REWARDING SYSTEM AND EMPLOYEE PERFORMANCE IN UGANDA'S DOWNSTREAM OIL AND GAS SECTOR

A CASE STUDY OF KIIRA TOWN COUNCIL, WAKISO DISTRICT

MUGUME SHEEBAH

Reg. No. S18M44/125

A RESEARCH DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE BACHELOR OF SCIENCE IN OIL AND GAS MANAGEMENT AT THE INSTITUTE OF PETROLEUM STUDIES KAMPALA IN AFFILIATION TO UCU.

SEPTEMBER, 2021

DECLARATION

I Mugume Sheebah, do hereby declare that this dissertation title "Rewarding system and employee performance in Uganda's downstream oil and gas sector; a case study of Kiira town council, Wakiso district." 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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MUGUME SHEEBAH   DATE

Reg. No. S18B44/125

APPROVAL

I acknowledge that this dissertation titled: "Rewarding system and employee performance in Uganda's downstream oil and gas sector; a case study of Kiira Town council, Wakiso district" has been under my supervision and is now ready for submission.

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MRS. NANTONGO MONICAH   DATE

DEDICATION

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

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LIST OF ACRONYMS

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 effects of the rewarding system on employees' performance in the Downstream oil and Gas sector especially in the not so big petroleum Stations of Uganda, that is Mogas, Oryx and Gaz. The problem of the study was the poor rewarding system which resulted in rampant voluntary resignations of middle staff and support stuff. The trend of resignation had proven that the stations could not ably retain her stuff for more than two years. The objectives of the study were to assess the impact of financial rewards and non-financial rewards on employee performance in the downstream Oil and Gas sector of Uganda. The study was based on Guest Model Theory of (1997) and the Herzberg's Two-Factor theory where it was noted that employees are always seeking for equity and fairness between what they bring into the organization and what they get out in terms of rewards against the perceived inputs and rewards given to other employees. The research design was cross-sectional and was analyzed both qualitatively and quantitatively. Collection of data was done using the Questionnaires. The study population was 150 employees of which a sample of 108 elements was selected using simple random sampling out of which 100 respondents attended to the research which accounted for 92.6% response rate. The researcher used a Statistical package for social sciences (SPSS) version 19 to analyze collected data. The Cronbach's coefficient Alpha technique was used to assess relationship between the two variables and the regression analysis technique was employed to assess the magnitude of the relationship. The findings of the study revealed that both financial and non-financial rewards have got a significant effect on employee performance. The study recommended that downstream oil and gas companies needed to increase on the salaries offered to staff and to broaden on the non-financial rewards offered to staff especially the other benefits offered for example housing allowance, transport and that staff are given option to choose their medical insurance service provider instead of offering them one option or none at all. Management should also ensure that Bonus payment is equitably distributed among staff and that this reward policy is communicated to all staff within the organization. Future studies can be carried out on the effectiveness of the process of designing and implementation of these rewards.

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. 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 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 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.

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).

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.

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.

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.

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.

The downstream sector especially in Kiira is comprised of both conglomerate oil companies like Total and Shell, and local companies like Mogus, Gaz and Oryx. Despite the levelled economic playfield, the bigger conglomerate companies are still outshining the local companies in terms of performance and profits. This is despite being foreign companies in Uganda.

While many reasons can be given for this trend of poor performance, on the part of local companies in Kiira Town Councils, like business promotion, work practices and cultures, none is more relevance to performance like employee rewarding. Preliminary studies showed that there is a huge gap in the rewarding of the two groups of companies, both intrinsic and extrinsic. This research sought examine how this difference in employee rewarding affects the performance of downstream companies in Kiira Town Council.

1.3 Problem Statement

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. Both Financial and non-financial rewards are not favourable. From a competitive advantage perspective, companies need to recognize and appreciate the relation between the rewarding system and employee success in order to gain competitive advantage. 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).

