toward the organization's overall benefit. Decisions to work extra hours often arise to enhance organizational profit.

Wages become a vital factor of persuasion when they are directly linked to performance (Umar, 2012). Determining pay structures presents significant challenges for organizations, as wages symbolize the perceived value of employees' contributions among specialists, their families, and the broader community. Wages are crucial for businesses, reflecting an organization's commitment to safeguarding its human resources and ensuring sustained dedication to the industry.

Effective compensation strategies are anticipated to maintain the viability of the workforce, align with organizational vision and goals, and facilitate the achievement of work objectives (Umar, 2012). Shields (2007) regarded basic compensation as an essential component of total pay that is fixed and predominantly determined by time rather than performance. A significant portion

of the total remuneration for subordinate employees is allocated to basic pay, which serves as a standard for other financially motivating factors such as revenue sharing, deemed a necessary compensation metric.

Fundamental remuneration plays a crucial role in attracting and retaining employees. Prospective employees often evaluate job offers based on basic pay rather than intrinsic rewards or other benefits not formally included in the organizational framework, such as job security. In a competitive environment, companies may offer above-market wages to retain their workforce.

### **2.3 Indirect Financial Compensation and Employee Performance**

The main objective of fringe benefits is to retain employees within the organization. The practical advantages to the employing firm include maintaining competitiveness with other companies, preserving some level of labor-management harmony in collective bargaining scenarios, and fostering acceptable overall morale. Fringe benefits deliver various advantages. For instance, paid vacations are believed to provide mental and physical relaxation, leading to increased enthusiasm and productivity at work.

Life insurance alleviates concerns regarding family security, enabling employees to focus more on their job. Company cafeterias encourage the consumption of nutritious meals, helping to mitigate afternoon fatigue. Health services promote employee wellness, which reduces absenteeism. Employee benefits can return value to the company in several ways, including enhanced recruitment, improved morale and loyalty, better public perception, diminished union influence, and a reduced likelihood of future governmental intervention (Flippo, 2014).

Determining the monetary value of employee benefits often proved to be a complex task. Employee benefits, along with various motivators, encouraged staff to pursue higher performance levels. Such incentives allowed organizations to attract and retain skilled professionals, while also driving all employees to engage actively in achieving the organization's objectives effectively and successfully (Okumbe, 2011).

Benefits should be considered an investment by employers. The intangible returns of a strong benefits program include enhancements to the company's reputation, employee dedication, and overall goodwill. On the other hand, more tangible returns, such as employee attraction, retention, and productivity, have a direct influence on a company's financial performance (Leopold, 2010). Implementing flexible work arrangements has shown to be effective in retaining high-performing female employees.

To combat voluntary turnover, other organizations will need to develop innovative strategies (Susan & Schuler, 2010).

Sabbaticals are one of the benefits that some employers offer to help mitigate employee burnout. Increasingly, companies are providing vacation benefits to retain talented personnel. This approach allows staff to take time off for rest, while also enabling management to save costs by retaining skilled employees instead of investing resources to replace those who leave (Knudson, 2006).

#### **2.4 Non-Financial Compensation and Employee Performance**

Non-financial benefits encompass job design, the working environment, opportunities for career advancement, training, collaboration, and recognition. Work plans are typically crafted to enhance employee satisfaction and achieve organizational goals by aligning job content, processes, and assignments with the diverse preferences and skills of employees.

Effective job design can significantly motivate individuals by creating engaging and challenging tasks. A well-structured work environment can elevate employee morale and motivation by reducing feelings of monotony and repetitiveness (Georg & Rastogi, 2007).

Improvements in work design, including job rotation and enrichment, can lead to enhanced performance. Properly implementing Human Resource initiatives such as work transformation, enhancement, and expansion can help sustain these improvements.

Such interventions are successful in increasing job complexity by altering tasks, resulting in heightened employee enthusiasm and engagement. Additionally, flexible work schedules, task delegation, and telecommuting support employees in

balancing their personal and professional lives. Flexible schedules allow employees to choose their arrival and departure times, while job sharing enables two employees to collaborate on the same project. Telecommuting permits employees to work from home for part of the week.

