**EXAMINING THE EFFECTS OF THE REWARDING SYSTEM ON EMPLOYEE PERFORMANCE IN UGANDA'S DOWNSTREAM OIL AND GAS SECTOR**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION OIL AND GAS MANAGEMENT AT THE INSTITUTE OF PETROLEUM STUDIES KAMPALA IN AFFILIATION TO UCU.**

**DECEMBER, 2021**

## DECLARATION

I Kyarisiima Rebecca, do hereby declare that this dissertation titled “Examining the Effects of the rewarding system on employee’s performance in Uganda’s downstream oil and gas sector’ is a result of my own independent research effort and investigation. It has never been presented for any academic award in any Institution or university. All sources used in this research have been rightfully acknowledged.

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REBECCA KYARISIIMA Date

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# APPROVAL

I acknowledge that this dissertation titled: "Examining the effects of the rewarding system on employee's performance in Uganda's downstream Oil and Gas sector "has been under my supervision and is ready for submission.

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**Associate Professor Ngoma Muhammed.** Date

## DEDICATION

I wish to dedicate this dissertation to my dear Husband Hon.Namara Dennis who gave me great support morally, financially and spiritually, and my dear children Jeremiah, Holy, Glenn and Malaika who light up my world. May God bless their footsteps and broaden their territories.

Love you.

Mummy.

## ACKNOWLEDGEMENTS

I thank the Lord God for the gift of life and for sustaining me throughout these two years of my studies. Without Him, this would all not be possible. Sincere thanks go to my supervisor, Prof. Ngoma for his brilliant guidance, understanding and patience throughout this period as well as his assistance as I compiled and prepared this research report.

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May God bless them.

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| | |
|---|---|
| CIPD | Chartered Institute of Personnel and Development |
| CNN | Cable News Network |
| CPE | Continuing Professional Education |
| CVI | Content Validity Index |
| DV | Dependent Variable |
| HRM | Human Resource management |
| IOCs | International oil Companies |
| IV | Independent Variable |
| NSSF | National Social Security Fund |
| O&G | Oil and Gas |
| SHRM | Society for Human Resource Management |

# ABSTRACT

This study investigated the the extent to which financial and non-financial rewards contribute to employee performance in Uganda's downstream oil and gas sector. Specifically, the study sought toassess the impact of financial rewards on employee performance in Petroleum Stations in Uganda assess the impact of non-financial rewards on employee performance in Petroleum Stations in Uganda, and to examine the relationship between employee performance and financial or non-financial reward systems. The study used a cross-sectional research design in which both Quantitative and Qualitative approaches were used. Data was collected by the use of interview guides and Questionnaires, from 52 employees and 13 managers.

Through the use of regression analysis financial and non –financial rewards were found to have a positive and significant effect on employee performance. The study recommended that downstream oil and gas companies need to keep up and actually increase to increase on the salaries and other financial rewards offered to staff and to broaden on the non-financial rewards offered to staff especially the other benefits offered for example housing allowance, transport given the positive effect these have on employee performance.

# CHAPTER ONE

# GENERAL INTRODUCTION

## 1.1 Introduction

This study examined the role of Human Resource Practices and most especially rewarding in determining the performance of employees in the downstream oil and gas sector. In this study, employee performance is conceived as the dependent variable while the form and size of reward is considered as the independent variable. This chapter presents the background to the study, the objectives of the problem, the general objectives, the objectives of the study, the research questions, the hypothesis, the scope of the study, the significance justification and operational definition of terms and concepts.

## 1.2 Background of the Study

The Rewarding system is seen as largely about managing expectations, which is what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. In addition, it is the process of developing and implementing strategies, policies and systems which help the organization to achieve its objectives by obtaining and keeping the people it needs and by increasing their motivation and commitment, is of utmost importance to firms today because recent developments in the business world have seen to it that people have become a firm's most valuable resource (Ripley, 2002).

Employee performance can be said to be the effectiveness and efficiency to which employees of any given organization carry out their day to day duties in order to meet the management and customer expectations, (Pierce et al, 2004). It can also be said to be the level to which the employees apply their skills, knowledge and attitudes towards achieving the desired results and meeting the specified objectives, (Rehman, 2009). Bohnstedt& Larsen, (2008) points out that employee performance is often indirectly measured using aspects of employee behavior at work such as speed, courtesy, etiquette, precision, time management, consistency and influence on other employees.

The dawn of the petroleum age in Uganda led to the establishment of multiple downstream oil and gas companies. The bulk of these mainly concentrated on the provision of petroleum products to consumers at permanent services stations. Due to the vastness of the country and the rate at which the city expands, name brand petroleum stations couldn't keep up with the supply of petroleum products to their consumers. This created an opportunity for smaller petroleum companies to come in. The petroleum service stations were categorised depending on the size and their resources, as either big brand petroleum station or small brand petroleum station (Ampurira, 2013).

Due to the limited resources of the small brand companies, there is need for conservation through reductions in the size, both physical and labour-wise. More to that, the reduced labour is expected to work competitively with other oil companies whilst earning significantly less. The fuel stations are operated on a dealership where private individuals are given franchise to operate using company names. Although the fuel stations in Uganda may be run by private individuals, the government barely sets the terms and conditions of work for service station attendants in relation to basic job responsibilities, pay and incentives which are implemented by the dealers or managers in the different regions the franchise operates (Ampurira, 2013). Commonly used incentives are lunch for all staff, transport allowances and end of year packages for all staff.

Preliminary research interviews carried out by the researcher revealed that employees at smaller downstream oil and gas companies are paid significantly less than their counterparts at the bigger companies like TOTAL and SHELL. Their earnings are not complemented by the required allowances of benefits of any sorts. Many note that they barely make enough to live on but are stuck at the job due to the country's unemployment status. As a result, these employees are barely attentive at work and do not offer their best services. This can be witnessed in the performance of the companies they work for. The researcher therefore sought it important to examine the impact of Human resource practices, especially employee rewarding, on the performance of employees.

### 1.2.1 Historical Background

Working with organizations such as the Greek and Roman armies, the Roman Catholic Church, the East India Company and the Hudson Bay Company began with formal organizations. Much has also been written well before the word "management" came into popular use on how to make companies efficient and effective. The theory of Scientific Management originated in the United States from the need to improve productivity at the beginning of the 12th century, when skilled labour was in short supply. Frederick W. Taylor (1856-1915), Henry L. Gantt and Frank and Lillian Gilbreth, who founded a body of concepts known as the philosophy of scientific management, were his proponents.

Frederick Taylor (1911), also known as the father of scientific leadership, became involved in increasing the efficiency of workers by conducting tests to determine the best standard of output for some jobs and what was needed to achieve this performance. Taylor's assumption was that workers paid significant goal/task accomplishment incentives because rewards for work performed successfully and efficiently contributed to satisfaction. This is one of the earliest explanations of the notion that success has contributed to fulfilment by incentives and rewards. Lawler and Porter (1967) later promulgated this idea.

In the 1930s, as a means of hiring, attracting and empowering employees, large companies saw value in enhancing employee benefits. By 1945, World War II experience had demonstrated that the productivity of output could be impacted by employment policies. The global collapse of the economy has drastically reduced the need for jobs to be chosen. The great depression intensified psychologists' concern for the condition of human beings and the humanization of the workplace at the same time. With high unemployment, access to food and shelter at risk for many people, psychologists such as Abraham Maslow have become paramountly concerned about people's needs and aspirations (Latham, 2007).

Jobs began to grow rapidly in the 1960s and 70s. Behaviourism made a comeback during the mid-1970s, when a new generation of theorists realized that human behaviour was complex and could be stimulated as much by the internal environment of a person as exogenous factors could. As a consequence of the operation of cognitive processes in contact with the environment, behaviour arises. External social stimuli to which individuals respond are created by the environment (Basset-Jones & Lloyd, 2005).

The 1990s and 2000s were characterized by the great rivalry between organizations, the globalization revolution, the emergence of information technology, increased social and environmental consciousness, and the pressures of stakeholders on organizations' social roles (Jabbour& Santos, 2011). The complex interaction strategy that implies intense participation with others is this modern management theory.

Managers should pay attention not only to their own problems, but also to consider what is important to other managers in their organizations as well as in other organizations (History of Management Thought). Global competition has created flatter, more sensitive organizations that enable workers to make even greater use of judgment and initiative. Raised during an age of rapid technological change and immediate access to information, younger employees now come to organizations with different standards (Thomas, 2009).

### 1.2.2 Theoretical Background

Studies in Human resource (HR) management and performance have been well documented in number of past and recent reviews and previous scholars have advanced a number of theories to explain Human resource Management and performance. (Guest, 2007; Gratton *et al*, 2009; Wood, 2009; Paauwe, 2013). Effective and evolving HRM practices lead to better and changed employee behavior which helps enhance organizational performance. This study was informed by the Guest model theory of 1997.

***Guest model theory of 1997***

This model states that if an integrated set of HRM practices is applied in a coherent fashion, with a view to achieving the normative goals of high commitment, high quality, and task flexibility, then it results into superior individual performance for the organization. It also assumes that this results into superior organizational performance. It further explains that HRM practices should be designed to lead to a set of HRM outcomes of high employee commitment, high-quality employees, and highly flexible employees.

The Guest model has six components; an HRM strategy, a set of HRM policies, a set of HRM outcomes, behavioral outcomes, a number of performance outcomes and financial outcomes. The model links Human Resource Management and performance in various perspectives. The model has financial performance as the indicator of performance. Such includes financial performance and human resource effectiveness. However, the field of Human resource management is against using human resources as vehicle of achieving financial performance without considering issues that make human resources committed, satisfied and happy.

A core set of integrated HRM practices in small scale enterprises can achieve superior individual and enterprise performance. High employee commitment is a vital HRM outcome in small enterprises, concerned with the goals of binding employees to the organization and obtaining behavior outcomes of increased effort, cooperation, involvement, and organizational citizenship this model may help achieve enterprise performance. The model works towards having highly skilled employees. A high-quality employee refers to issues of workplace learning and the need for the organization to have a capable, qualified and skillful workforce to produce high-quality services and products.

***Herzberg's Two-Factor theory***

This study was also guided by Herzberg's Two-Factor theory that clearly distributes rewards into extrinsic and intrinsic rewards. Herzberg argued that there were certain factors that would directly motivate employees to work harder (Motivators) and factors that would de-motivate an employee if not present but would not in themselves actually motivate employees to work harder (Hygiene factors) (Armstrong, 2006).

He distinguished between: motivators (e.g. recognition, growth, advancement, responsibility, interesting and challenging work and achievement) also referred to as intrinsic factors which give positive satisfaction and hygiene factors (e.g. salary, working condition, supervision, interpersonal relations, company policies and administration, job security) referred to also as extrinsic factors which do not give positive satisfaction, although dissatisfaction results from their absence(Dessler, 2008).