Southern (2013) states that private sector companies often strive to match their reward strategy with the human resource strategy, which eventually leads to an integration of reward strategy and business strategy. Oil company administrators in the downstream sector are largely responsible for ensuring that the activities or work is performed correctly by workers. HR managers must ensure that they have a professional staff department to hire the best workers capable of doing the job. To maximize employee efficiency, the employees must be appropriately compensated. This highlights the complexities involved in employee rewarding and how it, as a discipline, can impact the companies' performance.

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

- To establish the impact of financial rewards on employee performance in Petroleum Stations in Uganda.

- To determine the impact of non-financial rewards on employee performance in Petroleum Stations in Uganda.

- To find out the challenges hindering the effective implementation of rewarding systems adopted by downstream oil and gas companies.

1.5 Research Questions

- What impact do financial rewards have on employee performance at Petroleum Stations in Uganda?

- What impact do financial rewards have on employee performance at Petroleum Stations in Uganda?

- What challenges are hindering the effective implementation of rewarding systems adopted by downstream oil and gas companies?

1.6 Scope of the Study

1.6.1 Geographical Scope

The study will mainly zero Kiira Town Council, Wakiso District in Uganda. The town council has a large number of downstream oil and gas companies, all of different size and stature, which was advantageous for comparisons.

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 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-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, and 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. Organizations 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 scholar 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 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 for example 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 is 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 Challenges Hindering the Effective Implementation of Rewarding Systems

There may be a lot of factors which cause problems in reward provision but some few factors causing the same problem may match depending on how much the problems from different circumstances relate. Each organization may be faced with different factors (internal and external factors) in which some factors may appear in more than one organization and some may not.

Odhiambo and Awuor in their article titled "Factors affecting reward management systems in the healthcare sector in Kenya: a case of National Hospital Insurance Fund", showed their concern in problems that inhibit effective reward provision. After conducting a research, the findings established that although the NHIF employees are aware of the existence of a Reward Management system within the organization, they are not familiar with its provisions and most of them believe that it does not favor all employees and are therefore against it.

It was recommended that all NHIF employees should be involved in any future reviews of the reward management policies of the organization and there should be an employee training and awareness campaign to familiarize employees with the provisions of the reward management policies. The researcher was also in a position to come up with a suggested effective and fair reward management system that she may use and apply in future.

The study recommends that the organizations consider reward management systems part and parcel of organization policy. Develop a work place policy of on how employee efforts should be rewarded in a structured way and have a proper structure of reward system. Economic theories that influence reward management are the law of demand, efficiency wage theory, human capital theory, agency theory and the effort bargain theory.

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.

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.

In a nutshell, extrinsic rewards, are taken for granted by employees. Their absence causes dissatisfaction. Employees will only demand for more. On the other hand, nonfinancial rewards (intrinsic in nature) give employees a sense of accomplishment and they feel their efforts are recognized and appreciated by the organisation. A fair mix of both intrinsic and extrinsic rewards based on the principles of fairness, equity and transparency, brings motivation and satisfaction which ultimately leads to better performance. Reward processes including performance management as a tool for assessing individual performance provide a means of measuring performance and providing feedback so that high performance is appropriately rewarded. However, there are studies which have come up with contradicting results as to the kind of rewards that are most valued by employees in their different settings. This research intends to close the gap in knowledge as to the types of rewards needed by employees of local downstream oil and gas companies.

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 Kiira Town Council. 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 Area of Study

This study was mainly conducted in Kiira City Council Area. Geographically Kiira Municipality is located in Wakiso District, Central Uganda Buganda Region approximately 10kms from Kampala City the Capital of Uganda.

From the East Kira borders Mukono Municipal Council, to the North the Nakiyanja and Nangobe streams that flows into Lwajjali River forms the boundaries. To the South is the Ntole swamp that flows into the South Western direction bordering Kasangati Town Council. While to the West Kawoya and Kinawataka swamps form the boundaries between Kampala and Kira. A section of the Eastern border is formed by boundaries of the Mailo block in Kyadondo near Najjera and Kiwatule- Kungu area. A larger section of boundaries is formed by Walufumbe, Nyanjaladde, Nakalere and Kinawataka streams.

