

**THE INFLUENCE OF REWARD SYSTEMS ON EMPLOYEE PERFORMANCE: A  
CASE OF HIMA CEMENT LIMITED**

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**UGANDA CHRISTIAN  
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## DECLARATION


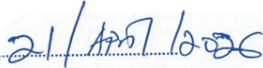
I Okello Emmanuel Reg No. M23B43/018, hereby declare that this research work is my original work and any assistance I received in its preparation is well acknowledged. I certify that this research paper was prepared by myself and has not been submitted to any institution/University but specifically for the partial fulfilment for the award of the degree of Bachelor of Human Resource Management of Uganda Christian University.

Sign:.......... Date:..........

Okello Emmanuel

## APPROVAL

This is to certify that this research paper has been submitted for examination with my approval as the academic supervisor as a requirement for the award of Bachelor of Human Resource Management of Uganda Christian University.

Sign:.......... Date:..........

Aryamanya Aston

## **DEDICATION**

I dedicate this research to all my family members and my friends in regards for their unending love, financial support and encouragement in my entire research process and may the Almighty God bless all of you.

## **ACKNOWLEDGEMENT**

First of all, I would like to thank the Lord Almighty for giving me good health and keeping me safe throughout all the trips that I made in collecting the data needed for this research and keeping my Academic supervisor in good health too, Am really grateful.

I express my gratitude to my family and my friends for the encouragement throughout this journey that kept me motivated to complete this research successfully.

## TABLE OF CONTENTS

|  |      |
|--|------|
| DECLARATION.....   | i    |
| APPROVAL.....  | ii   |
| DEDICATION .....   | iii  |
| ACKNOWLEDGEMENT.....   | iv   |
| LIST OF ACRONYMS.....  | vii  |
| ABSTRACT .....   | viii |
| CHAPTER ONE.....   | 1    |
| 1.0. Introduction .....  | 1    |
| 1.1. Background of Study.....  | 1    |
| 1.2. Problem statement .....   | 3    |
| 1.3. Study objective.....  | 4    |
| 1.3.1 Specific Objective .....   | 4    |
| 1.4. Research Questions .....  | 4    |
| 1.5. Justification of the Study .....  | 4    |
| 1.6. Significance of the Research.....   | 5    |
| 1.7. Scope of the Study.....   | 6    |
| 1.7.1. Content Scope.....  | 6    |
| 1.7.2. Geographical Scope.....   | 6    |
| 1.7.3. Time Scope.....   | 6    |
| 1.8. Conceptual framework .....  | 7    |
| 1.9. Operational Definitions of Terms.....   | 9    |
| CHAPTER TWO.....   | 11   |
| LITERATURE REVIEW .....  | 11   |
| 2.1. Introduction .....  | 11   |
| 2.2.1 Effect of Monetary (Financial) Reward System on employee performance.....                      | 11   |
| 2.2.2 Effect of Non-Monetary Rewarding Systems on the Performance of Employees.....                  | 14   |
| 2.2.3 The correlation between Monetary and Non-Monetary Reward Systems and Employee Performance..... | 18   |
| 2.3. Research Gap.....   | 22   |
| 2.4. Conclusion.....   | 22   |
| CHAPTER THREE.....   | 24   |
| RESEARCH METHODOLOGY .....   | 24   |
| 3.0 Introduction .....   | 24   |
| 3.1 Research Design .....  | 24   |
| 3.2. Study Population .....  | 24   |

|  |    |
|--|----|
| 3.3. Sample Size Determination .....   | 25 |
| 3.4. Sampling Technique.....   | 25 |
| 3.5. Sample Distribution.....  | 26 |
| 3.6 Data Collection Methods and Tools .....  | 26 |
| 3.7. Validity and Reliability .....  | 27 |
| 3.8. Data Collection Procedure.....  | 27 |
| 3.9. Data Analysis .....   | 27 |
| 3.10 Ethical Considerations.....   | 27 |
| CHAPTER FOUR .....   | 29 |
| PRESENTATION, INTERPRETATION AND DISCUSSION OF RESULTS .....   | 29 |
| 4.0 Introduction .....   | 29 |
| 4.1 Response Rate .....  | 29 |
| 4.2 Demographic Characteristics of Respondents.....  | 31 |
| 4.3 Descriptive Statistics of Study Variables .....  | 32 |
| 4.4 Influence of Monetary Rewards on Employee Performance.....   | 34 |
| 4.5 Influence of Non-Monetary Rewards on Employee Performance .....  | 34 |
| 4.6 The relationship between effect of Monetary and non-monetary reward Systems on<br>Employee Performance at Hima Cement Limited..... | 35 |
| 4.7 Influence of Monetary Rewards on Employee Performance (Objective 1) .....  | 36 |
| 4.8 Influence of Non-Monetary Rewards on Employee Performance (Objective 2) .....  | 37 |
| 4.9. Findings discussion of Objective i and ii. ....   | 39 |
| CHAPTER FIVE .....   | 42 |
| OVERVIEW OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS .....   | 42 |
| 5.0 Introduction .....   | 42 |
| 5.1 Summary of Findings .....  | 42 |
| 5.2 Conclusions .....  | 43 |
| 5.3 Recommendations .....  | 44 |
| 5.3.1 Recommendations to Management .....  | 44 |
| 5.3.2 Strategic Recommendation.....  | 44 |
| 5.3.3 Policy Recommendation.....   | 44 |
| 5.4 Research Areas.....  | 44 |
| 5.5 Contribution to Knowledge .....  | 45 |
| REFERENCES .....   | 46 |
| APPENDIX I IRESEARCH QUESTIONNAIRE.....  | 51 |

## LIST OF ACRONYMS

|                      |   |   |
|----------------------|---|---|
| HRM                  | - | Human Resource Management                   |
| SPSS                 | - | Statistical Package for the Social Sciences |
| UCU                  | - | Uganda Christian University                 |
| UMA                  | - | Uganda Manufacturers Association            |
| SD                   | - | Standard Deviation                          |
| <b>R<sup>2</sup></b> | - | <b>Coefficient of Determination</b>         |
| <b>β (Beta)</b>      | - | <b>Regression Coefficient</b>               |
| <b>P-value</b>       | - | <b>Probability Value</b>                    |
| <b>N</b>             | - | Population Size                             |
| <b>S</b>             | - | Sample Size                                 |

## ABSTRACT

The impact of reward systems on the performance of the employees in the Hima Cement Limited as a case study has been discussed in this paper. The study has been informed by three objectives; the plan was to determine the impact of monetary reward systems, to compare the impact of the non- monetary reward systems and the overall impact of the two reward systems on the performance of the employee. The method and research design is quantitative approach and cross-sectional. The sample used to provide data was one hundred and thirty three (123) out of 180 employees sampled to use purposive and simple random sampling methods. Primary data were collected using structured questionnaires, and were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis.

These results showed that monetary rewards influence positively employee performance significantly, but cannot be adopted because they possess a number of weaknesses like late payment and subjectivity. It was also realized that the non-monetary rewards were better and lasting on the performance of the staff, specifically the increase of motivation, job satisfaction and commitment. The research also indicated that a mix of the monetary and non-monetary reward systems bring significant percentage change to workers performance and hence reward systems combined are more effective than those that employ one reward system.

The conclusion of the paper is that the application of financial rewards is important on a larger scale but may not be applied independently to encourage the workers to work regularly. Non monetary rewards would be of great significance since the promotion of the intrinsic motivation and balanced reward system is also essential to get the best results. This study concludes that the management of the Hima Cement Limited should contemplate the adoption of a holistic total reward strategy that not only incorporates a non-monetary element but also a monetary element, but must be fair, transparent and must be adopted in good time. This will boost the morale, output and performance of the organization.

## CHAPTER ONE

### 1.0. Introduction

This chapter presents the problem statement, purpose of study, objectives and research questions, scope of the study and significance of study, conceptual background and operation of the definition terms as background of the study.

### 1.1. Background of Study.

It is said that the reward systems comprise one of the most crucial factors of effective human resource management as they are conceived to provide motivation to the employees, make personal effort geared toward organizational goals individually and enhance the overall performance. These systems can be broadly divided into monetary (financial) and non-monetary (non-financial) rewards. Money-based rewards like base salary, bonuses, incentives, and allowances are mainly used to fulfill the extrinsic needs of employees and are based on proven theories of motivation, including expectancy theory and equity theory (Gerhart and Fang, 2021; Nyberg et al., 2020). Such monetary rewards can be especially useful in achieving quantifiable performance improvements, especially within settings where productivity and efficiency are at a premium.

Conversely, intrinsic motivation is aimed at by non-monetary rewards like employee recognition, career development opportunities, training, flexible work arrangements and job enrichment. The modern explanations of motivation models, such as self-determination theory and two-factor theory, which support the idea that psychological fulfillment, autonomy, and personal development are essential factors in keeping employees engaged justify such rewards (Deci et al., 2020; Ryan and Deci, 2020). Recent empirical data indicate that non-monetary incentives play an important role in increasing the level of job satisfaction, organizational commitment, creativity, and knowledge sharing, especially when employees feel fair and supported at work (Kuvaas et al., 2020; Malik et al., 2021).

The body of literature has been growing since 2020, and the need to combine monetary and non-monetary systems of rewards has proven to be effective. Research shows that companies that implement a balanced and strategic mix of financial and non-financial rewards report better performance of employees, lower turnover, and

increased well-being (Jiang et al., 2022; Shin and Hur, 2021). Such a combination method is particularly applicable to the manufacturing industry and other performance-oriented industries, in which tangible outcomes and employee involvement are equally vital to remain competitive and efficient in the operations.

The role of non-monetary rewards in combination with monetary ones is even more significant in Sub-Saharan Africa and other developing countries because of the ongoing economic issues like inflation, labor market volatility, and lack of skilled labor. Financial incentives are still necessary to address the lower-level economic needs of employees and provide short-term performance gains. Nevertheless, non-financial incentives especially the recognition, training, and career growth prospects are especially crucial in encouraging long-term commitment, lowering the cases of absenteeism, and strengthening the resilience of the organization (Aguinis et al., 2021; Osei and Ackah, 2022).

This point of view was supported by empirical research carried out in African settings, such as Nigeria and Kenya. It has been demonstrated that although monetary rewards contribute to short-term productivity, non-financial rewards have tremendous effects on job satisfaction, attendance, and retention. Companies that have fair, clear, and properly designed reward systems with a combination of both types are likely to demonstrate the highest performance results as opposed to the ones that use monetary incentives to motivate employees (Otoo, 2020; Wambugu, 2021).

In the manufacturing industry of Uganda, reward systems have become strategic as the costs of operation have been increasing, competition of skilled labor and the necessity to maintain the level of productivity. The local research and institutional reports show that manufacturing companies that implement the systematic monetary model (salaries, bonuses, allowances and overtime) and their non-monetary complements, achieve quantifiable increases in the commitment, effectiveness, productivity, and retention of employees. On the other hand, discrepancies like delay in payment or unfairness in either financial or non-financial incentives are associated with the lack of morale, increase in absenteeism and inefficient performance (Uganda Manufacturers Association, 2024). This is industry evidence that illustrates that there is a need to have an open, prompt and balanced reward administration to transform employee effort into long-term organizational performance.