These factors lead to the prevention of dissatisfaction. The theory guided the selection of the variables that formed part of the objectives of this study. A combination of extrinsic and intrinsic rewards forms a total reward. This study adopted a total rewards strategy which is the main focus of modern management.

### 1.2.3 Conceptual Background

This study looked at the concept of rewarding in terms of total reward (financial and non-financial rewards) and how they affect performance (timely disposal of cases, efficiency and effectiveness) of the downstream oil and gas sector. According to Armstrong (2006:625) reward management include reward policies that provide guidelines on approaches to managing rewards, reward practices that facilitate the provision of financial and non-financial rewards and reward processes that provide a means for evaluating the relative size of jobs (job evaluation) and assessing individual performance (performance management).

The Rewarding system involves strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization’s strategic goals. Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility (Armstrong, 2008).

Employees usually are attracted to organizations with a dedication to work and provide a good performance however they are frustrated by what they get in terms of rewards against their input. Tettely (2006) emphasizes that the problem of academic employee performance is a global one which affects both developing and industrialized countries. Walugembe (2007) mentions that in Uganda organizations have come up to face the challenge of developing and maintaining competitive reward systems given the organizations reward culture in the pensions Act 9 cap 286) and the NSSF Act (Cap.223) provided for employees to be rewarded after retirement.

Although this appears to be a contributory scheme it shows how Uganda has had a history of rewarding employees which aimed at providing financial benefits to the employee. According to Walugembe (2007), the Ministry of Public Service has introduced a reward and recognition scheme whose objective is to motivate people to work with the public service, stay and deliver higher levels of performance, achieve organizational goals and support the development of performance culture where people are rewarded for the value they create.

## 1.3 Problem Statement

In the recent past organizations have put in place several rewarding systems to help in managing expectations employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills(Ripley, 2002). The rewards put in place are both financial and non-financial; financial rewards are payments composed of base pay performance pay and cash bonuses, Non-financial rewards are the tangible rewards, social practices or job-related factors that are used in an organization to motivate employees without direct payment or cash (Armstrong &Mulis 2004). If these rewards are properly implemented the organization is able to achieve its objectives by obtaining and keeping the people it needs though increasing their motivation and commitment (Ripley, 2002). Research has proven that when human being are appreciated and praised they tend to effectively and efficiently carry out their day to day duties in order to meet the management and customer expectations and improve their performance (Torrington & Hall, 2006).

However, even with the above the Rewarding system in Uganda's oil and gas downstream sector is not handled well enough so output is dismal. Workers are not rewarded so well to their expectations and in the end they tend to look for greener pastures somewhere else. This explains the rampant voluntary resignations on the not so big Petroleum stations of Uganda. The downstream oil and gas industry has been recorded to have one of the highest rates of business losses in Uganda over the past 10 years (Tushabomwe-Kazooba, 2006).

Oil company administrators in the downstream sector are largely responsible for ensuring that the activities or work is performed correctly by workers. To do this, these HR managers must ensure they have a professional staff department to hire the best workers capable of doing the job, there is a belief that in order to maximize employee performance, the employees must be appropriately compensated both financially and non financially. However, few studies have been put up to confirm this. This study therefore sought to assess the extent to which financial and non-financial rewards contribute to employee performance in Uganda's downstream oil and gas sector.

## 1.4 Research Objectives

### 1.4.1 General Objective

To assess the extent to which financial and non-financial rewards contribute to employee performance and overall employee performance in Uganda's downstream oil and gas sector.

### 1.4.2 Specific objectives

1. To assess the impact of financial rewards on employee performance in Petroleum Stations in Uganda.
2. To assess the impact of non-financial rewards on employee performance in Petroleum Stations in Uganda.
3. To examine the relationship between employee performance and financial or non-financial reward systems.

## 1.5 Research Questions

1. What impact do financial rewards have on employee performance at Petroleum Stations in Uganda?
2. What impact do financial rewards have on employee performance at Petroleum Stations in Uganda?
3. What is the relationship between employee performance and financial or non-financial reward systems?

## 1.6 Scope of the Study

### 1.6.1 Geographical Scope

The study looked at Petroleum stations in Mukono Central Division,

### 1.6.2 Content Scope

The content scope covered the human resource management practices specifically reward management and employee performance which were measured in terms of effectiveness, efficiency and customer satisfaction.

### 1.6.3 Time Scope

The study will cover the period of 2015 to 2019 (4 years). It is in this period that the IOCs and the Government started hiring for oil and gas positions.

## 1.7 The Significance of the Study

The study is expected to be relevant to the downstream oil and gas industry of Uganda in general as it aims to improve on its management practices. With the Production date still in contention, the country is witnessing a high labour turnover since the oil and gas companies can barely cover the costs as is.

The study is also expected to be used by other future researchers as the foundation of further research. In addition, the study will be useful to government agencies, donors and other stakeholders in health sector. The study will aid policy makers and implementers in re-examining the policies embedded in human resource practices.

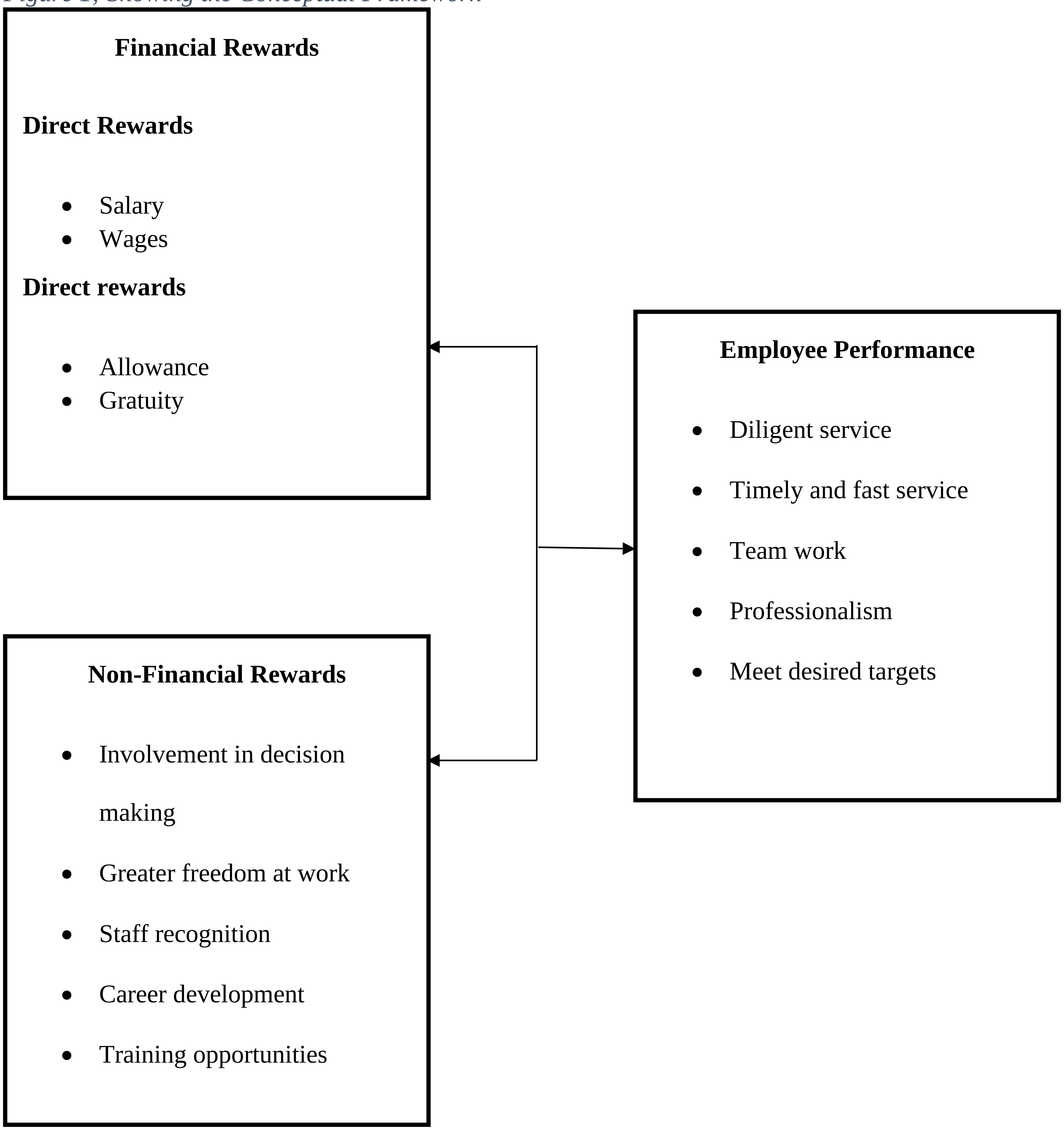
## 1.8 The Justification of the Study

The purpose of this study is to show why on the overall employees' performance in the oil and gas sector is still considered to be low. The study will give appropriate recommendations on how employees' poor performance in the different oil and gas companies can be solved. It will suggest solutions and areas of improvement in the human resource management practices of the industry.

## 1.9 Conceptual Framework

Independent Variables (I.V) Dependent Variables (D.V)

*Figure 1; Showing the Conceptual Framework*



**Constructed by the Researcher from the writings of Adam (1963), Armstrong (2000) Decenzo (1998) and Nambuya (2007)**

The conceptual framework was based on Adam's (1963) equity theory which states that employees seek a fair balance between what they put in and what they get out of their work. Employees make decisions to leave or stay with the organization basing on their referents in the market place. They make subjective perceptions of what constitutes a fair balance between their inputs; energy, commitment, integrity, heart and soul among others and outputs; rewards personal development, to mention but a few they are also guided by their own responses to them in relation to the perceived ratio of inputs. If they feel that the inputs are fairly and equitably rewarded by the outputs, they are happy with their work and motivated to continue working with the same employer/job and the reverse is true.

The model explains that if employees experience a balance of good salaries, benefits, employee involvement, greater responsibility, recognition and career development, they will not leave the organization, in other words those who are dissatisfied by the financial and non-financial factors shall have a higher intent of leaving the organization, hence employee performance problems However the relationship of the variables will be moderated by the organizational culture, leadership styles, policies and procedures.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

The chapter presents related literature on rewards and employee performance. The literature reviewed was intended to give a deeper insight on the role of extrinsic and intrinsic rewards in relation to staff performance. The literature structure followed the following themes; the concept of staff performance and its importance, rewards, job satisfaction, long tenure the role of direct financial and indirect financial rewards in relation to staff performance, and finally reviewed literature on indicators of the dependent variables that is Participation in decision making, Greater job freedom and discretion, more responsibility, Interesting work, career development and Opportunities for personal growth in relation to staff performance.