An improved work environment fosters a sense of belonging, engagement, dedication, and performance among employees. This uplift in morale tends to drive productivity. When employees feel in control, have valid reasons for completing their tasks, and enjoy their work, they are more likely to be motivated. Conversely, a lack of adequate resources, training, tools, and programs can lead to dissatisfaction, which diminishes efficiency. Inefficient work environments plagued by issues such as poor ventilation, inadequate seating, poor lighting, and excessive noise can create discomfort and hinder productivity (Hughes, 2007). A workplace devoid of safety and communication barriers can further diminish motivation and performance.

A well-designed work environment featuring ergonomic furniture, adequate lighting, and a functional layout can eliminate many challenges and enhance productivity. Low employee motivation often stems from insufficient recognition, appreciation, and promotion opportunities within the workplace. The presence of disruptive colleagues can negatively affect workplace relationships, resulting in higher absenteeism and a decreased likelihood of employees remaining with the company (Roelofsen, 2012).

Employee motivation can be influenced by various factors such as interpersonal relationships, advancement opportunities, commitment, and autonomy. Management should focus on improving working conditions to boost productivity and thus motivate employees. Since employees are not machines, workplaces should offer amenities like fitness centers and lounges for relaxation.

Limited promotional opportunities can adversely affect motivation and performance. Employees tend to feel valued and encouraged when they are given chances to shape their careers by acquiring skills, innovations, and competencies needed for their advancement.

Motivation is inherently forward-looking. Based on this principle, employees are likely to be motivated if their aspirations for specific goals are fulfilled. Motivation is likely to rise when employees perceive that their efforts will lead not just to

successfully meeting goals but also to addressing larger challenges. Creating pathways for employee success is closely linked to effective management practices. Therefore, organizational training and development initiatives can significantly influence employee performance (Armstrong, 2011).

Organizations have historically prioritized the development of their employees and enhancing their motivational aspects, such as self-esteem and self-actualization. This approach helps them achieve optimal performance and meet established targets.

Equal opportunities for advancement, coupled with a fair compensation structure and training, can significantly bolster employee motivation. There is a positive correlation between training and employee performance (Whitney & Cooper, 2009). The prospect of future financial benefits, promotions, and recognition inspires employees to acquire new skills and innovations during training programs, which begin with a needs assessment to analyze the gap between current and desired performance.

## CHAPTER THREE: METHODOLOGY

### 3.0 Introduction

This section encompasses research design, target population, and sampling methods. It also covers data collection tools and procedures, as well as considerations for instrument validity and reliability, and methodologies for data presentation and analysis.

### 3.1 Research Design

Research design refers to a comprehensive strategy used to answer a research question. It encompasses all techniques for integrating the various components of a study in a coherent and systematic way to effectively address the research problem. According to Mugenda (2003), research design is the framework established for gathering and analyzing information, ensuring that the relevant research objectives align with the efficiency of the methods employed. This study employed a descriptive cross-sectional quantitative design to evaluate the impact of remuneration policies on employee performance at NCS. This approach allows the researcher to effectively utilize quantitative strategies for data collection, analysis, and interpretation.

### 3.2 Target Population

The target population consists of individuals and groups from whom the researcher drew study samples. For this research, the target population included 150 employees of NCS, comprising management, support, and technical staff.

### 3.3 Sampling Design

Sampling involves the selection and analysis of a relatively small number of individuals, items, or events to gain insights about the larger population. A sample is a small subset of the target population chosen systematically. I employed stratified random sampling to ensure that findings could be generalized.

### 3.4 Data Collection Instrument

Data for this study were gathered using questionnaires, which allowed for quicker administration compared to interviews. The questionnaires included both open-

ended and closed-ended questions. Closed-ended questions provided a set of possible answers for respondents to choose from based on their perspectives.

### **3.5 Data Collection Procedure**

Open-ended questions featured blank spaces for respondents to articulate their thoughts freely. This format ensured effective quantitative data collection, and the researcher personally conducted the data collection.

### **3.6 Pilot Study**

The questionnaires were pretested to evaluate their reliability and validity. To minimize bias, the pilot study included items from NCS employees who were not part of the main research.