Hima Cement Limited is one of the top cement manufacturers in Uganda with its headquarters being located in Kasese Plant and has gradually evolve its reward systems to ensure that the employees work towards the corporate goals. The remuneration system is mainly based on financial aspects such as job-grade based wages, production and safety-related bonuses that depend on performance, risk and transport allowances, and overtime pay-out-sooner than an equivalent-amount of non-monetary benefits such as safety recognition awards (Hima Cement Limited, 2023, 2023). Internal performance surveillance and employee engagement statistics indicate that these financial incentives have aided in short-term increases in output and attendance, but frequent problems, such as delays in bonus and overtime compensation, perceived inequities in allowance distribution, and a lack of non-monetary appreciation, have been associated with varying morale, uneven productivity, and high turnover in some departments (Hima Cement Limited, 2023, 2024). Even though there have been such efforts and evidence of the industry in general that the positive impact of integrated reward system is strong when applied in the context of performance indicators (productivity, quality of work, efficiency, and attendance), the exact relationships and relative impact of monetary and non-monetary factors in Hima Cement Limited remain unexplored at the firm level in the recent restructuring process and economic pressures (Hima Cement Limited, 2024). This contextual gap is the reason why the current research paper has undertaken a specific empirical study in order to understand the effect of reward systems in employee performance at the company.

## **1.2. Problem statement**

The reward systems should be equitable, prompt and equitable to improve employee motivation and performance. Properly utilized, they can be used to align the efforts of employees with the organizational objectives to enhance productivity, quality, and commitment (Gerhart and Fang, 2021; Jiang et al., 2022).

Nevertheless, Hima Cement Limited, with established reward systems in place, still records inconsistent performance, such as low productivity, absenteeism as well as deterioration in work quality. Issues like late bonuses, unfair allowances and non-monetary rewards will deter motivation among the employees meaning that the existence of the reward systems alone does not imply better performance.

Despite the literature indicating the importance of the use of both monetary and non-monetary rewards, there is little firm-level research in the Ugandan manufacturing setting that can indicate the particular impact of these rewards on performance outcomes.

This paper hence discusses the influence of monetary and non-monetary reward systems on the performance of employees at Hima Cement Limited to guide more effective and fair reward strategies.

### **1.3. Study objective.**

The overall aim of the research is to study how reward systems affect the performance of employees: a case study of Hima Cement Limited.

#### **1.3.1 Specific Objective**

- i. To assess the influence of monetary systems on employee performance at Hima Cement Limited.
- ii. To examine the influence of non-monetary reward systems on employee performance at Hima Cement Limited.
- iii. To determine the relationship between effect of monetary and non-monetary reward systems on employee performance at Hima Cement Limited.

#### **1.4. Research Questions**

- i. How do monetary reward systems influence employee performance at Hima Cement Limited?
- ii. How do non-monetary reward systems influence employee performance at Hima Cement Limited?
- iii. What is the relationship between effect of monetary and non-monetary reward systems on employee performance at Hima Cement Limited?

#### **1.5. Justification of the Study.**

This research is justified by the fact that there is a tremendous gap between solid global and sectoral evidence (since 2020) that integrated non-monetary and monetary reward systems are highly effective in boosting employee performance and the ongoing practical difficulties at Hima Cement Limited, wherein reported difficulties with salary reviews, bonus and overtime payment delays, allowances inequities, and inadequate non-monetary rewards have led to variable productivity, higher turn The

research will address this theory-practice gap by empirically investigating the particular impacts and interactive effects of these reward systems on key performance indicators on the firm level, as well as yield actionable suggestions specific to the context of the cement manufacturing industry in Uganda, and further effective human resource strategies.

### **1.6. Significance of the Research.**

The study offers evidence-based data to the management of Hima Cement Limited to upgrade the design and management of monetary and non-monetary reward systems to improve employee performance and output (Hima Cement HR Policy Manual, 2023). They will provide practical suggestions to the management on how to deal with delays in salary adjustments, discrepancies in the payment of bonuses and overtime, unfairness in allowances and how to use non-monetary practices like recognition and career development, hence contributing to a fairer and more motivating working environment leading to a steady operational performance.

To Employees, The research is of importance to employees of Hima Cement Limited because it provides both monetary and non-monetary reward systems (recognition, training, career development, flexible arrangements and job enrichment) as having a combined effect on their performance in the form of productivity, attendance, commitment to work and quality output. The reward systems in accordance with the Hima Cement Human Resource Policy Manual (2023) and the Hima Cement Employee Engagement Survey Report (2024) are supposed to motivate employees and improve job performance, but internal reports indicate different levels of satisfaction. The results will enable the employees to be more knowledgeable about the fair, transparent, and balanced reward practices that have a direct impact on their welfare and performance.

To Policy Makers, The study is meaningful to policy makers namely the Hima Cement Limited management and institutional labour bodies since it provides empirical evidence on effectiveness of integrated monetary and non-monetary reward systems on performance of employees.

According to the Hima Cement Remuneration and Compensation Guide (2023), the company believes in performance-based rewards, but internal audit and performance reports indicate the necessity of ongoing review and alignment of both monetary and non-monetary practices with the actual performance results.

The study is important to academicians and Researchers because it helps add to the current body of knowledge regarding the connection between monetary and non-monetary reward systems and employee performance through company and institutional-based evidence. The study provides context-specific insights, which can be useful in teaching and as an academic source and additional research in the human resource management field, within the Uganda is manufacturing sector, by relying on internal documents, including the Hima Cement HR Policy Manual (2023) and Employee Performance Reports (2024), and industry-specific reports.

## **1.7. Scope of the Study**

### **1.7.1. Content Scope**

The research would be based on both monetary reward systems such as salaries, performance based bonuses and incentives, allowances and overtime payment as well as non monetary reward systems such as recognition, career development opportunities, training, flexible arrangement and job enrichment and their effects on employee performance in terms of productivity, quality of work, efficiency and attendance at Hima Cement Limited.

### **1.7.2. Geographical Scope**

The research is carried out in the Kasese Plant of Hima Cement Limited located in Western Uganda. The reason why Kasese plant is chosen is that it is the location where the primary production plant is situated and the highest percentage of company employees work, as well as contains detailed information about employee rewards and performance (Hima Cement Plant Operations Report, 2024). This renders the place to be appropriate in acquiring quality and pertinent data to the study.

### **1.7.3. Time Scope**

The research is based on the period between 2021 and 2024. It is believed that this timing is suitable as it reflects the recent alterations in reward systems and human resource policies after reorganizing and restructuring the organizational structure in order to level the financial situation of Hima Cement Limited ( Hima Cement Financial Review Circular, 20232024). The period enables one to evaluate the existing reward practices and how they affect employee performance.

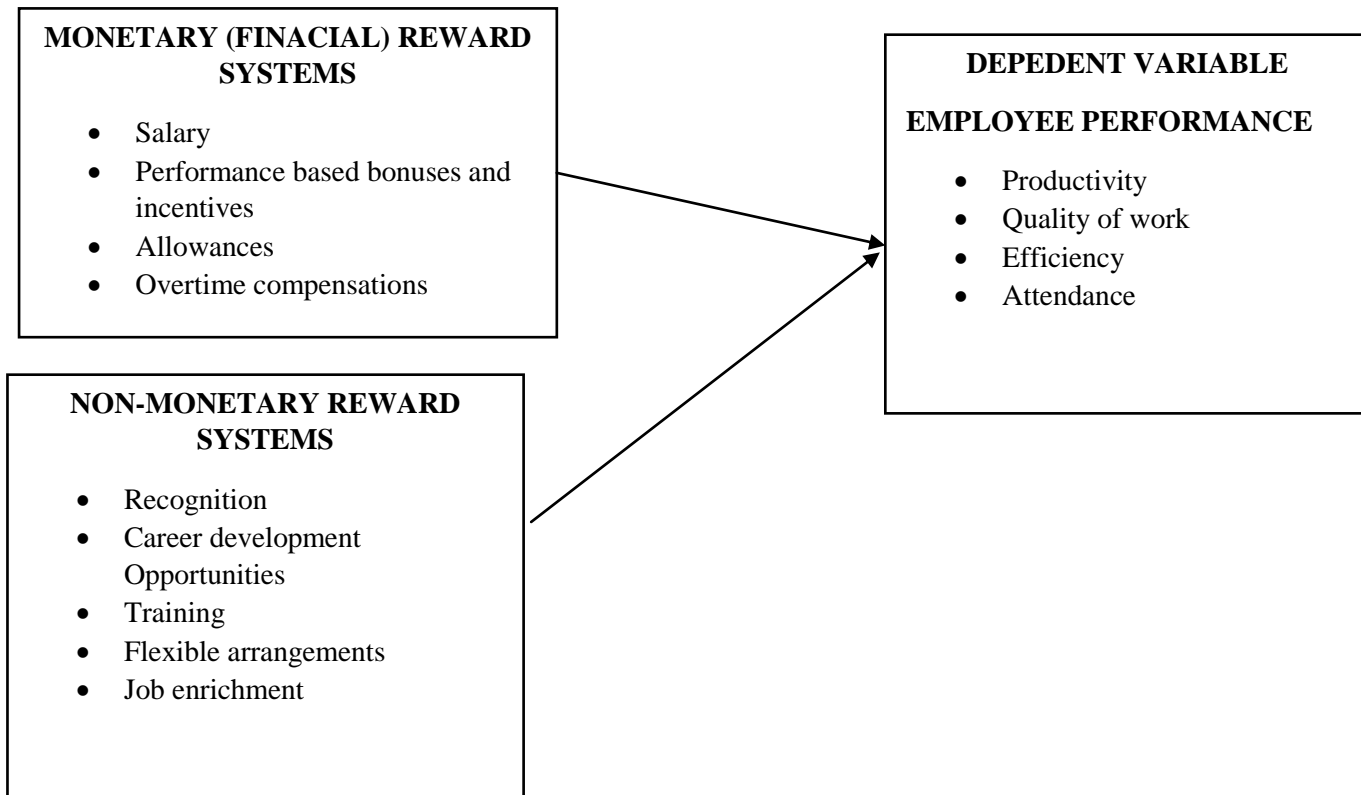
## **1.8. Conceptual framework**

The study Hypothesis of the relationship between reward systems (independent variable) and employee performance (dependent variable) is conceptualized in the conceptual framework of the study *The Influence of Reward Systems on Employee Performance: A Case Study of Hima Cement Limited*. There are two broad dimensions of reward systems namely monetary (financial) rewards and non-monetary (non-financial) rewards. Monetary rewards consist of: salary, performance-based bonuses and incentives, allowances (risk, transport, shift) and overtime. Non-financial rewards comprise appreciation, career growth, training, flexible working conditions and job enrichment. The model assumes that the two dimensions have a positive impact on employee performance, and the combined effect of the two has a greater overall impact.