## 2.2 The concept of Employee Performance

Employee performance refers to how the workers behave in the workplace and how well they perform the job duties obligated to them (Ashley, 2019). A company typically sets performance targets for individual employees and the company as a whole in hopes that the business offers good value to customers, minimizes waste and operates efficiently (Ashley, 2019). For an individual employee, performance may refer to work effectiveness, quality and efficiency at the task level. The salesperson, for example, may be expected to complete a certain quota of calls to potential leads per hour with a specific portion of those resulting in closed sales. On the other hand, a production worker may have performance requirements for product quality and hourly output.

Employee performance relates to how well workers can conduct their required job duties. Evaluating performance is an easy way to pinpoint the need for additional training and mentoring to improve the workforce. How the employees perform daily in the business will have an impact on the business's success or failure (Ashley, 2019).

Employee performance involves factors such as quality, quantity and effectiveness of work as well as the behaviors the employee shows in the workplace. The business owner or management have control over setting these expectations and monitoring them regularly. Understanding performance metrics, employee performance review methods and ways to improve performance will help to ensure that the workforce can meet the business's needs and customers' satisfaction (Ashley, 2019).

Individual performance affects team and organizational performance. If there are employees who can't keep up or who perform subpar work, this means that other workers may have to pick up the slack or that the work has to be redone. When employee performance is poor, one is not able to satisfy the customers and thus see negative impacts on the profits, company reputation and sales.

### 2.2.1 Common Employee Performance Metrics

The specific metrics used to monitor employee performance will ultimately depend on the type of work the business does. However, there are some universal metrics to consider. Businesses should monitor the quality of work, individual employee goals, and effectiveness of training and employee efficiency. Evaluating quality of work and efficiency helps to prevent expensive mistakes, make it more likely that the employees meet deadlines and reduces wasted time, materials and effort. Evaluating the effectiveness of training and individual employee work goals will help to determine if employees are best equipped to perform their jobs and to offer guidance when needed (Amisano, 2017).

In this study the more specific performance metrics that will be monitored include: number of sales errors, number/volume of sales and absenteeism rate (Amisano, 2017). In monitoring employee efficiency at work, Resource Utilization, Quality Services and Timely delivery of Output shall be the indicators while for effectiveness at work innovations shall be the indicator. Finally, for customer satisfaction the indicators shall be reduced complains and organization image.

In Evaluating Employee Performance, there are several employee performance evaluation methods from which to choose, and one may find it helpful to use multiple methods to get a more complete picture of the individual, team and organizational performance. Some of these include: Management by objectives, 360-degree feedback, Scale and ranking methods and Employee self-evaluation (Amisano, 2017).

Improving Employee Performance is needed in addition to evaluating employee performance regularly. This requires an employee performance-improvement plan to respond to the performance findings. It helps to first identify why the employees do not meet performance expectations. Perhaps they lack proper training, motivation, morale or understanding of performance targets. Once the causes of poor performance are identified, it is time to take action in the forms of offering additional training, implementing an effective reward system, improving the work environment, empowering the workers and using useful technologies (Amisano, 2017).

## 2.3 The Concept of Rewards

Rewards in its broadest sense refers to the benefits which employees receive in return for working on behalf of an employing organization. Rewards can therefore assume a number of different forms, though they are two main forms of financial rewards direct payments(salaries) and indirect payments (benefits) benefits like staff discounts, occupational pensions, health insurance, and company cars and non-financial rewards such as employee involvement decision making, greater job freedom and, discretion (responsibility), recognition, training opportunities.

Marchington and Wilkinson (1997) quoted Lawler (1984;128) noting that rewards systems can influence a number of areas which in turn have an impact on organizational performance. rewards influence who is attracted to apply and work for the employer and also who continues to work for him; those organizations that give the most rewards tend to attract who perform the best. High wages attract, more applicants which allows greater choice over selection and hiring decisions which in turn may reduce business losses.

## 2.4 Financial Rewards and Employee Performance

Financial rewards are payments composed of base pay performance pay and cash bonuses (Armstrong &Mulis 2004). These make up a total remuneration According to Yavuz (2004), rewards involve granting in terms of money. The report by Hays (2006), 42% of employees surveyed said they prefer financial rewards, with 9% valuing non-financial rewards. This shows a significant increase in the number of people preferring cash rewards.

### 2.4.1 Direct financial rewards and employee performance,

According to Vani, (2012) direct financial rewards comprise of salaries, wages, commissions and bonuses. They consist of pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals

***Salary***

Flippo (1984) states that as far as the organization is concerned, employee compensation programs are designed to do three things; to attract capable employees to the organization, to motivate them towards superior performance, and to retain their services over an extended period of time

Bernardin (2007) argues that in job related situations, money motivates behaviour when organizations reward people in relation to their performance or contributions. The journal on micro Micro-save Africa (2000) clearly states that people go to work in order to earn a living which in most cases means to earn money. We all need an income in order to fulfil our basic needs such as food shelter. All other things being equal most people would prefer to earn and the promise to earn more will generally attract people to stay with an organization to work a little bit harder. In other words, money is pull factor for staying in an organization. Armstrong and Mullis; (2004) and White and Druker; (2000) also agree that rewards may be used to attract, retain and motivate employees to work harder.

In his Efficiency wage theory Salop (1979) stipulates that ‘firms will pay more than the market rate because they believe that the high levels of pay will contribute to an increase in productivity by motivating superior performance, attracting better candidates, reducing labour turnover and persuading workers that they are being treated fairly. The implication is that when employees are paid well, they perform better for the organization and in case they are not rewarded well they will end up quitting the organization.

Money plays a big role in the performance levels of employees because to attract better skilled people, organizations have to pay a considerably good salary. Wargborn (2008). Furthermore, to survive work organizations have to be financially viable. Thus, in all work organizations the obtaining, allocating, and spending of money is a crucial issue. Since it is important to many people, money obviously can influence motivation.

An effective compensation plan is a great way to demonstrate commitment to employees. According to a 2004 Job Satisfaction Survey conducted by the Society for Human Resource Management (SHRM) and Cable News Network (CNN), responding employees rated benefits and compensation/pay as the two most important job satisfaction factors. A competitive remuneration structure benefits business by ensuring valuable employees are committed to the organization and therefore improve their mentality to work and provide better performance of their jobs.

Nambuya (2007) mentioned that "Staff invests themselves with the organization in terms of energy, integrity, commitment and heart into their job. In return, they expect their returns as per the job market offers based on their perceptions in order to keep in putting with the organization otherwise, they would leave in search of better returns with a different employer". The returns among other things could be interpreted in form of rewards both financial and non-financial rewards.

Contingency pay can enable an organization to attract and retain people who are confident in their ability to deliver results but expect to be rewarded. Money is a key reason why staffs leave work for another organization. Even if the job is very similar, but another organization is prepared to pay more than you are then some employees are bound to be tempted (Hendrie 2004; Peppit 2004)

### 2.4.2 Indirect financial rewards(benefits) and employee performance

Huseman*et al.* (1978), Sutton (1986), and McCaffrey (1990) argued that benefits can be seen as means to meet organizational objectives, such as increasing morale and retaining and attracting good employees; however, they claimed that benefits can affect employee attitudes and performance through operation of benefit programs. Hennessey *et al.* (1992) contended that mixed views result from benefit awareness. He argued that if employees are completely unaware of benefits, they bring no motivation. His investigation further demonstrated that benefit-awareness intervention has a significant impact on perceived organizational productivity.

A couple of points, however, are worth noting, although previous studies reviewed different views concerning the impact of benefits on competitive advantage, there is a consensus that benefits help firms get good employees.

***Pensions***

The Oxford dictionary (2000) defines pensions as money given by the government or company to persons who are considered to be too ill or old to work. Pensions can be seen as a form of deferred pay. Wikipedia (2010) states that in general, a pension is an arrangement to provide people with an income when they are no longer earning a regular income from employment. It is a tax deferred savings vehicle that allows for the tax-free accumulation of a fund for later use as a retirement income.

According to CIPD (2009), all organizations employing five or more staff have to offer access to a stakeholder pension scheme. The decision will reflect the organization's overall benefits strategy that is aligned to organizational objectives. The objectives of providing an occupational pension scheme can include provision of a competitive benefits package to aid the recruitment and retention of employees, meeting the needs of employees, managing pension costs effectively After basic salary, pension schemes are usually the costliest element of the remuneration package, especially for older workers.

For a pension to be an effective benefit, employees must understand its value to them. In general, pension arrangements which are simple to understand are more likely to be valued by employees. However, the degree of flexibility and choice within a pension scheme should depend on the profile of the employees. for instance, young employees may be attracted to employers offering opportunities for career advancement, work life balance and competitive salary. However, older employees may be more attracted to competitive retirement packages, health care benefits and good salary.

***Gratuity***

Macharia (2008) noted that terminal gratuity was another key motivating factor that kept faithful employees at the workplace. Many workers feel safe in the knowledge that they will walk home with a tangible amount of money when they eventually retire. Terminal gratuity is worked at an agreeable percentage of the employees' basic salaries and ensures the employee does not suffer pecuniary embarrassment in retirement.

Cost cutting has become the mantra of many organizations as they struggle to survive the global financial glitch that has occasioned serious inflation in many countries. For employees, this payment can be a welcome windfall when changing jobs or leaving the country. For employers, it can help increase employee loyalty in this transient community, especially when staff see the prospect of higher gratuity payments with longer periods of service.

***Allowances***

Heathfield (2009) contends that a Competitive salary, competitive vacation and holidays, and tuition reimbursement are three basics in employee retention. According to Messmer (2007) employers should also evaluate whether the benefits they offer are as attractive as those competitors provide. Demographic changes in the workplace, including delayed retirements, dual-income couples, domestic partners, and single-parent households, are making one-size-fits-all benefits packages insufficient. These and other changes have altered the profile of a "typical" employee--and his or her expectations of a company benefits program. Many companies now offer flexible, or cafeteria, benefits, which give employees a menu of choices.

Dessler, (2003:388), Mullins (1999:812) and Daft (2000:418) contend that fringe benefits can lead to concentration in one's job. However, warn the managers to address the issue of what benefits to offer, who to receive them and at what time.

Bolton (2001) states that many employers have traditionally given their employees a range of other benefits in addition to their wages or salary. Such benefits are given for a variety of reasons not all of them entirely intrinsic but to encourage certain kind of behaviour, in employees such benefits might include free or subsidized staff uniforms, hair care, subsidized further education, offering free or discounted use of fitness facilitates, offering onsite accommodation all these are tailored to make employment with that organization seem more attractive and to encourage experienced and valued employees to remain with that employer.