3.4 Population of the Study

The population consisted of Petrol station employees in three (3) fuel outlets in downtown Kampala namely: GAZ Uganda Limited, Oryx Uganda Limited, and Mogus Petroleum. The number of employees in these fuel stations was 150.

As a result, this study considered 150 employees as the study population from which a sample size of 108 employees was determined using the Krejcie& Morgan (1970) for determining sample size (s) for the given population size (N). The population was taken from middle to lower-level management of the considered petroleum stations.

3.5 Sample Size and Sampling Techniques

3.5.1 Sample Size

The researcher used sample size determination table as recommended by Morgan and Krejcie (1970) as shown below. "N" in this case is the population size and "S" is the sample size.

Table 3.1									
Table for Determining Sample Size of a Known Population									
N	**S**	**N**	**S**	**N**	**S**	**N**	**S**	**N**	**S**
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
Note: N is Population Size; S is Sample Size						*Source: Krejcie & Morgan, 1970*			

Table 1;Study Population and Sample size

O&G Company	**Population (N)**	**Sample (S)**	**Sampling technique**
Mogus Petroleum	80	60	Random Sampling
Orxy Uganda Limited	30	20	Random Sampling
GAZ Uganda Limited	40	28	Random Sampling
TOTAL	**150**	**108**	

Although there are many employees in the oil outlets in downtown Kampala only three oil and gas companies were studied, the sample was taken as a proportion of members in different departments and levels. Table 3.1 above indicates that the total accessible population of the study is 150 and the sample size was 108 when determined using Krejcie and Morgan (1970) rule of thumb.

3.5.2 Sampling Techniques

In determining the sample size, simple random probability technique was used. 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).

3.6 Data Collection Methods and Instruments.

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

3.6.1 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).

3.7 Data Analysis

The quantitative data involves information from the questionnaires. Data from the field is normally to raw for proper interpretation. It was therefore vital to put it into order and structure it, so as to derive meaning and information from it. The raw data obtained from questionnaires was cleaned, sorted and coded.

The coded data was entered into the computer, checked and statistically analyzed using the Statistical Package for Social Scientists (SPSS) software package to generate descriptive and inferential statistics. Descriptive analysis was applied to describe the primary variable and associated indicator items related to the study objectives.

The variables of the study were measured using the five-point Likert scale. Different variables were measured at different levels. The variables were measured at nominal and ordinal scale. The nominal scale measurement was used in the first part of the questionnaire (demographics) which comprised items with some common set such as sex, age, marital status, designation and level of education of respondents. According to Mugenda and Mugenda (1999), nominal scales are assigned only for purposes of identification but do not allow comparisons of the variable being measured.

3.8 Data Validity and Reliability

3.8.1 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 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”.

3.8.2 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 2; 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%

3.9 Ethical Consideration

Ethical behavior was 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 and questionnaires.

3.10 Limitations of the Study

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

Unwillingness of some respondents to fill and allow questioning 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.

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 to 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 Response Rate for the Research

$$\text{Response rate} = \frac{\text{Actual Number of Respondents}}{\text{Sample size}} * 100$$

$$= \frac{100}{108} * 100$$

$$= 0.926*100$$

$$= \mathbf{92.6\%}$$

4.3 Sample Demographics

Table 3; Sample Demographics

Bio Data	Field	Frequency	percentage
Gender of respondent	Male	55	55%
	Female	44	44%
Age of respondents	18-25 years	15	15%

	26-30	30	30%
	31-40	18	18%
	41+	11	11%
Education level	UCE	18	18%
	UACE	20	20%
	Diploma	27	27%
	Graduate	35	35%
Length of service	1 year back	27	27%
	2 years back	43	43%
	3 years back	15	15%
	4+ year back	15	15%

The study revealed that the companies employ both the male and female employees though the majority are male being represented by 55% while the females are represented by 45%. This implies that the companies employ both genders despite a difference of 10%. It's an indication that the companies are not biased in employing its employees.