The performance of employees is gauged using four important indicators which are applicable in a manufacturing environment and they are productivity, quality of work, efficiency and attendance. The independent variable (reward systems) is split into two major in the context of monetary (financial) rewards and non-monetary (non-financial) rewards. Financial incentives are physical financial aspects like salary, performance-based bonuses and incentives, allowances (risk, transport, and shift allowances), and overtime pay. The main characteristic of these elements, as per the Two-Factor Theory suggested by Herzberg is that they are hygienic factors, i.e. they are necessary to avoid employee dissatisfaction but do not, per se, strongly drive employees to superior performance (Herzberg et al., 1959).

**Figure 1.1. Conceptual framework**

**INDEPENDENT VARIABLES**



Source: Hima cement employee performance report (2024)

Herzberg, F., Mausner, B., & Snyderman, B. B. (1959). *The motivation to work* (2nd ed.). John Wiley & Sons.

This model is based on Herzberg Two-Factor Theory (alternatively referred to as Motivation-Hygiene Theory), which divides monetary rewards into hygiene factors (elements that prevent dissatisfaction when acceptable, but do not highly motivate when given) and non-monetary rewards as motivators (elements that actively induce job satisfaction, engagement, and high performance) (Herzberg et al., 1959).

Non-monetary rewards, in turn, incorporate intrinsic and relational rewards like good work recognition, career development prospects, training and skills improvement courses, flexible work schedules and job enrichment. These correlate with the motivators in Herzberg that are active in creating job satisfaction, increased engagement, personal growth and effort that are maintained when they are available.

The framework postulates that the two categories have independent positive influence on the performance of the employees, but the interaction of the systems and the synergistic effect has the most effective overall influence on the performance outcomes.

The dependent variable is the performance of employees, which is operationalized with reference to four measurable variables, which are specifically relevant in a cement manufacturing setting: productivity (volume and timeliness of output), quality of work (accuracy, adherence to standards and minimization of defects), efficiency (optimal utilization of time, resources and energy), and attendance (punctuality and low absenteeism rates). The model presupposes the directional flow of influence reward systems to employee performance and the effect of monetary and non-monetary rewards is the strongest driver of better outcomes of all four indicators.

### **1.9. Operational Definitions of Terms.**

Reward systems can be defined as the organized arrangement of policies, practices, and mechanisms through which an organization rewards and motivates employees in exchange to their contribution, efforts and performance. They include monetary (financial) and non-monetary (non-financial) factors that are meant to impact on employee behavior, satisfaction and performance.

**Monetary (Financial) Reward Systems,** Monetary reward systems are tangible, extrinsic financial rewards that are given to employees, such as salary (basic pay), performance-based bonuses and incentives (variable pay based on targets), allowances (additional payment based on special conditions such as risk, transportation, or shift work), and overtime pay (additional payment based on work beyond regular hours). These mainly serve the role of hygiene factors which inhibit dissatisfaction upon satisfactory provision.

**Non-Monetary (Non-Financial) Reward Systems,** Non-monetary reward systems encompass intrinsic and relational reward systems that satisfy psychological needs, such as recognition (acknowledgment of achievements), career development opportunities (promotion prospects and career growth), training (skill enhancement programs), flexible arrangements (work-life balance options), and job enrichment

(increased responsibility and meaningful work). These serve as real drivers that prompt satisfaction, involvement, and high-performance.

Employee Performance, Employee performance refers to how well employees attain individual and organizational objectives by their actions, efforts and products. In the paper, it is operationalized based on four indicators in a manufacturing environment, which include productivity (quantity and timeliness of output), quality of work (accuracy, compliance to standards and minimization of defects), efficiency (optimal utilization of resources, time, and energy), and attendance (punctuality, low absenteeism, and frequent presence at the scheduled shifts).

Hygiene Factors, Hygiene factors, according to Herzberg Two-Factor Theory, are extrinsic job factors (mostly money and working conditions) that do not strongly motivate in their presence but make performance, morale, and performance poor, unhappy, or delayed in their absence, inadequacy, unfairness or slowness.

Motivators refer to intrinsic job factors (mainly non-financial rewards) that proactively produce job satisfaction, increased motivation, commitment and outstanding performance when achieved which results in increased engagement and sustained efforts.

Herzberg Two-Factor Theory (Motivation-Hygiene Theory) Herzberg Two-Factor Theory Herzberg Two-Factor Theory is a motivation theory that suggests that job satisfaction and dissatisfaction are caused by two different groups of factors: hygiene factors (extrinsic, which prevent dissatisfaction) and motivators (intrinsic, which produce satisfaction and performance). It provides the theoretical basis of the differentiation of monetary and non-monetary rewards in this paper.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Introduction

The chapter is a review of recent publications on the effect of reward systems on employee performance in manufacturing environments based on Herzberg Two-Factor Theory that differentiates between hygiene factors (monetary rewards such as salary, bonuses, allowances and over time pay) and motivators (non monetary rewards such as recognition, training, career development and job enrichment).

#### 2.2.1 Effect of Monetary (Financial) Reward System on employee performance.

The monetary reward systems remain one of the most popular means of controlling the performance of the employees particularly within the labour intensive and output oriented industry such as the manufacturing industry. These salaries, performance based bonuses and incentives, allowances and overtime payments are primarily extrinsic motivators that fulfill the economic needs and expectations of equity among employees. The expectancy and equity theories claim that employees would be more willing to work harder in case the perceived fair and direct relationship between performance and financial gains is greater (Gerhart and Fang, 2021; Nyberg et al., 2020). Here, the money is not merely a form of compensation but a message of organizational recognition of the efforts of the workers and hence, strengthening unwanted organizational behaviours and performance standards.

In further expounding on this perception, the current body of literature on human resource management incorporates the fact that monetary rewards, in other than being a control mechanism, are also used as a motivational mechanism in organizations. Monetary rewards are also motivational as they give tangible rewards on work. They match the employee behavior with the organizational objectives by linking pay and output (quantifiable) on the control front (Jiang et al., 2022). The latter two-fold position is particularly evident in manufacturing where the productivity, efficiency and quality criteria play a crucial role in the success of the organization. By so doing, well-constructed monetary reward systems can have an immediate effect on the

quantity of work performed by employees, and the effectiveness and efficiency of their work.

The current empirical research published in 2020-2023 indicates a consistent pattern of high-quality financial reward systems that contribute to improved short-term performance outcomes that include productivity, efficiency, and attendance. As an example, Alkandiet al. (2023) discovered that job satisfaction as a mediator of performance-based incentives had a significant positive effect on employee output at industrial levels. Equally, Mbukwana and Ayandibu (2023) found that performance bonuses have a robust relationship with the accomplishment of organizational objectives, especially in manufacturing companies where output can be measured and time-limited. Jiang et al. (2022) support these findings by stating that employees react better to reward systems that reliably connect effort with the tangible and measurable results, thus supporting performance-oriented behavior.

Also, on top of performance based incentives, base salaries are considered to be a fundamental part of employee attitude and performance. Salaries also offer financial security and stability and this aspect is critical in keeping the employees motivated especially in developing economies where workers are highly dependent on a consistent flow of income to satisfy their basic needs. According to Nyberg et al. (2020), consistent and competitive salaries help to increase the degree of employee engagement and decrease the risk of turnover. Nevertheless, when the salaries are seen as being lower or unfair in comparison with the effort or industry rates, the employees might feel dissatisfied, and this may have a negative impact on their productivity and dedication (Malik et al., 2021). Therefore, the salary structures should be not only competitive but should be perceived to be fair in order to be the most influential in terms of motivation.

Besides, uniformity and punctuality of financial rewards are important factors that influence their effectiveness. Kuvaas et al. (2020) state that abnormal or untimely financial incentives may disrupt motivation and eradicate trust in management, which has a harmful impact on staff performance. This especially applies in developing economies where workers usually rely on the payments at the right time to meet their day to day needs. Organizations that do not reward as they promise are likely to be

viewed as having violated the psychological contract thus resulting in low morale, high rates of absenteeism and poor productivity. Another important point that Malik et al. (2021) make is that the perceived disparity in compensations like unequal distribution of allowances or uneven overtime allowance can also lead to dissatisfaction and decreased organizational commitment. Financial incentives are also important to enhance the efficiency and productivity in manufacturing settings. Monetary rewards motivate workers to achieve and even surpass performance goals, comply with quality controls, and reduce mistakes in manufacturing operations. Indicatively, Abdelhay (2023) discovered that financial rewards directly enhanced the performance of employees since monetary rewards prompted the workers to work harder and ensure high standards of accuracy and consistency. On the same note, Della Torre (2022) established that structured pay-for-performance systems do not only improve productivity, but also innovation by motivating employees to exceed minimum performance standards. The results align with Shin and Hur (2021) who determined a positive effect of performance-based pay on organizational performance in terms of employee engagement and motivation.

Allowances and overtime allowances are especially valuable in physically exerting industries like cement manufacture. Risk, transport and shift allowances are allowances that employees are paid to cover extra job-related hardships and expenses, which increases job satisfaction and job commitment. Ampong (2024) and Chi (2023) discovered that fair pay of the extra working hours and workplace risks go a long way in enhancing employee morale and decreasing turnover intentions. On the contrary, unclear or vague reward systems can lead to feeling of uncertainty and discouragement although the remuneration is generally very high. Payments of overtime, specifically, are a vital motivational factor to employees to work an extra long hour and fulfill the production needs, notably in the peak seasons.

Moreover, the predictability and frequency of monetary rewards also have an impact on the effectiveness. According to Newman (2024), when their financial rewards are provided periodically and publicly, employees will be more motivated because they will increase their trust in organizational systems and improve the perception of a connection between hard work and reward. Conversely, uncertain or cloudy reward systems may lead to uncertainty and discouragement, despite the overall

compensation being relatively large. This highlights the significance of transparency and uniformity when carrying out monetary reward systems.

These are the empirical insights that are very relevant in the context of Hima Cement Limited. Although the firm has put in place monetary rewards systems, other issues that have been reported to hamper the desired motivational impacts of the monetary rewards include late bonuses, irregular allowances, and unreliable overtime allowances, among others. These inconsistencies, as noted in the literature, may undermine the perceived fairness and efficiency of reward systems, with the net effect being decreased productivity, poor quality of work and high levels of absenteeism. These issues indicate that the problem does not lie in the availability of monetary rewards but in the implementation and management of such rewards in the organization.

Therefore, the question arises as to why some of the components of monetary rewards such as salaries, bonuses and incentives, allowances and overtime payments influence the performance of the employees in the Hima Cement Limited. The awareness of these relations will provide valuable information on how the firm can improve and suitably design its reward systems in order to enhance employee motivation, productivity and general performance of an organization.