## 2.5 Non-Financial Rewards and Employee Performance

Non-financial rewards include recognition, responsibility autonomy career opportunities, quality of working life to mention but a few (Armstrong &Mulis 2001. Yavuz 2004). Non-financial rewards are the tangible rewards, social practices or job-related factors that are used in an organization to motivate employees without direct payment or cash. They are given to employees in recognition of their good services or performance with an aim of motivating them and their colleagues (Hays 1999)

Zigon (1998) defines rewards as something that increases the frequency of an employee action. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction (Keller 1999). Another important goal is increased employee retention. An ASTD report on employee performance research identified consistent employee recognition as a key factor in encouraging top-performing workers (Jimenez 1999).

The role of financial reward in employee performance at work has been recognized for many decades. While pay and benefits also motivate people, as an extrinsic motivator (i.e. what the organization does to or for people) the impact is generally short lived. According to the 2008 CIPD Reward Management Survey, while over half of organizations still take a tactical approach to reward, more employers are looking at non-financial rewards.

Cascio (1998), states that although money is obviously a powerful tool to capture the minds and hearts of workers to maximize their productivity, one ought not to underestimate the impact of non-financial rewards. Terry and Franklin (2000) pointed out that not all people's work is necessarily influenced by monetary reward or motivational gains, citing the example of teachers and clergy. They observed that some people and their respective performance are driven by the desire for power or action. They concluded that individuals desire freedom to do work, others to use personal ideas to accomplish assignments and above all the opportunity to grow and develop through training.

Keating (2007) notes that, keeping a close eye on what motivates employees made all the difference to Craegmoor Healthcare's staff turnover rates. By focusing on three priority areas for improvement; management development, staff training and recognition, the company was able to improve its retention rates by 3 per cent, between mid-2004 and the end of 2006.

### 2.5.1 Staff Recognition

Providing praise for work rather than criticism for poor work is important Marchington & Wilkinson (1997). According to Cosby and Deming (1980) people really do not work for money. They go to work for it but once salary has been established their concern is appreciation and recognition.

Justifiably Robbins (2008) argued that empowering employees at all levels to do their work best, can begin with something as simple as positive feedback and other gestures that show their efforts are appreciated. Taking people for granted is an all-too-common problem in the business world Appelbaun and Kamal (2002) stated that recognizing and praising employee behaviour is deemed relevant and beneficial to the firm in question. Personal recognition can be more motivational than money Lack of employee recognition is cited as a major recurring source of employee turnover. Employers can obtain from employees any type of behaviour one desires simply by making use of positive reinforcement. Using none cash recognition program brings value to the employee.

### 2.5.2 Greater job freedom and discretion (responsibility) and retention

Marchington & Wilkinson (1997) in their research which linked participation to higher levels of satisfaction and increased productivity found out that there is hardly any literature which fails to demonstrate that satisfaction at work is enhanced by among others employee involvement and greater job discretion. Bowen (2000) noted that smart managers appreciate the importance of making pay a non-issue. They concentrate on treating employees fairly, paying them well, giving them lots of opportunity to excel and providing the coaching support and encouragement to achieve.

According to Branham (2005), he notes that a simple example stems from the Saratoga Institute. Their 2003 survey revealed that 89% of managers believe employees leave for more money. But in fact, the survey found that 88% of employees leave for reasons other than money. Indeed, a study by Mercer (2003) revealed that the most important attributes that Australian employee's value about their job were: The existence of opportunities for advancement, training and a clear career path. Empowerment to act is a cornerstone for motivating people to be committed to what they do (Akatunga 2003).

### 2.5.3 Employee Involvement

Mello (2006), ascertains that while financial incentives can sometimes work to improve performance, their values as a retention tool has diminished in recent years. The reason advanced in today’s market place is that there are many companies willing to match the financial offerings of their competitors in order to recruit top talent. Even when competing for high level executives, battles often involving retention bonuses, stock options and hefty salaries, companies are finding it difficult to come up with financial packages that cannot be readily duplicated. Mello (2006) further states that while companies should certainly strive to remain competitive in the pay and benefits, they offer, it may not be wise to focus primarily on money when designing a retention strategy.

With high performers in particular non-financial incentives especially those that promote feelings of achievement, ownership, and involvement may be far more critical. Therefore, offering non-financial rewards can add quality to work life of employees and strengthen feelings of affiliation. The researcher in this study agrees with Mello (2007), in that even when Management of Petroleum Stations decided to double the salaries of its staff, it did not help a lot in retaining them hence a question of whether financial rewards are solely be of importance.

The researcher acknowledges that Organizations must reward their employees because in return they are looking for certain kinds of behaviour. Organization need competent individuals who agree to work with a high level of performance and loyalty. Individual employees in return for their commitment expect certain intrinsic rewards such as seeking of competence achievement responsibility, significance influence personal growth and meaningful contribution. Employees will judge the adequacy of their exchange with the organization by assessing both sets of rewards.

### 2.5.4 Career development& training

Messmer (2007) argues that, for many workers, an opportunity for continuous learning weighs heavily in their decision to accept or remain in a position. As a result, employers are increasingly emphasizing career development activities and boosting training allowances and reimbursement amounts for continuing professional education (CPE). Some businesses go as far as tying pay raises and bonuses to achieving learning milestones, such as completion of certain coursework or receiving a new certification, to show they value employees' efforts to enhance their skills. In addition to that other scholars identify the provision of better training facilities as a factor in employee performance (Manquis, 1998 Robbbinson,1994) Hinshaw and Stromwood, (1997) argue that the more trained staff are, likely to stay if certain satisfiers are put in place.

The 21st century employment relationship has redefined development and career opportunity. Development is now considered as gaining new skills and taking advantage of many different methods of learning that benefit employees and organization alike (Simonsen, 1997). Employees benefit by experiencing greater satisfaction about their ability to achieve results on the job and by taking responsibility for their career; the organization benefits by having employees with more skills who are more productive.

Employees say that the availability of skill development opportunities and career movement are “key attractors” to organizations. If an organization does not recognize the individual’s need and desire to grow, then “development” becomes a primary reason for resignation (Kreisman, 2002; Dibble, 1999).

Effective managers complement training and development opportunities by being attentive to the professional needs, concerns, and career aspirations of individual employees. For instance, an accounts assistant would be eager to move into an accountant role but requires coaching on how to make the transition. At the considered Petroleum Stations there is hardly any coaching and mentoring from supervisors. This makes the available staff incompetent to perform thereby recruiting new staff who are in most cases face a similar challenge.

The researcher believes that turnover levels also vary from region to region. The highest rates are found where unemployment is lowest and where it is unproblematic for people to secure desirable alternative employment. This has been complimented by the findings in Kenya by Cohen and Wheeler (1997) who reported that merit promotions in Kenya were riddled with tribal religious and personal biases such that they were hard to be realized they submitted that this was only worsened by the fact that career professional ladders were few in the public sector prompting professionals out to try their lack elsewhere.

## 2.6 Relationship Between Employee Performance and Rewarding

The ability of managers to obtain employee performance with rewards is a complex process. Indeed, it is a function of several related factors which any manager who intends to achieve it must critically study to be able to positively implement.

First, each employee performance with rewards is intrinsically related to what he or she expects from the organization and what is actually received. Feelings of satisfaction or dissatisfaction occur when employees compare their inputs such as education, job skills, and effort to the mixture of intrinsic and extrinsic rewards which they receive from their organizations.

Employee performance is also influenced by comparisons they make with other people in similar job positions and organizations. It is no secret that employees keep comparing their input/output ration with colleagues in similar positions and organizations even though such comparisons are not always properly done. In most cases, employees tend to overestimate their input when making such comparisons. The onus therefore lies on managers to adequately and effectively communicate job performance appraisal methods to employees to avoid misperceptions and wrong comparisons.

Finally, many authors have noted that employee performance results from a mixture of rewards other than any one particular reward (Shanks 2007, Bessell et al. 2002, Drake et al, 2007). Evidence from various researches done over the years suggests the importance of both extrinsic and intrinsic rewards. To achieve enhanced employee performance, neither one can be substituted for the other. Employees who are well paid but are made to work in environments which are not conducive or made to do repetitive work will leave for other organizations because of the lack of intrinsic rewards just as employees who work in interesting and enabling work environment will leave because they will be dissatisfied with extrinsic rewards.

Studies conducted point out that motivation brings about employee satisfaction (Ampofo, 2012; Kabir and Parvin, 2011; Khalid, Salim and Loke, 2011; Ahmed, Nawaz, Iqbal, Ali, Shaukat and Usman, 2010; Mullins, 2005). Ahmed, Nawaz, Iqbal et al (2010) emphasize that, the factors of motivation play a major role in increasing employee satisfaction. In a study by Khalid, Salim and Loke (2011) to examine the impacts of rewards and motivation on job satisfaction between public and private water utility organisation in Malaysia, they found that motivation influence employee job satisfaction positively.

Surveys conducted also show that treating employees with respect providing regular employee recognition, empowering employees, offering above industry average benefits, compensation (Deshpande, Arekar, Sharma and Somaiya, 2012), job security, opportunity for advancement, comfortable working conditions, good personal relations with colleagues and supervisors, achievement and promotion (Bose, 1951; Lal and Bhardwaj, 1981; Nazir, 1998; in Lather and Jain, 2005) are some of the factors that lead to employee satisfaction. When these factors are critically examined, one will notice that they are all factors of motivation, found to motivate workers in various studies by researchers.

Rewards can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more (Maund, 2001).

Research has proven that when human being are appreciated and praised they tend to improve their performance. This is another way an organization can apply as a reward so as to improve performance. Praise could be shown in the organization newsletter or in meetings. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employees’ performance (Torrington & Hall, 2006).

Organizations should reward employees more often. This greatly improves performance compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance. (Thompson & Rampton, 2003).

Another way through which organizations can use reward systems to increase output is by personalizing the reward. When rewards tend to be so general, employees do not value them. Organizations can use rewards to improve employee performance by incorporating appraisal or promotion for employees who have a good record of performance. Managers should be on the lookout for employees who perform well

## 2.7 Summary

The researcher reviewed literature relating rewards and employee performance from various sources namely; books, journals, internet and magazines. The review defined salient operational definitions on rewards and employee performance. Literature reviewed on financial rewards was categorized under direct and indirect rewards. Literature reviewed showed that pay is a very import factor in retaining staff as was stated by Flippo (1984) who noted that as far as the organization is concerned, employee compensation programs are designed to do three things; (i) to attract capable employees to the organization, (ii) to motivate them towards superior performance, and (iii) to retain their services over an extended period of time. On the other hand, the researcher realized through the literature that financial rewards alone cannot be the sole factor that led to employee performance.