The study revealed that 30 percent of the respondents who work with the companies are within the age group of 26-30 years followed by those in the age group of 31-40 years at 18 percent. Those in the age group of 41+ years are 11 percent and lastly those below the age of 25 at only 15 percent. This means that the companies are more interested in people with in the age group of 26-30 because these are still energetic and yearning to achieve a lot ahead. Management should recruit fresh graduates from colleges and universities since that is the target age group of the companies.

The study revealed that 35 percent of the respondents who work with the companies are university graduates, followed by those from the tertiary institutions at 27 percent. This means that the companies considered education and experience highly when selecting its employees to ensure quality work. Therefore, management should constantly revise its practices in order to maintain the present standard.

The study revealed that 43 percent of the respondents joined the companies in the last 2 years and 27 percent, only 1 year back. The table also shows that 15 percent joined the companies 3 years back and 4+ years back each. Using the above results, it means that the companies is serviced by employees who joined in the past two years. It's an indication that the companies cannot maintain its employees for a long period of time explaining a high staff turnover within the companies. Therefore, the companies should carryout intensive research to find out why there is high labor turnover. This will help the companies in retaining skilled and competent employees.

4.4 Financial Rewards

Table 4; Effect of Financial Rewards

Financial Rewards	N	Min	Max	Mean	Std. Deviation
Employees are given enough and appropriate salary	100	1	4	1.87	1.074
The company gives staff annual financial bonus based on individual performance	100	1	5	3.4	1.404
The company gives top up allowances to its staff members periodically	100	1	5	3.93	0.98
The company usually gives competence/skill-based pay	100	1	5	2.93	1.437

The company gives cash bonus based on the surplus incomes generated	100	1	5	3.7	1.418
The company gives group bonus based on team performance of staff	100	1	5	3.03	0.999
The company gives cash award for team performance periodically.	100	1	5	2.93	1.437
Employees in this company are encouraged by time rate pay	100	1	5	3.7	1.418

The result from the above table shows different responses in terms of mean and standard deviation. On whether the employees' salary was sufficient for their needs (Mean =1.87) and its (SD=1.074). This meant that, majority, disagreed and it also implied that the companies' staff did not agree that the salary advanced to them was sufficient for all their needs. On whether the company gives staff annual financial bonus based on individual performance, the respondents offered that this was the case depending on how the companies performed during the financial year (Mean= 3.4) and (SD= 1.404).

On whether company gives top up allowances to its staff members periodically' (Mean =3.93) and its (SD=0.98). This means that majority of the respondents strongly agreed that the companies offer top up allowances to its staff members but only periodically. On whether the company usually gives competence/skill-based pay (Mean= 2.93) and (SD= 1.437). This meant that majority of the respondents were uncertain about the fact that their companies usually based their salaries on their competence and skill.

On whether the company gives cash bonus based on the surplus incomes generated (Mean= 3.7) and (SD= 1.418). This means that majority of the respondents had received cash bonuses based on the surplus incomes generated by the oil companies. On whether the companies gave group bonus based on team performance of staff (Mean= 3.03) and (SD= 0.999). This means that majority of the respondents were in a state of uncertainty. On company gives cash award for team performance periodically. (Mean= 2.93) and (SD= 1.437). This means that majority of the respondents disagreed that they do not know of instances where the company reward team performance.

4.5 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 indirect rewards on employee performance.