### **2.2.2 Effect of Non-Monetary Rewarding Systems on the Performance of Employees.**

Non-financial rewarding systems have become a topic of growing scholarly and managerial interest, as organizations realize the weakness of using financial incentives as the sole motivators to employee performance. Such rewards as recognition, career development opportunities, training, flexible working arrangements and job enrichment are aimed at the achievement of intrinsic psychological needs of employees, which may include autonomy, competence, and relatedness as highlighted in self-determination theory (Deci et al., 2020; Ryan and Deci, 2020). Non-monetary rewards, unlike monetary rewards, are necessary to create long-lasting motivation, greater engagement and long-term commitment to the organization. In this way, they are very important in determining not only the way

employees perform but also how they view their job and how they relate with the organization.

The increased focus on non-monetary rewards is based on the realization that the performance of the employees is multidimensional and cannot be described by financial rewards only. Recent studies in the field of human resource management emphasize that intrinsic motivation based on meaningful work, recognition, and opportunities make this factor a major determinant of high-quality performance, creativity, and innovation (Gerhart and Fang, 2021; Jiang et al., 2022). In that respect, non-monetary rewards are instrumental in terms of increasing internal motivation of employees to exceed minimum performance thresholds and be more productive in relation to the organizational objectives.

Empirical data constantly proves that non-monetary rewards greatly impact the work of employees as it helps to create a positive working atmosphere and enhances the psychological well-being. In particular, Manzoor et al. (2021) determined that intrinsic rewards like recognition and personal development opportunities exert a strong positive impact on employee performance, mainly mediated by motivation. This implies that when employees feel that their work is a meaningful task and they are valued then they are more motivated and hence more productive and effective. On the same note, Onyiengo (2022) found that non-monetary rewards have a positive impact on the commitment and productivity of employees especially in organizations where resources are scarce and where there may be no financial incentives.

Some of the most powerful non-monetary rewards in the behavior and performance of employees are recognition and appreciation. Recognition may be in different forms such as verbal praise, award, public recognition and performance feedback. As Imran (2021) showed, employees who feel their contributions are valued and appreciated are more prone to higher motivation, creativity, and job performance. The reason is that recognition fulfills the need of employees to be regarded highly and to belong which are important elements of intrinsic motivation. In line with this opinion, Qing (2024) reported that reward systems based on recognition have a great effect on employee morale and stimulate discretionary effort additional effort that cannot be defined by

their job description and is critical to reaching high performance in a challenging work environment.

Besides recognition, the career development opportunities and training are also important in improving employee performance. By investing in the growth and development of the employees, organizations not only enhance the skills and competencies of their workforce but also create an indication that they are willing to invest in the growth and career advancement of the employees. Isanzu (2021) discovered that employees with access to continuous learning opportunities are more productive, innovative, and dedicated to their organizations. Training improves the capacity of the employees to effectively carry out their duties, minimizes mistakes and improves efficiency especially in the technical and operational aspects like manufacturing. Moreover, the employees are encouraged to improve their performance because there is a chance of career development like promotions and skill development to expect future enjoyments.

Another reward of great significance that leads to employee performance is job enrichment. It includes redesigning work to be more significant, difficult, and interesting with more autonomy, responsibility, and skill use opportunities. The two-factor theory states that enriched jobs contribute to job satisfaction and intrinsic motivation, which result in better performance results (Herzberg, 1964). When employees have a greater influence on their work and have a chance to use their skills, they are more engaged and committed to achieving organizational goals (Ryan and Deci, 2020). This is especially applicable in production environments where routine duties may be dull and demotivating unless appropriately dealt with.

Flexible work arrangements are also beneficial in improving the performance of employees through better work-life balance and alleviation of stress. Flexibility, though commonly related to service-oriented industry is also applicable in manufacturing settings through flexibility in shifts, leave policies and job rotation to enhance employee satisfaction. Harendra (2023) discovered that career development opportunities, coupled with flexible working conditions, play a crucial role in boosting the performance of employees since they decrease burnout and boost job

satisfaction. When employees can balance work and personal life, they are more focused, productive and committed to their work.

On top of that, non-financial rewards are indispensable in the cases when the financial resources are scarce, or the monetary incentives could not sustain the motivation. In many developing economies, organisations may be limited by budgetary restrictions to offer competitive compensation and money. The cases are effective since non-monetary rewards provide a cost effective means of motivating employees and increasing their performance. According to Marrucci et al. (2024), non-monetary rewards contribute to the fact that an organization has a sustainable performance as they contribute to the welfare of the employees, their engagement, and commitment. Similarly, DeBose (2024) emphasizes that those organizations that adopt total reward policies that consider non-monetary aspects get more satisfaction and a higher rate of performance among employees compared to those that only employ monetary rewards.

Another outstanding aspect of non-monetary rewards is that these are a factor that shapes the organizational culture and their attitude of fairness and support among employees. The employees are likely to develop the sense of loyalty and trust when they are sure that their organization believes in their contribution and that they invest to develop it. It, in its turn, enhances organization commitment and the turnover intentions (Jiang et al., 2022). Quite the contrary, in the event of non-monetary rewards, such as the lack of appreciation or career advancement, even with the decent pay, disengagement, dissatisfaction and poor performance can take place.

The contribution of non-monetary reward systems cannot be over-emphasized with regard to Hima Cement Limited. Even though the firm already has the monetary reward systems in place, the reality that performance problems remain is a pointer that financial rewards may not be effective in ensuring employee motivation and engagement. These challenges can be overcome through other non-financial rewards such as recognition, training, opportunities in career development, and favourable working environments. An example is that structured recognition programs may be undertaken to boost employee morale but investment in training and development may boost skills and productivity.

In addition, the working conditions in Hima Cement Limited are highly stressful and thus non-monetary benefits such as job enrichment and flexible work hours can be employed to reduce fatigue and increase job satisfaction. Such interventions can lead to improved quality of work, efficiency and reduced absenteeism. The company can attain a more balanced and effective reward system by making sure that non-monetary rewards are employed to complement the monetary rewards to take into account the extrinsic and intrinsic needs of the employees.

In conclusion, it can be seen in the body of empirical literature that the non-monetary reward system is a valuable instrument in driving up employee performance since it will increase intrinsic motivation, improve job satisfaction, and engagement in the long term. Financial compensation is not as vital but solely as it cannot achieve long term performance benefits. Companies that well incorporate non-money rewards in their human resource management systems have better chances of attaining greater rates of productivity, creativity and employee dedication. Consequently, it is important to learn about the impact of non-monetary reward systems in order to come up with a holistic strategy to employee performance management, especially in Hima Cement Limited.

### **2.2.3 The correlation between Monetary and Non-Monetary Reward Systems and Employee Performance.**

The combination of monetary and non-monetary reward systems also known as total rewards has in recent years been identified as one of the most efficient methods of improving employee performance in contemporary organizations. This hybrid system incorporates both monetary and non-monetary rewards to appeal to both extrinsic and intrinsic motivation factors and gives a more holistic and enduring effect on employee behavior. Employees are mainly satisfied by their economic needs through monetary rewards including salaries, bonuses, and allowances; their psychological and social needs are met through non-monetary rewards in the form of recognition, training, and career development. As Aguinis et al. (2021) note, organizations that embrace balanced and strategically aligned reward systems can more easily align the efforts of employees with organizational objectives, leading to a higher individual and organizational performance outcome.

The theoretical basis of the interconnection between monetary and non-monetary rewards is based on the fact that motivation of an employee is a multidimensional concept. Extrinsic rewards might be effective in motivating labor and boosting short-term performance, but intrinsic rewards are beneficial in creating long-term engagement, commitment, and innovation (Deci et al., 2020; Ryan and Deci, 2020). Consequently, the use of one form of reward can result in lower performance, as it does not support the multiplicity of employee needs. Conversely, integrated reward systems produce a reinforcing loop where financial incentives lead to immediate performance whereas non-monetary incentives motivate and boost job satisfaction in the long run (Gerhart and Fang, 2021).

The positive synergistic impacts of combined reward systems are well supported by empirical studies carried out in recent years. As an example, Figueiredo et al. (2023) have discovered that organizations with integrated reward strategies have much more employee satisfaction, engagement, and productivity than those that use monetary or other non-monetary incentives. Likewise, Reza (2022) established that total reward systems increase employee motivation and performance by improving both financial security and psychological satisfaction in employees. These results indicate that a multiplier effect occurs between the various forms of rewards such that the overall effect is more than the sum of the parts.

The success of the interdependence of the reward systems is based on the fact that they are able to solidify the positive behaviors of the employees using various sources of motivation. Financial rewards provide temporary and material rewards on performance hence encouraging employees to meet and surpass targets. In the meantime, the non-financial rewards, such as recognition, career development and conducive working environments, may reinforce the sense of purpose and belonging among the employees which are unnecessary in ensuring long term engagement. According to Yang (2023), the balancing act between extrinsic and intrinsic rewards is of particular importance in dynamic and competitive industries, where, in this scenario, organizations must continually motivate people to adjust, be innovative, and perform optimally.

Moreover, the integrated reward systems also lead towards broad-based

positive organizational results that go beyond individual performance. These involve a decrease in employee turnover, better attendance, better commitment to the organization and better resilience to challenges. Kerr (2022) discovered that companies with fully-integrated reward systems experience much lower turnover rates and greater employee loyalty. The reason is that, employees would opt to stay longer in organizations that not only compensate them well but also give them a chance to grow and be rewarded. On the same note, Shafagatova (2023) established that the relationship between reward systems and organizational processes is pivotal in employee satisfaction and performance and it is important to coordinate reward strategies with other organizational practices. The other critical aspect of the relationship between the reward systems is that they can increase employee engagement. Engagement is the emotional and psychological attachment of employees to work and organization which is one of the main predeterminants of performance. Research has indicated that financially rewarded and intrinsically motivated employees tend to have more engagement rates, resulting in increased productivity and quality of work (Jiang et al., 2022). In this regard, non-monetary incentives like recognition and career advancement opportunities, can be used to

strengthen the emotional connection between the employees and the organization whereas, the monetary rewards can be used to strengthen the transactional relationship.