Non-financial rewards identified namely training staff recognition, staff recognition, greater job discretion and employee involvement greatly affect employee performance as was seen in Cascio (1998) argument that states that although money is obviously a powerful tool to capture the minds and hearts of workers to maximize their productivity, one ought to not underestimate the impact of non-financial rewards. In conclusion however the Literature reviewed showed that the two variables namely financial and non-financial rewards were greatly interfered by organizational culture, leadership styles indicated.

# CHAPTER THREE

# METHODOLOGY

## 3.1 Introduction

This chapter gives an explanation of the research designs and methodology. It also describes the characteristics of the population which will be used and will focus on the sampling designs and procedures, data collection instruments and the procedure of data collection and finally it will give the appropriate data analysis techniques.

## 3.2 Research Design

The study adopted a cross sectional survey design. The cross-sectional survey was used in distributing questionnaires in order to get valid information. Cross-sectional surveys are studies aimed at determining the frequency or level of a particular attribute in a defined population at a particular point in time, (Lotta, 2012). Cross-sectional surveys are also useful in assessing practices, attitudes, knowledge and beliefs of a population either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research questions of interest, (Kothari, 2004).

In this way the research design provided a 'snapshot' of the outcome and the characteristics associated with it, at a specific point in time. The researcher used a cross-sectional survey design because the study intended to pick only some representative sample elements of the cross-section of the population. The study was also cross-sectional because it was conducted across participants over a short period of time. It did not necessitate the researcher to make follow up of the participants.

The survey was also preferred because it allowed the researcher to get a detailed inspection of the relationship between reward management and employee performance among the staff of various downstream oil companies in Mukono Central Division. Quantitative and qualitative approaches were adopted. The former enhanced the understanding of the meaning of numbers, while the latter gave precise and testable expression to qualitative ideas.

## 3.3 Population of the Study

Target population refers to a complete set of individuals, items with some common observable characteristics of a particular nature distinct from other population. Ngechu (2004) defines a population as a well defined set of people, services, elements, and events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. This study was conducted in Mukono Central Division. This study considered 13 licensed petrol stations from Mukono Central Division

## 3.4 Sample size and sampling technique

### 3.4.1 Sample Size

Studying large population is cumbersome due to a number of factors including, but not limited to, time constraint, costs and accessibility, due to these factors it becomes necessary to select part of the population to represent the whole which is referred to as sampling. The sampling frame will be made up of 60 employees fromthe thirteen (13) petroleum Stations in the area. From these, the sample of 52 for the study was determined using the Krejcie and Morgan (1970). On top of these 13 Key informants (Managers) were taken into consideration to provide the qualitative data.

### 3.4.2 Sampling Techniques

Sampling techniques provide a range of methods that enable one to reduce the amount of data needed to be collected, by considering only data from a sub-group rather than all possible cases or elements (Saunders et.al., 2000). For the study at hand simple random sampling was considered for the study. From each of these Petro station four (4) employees were selected, and had questionnaires administered to them. Also one (1) manager was considered from each of the petrol stations.

## 3.5 Data Collection Methods and Instruments.

In this section, the study used the data collection methods of key informant interview, questionnaires survey and documentary review. Also, the study used appropriate instrument for each method. In Key informant Interview, the researcher used interview guides, in questionnaire survey the researcher used questionnaires, and in documentary review, the study used documentary review checklist.

### 3.5.1 Interview

The interviews were used for all categories of employees of the companies in order to get clear information. This was used to clarify the data collected from questionnaires. It was also used in order to add more information which was not got from questionnaires and documentaries. The advantage of using interview was that, it allows on spot explanations, adjustments and variation can be introduced during data collection process and through respondent's incidental comments, use of facial and body expressions, tone of voice, gestures, feelings and attitudes (Amin, 2005).

The study adopted this method because it gave opportunities to probe further especially where the questions were not all understood. It helped in capturing verbal and non-verbal questions, it kept focus during data collection since the interviewer is the one that has control over the interview and could keep the interviewee focused and on track to completion**.** It captured emotions and behaviors which may not have been able to be captured verbally**.** The study used interview guides as an instrument because it gave room for probing and making clarifications.

### 3.5.2 Questionnaire

According to Babbie & Mouton (2001) a questionnaire is a set of written questions or statements to which the research subjects are to respond in order to provide data which are relevant to a research topic. The questionnaire was administered from office to office since all respondents were confined in one location. This was the best method of collecting data from the middle management of the three downstream oil and gas companies since they could read and understand and conceptualized ideas.

The questionnaires were structured with close ended questions formulated from the objectives. The study used questionnaires because of the nature of the data which sought for feelings and perceptions of respondents given the time available and the objective of the study. Questionnaires was used to avoid subjectivity that could have resulted from close contact between researcher and the respondents. The study also used questionnaires because they gathered large amount of information within short period of time and data can easily be analyzed quantitatively (Amin, 2005).

## 3.6 Data Validity and Reliability

### 3.6.1 Data Validity

Amin (2005), refers to validity as appropriateness of the instrument of research. Therefore, validity is a measure that ensures that the quality that an instrument (tool) used in research is accurate, correct, true meaningful and right. The instruments were discussed with a few colleagues outside the considered Petroleum Stations (who were not be included in the final data collection) to ensure that they are valid for the study they are intended. The researcher used four respondents to pre-test. Mugenda and Mugenda (1999) observes that the number of cases in the pre-test should not be very large. The pre-test sample is less than 10% of the sample depending on the sample size. Data collected, was taken through Statistical package for social scientists (SPSS) to determine reliability and validity.

Furthermore, the researcher used the “face validity” technique as explained by Jill Collis (2003). Here the researcher used easily understandable questions in the interview guide that could easily be comprehended by the respondents. Such questions did enable the researcher to receive straight forward answers, hence the responses would represent exactly what is “on ground”.

### 3.6.2 Data Reliability

In order to ascertain the reliability of the data collection instruments, pre-testing of the instruments was conducted. The reliability of measure indicates the extent to which it is without bias and hence ensures consistent measurement across the across time and across the various items in the instrument, (Sekaran 2003).

For quantitative data, the Cronbach's Alpha Coefficient test of Linkert scale was performed. In statistics it measures reliability of internal consistency and psychometric test on a sample. Sekaran, (2003) noted that a reliability of 0.7 or higher from a substantial sample is considered reliable. The researcher performed the test and the results obtained were 0.7 and above hence considered reliable.

**Table 1: Cronbach's Alpha Coefficient**

| | **Variable** | **No of Items** | **Alpha** | **Percentage** |
|---|---|---|---|---|
| 1 | Financial Rewards | 9 | 0.789 | 78.9% |
| 2 | Non-Financial Rewards | 14 | 0.790 | 79.0% |
| 3 | Employee Performance | 11 | 0.787 | 78.7% |

### 3.7 Data analysis

Quantitatively, the completed data collection tools were double-checked by the researcher before data entry. Data was entered into SPSS version 20 for cleaning and analysis and was prepared for analysis by recoding them as per the requirement for the analysis.

To analyze qualitative information, each in-depth interview was tape-recorded and then transcribed into English by the investigator. Content analysis was used to identify the main themes that emerged from the responses given by the respondents and the observation notes made by the researcher. This process involved identifying the main themes by carefully going through descriptive responses given by the respondents to each question to understand the meaning they communicated and from these responses broad themes that reflect these meanings weredeveloped (Kumar, 2011). Another step was assigning codes to the main themes which were dependent upon counting the number of times a theme occurred in an interview. Another step was classifying responses under the main themes through the transcripts of all the interviews and classifying the responses or contents of the notes under the different themes and lastly, themes and responses were integrated into the text.

## 3.8 Ethical Consideration

Ethical behavior will be exhibited throughout the whole research and data collection process this will be done in the following ways:

- The right procedures were followed to access the information from the local oil and gas companies in the industry. It is usually unethical to just walk into an institution and start collecting data without the knowledge and permission of the management in charge of the organization.
- Respondents were informed of the intentions and purpose of the study that was being carried out so as to enable the respondents understand exactly what the information being collected was being used for.
- In a move to ensure anonymity and confidentiality of all respondents, names were not puts while filling in the questionnaires. In this way, the respondents are assured of being unidentifiable throughout the study.
- Coercion of respondents to give information was also avoided through encouraging free will to either participate or decline the interviews and questionnaires.

## CHAPTER FOUR

## ANALYSIS, PRESENTATION AND INTERPRETATION OF DATA

### 4.1 Introduction

This chapter describes the analysis of data followed by a discussion of the research findings. The findings relate to the research questions that guided the study. Data were analyzed to assess the extent to which financial and non-financial rewards contribute employee performance and overall employee performance in Uganda's downstream oil and gas sector. These findings were presented in a subsequent format discussing the research questions and the broad themes of the entire study.

### 4.2: Back ground information of the respondents

**Table 2: Back ground information of the respondents**

| Background Characteristic | | Frequency | Percent |
|---|---|---|---|
| Gender of respondents | | | |
| | Male | 36 | 69.2 |
| | Female | 16 | 30.8 |
| | Total | 52 | 100 |
| Age of respondents | | | |
| | 18 to 25 | 27 | 51.9 |
| | 26 to 30 | 18 | 34.6 |
| | 31 to 40 | 6 | 11.5 |
| | over 50 | 1 | 1.9 |
| | Total | 52 | 100 |
| education level of respondents | | | |
| | Diploma | 20 | 38.5 |
| | Bachelors | 7 | 13.5 |
| | master's degree | 1 | 1.9 |
| | Secondary and Below | 24 | 46.2 |

| | | | |
|---|---|---|---|
| | Total | 52 | 100 |
| Length of service | | | |
| | below 1 year | 14 | 26.9 |
| | 1 to 5 | 30 | 57.7 |
| | 5 to 10 | 4 | 7.7 |
| | 10 to 15 | 2 | 3.8 |
| | over 15 years | 1 | 1.9 |
| | Total | 52 | 100 |

**Source**: Primary data

According to the results in the table above, majority of the respondents 36(69.2%) were male, only 16(30.8) were female. In regards to age majority of the respondents 27(51.9%) reported to be between 18 to 25 years of age. According of the education levels of the respondents 24(46.2%) which is the majority reported to have stopped at secondary level or below, this implies that the workers at downstream oil and gas companies do not study up to higher levels of education. Also considering the length of service majority reported to have served for between 1 and 5 years these made up 30(57.7%) of the respondents. This shows that the workers talked to had stayed at work for a good period of time and thus understood the elements of rewards and performance in their organizations.