The results from table 4.3 above show different responses in terms of mean and standard deviation. On whether the employees are satisfied with their benefits package (mean=2.77) and its (SD=1.406). This meant that majority of respondents disagreed that they were satisfied with benefits package at the companies. On whether the employees were paid adequately for their responsibilities (mean=2.4) and its (SD=1.037). This means that majority of respondents disagreed that they were paid adequately for their responsibilities at the companies. Asked If and when the employees do good work, they can count on getting a bonus or pay raise (mean=2.4) and its (SD=1.037). This means that majority of respondents disagreed that if they do good work; they can count on getting a bonus or pay raise. On whether the employees think of their benefits as part of their earnings (mean=2.7) and its (SD=1.208). This meant that majority of respondents disagreed that they thought on their benefits as part of their earnings.

Table 5, Effect of Non-Financial Rewards

Financial Rewards	N	Min	Max	Mean	Std. Deviation
Overall, I'm satisfied with my benefits package	100	1	5	2.77	1.406
I am paid adequately for my responsibilities	100	1	4	2.4	1.037
If I do good work, I can count on getting a bonus or pay raise	100	1	4	2.4	1.307
I think of my benefits (as listed below) as part of my earnings	100	1	5	2.7	1.208

Amount of annual leave	100	1	5	2.47	1.279
Leave traveling allowance	100	1	5	3.7	1.236
Insurance i.e. Group Personal Accident Policy	100	1	5	3.27	1.461
Bereavement & funeral Expenses	100	1	5	3.4	1.163
Employee loans	100	1	5	3.67	1.061
Subscriptions to professional associations	100	1	5	2.53	1.57
Meals	100	1	5	2.4	1.453
Gratuity	100	1	5	3.9	1.029
Medical refunds	100	1	5	3.73	1.23
Examination/ study leave	100	1	5	3.47	1.358

This was well illustrated by the level of disagreement and uncertainty portrayed by amount of annual leave (mean=2.47) and its (SD=1.279); Leave traveling allowance (mean=3.7) and its (SD=1.236); Insurance thus Group Personal Accident Policy (mean=3.27) and its (SD=1.461); Bereavement & funeral Expenses (mean=3.4) and its (SD=1.163); Employee loans (mean=3.67) and its (SD=1.061); Subscriptions to professional associations (mean=2.53) and its (SD=1.57); Meals (mean=3.73) and its (SD=1.453); Gratuity (mean=3.9) and its (SD=1.029); Medical refunds (mean=2.53) and its (SD=1.23); Examination/ study leave (mean=3.47) and its (SD=1.358).S.

Based on Table 7, the result revealed that there is a strong statistically significant positive relationship of ($r = 0.639$, $p<0.05$) between non-financial rewards and employee performance measurement. Accordingly, an alternative hypothesis, which states that there is statistically significant relationship between non-financial rewards and performance of downstream oil and gas employees, is accepted. This suggests that employee performance will be high in downstream oil and gas companies that adopted non-financial rewards.

4.6 Challenges of Rewarding and Employee Performance

Table 4.7 shows that the respondents strongly agreed that the employees are have team work (mean 4.7, standard deviation 0.46), meet their targets (mean 4.67, standard deviation 0.47) and serve diligently (mean 4.7, standard deviation 0.46). The respondents also agreed that the employees maintain decorum and etiquette at all times (mean 4.37, standard deviation 0.62), maintain high professionalism (mean 4.44, standard deviation 0.5), serve with a human face (mean 3.96, standard deviation 0.69) and serve speedily (mean 3.85, standard deviation 0.59).

Table 6; Employee Performance

Employee Performance	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Serve diligently	100	1	5	4.7	0.4566
Serve with the needed speed	100	1	5	3.85	0.5903
Are sensitive to customer requirements	100	1	5	3.48	1.4999
Are understanding	100	1	5	3.22	1.4487
Serve with fairness and justice	100	1	5	3.37	0.9486
Have team work	100	1	5	4.7	0.4566
Meet the desired targets	100	1	5	4.66	0.4714
Serve with a human face	100	1	5	3.96	0.6929
Respond adequately to challenges faced by customers	100	1	5	3.14	0.6500
Maintain high professionalism	100	1	5	4.44	0.4969
Maintain decorum and etiquette at all times	100	1	5	4.37	0.6175

The respondents were however neutral on whether employees respond adequately to challenges faced by customers (mean 3.15, standard deviation 0.65), serve with fairness and justice (mean 3.37, standard deviation 0.95), are sensitive to customer requirements (mean 3.48, standard deviation 1.5) and are understanding to customers and management (mean 3.22, standard deviation 1.45).