The applicability of integrated reward systems is acute especially in developing economies whereby employees are usually exposed to both economic and psychological hardships. In this regard, monetary rewards play a crucial role in helping individuals to fulfill their basic needs and achieve financial stability, whereas non-monetary rewards are crucial in helping to establish long-term devotion and resilience. According to Liu (2022), monetary and non-monetary rewards should be combined to ensure optimal performance in the developing economies since they will meet the short-term and long-term employee needs. Núñez-Sánchez (2023) supports this view, observing that companies that include social and developmental awards, in addition to monetary ones, have better employee engagement and performance levels. In addition, integrated reward systems can be especially useful in the manufacturing setting as efficiency and the well-being of employees are the keys to organizational

success. Monetary rewards may foster productivity and compliance with production objectives in such settings, whereas non-monetary rewards may enhance work quality, compliance with safety, and teamwork. All of these aspects form a more comprehensive perspective on performance management that allows organizations to deliver performance results, both quantitative and qualitative (Shin and Hur, 2021). When applied to Hima Cement Limited, the implementation of a holistic total reward strategy might become a key to solving current performance issues. The company has been in a position to establish monetary reward systems, even though challenges such as lag in payment of bonuses, flaws in allowances, and perceived unfairness could ruin motivation and confidence among the employees. The above challenges as revealed by the literature can significantly reduce the impact of monetary rewards. These factors would also come in handy in overcoming these issues by including non-monetary items such as recognition programs, training and developments programs and career advancement opportunities to enhance employee satisfaction and commitment. Moreover, a balanced reward system in Hima Cement Limited would enhance the productivity, efficiency, work quality and attendance as key performance indicators. As an illustration, recognition programs may inspire employees to uphold high performance levels, and training programs may improve skills and minimize mistakes during production processes. Equally, career development prospects may motivate them to stay in the organization and help the organization to achieve the long term success. The company can integrate these non-monetary rewards with regular and equitable monetary rewards to develop a better and viable performance management system.

Another vital point to be made is that integrated reward systems can be successful or fail depending on the way they are designed, implemented, and whether they are considered fair or not. The reward system should be seen as clear, fair, and proportional to the work done by employees so that it could positively influence the performance (Jiang et al., 2022). Businesses that fail to encourage fairness and equality in reward payments may, in fact, encounter negative effects such as dissatisfaction, disengagement and decreased productivity in spite of the presence of monetary and non-monetary compensation.

To sum up, it is evident in the empirical literature that reward systems, be it monetary or non-monetary, are vital in enhancing employee performance. But when applied together it produces the greatest and most lasting results since it considers the entire range of needs of the employees. Reward systems that are integrated improve motivation, engagement, job satisfaction and organizational commitment, which eventually result in better performance and lower turnover. This highlights the significance of investigating the functioning of these reward systems in Hima Cement Limited and thus enables the current study to have a good empirical and theoretical base on the topic of the study; The influence of reward systems on employee performance.

### **2.3. Research Gap**

Although the impact of monetary and non-monetary reward systems on employee performance in different industries across the world and in Africa in particular, has been widely studied in recent years (Figueiredo et al., 2025; Mudgal & Shende, 2025; Adams, 2025; Alkandi et al., 2023; Harendra, 2025; Man Majority of literature available concentrates on general manufacturing, banking or the public sector and there are little studies that involve the specifics of the context of operation, safety critical and physically demanding conditions of producing cement. Moreover, not many studies have also evaluated the individual and combined impacts of monetary (salary, bonuses, allowances, overtime) and non-monetary (recognition, training, career development) rewards on important performance measures, including productivity, quality of work, efficiency, and attendance, in one Ugandan organization. It is this knowledge vacuum in context and methodology that justifies the present case study in Hima Cement Limited to provide local, evidence based knowledge.

### **2.4. Conclusion**

In sum, the literature examined makes a conclusive argument in support of effective and balanced reward systems as prime motivators of employee performance in the manufacturing environment. Companies that address these two dimensions (financial security and intrinsic motivation) will be in a position to achieve higher productivity and quality, efficiency and attendance. This study in Hima Cement Limited is therefore an opportune moment to directly apply these findings to one of the leading Ugandan cement producers and come up with relevant pieces of information that might be used to enhance motivation among employees, eradicate performance variances, and operations that might result in long-term success in a competitive business environment.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In this chapter, the methodological approach that would be used to explore the impact of reward system on employee performance at Hima Cement Limited is described. It outlines the research design, study population, sample size determination, sampling methods, data collection procedures and tools, data collection process, data analysis plan and ethical considerations. The methodology was tailored to achieve reliability, validity and ethical standards and provide evidence that is credible to meet the research objectives. The research design would be cross-sectional and quantitative to gather data at one juncture but with a representative sample of employees in the Ugandan manufacturing setting thus enabling effective measurement of relationships between variables in the Ugandan manufacturing context.

#### **3.1 Research Design**

This research would use a cross sectional research design but purely quantitative research. The cross-sectional design would also enable the collection of data of the respondents at a single point of time thus making it easier to examine the relationship between monetary and non-monetary reward systems, integration of the two systems, and the employee performance measures (productivity, quality of work, efficiency and attendance) to be effectively examined. The quantitative design will entail systematic measurement of variables that would utilize numerical data and statistical testing to test and make generalizable conclusions. This research design fits the purposes of this study since it allows evaluating the existing perceptions and effects without having to use longitudinal tracking, which is recommended when conducting a study on organizations in resource-limited contexts (Uganda Christian University Research Guidelines, 2023).

#### **3.2. Study Population**

The target population would be all employees of the Kasese Plant of Hima Cement Limited including its senior management, human resource, supervisors and

operational employees working in different departments. These groups would be encompassed as they are actively engaged in designing the reward systems, administering them, experience, and performance review. According to the Hima Cement Human Resource Records (2024), the number of workforce in the Kasese Plant is about 180.

### 3.3. Sample Size Determination

To calculate the sample size, the Krejcie and Morgan (1970) finite population table was used which offers statistically dependable sample sizes at a 95% confidence interval and a 5% error margin using a population proportion of 0.50 as a maximum conservativity. The table suggests that the sample size (S) of 123 respondents is desirable in a population (N) of 180. This size would provide sufficient statistical power to conduct a quantitative analysis, but will also be feasible to collect data.

**The relevant portion of the Krejcie and Morgan (1970) table is illustrated below:**

**Table 1: Sample Size Determination**

| Population (N) | Sample Size (S) |
|----------------|-----------------|
| 170            | 118             |
| 180            | 123             |
| 190            | 127             |
| 200            | 132             |

**Source: Hima Cement Human Resource Records (2024)**

Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610.

### 3.4. Sampling Technique

There would be a mixture of purposive and simple random sampling. The senior management and human resource staff were chosen by purposive sampling because they are the most knowledgeable people in terms of reward policy and performance systems. In the sampling of supervisors and operational employees, simple random sampling was used to ensure that all supervisors and operational employees in these

strata had an equal opportunity of being selected and hence, selection bias was reduced. The sampling frame would be the employee list provided by the Human Resource Department.

### 3.5. Sample Distribution

The sample of 123 respondents would be distributed proportionally across categories as shown in the table 2 below:

**Table 2: Sample Distribution**

| Category              | Study Population | Sample Size | Sampling Technique     |
|-----------------------|------------------|-------------|------------------------|
| Senior Management     | 10               | 7           | Purposive Sampling     |
| Human Resource Staff  | 15               | 10          | Purposive Sampling     |
| Supervisors           | 35               | 24          | Simple Random Sampling |
| Operational Employees | 120              | 82          | Simple Random Sampling |
| Total                 | 180              | 123         |                        |

Source: Adapted from Hima Cement Human Resource Records (2024) and Krejcie&Morgan (1970).

### 3.6 Data Collection Methods and Tools

The data would be gathered mainly in the form of primary quantitative data; a self-administered structured questionnaire would be provided to the sampled respondents (supervisors and operational employees with selected management where necessary). The questionnaire would also include closed-ended questions on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to ask perceptions of monetary rewards (salary, bonuses/incentives, allowances, overtime), non-monetary rewards (recognition, training, career development, flexibility, job enrichment), and indicators of employee performance.

The instrument was founded on already tested and valid scales and pilot-tested using 10-15 non-sampled employees to make sure that the instrument was clear, reliably measured (target Cronbachs alpha of 0.70) and content valid.

### **3.7. Validity and Reliability**

To attain validity, the questionnaire would be checked by experts (supervisors and peers) in order to attain content and construct validity. Piloting would be done to access face validity. The reliability of the tests would be tested using cronbach alpha of internal consistency scales below 0.70 would be polished or eliminated. Construct validity would be enhanced in the study with the help of established instruments.

### **3.8. Data Collection Procedure**

Ethical clearance would be granted to the researcher by the Research Ethics Committee of Uganda Christian University and a letter of introduction would be granted by the university. They would be requested to give permission to Hima Cement Limited management. The questionnaires would be administered during the working shifts or breaks and one-week would be provided so as to get maximum response rates. Reminders would be provided where needed.

### **3.9. Data Analysis**

Quantitative data cleaning, coding and analysis were performed with the help of SPSS version 26 or any other appropriate software. Descriptive statistics (means, standard deviations, frequencies, percentages) would be used to summarize respondent profiles and levels of the variables. Inferential statistics would include Pearson correlation to investigate relationships and multiple regression to determine predictive effect of monetary and non-monetary rewards (and their confluence effect). Nominal, linear and multicollinearity tests were conducted. The results will be presented as tables, charts and story.

### **3.10 Ethical Considerations**

The study would be ethical because it would request the informed consent, voluntary participation, anonymity and confidentiality and would allow the withdrawal without

consequences. It would be stored in a secure way and would not be used in any other way other than academically. There would be no discomfort given to the participants and the results will be presented in an objective manner.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND DISCUSSION OF RESULTS

#### 4.0 Introduction

The chapter outlines, examines and critically explains the results of the impact of reward systems on employee performance at Hima Cement Limited. The analysis is organized based on the aims of the study and it contains the descriptive statistics, correlation analysis and the regression findings. The results are discussed against the backdrop of the existing literature and theoretical background, namely the Two-Factor Theory of Herzberg.