**4.3: Financial Rewards**

The table below shows the results of how employees responded to elements regarding to financial rewards. These gave answers on a scale od 1-5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5= Strongly Agree.

| | strongly disagree | | Disagree | | Not sure | | Agree | | Strongly agree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | fq | Row N % | fq | Row N % | fq | Row N % | fq | Row N % | fq | Row N % | Mean | SD |
| Employees are given enough and appropriate salary | 4 | 7.7% | 14 | 26.9% | 6 | 11.5% | 20 | 38.5% | 8 | 15.4% | 3.769 | 1.239 |
| The company gives staff annual financial bonus based on individual performance | 12 | 23.1% | 14 | 26.9% | 8 | 15.4% | 11 | 21.2% | 7 | 13.5% | 2.750 | 1.384 |
| The company gives top allowances to its staff members periodically | 9 | 17.6% | 8 | 15.7% | 5 | 9.8% | 22 | 43.1% | 7 | 13.7% | 3.896 | 1.357 |
| The company usually gives competence/skill-based pay | 9 | 17.3% | 13 | 25.0% | 4 | 7.7% | 17 | 32.7% | 9 | 17.3% | 3.777 | 1.412 |
| The company gives cash bonus based on the surplus income generated | 6 | 11.5% | 13 | 25.0% | 9 | 17.3% | 14 | 26.9% | 10 | 19.2% | 3.173 | 1.324 |
| The company gives group bonus based on team performance of staff | 11 | 21.2% | 8 | 15.4% | 4 | 7.7% | 21 | 40.4% | 8 | 15.4% | 3.735 | 1.428 |
| The company gives cash award for team performance periodically | 8 | 15.4% | 7 | 13.5% | 2 | 3.8% | 24 | 46.2% | 11 | 21.2% | 3.842 | 1.378 |
| Employees in this company are encouraged by time rate pay | 11 | 21.2% | 6 | 11.5% | 3 | 5.8% | 24 | 46.2% | 8 | 15.4% | 3.731 | 1.423 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Promotion is based on performance | 2 | 3.8% | 5 | 9.6% | 2 | 3.8% | 20 | 38.5% | 23 | 44.2% | 4.096 | 1.107 |

**Table 3: Result on Financial Rewards**

According to the results  in the table above 20(38.5%) of the respondents who are the majority agreed to the fact that employees are given enough and appropriate salary in Uganda's downstream oil and gas sector. Also according to the information above, majority of the respondents 14(26.9%) disagreed to the fact that the company gives staff annual financial bonus based on individual performance.According to the results above, majority of the respondents interacted with 22(43.1%) agree that the company gives top allowances to its staff members periodically.In regard to the statement of the company giving competence/ skill based pay, majority of the respondents 17(32.7%) agree that the statement is true.

Also according to the results above, majority of the respondents interacted with 13(25.0%) disagree with the statement that says that the company gives cash bonus based on the surplus incomes. From the results above, most of the respondents working in the oil and gas sector 21(40.4%) agree that the company giving group bonuses based on team performance of staff. In regards to the fact that the company give cash award for team performance periodically, majority of the respondents 24(46.2%) agreed. Majority of the respondents 24(46.2%), agree to the fact that the employees in the company are encouraged by time rate pay is true. Majority of the respondents 23(44.3%) strongly agreed to the fact that promotion in their organizations is based on performance.On average the respondents agreed to almost all the elements in the table above as shown by the means and standard deviations

In relation to the above when asked what motivates them to stay and work harder with their companies, managers reported the following; *"…the success I am offering to the company motivates me to work harder, on top of this the company gives promotion to the top performers…"* the other one stated that; *"The company pays well and it has more opportunities of promotion within the company, with this I am in position to improve my standards of living"*The element of good payment, allowances and promotion was reported by most of the managers.

### 4.4 Non- Financial Rewards

Non-financial rewards include all financial rewards that are not included in direct compensation and can be understood to form part of the social contract between the employer and employee such as benefits, leaves, retirement plans, education, and employee services. The table below shows the results of how employees responded to elements regarding to non-financial rewards. These gave answers on a scale od 1-5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5= Strongly Agree.

Table4: **ResultonNonfinancialRewards**

| | strongly disagree | | Disagree | | Not sure | | Agree | | Strongly agree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **fq** | **Row N %** | **fq** | **Row N %** | **fq** | **Row N %** | **fq** | **Row N %** | **fq** | **Row N %** | **Mean** | **Std. Deviation** |
| Overall, i'm satisfied with my benefit package | 4 | 7.7% | 7 | 13.5% | 2 | 3.8% | 32 | 61.5% | 7 | 13.5% | 3.596 | 1.125 |
| I am paid adequately for my responsibilities | 4 | 7.7% | 7 | 13.5% | 1 | 1.9% | 27 | 51.9% | 13 | 25.0% | 3.731 | 1.206 |
| If i do good work, i can count on getting | 6 | 11.8% | 7 | 13.7% | 4 | 7.8% | 27 | 52.9% | 7 | 13.7% | 3.631 | 1.237 |
| **I think of my benefits (as listed below) as part of my earnings** | | | | | | | | | | | | |
| Amount of annual leave | 8 | 15.7% | 14 | 27.5% | 11 | 21.6% | 12 | 23.5% | 6 | 11.8% | 2.882 | 1.275 |
| Leave traveling allowance | 14 | 26.9% | 17 | 32.7% | 9 | 17.3% | 7 | 13.5% | 5 | 9.6% | 2.462 | 1.290 |
| Insurance i.e Group Personal Accident Policy | 10 | 19.6% | 17 | 33.3% | 6 | 11.8% | 10 | 19.6% | 8 | 15.7% | 2.484 | 1.390 |
| Bereavement & funeral expenses | 8 | 15.7% | 4 | 7.8% | 4 | 7.8% | 27 | 52.9% | 8 | 15.7% | 3.851 | 1.301 |
| Employee loans | 9 | 17.3% | 5 | 9.6% | 4 | 7.7% | 26 | 50.0% | 8 | 15.4% | 3.965 | 1.344 |
| Subscriptions to professional associations | 3 | 6.0% | 7 | 14.0% | 14 | 28.0% | 16 | 32.0% | 10 | 20.0% | 3.760 | 1.147 |
| Meals | 7 | 13.5% | 4 | 7.7% | 1 | 1.9% | 23 | 44.2% | 17 | 32.7% | 3.750 | 1.356 |
| Gratuity | 5 | 9.8% | 5 | 9.8% | 0 | 0.0% | 32 | 62.7% | 9 | 17.6% | 3.686 | 1.175 |
| Medical refunds | 9 | 17.3% | 11 | 21.2% | 3 | 5.8% | 20 | 38.5% | 9 | 17.3% | 3.673 | 1.410 |
| Examination/ study leave | 10 | 19.6% | 2 | 3.9% | 8 | 15.7% | 23 | 45.1% | 8 | 15.7% | 3.533 | 1.352 |

Majority of the respondents 32(61.5%) agreed to the fact that Overall there satisfied with their benefit package. Majority of the respondents 27(51.9%) agree that they are paid adequately for their responsibilities. According to the results above, most of the respondents 27(52.9%) agreed that if they do good work, they will count on getting a bonus or rising of their pay. In regard to the results presented above, majority of the respondents 12(23.5%) agree that they think of amount of annual leave as part of their earnings. According to the respondents above, majority of the respondents 17(32.7%) disagree to the fact that leave traveling allowance is part of their earnings. Based on the results above, most of the respondents 17(33.3%) disagree with the thought of insurance being part of their earnings. Also from the data above, most respondents 27(52.9%) agree to the thought that Bereavement and funeral Expenses are part of their earnings.

Majority of the respondents 26(50%) agree to the fact that they think of employee loans as part of their earnings. Majority of the respondents 16(32.0%) agree to the fact that they think of subscription to professional associations as part of their earnings. It should also be noted that majority of the respondents agree to the fact that they think meals, gratuity, medical funds and examination are part of their earnings. These made up 23(44.2%),32(62.7%), 20(38.5%) , and 23(45.1%) of the respondents respectively.

On average the respondents agreed to almost all the elements in the table above as shown by the means and standard deviations.

*In relation to the above, when asked about the employee performance system(s) existing in the company, managers reported that; there exist bonuses, salary increment to long staying employees, allowances, commission on sales of certain items, insurance, bonuses at the end of the year*. These are connected to the benefits they offer to the employees.

**4.5 Employee Performance**

The table below shows the results of how employees responded to elements regarding to employee performance.

**Table 5**: **Result on Employee Performance**

| | strongly disagree | | Disagree | | Not sure | | Agree | | Strongly agree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | Row N % | Count | Row N % | Count | Row N % | Count | Row N % | Count | Row N % |
| Serve diligently | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 14 | 26.9% | 38 | 73.1% |
| Serve with the needed speed | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 17 | 32.7% | 35 | 67.3% |
| Are sensitive to customer requirements | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 14 | 26.9% | 38 | 73.1% |
| Are understanding | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 16 | 30.8% | 36 | 69.2% |
| Serve with fairness and justice | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 11 | 21.2% | 41 | 78.8% |
| Have teamwork | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 8 | 15.4% | 44 | 84.6% |
| Meet the desired targets | 0 | 0.0% | 2 | 3.8% | 1 | 1.9% | 18 | 34.6% | 31 | 59.6% |
| Serve with a human face | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 15 | 28.8% | 37 | 71.2% |
| Respond adequately to challenges faced by customers | 0 | 0.0% | 1 | 1.9% | 0 | 0.0% | 12 | 23.1% | 39 | 75.0% |
| Maintain high professionalism | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 22 | 42.3% | 30 | 57.7% |
| Maintain decorum and etiquette at all times | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 20 | 39.2% | 31 | 60.8% |

From the investigation obtained from the table above, majority of the respondents strongly agreed to the fact that they; serve diligently, serve with the needed speed, serve with sensitivity to customer requirements, are understanding, serve with fairness and justice, have teamwork, meet the desired targets, serve with human face, respond adequately to challenges faced by customers, Maintain high professionalism, and Maintain decorum and etiquette at all time, these made up; 38(73.1%), 35(67.3%), 38(73.1%), 36(69.2%), 41(78.8%), 44(84.6%), 31(59.6%), 37(71.2%), 39(75.0%), 30(57.7%), and 31(60.8%) of the respondents respectively.

### 4.6 Correlation Analysis

In the study, correlations were utilized to establish the relationship existing between financial and non-financial rewards and employee performance. The correlation was typically helpful in order to get initial understandings of the link between these variables. Table... Below shows the relationships between the variables based on Pearson correlation statistic.

**Table 6: Correlation results**

| | **1** | **2** | **3** |
|---|---|---|---|
| Employee Performance (1) | 1 | | |
| Financial Reward (2) | 0.453* | 1 | |
| Non -Financial Reward (3) | 0.356* | 0.41* | 1 |

* Correlation significant at the 0.05 level (2-tailed)

According to the results in the table above a positive, moderate and significant relationship at 5% (r= 0.453, P<0.05) was observed between financial rewards and employee performance, a positive relationship means that an increase in financial rewards result into an increase in employee performance. It should also be noted that a positive, weak and significant relationship at 5% (r= 0.356, P<0.05) was observed between non-financial rewards and employee performance, a positive relationship means that an increase in non- financial rewards result into an increase in employee performance and a decrease in non-financial rewards results into a decrease in employee performance.