The respondents also however disagreed that employees handle difficult situations calmly (mean 4.7, standard deviation 0.46). This therefore indicates that the employees perform highly with special focus on security, firmness in service, team work, meeting of targets, diligence in service, decorum and etiquette, high professionalism, serving with a human face and speed. There is however a fair level of adequate response to challenges faced by customers, service with fairness, sensitivity to customers' requirements and understanding to customers and management.

CHAPTER FIVE

DISCUSSION, SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the researcher summarized the study, discussed and drew conclusions as well as recommendations that were made from the study. The conclusions and recommendations were made from the findings that were analyzed, interpreted and presented in the previous chapter. This study aimed at ascertaining 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.

5.2 Discussion of Findings

5.2.1 Financial Rewards and Employee Performance

The respondents shared a similar view of financial rewards as Armstrong and Mulis (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.

However, the study also found out that the companies do not use salary as a tool to enhance employee performance as most of them were not satisfied by the management's salary scheme. This confirmed the study by Bernardin (2007) 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 Uganda oil and gas companies go against 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 study found out that rewards are a major factor that affect the level of employee performance. However, the study also found out that there are drawbacks that the organization needs to consider when using rewards as a motivational tool. Monetary rewards yield temporary compliance, rewards are viewed as entitlements, there's agitation for more by employees, and rewards fail to tap into individual initiatives or their free will are some of the drawbacks associated with rewards in a work setting.

The above was in line with findings of Wargborn (2008) stating that 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. 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.

The evidenced poor performance due to poor financial reward was partly due to not allowing the employees financial bonuses based on the quality of work. This subscribed to Nambuya's 2007 study that surmised that staff invest 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.

During the research, it was discovered that the oil and gas companies have a high turnover rate dues to the poor financial rewards schemes offered. The lack of contingency pay was a big factor on whether employees kept at the workplace for long. This finding was in line with (Hendrie 2004) who stated that 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. As a result, the companies experienced a situation where they lost most of their employees to big oil and gas companies like SHELL and TOTAL.

5.2.2 Non-Financial Rewards and Employee Performance

Majority of the respondents disagreed 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 not recognized is highly undesirable. Majority of respondents indicated that they were uncertain about recognition and reward being a direct result of performance. Majority of the respondents disagreed that they felt valued at the petroleum companies.

This when against McCaffrey (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.

Any organization where employees do not feel valued is bound to fail since human resources are the most important resource of any organization. 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.

In relation to this, majority never had training sponsored by the petroleum companies in the last 1 year. This is a serious gap that could negatively impact on performance of the petroleum companies. Besides, training never had a clear budget according to majority of respondents and where it existed it wasn't performance based. This is further complimented by Cole (1993 cited in Muganga 2006) who argued that the performance of employees in an organization is determined by the ability of the organization to meet the employee's personal career and competence needs. In situations where the work is not significant as source of personal self-esteem and it does not provide an arena for development, it becomes difficult to motivate workers to perform better.

Majority of the respondents were uncertain that they had a clearly established career path at the petroleum companies. Majority of the respondents disagreed that they had opportunities to learn and grow in their jobs. Majority of the respondents disagreed that supervisors at the petroleum companies actively endeavored to improve their skills at work. Respondents were not aware of promotion opportunities and this didn't compel them to stay at the petroleum companies.