#### 4.1 Response Rate

**Table 3: Response Rate**

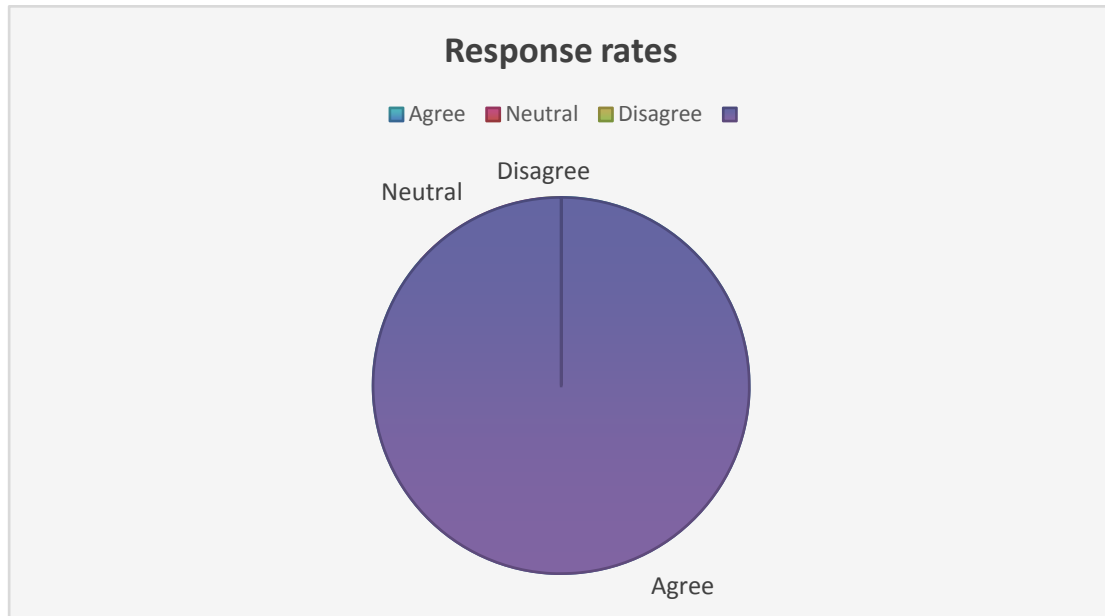
| <b>Respondents Category</b> | <b>Frequency</b> | <b>Percentage (%)</b> |
|-----------------------------|------------------|-----------------------|
| Questionnaires issued       | 123              | 100                   |
| Questionnaires returned     | 110              | 88.7                  |
| Not returned                | 13               | 11.3                  |

**Source: Hima Cement Human Resource Records (2024)**

Based on the table above, the response rate of 88.7% is statistically sufficient (Hair et al., 2019), which means that the results can be relied upon. The large response rate also implies a high level of engagement of the employees with the problems associated with reward systems, which confirms the topicality of study

#### Pie Chart

**Figure 1: The relationship between the Monetary and Non-Monetary reward systems on Employee Performannce.**



**Source:** Hima Cement Employee Engagement and performance Reports (2023-2024)

Figure 1 shows the pie chart that depicts the general perception of employees towards the relationship between monetary and non-monetary rewards on their performance at Hima Cement Limited. Most of the respondents (77.8) concurred that reward systems relationship plays a significant role in improving their performance.. This overwhelming ratio implies that employees will be more responsive when non-financial benefits like recognition, training, and career development are added to the financial incentives.

A lesser percentage (10.6) of respondents were neutral implying that there is uncertainty or inconsistency in the experiences of these rewards throughout the organization. In the meantime, the proportion of disagreements did not exceed 11.6% which means that comparatively few workers believe that the combined reward system is not effective.

These results suggest that a combination of monetary and non-monetary rewards forms a more comprehensive approach to motivation that can take into account both extrinsic and intrinsic needs of employees. This supports previous research that reveals that although financial rewards encourage short-term performance, non-financial rewards promote long-term motivation and dedication.

Finally, the pie chart reveals that the balanced reward system is most likely to positively affect the performance of employees, which justifies the necessity of organizations to implement an overall reward strategy.

## 4.2 Demographic Characteristics of Respondents

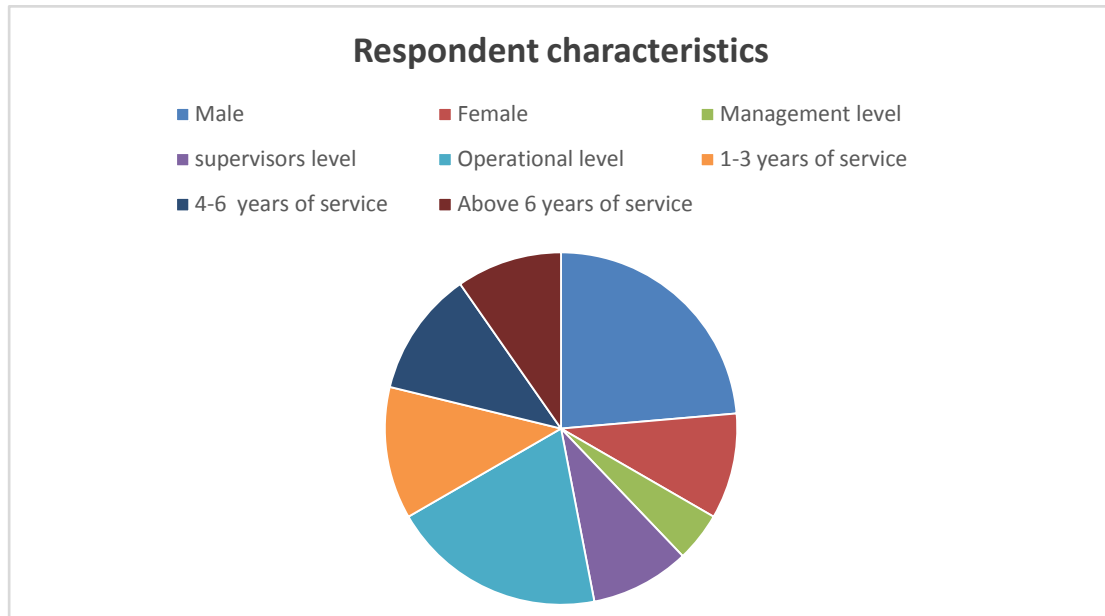
**Table 4: Respondent Characteristics**

| Variable         | Category          | Frequency | Percentage (%) |
|------------------|-------------------|-----------|----------------|
| Gender           | Male              | 78        | 70.9%          |
|                  | Female            | 32        | 29.1%          |
| Job Level        | Management        | 15        | 13.6%          |
|                  | Supervisors       | 30        | 27.3%          |
|                  | Operational Staff | 65        | 59.1%          |
| Years of Service | 1–3 years         | 40        | 36.4%          |
|                  | 4–6 years         | 38        | 34.5%          |
|                  | Above 6 years     | 32        | 29.1%          |

**Source:** Hima Cement Employee Engagement and performance Reports (2023-2024)

Based on the table above, the pre-eminence of operational staff is an indication of the use of labor-intensive manufacturing in cement manufacturing. The comparatively senior workforce implies that the respondents are skilled enough to critically assess reward systems.

**Figure 2: Respondent Characteristics**



**Source:** Hima Cement Employee Engagement and performance Reports (2023-2024)

From Figure 2, 70.9% of the male and 29.1% of the Female responded, 13.6% of the respondent in management level responded, 27.3% of the respondents in supervisors level responded and 59.1% of the respondents in the Operational Staff level responded. According to the years of service, 36.4% of the respondents had worked for 1-3 years, 34.5% of the respondents had worked for 4-6 years and 29.1% of the respondents had worked above 6 years.

### 4.3 Descriptive Statistics of Study Variables

**Table 5: Descriptive Statistics**

| Variable   | Agree (%) | Neutral (%) | Disagree (%) |
|--|-----------|-------------|--------------|
| Monetary Rewards   | 68.9      | 14.4        | 16.7         |
| Non-Monetary Rewards                                     | 50.6      | 18.9        | 30.5         |
| Relationship between Rewards (Monetary and Non-Monetary) | 77.8      | 10.6        | 11.6         |

**Source: Hima Cement Human Resource Records (2024)**

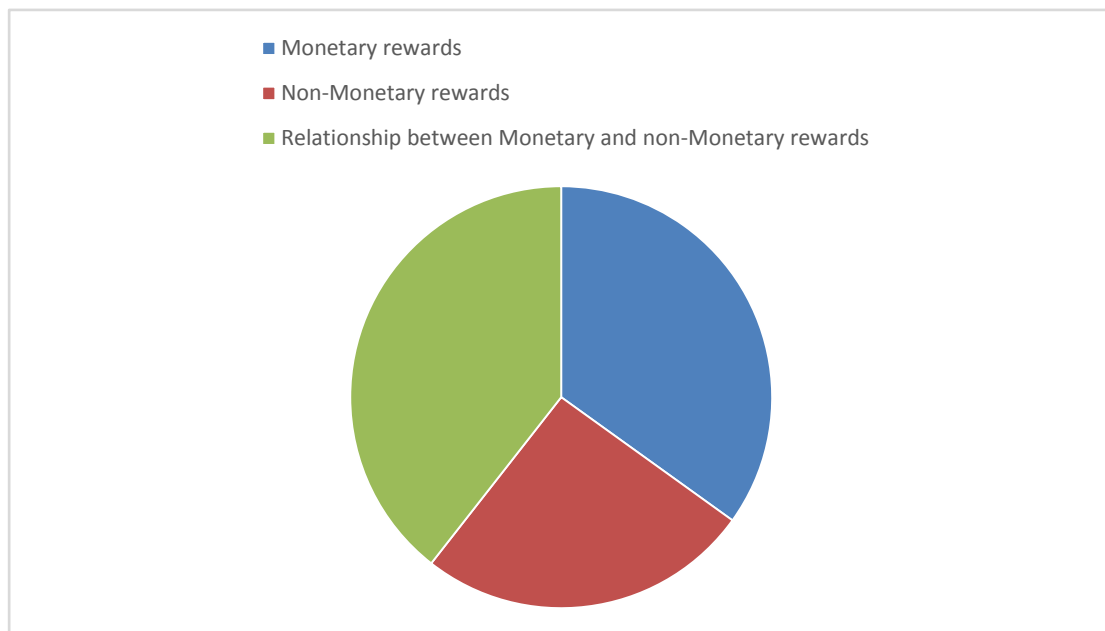
**Monetary rewards influence on Employee performance had 68.9% of the respondents who had agreed, 14.4% of the respondents that were neutral and 16.7% of the respondents that Disagreed.**

**Non-Monetary rewards on Employee performance had 50.6% of the respondents who had agreed, 18.9% of them that were neutral and 30.5% of the respondents that Disagreed.**

**The relationship between Monetary and Non-Monetary reward on Employee Performance had 77.8% of the respondents who had agreed, 10.6% of the respondents who were neutral and 11.6% of the respondents that Disagreed.**

**In conclusion, a big number of the respondents agreed towards the influence of the rewards on Employee Performance.**

**Figure 3: Descriptive Statistics**



**Source: Hima Cement Employee Engagement and performance Reports (2023-2024)**

From figure 3, In monetary rewards, 68.9% of the respondents had agreed, 50.8% of the respondents agreed concerning Non-Monetary reward systems and 77.8% of the

respondents agreed concerning the relationship between Monetary reward systems and Non-Monetary reward systems.

#### 4.4 Influence of Monetary Rewards on Employee Performance

**Table 6: Correlation between Monetary Rewards and Performance**

| Variables                      | r-value | p-value |
|--------------------------------|---------|---------|
| Monetary Rewards & Performance | 0.62    | 0.000   |

( $p < .01$ )**Source:** Hima Cement Employee Engagement and Performance Reports (2023-2024)

Based on the above table, monetary rewards are strongly and statistically correlated with employee performance.

This result can be considered an endorsement of expectancy theory and in line with Jiang et al. (2022), that financial incentives can boost productivity. The relationship strength also implies an overdependence on financial rewards, which might not be effective in the long-term performance, however.

#### 4.5 Influence of Non-Monetary Rewards on Employee Performance

**Table 7: Correlation between Non-Monetary Rewards and Performance**

| Variables                          | r-value | p-value |
|------------------------------------|---------|---------|
| Non-Monetary Rewards & Performance | 0.71    | 0.000   |

( $p < .01$ )**Source:** Hima Cement Human Resource Records (2024)

Based on the table above, non-monetary rewards exhibit a stronger correlation with performance as compared to monetary rewards. This agrees with self-determination theory (Deci and Ryan, 2020), which focuses on intrinsic motivation. The results are a contention to the conventional views in a manufacturing environment where financial rewards are the main consideration.