From the interview with the managers there was an indication of good performance from the employees. Most of these reported that the employee performance was good.

One stated that; *"…the employees perform to all their best and achieve the goals; these are always uniform, consistent, good time keepers and hardworking".*

### 4.7 Regression analysis

In order to determine the extent to which the various rewards (financial and non –financial) can influence employee performance in the study area a regression analysis was used. Ordinary Least Square Method (OLS) of estimation was used and all the variables were entered in the model at the same time.

**Results of regression analysis of the various independent variables on the dependent variable**

In the model below, the contribution of the various determinants to employee motivation is presented. The overall model is significant (F= 11.239, P<0.01) and thus the model is a goodness of fit. The adjusted $R^2$of the model is 0.389 this means that only 38.9 % variance in employee performance is explained by the given variables (Financial and Non-financial rewards), this means that besides financial and non-financial rewards their other variables which have a far greater effect on employee performance.

**Table 7: Regression Results**

| **Model Summary** | | | | | |
|---|---|---|---|---|---|
| R | R Square | Adjusted R Square | Std. Error of the Estimate | | |
| 0.503a | 0.420 | 0.389 | 1.564 | | |
| **ANOVA** | | | | | |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| Regression | 45.241 | 2 | 81.747 | 10.239 | .000b |
| Residual | 366.314 | 41 | 4.259 | | |
| Total | 611.556 | 43 | | | |
| **Coefficients** | | | | | |
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | 30.992 | 1.73 | | 4.342 | 0 |
| Financial Reward | .258 | .103 | .194 | 3.986 | 0.02 |
| Non -Financial Reward | .077 | 0.005 | 0.266 | 2.592 | 0.031 |

**Source:** Primary data

From the regression table above, it is evident that both financial rewards and non-financial rewards have significant effects on employee performance (both were significant at 5%). Financial rewards were the most significant predictor of employee performance ($B = 0.258$; $p<0.05$), this means that a unit change financial rewards leads to 0.258 positive change in employee performance. For Non-financial rewards the $B=0.077$, $P<0.05$.

Rewards financial and non- financial are indeed too vital for the performance of employees, and the general interest and desire to stay at work. This is confirmed by the interaction with the managers, these were asked to give reasons which interest them to stay and work harder at the company for the next five years. These gave interesting factors, one stated that;

*"The future output of the company based on the goals and the vision, the payment, career growth, the small appreciation makes me feel at home, and the salary increments each year make me want to stay for so long"*

The other one stated that;

"*I am motivated to stay at work due to the vision of the company, the good relationship I have with the bosses, the payments (salaries), the respect and value I bring to the company…"*

*"I am motivated to stay at work because of feeling valued, recognized and respected in the company, believing in the company's mission and visions, I do exciting and challenging work, get good benefits, and above all the company pays well"*

*In order to ensure positive employee performance, managers reported that they put several measures in place, these reported that;*

*"… We appraise the employees; show them appreciation, promotion to hard working employees in top of this we have a very good management to motivate staff" Another reported that;*

*"In order to ensure positive employee performance we carry out investigation on why the employees fail to reach their goals … we also try to set measurable and realistic goals"*

# CHAPTER FIVE

## SUMMARY AND DISCUSSION OF FINDINGS

### 5.1 Introduction

This chapter provided a discussion of the above findings that were collected from respondent of three different oil and gas companies. The first section of the chapter discussed the data on the impact financial rewards have on the performance of employees while the second section discussed the data on the impact of non-financial rewards on employee performance in the downstream oil and gas sector. The last section discussed how the employees perceived their work performance given the current reward conditions.

In the section which immediately follows, the summary regarding the findings of the first objective is presented.

### 5.2 Summary of findings

**Summary of findings of objective one**

Objective one sought to assess the impact of financial rewards on employee performance in Petroleum Stations in Uganda. From the descriptive analysis majority of the employees agreed that; employees are given enough and appropriate salary, the company gives staff annual financial bonus based on individual performance, the company gives top allowances to its staff members periodically, the company usually gives competence/skill-based pay, the company gives cash bonus based on the surplus income generated, the company gives group bonus based on team performance of staff, the company gives cash award for team performance periodically, the employees in this company are encouraged by time rate pay and that promotion is based on performance. From the correlation analysis a positive and significant relationship at 5% was observed between financial rewards and employee performance, from the regression analysis the greatest effect on employee performance was actually reported to be attributed to financial rewards.

**Summary of findings of objective two**

Objective two sought to assess the impact of financial rewards on employee performance in Petroleum Stations in Uganda. From the descriptive analysis majority of the employees agreed that; overall they are satisfied with their benefit package, that their paid adequately for their responsibilities, if they do good work, they can count on getting rewarded. Majority also agreed that they think that their benefits inform of amount of annual leave, leave travelling allowance, Insurance i.e Group Personal Accident Policy, Bereavement & funeral expenses, employee loans, Subscriptions to professional associations, Meals, Gratuity and medical refunds are part of their earnings. From the correlation analysis a positive and significant relationship at 5% was observed between Non -financial rewards and employee performance, from the regression analysis non financial rewards were also found to be with appositive effect on employee performance.

**Employee Performance**

From the investigation obtained from the table above, majority of the respondents strongly agreed to the fact that they; serve diligently, serve with the needed speed, serve with sensitivity to customer requirements, are understanding, serve with fairness and justice, have teamwork, meet the desired targets, serve with human face, respond adequately to challenges faced by customers, Maintain high professionalism, and Maintain decorum and etiquette at all time, these

## 5.3 Discussion of findings

The findings are discussed according to the objectives of the study and details are presented below.

## 5.2 Discussion of findings in regards to Financial Rewards and Employee Performance

In the study at hand financial rewards were found to be with a greater influence in employee performance when compare to none financial rewards, this is the same to many researchers in the same field. The respondents shared a similar view of financial rewards as Armstrong andMulis (2004) who opined that Financial rewards are payments composed of base pay, performance pay and cash bonuses. This was further in agreement with the writings of Yavuz (2004) that financial and non-financial rewards make up a total remuneration

The study found out that the companies use rewards to enhance employee performance. The study also found out that different rewards are used to motivate its employees. These include; pay bonuses to workers who put in extra effort, giving a sense of responsibility, promotion of consistently hardworking employees and extra benefits to those who perform well to the organization's expectations. This affirmed Vani's (2012) study that stated that direct financial rewards comprise of salaries, wages, commissions and bonuses. They consist of pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals

From the study findings it is evident that companies use salary as a tool to enhance employee performance, this is in line with Bernardin (2007) who reported that in job related situations, money motivates behaviour when organizations reward people in relation to their performance or contributions. It was also found out that the companies do not carry out training of its employees. The study also found out that the companies does not rotate its employees or involve them in decision making as a way of motivating them.

The study showed that most Uganda oil and gas companies follow the Efficiency theory when it comes to remuneration of their employees. The Efficiency wage theory by Salop (1979) stipulates that 'firms will pay more than the market rate because they believe that the high levels of pay will contribute to an increase in productivity by motivating superior performance, attracting better candidates, reducing labour turnover and persuading workers that they are being treated fairly. The implication is that when employees are paid well, they perform better for the organization and in case they are not rewarded well they will end up quitting the organization.

The evidenced poor performance whenever there is to poor financial reward can partly is attributed to the resulting low motivation from the action. This is in line withNambuya's 2007 study that surmised that staff invests themselves with the organization in terms of energy, integrity, commitment and heart into their job. In return, they expect their returns as per the job market offers based on their perceptions in order to keep in putting with the organization otherwise, they would leave in search of better returns with a different employer.

## 5.3 Discussion of findings in regards to Non-Financial Rewards and Employee Performance

Majority of the respondents agreed that they can count on being rewarded or can be recognized when they do good work at the petroleum companies. Such a situation where good work is recognized is highly desirable. This is in line withMcCaffrey (1990) who argued that benefits can be seen as means to meet organizational objectives, such as increasing morale and retaining and attracting good employees; however, they claimed that benefits can affect employee attitudes and performance through operation of benefit programs. In relation to the above, Flippo (1984) noted that employee compensation programs are designed to do three things; to attract capable employees to the organization, to motivate them towards superior performance, and to retain their services over an extended period of time. Respondents disagreed that their supervisors appreciated their work and in extreme cases some knew colleagues who had been wrongly rewarded. This is highly undesirable.

Based on the findings, benefits inform of amount of annual leave, leave travelling allowance, Insurance i.e Group Personal Accident Policy, Bereavement & funeral expenses, employee loans, Subscriptions to professional associations, Meals, Gratuity and medical refunds are part of their earnings all of which boost their performance. In relation to this Huseman*et al.* (1978), Sutton (1986), and McCaffrey (1990) argued that benefits can be seen as means to meet organizational objectives, such as increasing morale and retaining and attracting good employees; however, they claimed that benefits can affect employee attitudes and performance through operation of benefit programs. Hennessey *et al.* (1992) contended that mixed views result from benefit awareness. He argued that if employees are completely unaware of benefits, they bring no motivation. His investigation further demonstrated that benefit-awareness intervention has a significant impact on perceived organizational productivity. In relation to the aboveShanks (2007) stated that employee performance results from a mixture of rewards other than any one particular reward. To achieve enhanced employee performance, neither one can be substituted for the other. Employees who are well paid but are made to work in environments which are not conducive or made to do repetitive work will leave for other organizations because of the lack of intrinsic rewards just as employees who work in interesting and enabling work environment will leave because they will be dissatisfied with extrinsic rewards.

# CHAPTER SIX

# CONCLUSIONS AND RECOMMENDATIONS

## 6.1 Introduction

In this chapter, the conclusion and recommendations of the study are presented based on the study findings.The conclusions and recommendations were made from the findings that were analyzed, interpreted and presented in the previous chapter.

## Conclusion

The main aim of this study was to assess the extent to which financial and non-financial rewards contribute to employee performance and overall employee performance in Uganda's downstream oil and gas sector. Specifically the study sought toassess the impact of financial rewards on employee performance in Petroleum Stations in Uganda assess the impact of non-financial rewards on employee performance in Petroleum Stations in Uganda, and to examine the relationship between employee performance and financial or non-financial reward systems.

Objective one sought to assess the impact of financial rewards on employee performance in Petroleum Stations in Uganda. It can be concluded that several financial rewards are employed; these include; giving staff annual financial bonus based on individual performance, the company gives top allowances to its staff members periodically, the company usually gives competence/skill-based pay, the company gives cash bonus based on the surplus income generated, the company gives group bonus based on team performance of staff, the company gives cash award for team performance periodically, the employees in this company are encouraged by time rate pay and that promotion is based on performance. The above financial rewards have a positive effect on employee performance.