Respondents largely disagreed that they are satisfied with the level of staff participation in the decision-making process at the petroleum companies. The respondents strongly disagreed that the petroleum companies' training programs are relevant for their jobs. The respondents disagreed that management consults with staff on some issues before a decision is made.

Majority of the respondents were uncertain that their department gets support and teamwork from their colleagues and other areas within the organization. Majority of respondents disagreed that their capabilities are fully utilized in the organization. This setting was noted with concern by the researcher to have long term negative effects on productivity of employees.

Respondents disagreed that they were satisfied with benefits package at the petroleum companies. Respondents disagreed that they were paid adequately for their responsibilities at the petroleum companies. Respondents disagreed that if they do good work; they can count on getting a bonus or pay raise. Many did not think of their benefits as part of their earnings. The rankings are according the respondents were as follows Gratuity (1.9), Medical refunds (1.73), Leave traveling allowance (1.7), Employee loans (1.67), Examination/ study leave (1.47), Bereavement & funeral Expenses (1.4), Insurance like Group Personal Accident Policy (3.27), Subscriptions to professional associations (1.53), Meals (3.4).

During the research, respondents noted that they were not insured for accidents at the work place. The respondents from one of the oil and gas companies that was considered noted that the company, in addition to not offering any safety equipment at the work place, did not offer an insurance when a one of their workers lost their lives due to a tire malfunction at their station. The further noted that the oil company did not offer any compensation to the deceased's family.

Hays (2006) noted that most employees surveyed said they prefer financial rewards; the above findings reemphasize what Armstrong & Mullis; (2004) and White &Druker; (2000) noted that rewards may be used to attract retain motivate and satisfy employees. The findings thus agree with literature reviewed on this note.

5.2.3 Challenges that affect Employee Rewarding

The analysis on employee rewarding shows that the employees perform highly with special focus on security, firmness in service, team work, meeting of targets, diligence in service, decorum and etiquette, high professionalism, serving with a human face and speed. There is however a fair level of adequate response to challenges faced by customers, service with fairness and justice, sensitivity to customers' requirements and understanding to customers and management. It is however also seen that the employees do not handle difficult situations calmly. These are the spectrums given by Bohnstedt& Larsen (2008) as measures of employee rewarding.

There was concern that some supervisors allocated work without making follow up on rewarding. The findings also indicate that the appraisal system in place for the other employees was not properly understood and adhered to; and that the manner in which feedback was given was not appropriate. According to Armstrong (2006) reward processes include performance management as a tool used to assess individual performance in order that appropriate rewards are given.

Mujtaba (2008) asserts that rewarding management is a way of measuring and making sure that the activities everyone in the organization are aligned with the overall shared mission, vision and goals of the organization. A rewarding management system should clearly explain the meaning of rewarding, how it is measured, as well as provides timely feedback to those responsible for accomplishment of tasks.

The research also found that the employers of the oil and gas companies mainly offered one form of financial rewards which greatly affected the rewarding of employees. This notion was cemented by Shanks (2007) who stated that employee rewarding 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.

5.3 Summary of Findings

According to the findings of the study, organisations use incentives to improve employee performance. The study also discovered that the company uses a variety of incentives to inspire its personnel. These include providing bonuses to employees who go above and beyond, instilling a sense of responsibility in employees, promoting people who have demonstrated a commitment to the organisation, and providing additional advantages to employees who exceed the firm's expectations. The study also discovered that corporations do not utilize salary as a tool to improve employee performance because the vast majority of employees were dissatisfied with the management's compensation structure.

It was also discovered that the companies do not provide their staff with any training at all. In addition, the survey discovered that the organisations do not rotate their staff or involve them in decision-making as a means of motivating their workforce. According to the findings of the study, when it comes to remuneration of their staff, Ugandan oil and gas businesses go against the Efficiency Theory.