#### **3.6.1 Validity Test**

Validity is described by Frankel and Wallen (2006) as the degree to which a measurement accurately represents knowledge or truth. It pertains to how well an instrument can accurately measure what it is intended to measure. Mugenda and Mugenda (2003) emphasize the importance of accuracy and meaningfulness in research outcomes. Concurrent validity assesses how closely a measurement correlates with another instrument measuring the same construct, thus establishing the test's relevance by comparison with a previously validated instrument. Content validity reflects the extent to which a test adequately covers the relevant content of a given concept. The validity of the instruments was confirmed through the development of questions and consultations with content experts, with adjustments made according to their feedback.

#### **3.6.2 Reliability Test**

To assess the reliability of the research instruments, a test-retest approach was employed, wherein eight respondents were given the questionnaires twice within one week. The researcher analyzed the results to identify any correlation between the two sets of responses (Kumar, 2005). This method was preferred over the internal consistency approach due to its straightforward execution.

### **3.6.3 Data Analysis Procedures**

Data analysis involves collecting, organizing, and interpreting raw data to highlight valuable insights, draw conclusions, and support final decisions (Kothari, 2001). The aim of data analysis is to transform raw data into comprehensible reports. Both quantitative and qualitative techniques were utilized; qualitative analysis was conducted through explanatory notes, while quantitative data was analyzed using SPSS, represented in tables and figures.

### **3.7 Ethical Considerations**

Given that this study involved human participants, ethical issues were thoroughly addressed. According to Rosenthal (2004), ethics in research involves the researcher's duty to accurately represent occurrences. It encompasses maintaining integrity when conducting and reporting research and appropriately acknowledging contributions and ideas.

#### **3.7.1 Confidentiality and Privacy**

Anonymity for participants was ensured by assigning unique identification numbers, which safeguarded both their identities and their responses. The study presented generalized data that could not be traced back to specific individuals.

#### **3.7.2 Informed Consent**

Participants were fully informed about the study, and their consent was obtained prior to participation. The informed consent included details about the study's expected duration and assured participants of their right to decline or withdraw from the research at any point.

### **3.8 Limitations of the Study**

#### **3.8.1 Lack of Cooperation**

The researcher anticipated that some employees might be reluctant to complete the questionnaires due to concerns about potential negative repercussions from their responses. To alleviate this issue, a letter of introduction from the University was sought, clearly stating that the study was solely for academic purposes and that all information obtained would remain strictly confidential. When distributing the questionnaires, the researcher presented this letter and provided any necessary clarifications.

### **3.8.2 Access to Information**

Obtaining information about pay schemes from National Council of Sports posed a challenge due to the intense competition in the market. To address this issue, the researcher reached out to the management of the National Council of Sports, stressing that the study was being conducted solely for academic purposes and that all information shared would be treated as strictly confidential. This reassurance, combined with an introductory letter, proved effective in convincing management to share essential information necessary for the success of the study.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.0 Introduction

This chapter is dedicated to analyzing the data collected in relation to the variables under investigation. The data is presented across several key sections: demographic details, direct financial compensation, indirect financial compensation, and non-financial compensation.

#### 4.1 Presentation of Research Findings

##### 4.1.2 Response Rate

The researcher aimed to gather biographical data from the participants, which would aid in assessing the quality of the information gathered for the study's objectives. Consequently, several areas of interest were explored, including the respondents' age, gender, educational qualifications, and length of service at the National Council of Sports.

##### 4.1.3 Gender

Among the study's respondents, there were 28 males and 17 females, totaling 45 participants.

Gender	Frequency	Percentage
Men	28	62%
Women	17	38%
<b>Total</b>	<b>45</b>	<b>100%</b>

*Source: Study, 2017*

The data reveals that the male participants constituted 62% of the total, highlighting a male-dominated demographic.

#### 4.1.4 Age

The researcher also examined the ages of the participants, leading to the following findings: Employees aged 18 to 29 represented 7%, those aged 30-39 accounted for 22%, participants aged 40-49 made up 40%, ages 50-59 comprised 24%, and individuals over 60 represented 7%.