Non-monetary rewards have a higher effect, although they are less available (Table 7), which means that the potential of Hima Cement is not used fully.

#### 4.6 The relationship between effect of Monetary and non-monetary reward Systems on Employee Performance at Hima Cement Limited

**Table 8: Multiple Regression Results**

| <b>Variable</b>             | <b>Beta (<math>\beta</math>)</b> | <b>t-value</b> | <b>p-value</b> |
|-----------------------------|----------------------------------|----------------|----------------|
| <b>Monetary Rewards</b>     | <b>0.34</b>                      | <b>3.21</b>    | <b>0.002</b>   |
| <b>Non-Monetary Rewards</b> | <b>0.48</b>                      | <b>4.56</b>    | <b>0.000</b>   |
| <b>R<sup>2</sup> = 0.58</b> |                                  |                |                |

**Source:** Hima Cement HR Policy Manual (2023)

Based on the results of the regression above, it is clear that monetary and non-monetary rewards have a statistically significant effect on employee performance, thus validating the main hypothesis of the present study that reward systems are key determinants of organizational performance. It is important to note that non-monetary rewards are more predictive than monetary rewards, which indicates that intrinsic motivation forms exhibit a bigger influence on employee performance. The model also demonstrates that the joint influence of reward systems ( $R^2 = .58$ ) explains a significant proportion of variance in employee performance (about 58 percent), which shows the explanatory power of the well-designed reward systems in organizations and highlights the significance of such systems in the organizations.

Such results are also in line with Herzberg Two-Factor Theory that holds that monetary rewards are essentially hygiene factors that prevent dissatisfaction and non-monetary rewards are true motivators that increase job satisfaction and performance (Herzberg et al., 1959). On the same note, modern research results have highlighted the fact that intrinsic rewards prove to be more efficient to promote long-term employee engagement and productivity than extrinsic incentives (Deci et al., 2017; Kuvaas et al., 2020).

Critically, the findings indicate the presence of a major strategic imbalance in the Hima Cement Limited reward structure. The organization seems to be over dependent on monetary incentives and under investing in intrinsic motivators like recognition, career growth and conducive working conditions. This disproportion goes further to restrict the overall effectiveness of the reward system because employees can only perform at the minimum performance expectations because of financial rewards but they will not have the overall motivation to perform at a high standard. As a result, the structural weakness assists in interpreting the continued existence of performance issues in the face of formalized pay systems. Consistent with expectancy and self-determination theories, excessive focus on extrinsic rewards may displace intrinsic motivation, thus lowering productivity and organizational commitment in the long term (Ryan and Deci, 2020).

#### 4.7 Influence of Monetary Rewards on Employee Performance (Objective 1)

Table 9: Responses on Monetary Reward Statements (N = 123)

| Statement   | Agree(A) | Neutral(N) | Disagree(D) |
|---|----------|------------|-------------|
| My current salary is fair, competitive, and adequate for my living expenses.                          | 52       | 18         | 30          |
| Bonuses and incentives are paid promptly without unnecessary delays.                                  | 48       | 15         | 37          |
| Risk, transport, and shift allowances are sufficient to cover job-related expenses and hazards.       | 43       | 17         | 40          |
| Overtime compensation is calculated correctly and paid on time after working extra hours.             | 56       | 14         | 30          |
| Overall, the monetary rewards I receive significantly improve my daily productivity and work quality. | 61       | 12         | 27          |

**Source:** Hima Cement Employee Engagement and performance Reports (2023-2024)

From table 9, I found out that my current salary is fair, competitive, and adequate for my living expenses had 52% of the respondents who agreed, 18% were neutral and 30% of the respondents disagreed.

Bonuses and incentives are paid promptly without unnecessary delays had 48% of the respondents who agreed, 15% of the respondents were neutral and 37% of the respondents disagreed.

Risk, transport, and shift allowances are sufficient to cover job-related expenses and hazards had 43% of the respondents who agreed, 17% of them were neutral while 40% of the respondents disagreed.

Overtime is paid correctly and on time had 56% of the respondents who agreed, 14% of them were neutral and 30% of the respondents disagreed.

Overall, the monetary rewards I receive significantly improve my daily productivity and work quality. had 61% of the respondents who had agreed, 12% of the respondents were neutral and 27% of the respondents disagreed.

In conclusion, it was found that there is a known influence of monetary rewards on employee performance.

#### **4.8 Influence of Non-Monetary Rewards on Employee Performance (Objective 2)**

Table 10: Responses on Non-Monetary Reward Statements (N = 123)

| Statement   | Agree(A) | Neutral(N) | Disagree(D) |
|---|----------|------------|-------------|
| I receive regular verbal or written recognition when I perform well or achieve safety/production targets.   | 70       | 10         | 20          |
| Recognition programs (e.g., employee of the month, safety awards) motivate me to maintain high performance. | 70       | 10         | 20          |
| The company offers clear and fair opportunities for career advancement and promotion.                       | 64       | 12         | 24          |
| Training programs provided improve my technical skills and help me perform my job more effectively.         | 75       | 8          | 17          |
| Job enrichment makes my work more interesting and motivates me to deliver higher quality output.            | 70       | 10         | 20          |

|  |    |   |    |
|--|----|---|----|
| Overall, non-monetary rewards significantly increase my job satisfaction and long-term commitment. | 75 | 9 | 16 |
|--|----|---|----|

**Source:** Hima Cement Employee Engagement and performance Reports (2023-2024)

Based on table 10, I am regularly recognized verbally or in writing when I do a good job or when I meet safety/production targets had 70 percent of the respondents who agreed, 10 percent of the respondents were neutral and 20 percent of the respondents disagreed.

Rewards (e.g., employee of the month, safety awards) help me to perform well as long as 70% of the respondents that agreed to it, 10% of them were neutral, and 20% of the respondents were not.

The company provides easy and transparent career growth and career promotion are fair had 64% of the respondents who agreed, 12% of them were neutral and 24% of the respondents disagreed.

Training programs offered enhance my technical skills and enable me to better execute my job had 75% of the respondents who agreed, 8% of the respondents who were neutral and 17% of the respondents Disagreed.

Job enrichment helps me make my work more interesting and encourage me to produce better quality output had 75% of the respondents who agreed,9% of the respondents who were neutral and 16% of the respondents who disagreed.

In general, non-monetary rewards contribute to my job satisfaction and long-term commitment immensely when 75 percent of the respondents who agreed, 9 percent of the respondents who were neutral and 16 percent of the respondents who disagreed did so.

In conclusion, it was discovered that one of the known effects is Non-Monetary rewards on Employee performance.

#### **4.9. Findings discussion of Objective i and ii.**

Objective i: Effect of Monetary Reward Systems on the performance of employees.

The study findings indicate that the monetary reward systems play a great positive role in employee performance as the correlation ( $r = 0.62$ ,  $p < 0.01$ ) is strong. Most of the respondents have expressed that, salaries, bonuses, allowances and overtime pay helps in enhancing productivity and quality of work. Nevertheless, the findings also point to some significant issues with equity, sufficiency, and promptness of these financial incentives.

These results are in harmony with the literature reviewed that underlines the importance of monetary rewards as the main factor in extrinsic motivation. Expectancy and equity theories suggest that employees will be motivated when the relationship between the efforts and reward is clear and fair (Gerhart and Fang, 2021; Nyberg et al., 2020). On the same note, research by Jiang et al. (2022) and Mbukwana and Ayandibu (2023) affirms that financial rewards do increase productivity especially in manufacturing where performance can be evaluated.

Nevertheless, the results of the study also contribute to the literature by showing that the efficacy of monetary rewards is very dependent on how they are applied. Their motivational effects are undermined by problems like the late delivery of bonuses, low allowance, and the feeling that they are being treated unfairly. This is in line with the findings of Kuvaas et al. (2020) and Malik et al. (2021) who state that unpredictability in financial compensation may decrease trust, demotivate, and eventually performance.

Moreover, as much as the monetary rewards were observed to enhance the short-term performance results like productivity and attendance, the results indicate that they might not be adequate in long-term motivation. This confirms that financial incentives do not suffice to ensure sustained high performance particularly in cases where intrinsic motivational aspects are overlooked (Shin and Hur 2021).

These findings in the framework of the Two-Factor Theory of Herzberg affirm that monetary rewards are hygienic factors. They do not cause dissatisfaction when

satisfactorily met and do not powerfully stimulate employees when the intrinsic needs remain unsatisfied. This is why financial incentives are a necessity, but at Hima Cement Limited, the effects of such incentives are limited by administrative inefficiencies and excessive dependence on financial incentives.

Objective Number 2: Effect of Non-Monetary Reward Systems on the Employee Performance.

The results of the study show that non-monetary reward systems play a larger and more important role in employee performance than monetary rewards, which are also supported by a bigger correlation coefficient ( $r = 0.71$ ,  $p < 0.01$ ). The majority of the respondents affirmed that recognition, training, career development, and job enrichment boost their motivation, job satisfaction and overall performance.

The results are a solid confirmation of the literature that indicated the importance of intrinsic motivation in ensuring long-term employee performance. Non-monetary rewards, according to the self-determination theory (Deci et al., 2020; Ryan and Deci, 2020), satisfy psychological needs, including autonomy, competence, and relatedness, and result in increased engagement and productivity. On the same note, Manzoor et al. (2021) and Onyiengo (2022) discovered that intrinsic rewards enhance employee commitment and performance due to enhanced motivation.

The findings also support the fact that recognition and appreciation are strong motivators. Most of the respondents claimed recognition programs to have a positive impact on their performance, which is in line with the research by Imran (2021) and Qing (2024) who determined that recognition positively affects morale, motivation, and discretionary effort.

Also as noted by the study, training and career development opportunities are also important and many respondents admitted that they influenced performance. This is congruent to Isanzu (2021) who discovered that employee development enhances skills, efficiency, and productivity, especially in technical settings like manufacturing.

The results also illustrate that enriching jobs and meaningful work lead to quality performance. This is in line with the theory put forward by Herzberg, which

categorizes non-monetary rewards as motivation factors that contribute to satisfaction and high performance. When employees feel they grow, have been recognized and their work is meaningful, chances are high that they will perform beyond the expectations.

Notably, the research indicates that even though they are very powerful, non-monetary rewards are not fully used at Hima Cement Limited. The observation is agreeable with those of Marrucci et al. (2024) and DeBose (2024), who suggest that organizations tend to ignore non-financial incentives even when they are cost-effective and have long-term payoffs.

## **CHAPTER FIVE**

### **OVERVIEW OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter is a summary of the most important findings of the study on the effect of reward systems on the performance of employees at Hima Cement Limited. It gives a critical overview of the results, concludes based on empirical evidence and theory, and makes practical suggestions. The contribution of the study to the body of knowledge and areas where future research should be conducted are also pointed out in the chapter.