According to the findings of the study, incentives are a significant element in determining the degree of employee performance. However, the study also discovered that there are some disadvantages to employing rewards as a motivational tool, which the organisation should take into consideration. A significant turnover rate has been identified in the oil and gas industry, which has been linked to the weak financial incentives supplied by the firms. The absence of contingency compensation played a significant role in determining whether or not employees remained in their jobs for an extended period of time.

With regard to non-financial awards and their impact on employee performance, the research discovered that the majority of employees at petroleum businesses cannot rely on being awarded or recognized for their efforts when they perform well at their jobs. The vast majority of employees did not participate in training offered by the petroleum corporations in the previous year. The vast majority of those who answered the survey were unsure whether or not they had a clearly defined career path with one of the petroleum corporations.

The vast majority of respondents did not believe that they had opportunity to learn and progress in their current positions. The vast majority of those who answered the survey disagreed that supervisors at petroleum businesses actively sought to improve their abilities while on the job. Respondents were not aware of promotion chances, and this did not compel them to continue working for the petroleum businesses in question.

The analysis of employee recognition reveals that employees perform exceptionally well, with a particular emphasis on security, firmness in service, teamwork, meeting targets, diligence in service, decorum and etiquette, high professionalism, serving with a human face, and speed of delivery of services. There is, on the other hand, a reasonable level of acceptable response to client difficulties, service that is fair and just, sensitivity to customer expectations, and understanding between customers and management.

5.4 Conclusions

From the findings, it can be concluded that the companies use financial rewards to enhance employee performance. Different financial rewards are used to motivate employees of local downstream oil and gas companies. These include; paying 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.

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 factors like employee involvement in decision making, greater job discretion, staff recognition and career development were very instrumental in motivating employees to work harder. Staff were all dissatisfied with the way petroleum companies were handling the non-financial factors hence current poor levels of those companies as opposed to companies that take such factors into consideration. It can also be said that though the non-financial rewards such as reducing the workload, job security, acknowledgment are all good rewarding tools, financial rewards such as salary and performance related pay are better tools. It can also be concluded that the management of the petroleum companies is trying to reward its employees though the tools it is using do not exactly match with the expectations of the employees.

The analysis on employee performance vis a vis the challenges indicated that the employees perform highly with special focus on security, firmness in service, team work, meeting of targets, diligence in service, decorum and etiquette, high professionalism, serving with a human face and speed. There is however a fair level of adequate response to challenges faced by customers, service with fairness and justice, sensitivity to customers' requirements and understanding to customers and management. It is however also seen that the employees do not handle difficult situations calmly.

5.5 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 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 was 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. The findings showed that the downstream oil and gas companies have some non-financial rewards spelt out in the Human resource manual but hardly implemented. Therefore, the organization should not overlook the strength of employee involvement in decision making, staff recognition and career development.

The downstream oil and gas companies should also change their reward practice in order to embrace grade structure by formally entailing designated job groups in their pay rolls. The job groups should be arranged in a hierarchal structure form the lowest to the highest job group and rewards pegged on the job groups. Employees should also have their job groups indicated on their letters and pay slips to make them understand the differences in their rewards. This would ensure the employees are keen on promotion to the next job group to attain higher reward. If this is then pegged on performance, the employee performance will improve. The change in practice should also involve the reorganization their use of strategic reward to have rewards for meeting each strategic objective as well as cumulative rewards for meeting a series of objectives. This would therefore encourage the employees to perform better in a unified direction in order to meet the strategic objectives.

5.6 Suggestions for Future Research

A future study should be done to establish the other factors that influence employee performance other than the rewarding system. 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

QUESTIONNAIRE

Dear Respondent,

I am Mugume Sheebah, a BSc student of oil and gas from the Institute of Petroleum Studies in partnership with Uganda Christian University-Mukono conducting a research on "Rewarding system and employee performance in Uganda's downstream oil and gas sector; a case study of Kiira town council, Wakiso district.". 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

- **Strongly disagree (SD)**
- **Disagree (D)**
- **Not sure (NS)**

- **Agree (A)**
- **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					