Age Group	Frequency	Percentage
18-29 years	3	7%
30-39 years	10	22%
40-49 years	18	40%
50-59 years	11	24%
60 years Above	3	7%
<b>Total</b>	<b>45</b>	<b>100%</b>

#### 4.1.5 Education Level

The study assessed the educational attainment of the respondents, yielding the following results: Certificate holders comprised 7%, secondary school students constituted 11%, diploma holders made up 22%, individuals possessing bachelor's degrees accounted for 36%, and those with postgraduate degrees represented 24%.

Education Level	Frequency	Percentage
Certificate	3	7%
Secondary	5	11%
Diploma	10	22%
Bachelor's Degree	16	36%
Postgraduate	11	24%
<b>Total</b>	<b>45</b>	<b>100%</b>

*Source: Study, 2017*

#### 4.1.6 Duration of Service of Respondents

This section aimed to ascertain the tenure of each participant's service at the National Council of Sports to evaluate the experience gained, which is essential for providing accurate information.

Duration of Service	Frequency	Percentage
Less than a year	3	7%
1-3 years	12	27%
4-6 years	14	31%
7-9 years	10	22%
Above 10 years	6	13%
<b>Total</b>	<b>45</b>	<b>100%</b>

The findings indicate that 7% of the respondents had been in service for less than a year, 27% for 1-3 years, 31% for 4-6 years, 22% for 7-9 years, and 13% for over 10 years.

#### 4.2 Direct Financial Compensation

##### 4.2.1 Monthly Constant and Fixed Salary

The purpose of this section was to assess the implementation of direct financial compensation through a fixed monthly salary. Below are the results:

Monthly Fixed Compensation	Frequency	Percentage
Yes	37	82%
No	8	18%
<b>Total</b>	<b>45</b>	<b>100%</b>

*Source: Study, 2017*

The findings indicated that 82% of respondents acknowledged the presence of a regular and stable monthly salary, affirming the existence of direct financial compensation for the services provided. Conversely, 18% disagreed, suggesting the possibility of casual workers who receive pay on a weekly or bi-weekly basis.

#### 4.2.2 Regularity of Salary Payments

The objective was to assess whether salaries and wages are paid on consistent dates and if payment delays cause frustration among employees.

**Table 4.2.2: Regularity of Salary Payments**

Payment Date Type	Frequency	Percentage
Fixed payment day	6	13%
Sometimes flexible	26	58%
Very flexible	5	11%
Don't know	8	18%
<b>Total</b>	<b>45</b>	<b>100%</b>

Source: Study, 2017

#### 4.2.3 Adequacy of Salaries for Employee Retention

The researcher aimed to determine if the salaries and wages were sufficient to motivate employees to remain with the National Council of Sports.

**Table 4.2.3: Adequacy of Salaries for Employee Retention**

Salary Adequacy Opinion	Frequency	Percentage
Strongly agree	8	18%
Agree	10	22%
Disagree	20	44%
Strongly disagree	7	16%
<b>Total</b>	<b>45</b>	<b>100%</b>

Source: Study, 2017

The survey participants indicated that 18% strongly felt the wage was adequate for attracting individuals to work for the National Council of Sports, 22% agreed, while 44% disagreed, and 16% strongly disagreed.

#### 4.2.4 Salary and Remuneration vs. Employee Performance

It was essential to inquire whether respondents believed that their salaries and remuneration reflected their skills, competencies, and performance levels.

**Table 4.2.4: Salary and Remuneration vs. Employee Performance**

Remuneration Reflects Performance	Frequency	Percentage
Yes	11	24%
Somewhat	18	40%
Not sure	6	13%
No	10	23%
<b>Total</b>	<b>45</b>	<b>100%</b>

**Source: Study, 2017**

The data revealed that 24% of respondents believed their salaries and remuneration accurately reflected their skills, competencies, and output, while 40% disagreed. Additionally, 13% were unsure, and 23% did not respond.

### 4.3 Indirect Financial Compensation

#### 4.3.1 Other Benefits Provided by the National Council of Sports

The study aimed to identify the availability of additional benefits at the National Council of Sports, beyond direct financial compensation. The results are shown in Table 4.3.1.

**Table 4.3.1: Other Benefits Offered by NCS**

Other Benefits	Frequency	Percentage
Yes	41	91%
No	4	9%
<b>Total</b>	<b>45</b>	<b>100%</b>

**Source: Study, 2017**

Clearly, there are additional benefits available at the National Council of Sports apart from direct financial compensation, as 91% of respondents confirmed this, indicating that indirect financial benefits are also provided.