The second objective of the study sought to establish the contribution of non-financial rewards on staff retention at the downstream petroleum companies. The findings also showed that benefits inform of amount of annual leave, leave travelling allowance, Insurance i.e Group Personal Accident Policy, Bereavement & funeral expenses, employee loans, Subscriptions to professional associations, Meals, Gratuity and medical refunds areconsidered to be part of employee's earnings and consequently a source of motivation and thus perform highly as confirmed by the positive effect of non financial rewards on employee performance as depicted by the regression results.

## 6.3 Recommendations

The study focused on rewards and employee performance at oil companies in the downstream sector of the oil and gas industry. The researcher drew several meaningful results from the analysis which can be used by management of these Oil Companies or any other person interested in employee performance in any different organization. It is against these findings that the researcher recommends the following in order to attain higher percentages of employee performance.

Overall, the researcher recommends that downstream oil and gas companies continue to enforce the element of financial rewards given their relevance when it comes to employee performance.These can even go on to carry out an in-depth survey with related organizations and have comparable financial rewards with other stake holders' in business. This is because there some respondents who agreed that they would definitely work harder if the remuneration policy were bettered. The study also recommends that financial related information be availed to staff so that they get to understand why other people are rewarded and others are not.

The study recommends that downstream oil and gas companies should build on whatever non-financial rewards it has in place to motivate its staff given that the non financial rewards are seen to positively impact on the employee performance. These organizations should look out for all the non-financial rewards spelt out in their Human resource manual for implementation.

## 6.4 Study limitations

The researcher had the unfortunate luck of conducting this research in a period donned by the Covid-19 pandemic. Workers were hardly available for interviews and questioning and when they were, they were too busy since they worked in smaller teams. The researcher, as a result, took to using mobile communication to contact the employees.

Unwillingness of some respondents to fill and allow interviews to be conducted was the main limitation in this study. Some respondents feared that they were spied on, however, the researcher tried as much as possible to explain to them the purpose of this research and somehow many of them provided the information

This study according to the schedule coincided with busiest schedule of the oil and gas companies, this made data collection quite hectic, but the researcher being a resident of their local community, the respondents gave her time and filled the questionnaires.

Collection of the filled instruments from the respondents was also problematic; some questionnaires could not be traced. This problem was minimized by the researcher either photocopying or reprinting other copies to replace the wrongly filled and missing ones.

There were limited studies done locally in the area of employee performance and specifically in the downstream oil and gas sector. This made writing of the literature quite difficult, but the researcher used literature from international sources where substantial research on the same topic was available.

## 6.4 Suggestions for Future Research

A future study should be done to establish the other factors that influence employee performance other than the rewarding system. A similar research should also be done in future covering all Upstream Oil Companies in Uganda as this will serve to provide more generalized conclusions.

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**APPENDIX 1; QUESTIONNAIRE**

Dear Respondent,
I am Kyasimire Rebecca, a master's student of oil and gas from the Institute of Petroleum Studies in partnership with Uganda Christian University-Mukono conducting a research on "assessment of the extent to which financial and non-financial rewards contribute employee performance and overall employee performance in Uganda's downstream oil and gas sector". You have been selected to participate in this study because the contribution you make to your organization is central to the kind of information required. The information you provide is solely for academic purposes and will be treated with utmost confidentiality.

Please kindly spare some few minutes to respond to the following questions.

**Part A: Bio Data (Tick where appropriate).**

1. Gender of respondent

☐Male ☐Female

2. Age of respondents

☐18-25 years ☐26-30 ☐31-40

☐41-50 ☐Over 50years

3. Education level

☐Diploma ☐Bachelors ☐Master's degree

☐PhD ☐Others specify……………………….

4. Length of service

☐Below 1 year ☐1 – 5 years ☐5-10 years

☐10-15 years ☐Over 15 years

For the following questions please tick the number of your choice

1. **Strongly disagree (SD)**
2. **Disagree (D)**
3. **Not sure (NS)**
4. **Agree (A)**
5. **Strongly Agree (SA)**

**SECTION A: FINANCIAL REWARDS**

| | Statement | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | Employees are given enough and appropriate salary | | | | | |
| 2 | The company gives staff annual financial bonus based on individual performance | | | | | |
| 3 | The company gives top up allowances to its staff members periodically | | | | | |
| 4 | The company usually gives competence/skill-based pay | | | | | |
| 5 | The company gives cash bonus based on the surplus incomes generated | | | | | |
| 6 | The company gives group bonus based on team performance of staff | | | | | |
| 7 | The company gives cash award for team performance periodically. | | | | | |
| 8 | Employees in this company are encouraged by time rate pay | | | | | |
| 9 | Promotion is based on performance | | | | | |

**SECTION B: NON-FINANCIAL REWARDS BENEFITS**

| | Statement | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 1 | Overall, I'm satisfied with my benefits package | | | | | |
| 2 | I am paid adequately for my responsibilities | | | | | |
| 3 | If I do good work, I can count on getting a bonus or pay raise | | | | | |
| **4** | **I think of my benefits (as listed below) as part of my earnings** | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5 | Amount of annual leave | | | | | |
| 6 | Leave traveling allowance | | | | | |
| 7 | Insurance i.e. Group Personal Accident Policy | | | | | |
| 8 | Bereavement & funeral Expenses | | | | | |
| 9 | Employee loans | | | | | |
| 10 | Subscriptions to professional associations | | | | | |
| 11 | Meals | | | | | |
| 12 | Gratuity | | | | | |
| 13 | Medical refunds | | | | | |
| 14 | Examination/ study leave | | | | | |

**SECTION C: EMPLOYEE PERFORMANCE**

| | **STATEMENT** | **5** | **4** | **3** | **2** | **1** |
|---|---|---|---|---|---|---|
| 1 | Serve diligently | | | | | |
| 2 | Serve with the needed speed | | | | | |
| 3 | Are sensitive to customer requirements | | | | | |
| 4 | Are understanding | | | | | |
| 5 | Serve with fairness and justice | | | | | |
| 6 | Have team work | | | | | |
| 7 | Meet the desired targets | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 8 | Serve with a human face | | | | | |
| 9 | Respond adequately to challenges faced by customers | | | | | |
| 10 | Maintain high professionalism | | | | | |
| 11 | Maintain decorum and etiquette at all times | | | | | |

## APPENDIX 2; INTERVIEW GUIDE

I am Kyasimire Rebecca, a master's student of oil and gas from the Institute of Petroleum Studies in partnership with Uganda Christian University-Mukono conducting a research on "assessment of the extent to which financial and non-financial rewards contribute employee performance and overall employee performance in Uganda's downstream oil and gas sector". You have been selected to participate in this study because the contribution you make to your organization is central to the kind of information required. The information you provide is solely for academic purposes and will be treated with utmost confidentiality.

Please kindly spare some few minutes to respond to the following questions.

What policies are in place to ensure top employee performance?

……………………………………………………………………………………………

…………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

What is your position/comment on the level of employee performance at the company?

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

What motivates you to stay and work harder with the company?

……………………………………………………………………………………………

What employee performance system(s) is(are) in existence at the company?

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

What are the different modes of pay/reward system(s) in existence at the company?

………………………………………………………………………………………………

………………………………………………………………………………………………

Please tell me the benefits offered at the company

………………………………………………………………………………………………

……………………………………………………………………………………………

………………………………………………………………………………………………

What measures are in place to ensure positive employee performance of the company staff?

………………………………………………………………………………………………

……………………………………………………………………………………………

………………………………………………………………………………………………

List five reasons which interest you to stay and work harder at the company for the next three years

………………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

**APPENDIX 3; Krejce and Morgan Table**

| *N* | *S* | *N* | *S* | *N* | *S* |
|---|---|---|---|---|---|
| 10 | 10 | 220 | 140 | 1200 | 291 |
| 15 | 14 | 230 | 144 | 1300 | 297 |
| 20 | 19 | 240 | 148 | 1400 | 302 |
| 25 | 24 | 250 | 152 | 1500 | 306 |
| 30 | 28 | 260 | 155 | 1600 | 310 |
| 35 | 32 | 270 | 159 | 1700 | 313 |
| 40 | 36 | 280 | 162 | 1800 | 317 |
| 45 | 40 | 290 | 165 | 1900 | 320 |
| 50 | 44 | 300 | 169 | 2000 | 322 |
| 55 | 48 | 320 | 175 | 2200 | 327 |
| 60 | 52 | 340 | 181 | 2400 | 331 |
| 65 | 56 | 360 | 186 | 2600 | 335 |
| 70 | 59 | 380 | 191 | 2800 | 338 |
| 75 | 63 | 400 | 196 | 3000 | 341 |
| 80 | 66 | 420 | 201 | 3500 | 346 |
| 85 | 70 | 440 | 205 | 4000 | 351 |
| 90 | 73 | 460 | 210 | 4500 | 354 |
| 95 | 76 | 480 | 214 | 5000 | 357 |
| 100 | 80 | 500 | 217 | 6000 | 361 |
| 110 | 86 | 550 | 226 | 7000 | 364 |
| 120 | 92 | 600 | 234 | 8000 | 367 |
| 130 | 97 | 650 | 242 | 9000 | 368 |
| 140 | 103 | 700 | 248 | 10000 | 370 |
| 150 | 108 | 750 | 254 | 15000 | 375 |
| 160 | 113 | 800 | 260 | 20000 | 377 |
| 170 | 118 | 850 | 265 | 30000 | 379 |
| 180 | 123 | 900 | 269 | 40000 | 380 |
| 190 | 127 | 950 | 274 | 50000 | 381 |
| 200 | 132 | 1000 | 278 | 75000 | 382 |
| 210 | 136 | 1100 | 285 | 1000000 | 384 |

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

**APPENDIX 4; List of Petrol Stations Visited**

| | |
|---|---|
| 1 | PETRO BUNIA Uganda SMC Limited - Lower Kauga, Ntawo, MUKONO |
| 2 | BE Energy Ltd - MUKONO |
| 3 | GASCO United Limited - Nvunwa, Seeta, Kigunga MUKONO |
| 4 | GPEX Oil Limited |
| 5 | HASS Mukono |
| 6 | IGAR Uganda Limited - Mukono I, MUKONO |
| 7 | IGAR Uganda Limited - Mukono II, MUKONO |
| 8 | KOBIL Uganda Limited - Mukono |
| 9 | MGS International Uganda Limited t/a MOGAS - Mukono |
| 10 | MILCOM Service Station Ltd |
| 11 | OIL COM MUKONO |
| 12 | PETROCITY Enterprises (U) Limited - MUKONO |
| 13 | S.R. Petroleum Limited - MUKONO |