#### **5.1 Summary of Findings**

The research determined that reward systems are very important in determining the performance of the employees, but this does not necessarily mean that they are effective at all times; it depends on their form and how they are applied. Money was also identified to have a positive impact on the performance of the employees but their impact is limited by inefficiencies in operations like delays in payment, unfairness, and transparency. These mismatches kill the motivation behind the financial incentives, and may lead to discontentment, rather than improved performance.

On the other hand, the non-monetary rewards, that also comprise of recognition, career development opportunities and favourable working environments, were found to have a deeper and long lasting impact on employee motivation, their engagement and overall performance. This means that intrinsic and psychological rewards hold significance to the employees more than the monetary reward.

In addition, the findings demonstrated that the composite reward system which integrates both non-financial and financial provides the most significant change in employee performance. However, the research paper also found that there is a structural imbalance in the Hima Cement Limited with more emphasis being placed on monetary rewards as compared to non-monetary rewards. This imbalance limits

the performance of the reward system in general and it suppresses the optimal performance of employees.

## **5.2 Conclusions**

Based on the findings there are several critical inferences with regards to the research. First of all, monetary rewards are an important factor in employee performance, but they cannot be used to sustain high levels of productivity and engagement. They are particularly ineffective in cases when such issues as late payments and the sense of injustice persist.

Second, long term perspective, non-financial incentives are major motivators among the employees and sense of belonging to the organization. These rewards are based on the higher order needs such as recognition, achievement and personal development that is central to long term performance.

Third, the study concludes that an integrated reward system that combines the economic and non-economic rewards is the most effective way to enhance employee performance and, through the effective combination of these two types of rewards, is strategic. Such a system is consistent with the established theories of motivations, in particular, the Two-Factor Theory of Herzberg who recognizes hygiene factors and motivators.

Finally, the issue of inefficiency in the management of reward system especially in discrepancy, delay and injustices would go a long way to sabotage the intended effect of the reward system. The lack of rewards is not the issue at the Hima Cement Limited, but the ineffective design, unequal and inefficient reward system.

### **Overall Conclusion:**

The lack of incentives is not the key constraining element to the performance of the employees in Hima Cement Limited, but rather structural and administrative weaknesses of the reward system. These systemic issues need to be tackled so as to achieve long-term benefits in employee productivity and in the performance of organizations.

## **5.3 Recommendations**

### **5.3.1 Recommendations to Management**

The management should also aim at ensuring the monetary rewards like the salaries, bonuses and overtime payments are timely and transparent to instill confidence and raise their level of motivation. Secondly, there is need to institutionalize institutionalized employee recognition plans, to acknowledge individual and team performance to strengthen intrinsic motivation.

The other area that the organization should invest in is the continuous training and career development programs to assist in building of the employee competencies and a systematic means of professional development. They also need to promote fairness and equity in rewarding employees since a feeling of injustice may badly ruin the morale and performance of the employees.

### **5.3.2 Strategic Recommendation**

The study recommends that Hima Cement Limited ought to adopt a total reward system. This strategy should integrate both monetary and non monetary reward systems such as recognition programs, career development and good organizational culture. The performance, retention and engagement of the employees will also be added value through the balanced reward system.

### **5.3.3 Policy Recommendation**

On policy level, the organization should formulate and implement conspicuous and formalized reward policies which are explicitly linked to quantifiable performance indices. The compensation structures should be periodically reviewed in such a manner that they capture the occurrences in the industry, organizational goals and objectives, and the expectations of the employees. This will add effectiveness and equity of reward system.

## **5.4 Research Areas.**

The research should consider how employee retention is related to reward systems in future research, especially in the manufacturing industries in developing economies. Also, more studies are required to investigate moderating influence of organizational culture in assessing the effectiveness of reward systems. The comparative studies of various manufacturing companies in Uganda would also yield wider perspectives and the findings would be more generalizable.

### **5.5 Contribution to Knowledge**

This paper will add to the literature body of knowledge that provides empirical data on the impact of reward system in employee performance in the cement manufacturing industry of Uganda. It also emphasizes the relatively high value of non-financial rewards in motivating employees, thus proving the traditional assumptions that focus on the financial rewards as the most important. In addition, the work fills the gap between theoretical view of motivation and the practical use of motivation in organizations providing both academic and practical insights.

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## APPENDIX II RESEARCH QUESTIONNAIRE

**Dear Respondent,**

I am Okello Emmanuel, a student pursuing a Bachelors of Human Resource Management at Uganda Christian University (UCU). I am conducting research titled “The Influence of Reward Systems on Employee Performance: A Case Study of Hima Cement Limited” As a partial fulfillment of the requirements for my degree. Your role as an employee of Hima Cement Limited makes your views very valuable to this study, Your honest responses will help provide accurate insights. All information you provide will be treated with strict confidentiality, used only for academic purposes, and reported only in aggregated form. Your name is not required. Participation is voluntary, and you may withdraw at any time without any consequence. Please tick (✓) the appropriate box or fill in where required.

### **Section A: Background Information** (Your answers remain anonymous)

1. Gender

Male  Female  Prefer not to say

2. Department / Section

Production

Maintenance

Quality Control

Administration

Human Resources

Finance

Sales/ Logistics

Others(specify).....

3. Job level

Senior management

Supervisor

Operational/ Technocal staff

4. Years of service at Hima Cement Limited

Less than 1 year  1-3 years  4-6 years  7-10 years  more than 10   
years

5. Highest Level of Education

Certificate                      Diploma

Bachelor's Degree                      Master's Degree

Professional Qualificatin                      other(specify).....

**Section B: Monetary (Financial) Reward Systems).**

Please indicate the extent to which you agree with each statement using the scale below: 1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Neutral (N) 4 = Agree (A) 5 = Strongly Agree (SA)

| No. | Statement  | 1<br>(SD) | 2<br>(D) | 3<br>(N) | 4<br>(A) | 5<br>(SA) |
|-----|--|-----------|----------|----------|----------|-----------|
| 1   | My current salary is fair, competitive, and adequate for my living expenses.                   |           |          |          |          |           |
| 2   | Salary reviews and increments are conducted regularly and based on clear performance criteria. |           |          |          |          |           |
| 3   | Salary levels motivate me to maintain high levels of attendance and punctuality.               |           |          |          |          |           |

|    |   |  |  |  |  |  |
|----|---|--|--|--|--|--|
| 4  | Performance-based bonuses are clearly linked to achievable individual and departmental targets.       |  |  |  |  |  |
| 5  | Bonuses and incentives are paid promptly without unnecessary delays.                                  |  |  |  |  |  |
| 6  | The amount of bonus/incentive I receive strongly motivates me to exceed production targets.           |  |  |  |  |  |
| 7  | Risk, transport, and shift allowances are sufficient to cover job-related expenses and hazards.       |  |  |  |  |  |
| 8  | Allowances are allocated fairly and transparently across different departments and shifts.            |  |  |  |  |  |
| 9  | Overtime compensation is calculated correctly and paid on time after working extra hours.             |  |  |  |  |  |
| 10 | The overtime pay rate encourages me to accept additional shifts when production demands increase.     |  |  |  |  |  |
| 11 | Overall, the monetary rewards I receive significantly improve my daily productivity and work quality. |  |  |  |  |  |

**Section C: Non-Monetary Reward Systems**

| No. | Statement   | 1<br>(SD) | 2<br>(D) | 3<br>(N) | 4<br>(A) | 5<br>(SA) |
|-----|---|-----------|----------|----------|----------|-----------|
| 12  | I receive regular verbal or written recognition when I perform well or achieve safety/production targets.   |           |          |          |          |           |
| 13  | Recognition programs (e.g., employee of the month, safety awards) motivate me to maintain high performance. |           |          |          |          |           |
| 14  | The company offers clear and fair opportunities for career advancement and promotion.                       |           |          |          |          |           |
| 15  | Career development paths and promotion criteria are communicated transparently to all employees.            |           |          |          |          |           |
| 16  | Training programs provided improve my technical skills and help me perform my job more effectively.         |           |          |          |          |           |
| 17  | I have access to relevant on-the-job training or external courses when needed.                              |           |          |          |          |           |
| 18  | Flexible working arrangements (where applicable) help me balance work and personal responsibilities.        |           |          |          |          |           |
| 19  | Support for work-life balance reduces my stress levels and improves my attendance.                          |           |          |          |          |           |
| 20  | My job provides opportunities for enrichment (more responsibility, variety, and meaningful tasks).          |           |          |          |          |           |
| 21  | Job enrichment makes my work more interesting and motivates me to deliver higher quality output.            |           |          |          |          |           |
| 22  | Overall, non-monetary rewards significantly increase my job satisfaction and long-term                      |           |          |          |          |           |

|  |             |  |  |  |  |  |
|--|-------------|--|--|--|--|--|
|  | commitment. |  |  |  |  |  |
|--|-------------|--|--|--|--|--|

**Section D: The relationship between Monetary and Non-Monetary Reward**

**Systems on Employee Performance**

| No. | Statement   | 1<br>(SD) | 2<br>(D) | 3<br>(N) | 4<br>(A) | 5<br>(SA) |
|-----|---|-----------|----------|----------|----------|-----------|
| 23  | When both monetary and non-monetary rewards are provided fairly, I feel highly motivated to perform well.     |           |          |          |          |           |
| 24  | The combination of financial rewards and recognition/training increases my overall job commitment.            |           |          |          |          |           |
| 25  | Balanced monetary and non-monetary rewards significantly reduce my chances of being absent or late.           |           |          |          |          |           |
| 26  | Integrated reward systems help me use time, materials, and energy more efficiently during my shifts.          |           |          |          |          |           |
| 27  | The mix of monetary and non-monetary rewards improves the quality of my work (fewer errors, better safety).   |           |          |          |          |           |
| 28  | Monetary rewards provide basic security, while non-monetary rewards inspire me to exceed minimum effort.      |           |          |          |          |           |
| 29  | The current reward system at Hima Cement motivates me to consistently achieve production and safety targets.  |           |          |          |          |           |
| 30  | If both monetary and non-monetary rewards were improved, my overall performance would increase significantly. |           |          |          |          |           |
| 31  | Fair combination of rewards makes me feel proud and loyal to Hima Cement Limited.                             |           |          |          |          |           |
| 32  | The interaction between monetary and non-   |           |          |          |          |           |

|    |   |  |  |  |  |  |
|----|---|--|--|--|--|--|
|    | monetary rewards positively affects my punctuality and attendance.  |  |  |  |  |  |
| 33 | Overall, the reward systems at Hima Cement Limited strongly influence my daily productivity and work quality. |  |  |  |  |  |

**THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND COOPERATION.** Your contribution is greatly appreciated and will help improve understanding of reward systems at Hima Cement Limited.

**End of Questionnaire**