#### **4.3.2 Impact of Indirect Financial Compensation on Employee Performance**

The researchers examined how indirect financial rewards influenced employee morale and performance.

**Table 4.3.2: Impact of Indirect Financial Compensation on Employee Performance**

Effect of Indirect Financial Compensation	Frequency	Percentage
Great effect	18	40%
Normal effect	15	33%
Less effect	10	22%
No effect	2	5%
<b>Total</b>	<b>45</b>	<b>100%</b>

**Source: Study, 2017**

### 4.3.2 The Impact of Indirect Benefits on Employee Performance

Indirect benefits, including health insurance and paid vacation, significantly influence employee performance as reported by 40% of survey participants. They noted that 33% perceived these benefits to have an average impact, while 22% felt the effects were minimal, and 5% reported no impact on financial compensation.

### 4.3.3 Company Concern for Employee Personal Needs

The research aimed to assess whether the company demonstrates concern for employees' personal needs. The responses are detailed in the table below:

**Table 4.3.3: Company Concern for Employee Personal Needs**

Response	Frequency	Percentage
Strongly Agree	3	6
Agree	8	18
Disagree	28	62
Strongly Disagree	6	13
<b>Total</b>	<b>45</b>	<b>100</b>

*Source: Study, 2017*

The results indicate that the company does not prioritize employees' personal needs, such as childcare services and benefits for domestic partners, with 62% of respondents disagreeing. Additionally, 18% agreed, 13% strongly disagreed, and 6% strongly agreed.

### 4.3.4 Fair Administration of Benefits Based on Competence

The findings suggested that the company inadequately compensates its employees based on competency and job performance, as observed by 50% who disagreed with the notion, 33% who occasionally agreed, 13% who agreed, and 4% who seldom agreed.

#### 4.4 Non-Financial Compensation

##### 4.4.1 Non-Financial Compensation Offered at National Council of Sports

The researcher aimed to determine whether non-financial compensation, such as flexible working hours and job-sharing arrangements, was available at NCS. The results were as follows:

The data indicated that 87% of respondents affirmed that NCS provides non-financial compensation, such as flexible working schedules and job-sharing, while 13% disagreed.

##### 4.4.2 The Influence of the Working Environment on Employee Performance

The researcher investigated how the working environment as a form of non-financial reward impacts employee performance.

According to the respondents, 35% strongly agreed that factors such as seating, lighting, noise levels, recognition, and promotion opportunities positively influence employee performance, while 49% agreed, 11% disagreed, and 5% strongly disagreed.

##### 4.4.3 The Role of Employee Recognition in Enhancing Performance

To assess how employee recognition impacts performance, data was gathered and presented as follows:

**Table 4.4.3: The Role of Employee Recognition in Performance**

Employee Recognition	Frequency	Percentage
Yes	14	31
Somehow	20	45
Not Sure	6	13
No	5	11
<b>Total</b>	<b>45</b>	<b>100</b>

*Source: Study, 2017*

From the results, 31% of respondents strongly agreed that recognition in the form of shopping vouchers, appreciation events, and awards enhances employee performance. Meanwhile, 45% felt it had a partial impact, 13% were uncertain, and 11% disagreed.

#### 4.5 Total Reward System

##### 4.5.1 The Relationship between Employees and Compensation

This section aimed to assess the significance of the relationship between top management and employees regarding compensation.

**Table 4.5.1: Employee Relationship Regarding Compensation**

Employee Relationship	Frequency	Percentage
Yes	36	80
No	9	20
<b>Total</b>	<b>45</b>	<b>100</b>

*Source: Study, 2017*

##### 4.5.2 The Impact of Combining Financial and Non-Financial Compensation

This investigation focused on the effects of integrating financial and non-financial rewards in employee compensation. The findings are summarized below:

**Table 4.5.2: The Impact of Mixing Financial and Non-Financial Compensation**

Impact of Compensation	Frequency	Percentage
Great Impact	23	51
Normal Impact	10	22
Less Impact	8	18
No Impact	4	9
<b>Total</b>	<b>45</b>	<b>100</b>

*Source: Study, 2017*

### 4.5.3 The Effect of Employee Involvement in Total Reward Strategy Design

The researcher aimed to evaluate how employee involvement in the creation of the total compensation strategy impacts employee performance.

**Table 4.5.4: The Effect of Employee Involvement in Total Reward Strategy Design**

Employee Involvement	Frequency	Percentage
Yes	32	71
Somehow	7	15
Not Sure	4	8
No	2	6
<b>Total</b>	<b>45</b>	<b>100</b>

*Source: Study, 2017*

The data indicated that 71% of respondents believed that involving employees in designing total reward strategies is crucial for their acceptance and commitment, which is necessary for improving employee performance. This was supported by 15% who somewhat agreed, 8% who were unsure, and 6% who disagreed.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter addresses the research questions by summarizing the findings from the collected data, drawing conclusions based on that summary, and offering recommendations derived from the study.

#### 5.1 Summary of Findings

##### 5.1.1 Direct Financial Compensation

The analysis revealed that the organization offers a reliable monthly salary as direct financial compensation for services rendered, with 82% of respondents acknowledging this stability. While 58% noted that the dates for salary payments were flexible, 13% indicated that certain months had fixed payment dates. When asked whether the compensation was adequate to retain staff, 60% disagreed, whereas 40% agreed. Regarding whether salaries and rewards accurately reflected employees' skills, competencies, and productivity, 24% expressed agreement, while 40% felt that there was only a partial reflection.

##### 5.1.2 Indirect Financial Compensation

As reported by 91% of respondents, indirect financial benefits like health insurance and paid leave were available at the National Council of Sports. These benefits were perceived to have a significant influence (40%) or a moderate effect (33%) on employee performance. However, 80% felt that the organization was not attentive to personal needs such as childcare services, although domestic partners were recognized. Additionally, 50% of participants believed that benefits were not distributed equitably based on employee ability and productivity, while 33% felt there were times when equity was evident.

##### 5.1.3 Non-Financial Compensation

According to 87% of survey participants, the National Council of Sports offered non-monetary rewards, including flexible work schedules and job-sharing

opportunities. An impressive 84% noted that factors related to the working environment such as seating, lighting, noise levels, recognition, and opportunities for promotion played a role in employee performance. However, only 31% viewed the acknowledgment of employee efforts through shopping vouchers, festive appreciation meals, and awards as effective in enhancing performance, while 40% were uncertain about this impact.

## **5.2 Conclusion**

### **5.2.1 Direct Financial Compensation**

Regular and predictable monthly income was reported, though the timing of payments varied, with some months having fixed dates. Many employees reported that their salaries were sufficiently motivating for retention, making it less conclusive that the pay is inadequate. There appears to be no consensus on how well salaries and remuneration reflect the skills, competencies, and job performance of employees.

### **5.2.2 Indirect Financial Compensation**

Indirect financial benefits, such as health insurance and paid leave, indeed affect employee performance. The organization does not adequately cater to personal needs, such as childcare and benefits for domestic partners. While the distribution of benefits is generally fair, there are instances where it is perceived to be inequitable.

### **5.2.3 Non-Financial Compensation**

Non-financial rewards, such as flexible schedules and job-sharing arrangements, are essential. The work environment significantly impacts employee performance, which encompasses aspects like seating comfort, lighting, noise levels, recognition, and promotion prospects. Recognition initiatives, including shopping vouchers, appreciation meals, and awards, do not consistently lead to enhanced performance.

### **5.3 Recommendations**

To avoid employee dissatisfaction due to potential delays, it is crucial for the organization to establish fixed payment dates for monthly salaries. Further research should be conducted to identify what factors would ensure that employee compensation is motivational and satisfactory for retention. More investigation is warranted on how payroll and remuneration can be better aligned with employee skills, competencies, and performance.

Employers are encouraged to address the personal needs of their staff by offering services such as childcare and benefits for domestic partners to enhance employee performance. Additionally, consistency in administering benefits is essential to maintain employee trust and fairness.

Lastly, while rewards like shopping vouchers, appreciation dinners, and trophies should not be the primary motivating factors for performance, creating an optimal work environment with adequate seating, appropriate lighting, and timely promotions is critical for fostering effective employee performance.

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## APPENDIX 1: QUESTIONNAIRE

My name is Iriau Catherine Reg No S21B42/024, a student from Uganda Christian University pursuing a Bachelor's degree in Human Resource Management under the faculty of Business and Administration. Am carrying out research on the effects of compensation practices on employee performance and the major reason is to find out how best these practices influence employees' morale to do their best in their job.

This questionnaire will take approximately 10 minutes to complete it. Kindly note that all the information provided in this questionnaire is strictly for this study only and will be treated with confidentiality, your designation will not appear anywhere in the report.

### QUESTIONNAIRE FOR EFFECTS OF COMPENSATION PRACTICES ON EMPLOYEE PERFORMANCE

#### Section A: Demographic Information

1. Your gender?

Male [ ] Female [ ]

2. What is your age bracket?

18-29 years [ ]

30-39 years [ ]

40-49 years [ ]

50- 59 years [ ]

60 years and above [ ]

3. Highest level of education?

Certificate [ ]

Secondary [ ]

Diploma [ ]

Bachelor's degree [ ]

Post graduate degree [ ]

4. Duration of service at National Council of Sports?

Less than 1 year [ ]

1-3 years [ ]

4- 6 years [ ]

7-9 years [ ]

10 years and above [ ]

**Section B: Direct Financial Compensation**

5. Does your organization have constant and fixed salary every month?

Yes

No

6. Are the wages and salaries paid on the set date or it's flexible to sometimes resulting in

Critical delays?

Fixed pay day [ ]

Sometimes flexible [ ]

Very flexible [ ]

Don't know [ ]

7. Do you agree that the basic pay is sufficient to make one desire work for National of Sports?

Strongly agree [ ]

Agree [ ]

Disagree [ ]

Strongly disagree [ ]

8. Does the salary and remuneration paid reflect the skills, competence and the work output? Offered by an employee?

Yes [ ]

Somehow [ ]

Not sure [ ]

No [ ]

### Section C: Indirect Financial Compensation

9. Is there any other benefits offered by National Council of sports apart from salary and

Wages?

Yes [ ]

No [ ]

10. Does the Health insurance and paid leave benefits have any impact on the morale and Performance of an employee?

Great impact [ ]

Normal impact [ ]

Less impact [ ]

No impact [ ]

11. Do you agree that the company is concerned about the personal needs of employees such as child care services, domestic partner benefits etc.?

Strongly agree [ ]

Agree [ ]

Disagree [ ]

Strongly disagree [ ]

12. Does the benefits provided by the company administered fairly according to the competence and work output of an individual?

Yes [ ]

Sometimes [ ]

Rarely [ ]

No [ ]

## Section D: Non-Financial Compensation

13. Job design in terms of job rotation, flexible work schedule and job sharing is part of the non-financial compensation. Does it happen at National Council of Sports?

Yes [ ]

No [ ]

14. Better working environment like seating, lighting, noise, praise, recognition and promotions determines employee productivity. Do you agree?

Strongly agree [ ]

Agree [ ]

Disagree [ ]

Strongly disagree [ ]

15. Career development opportunities offered by management affect employee morale and performance. To what extent do you think it affects employee performance and morale?

Great extent [ ]

Normal extent [ ]

Little extent [ ]

No effect [ ]

16. Does employee recognition through giving of shopping vouchers, praise dinners and trophies etc. ensure employee performance?

Yes [ ]

Somehow [ ]

Not sure [ ]

No [ ]

APPENDIX II: INTRODUCTORY LETTER



**UGANDA CHRISTIAN  
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

30<sup>th</sup> July, 2024

TO WHOM IT MAY CONCERN

Name: IRIAU CATHERINE

Reg. No S21B42/024

A Bachelor's student who is seeking permission from your office to collect data for her dissertation titled

"EFFECTS OF COMPESATION PRACTICES ON EMPLOYEE PERFORMANCE , ACASE STUDY OF NATIONAL COUNCIL OF SPORTS)"

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

A handwritten signature in black ink, appearing to read 'Simon Peter'.

Mukisa Simon Peter  
Research coordinator

