

REMUNERATION PACKAGES AND EMPLOYEES PERFORMANCE OF SACCOs IN IBANDA DISTRICT: A CASE STUDY OF ANKOLE SACCO, IBANDA MUNICIPALITY

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Abstract: *The study intended to examine the relationships between remuneration packages and employees' performance in Ankole Sacco. The specific objectives were; to explore the effect of basic pay on employees' performance in Ankole SACCO, to assess the effect of bonuses and incentives on employees' performance in Ankole SACCO and to ascertain the effect of fringe benefits on employees' performance in Ankole SACCO. The data was collected through questionnaires drawn from various departments, 82 of the staff participated in the study that formed 75% of the sampled population. In its major findings the study has identified major contributing factor on remuneration and motivation of staff as low salary and bonuses as identified from reasons for quitting their previous jobs. With a focus on employee performance, it is deduced from the study from the aspects of motivation attributed pointed to specific rewards/ incentives related modes having impact on their current positions. Competitive reward and compensation modes were also found to be key in creating a competitive advantage based on improved performance. The study concluded that there is a significant and positive relationship between remuneration and employees' performance. The study recommends employees' participation in pay determination, prompt payment of salaries, wages, bonuses and fringe benefits to prevent negative effects on performance of employees and issues of equity in pay. Over and above, the study has also made suggestions and recommendations that include: the SACCO as an organization should start thinking in terms of total rewards and not just financial rewards as most of the findings were directed towards financial rewards.*

KEY WORDS; REMUNERATION PACKAGES, EMPLOYEES PERFORMANCE, SACCOs

I. INTRODUCTION

1.1 Study Background.

Maicibi (2015) defined remuneration as pay or reward given to individuals for work done. He further identified the indicators of remuneration include: basic salary, wages, health schemes, pension schemes, transport allowances overtime allowances and responsibility allowances. Romanoff (2014), also defined Remuneration packages as monetary or financial benefits in form of salaries, wages, bonuses, incentives, allowances and benefits that is accrued or given to employees' or group of employees' by the employer (firm) as a result services rendered by the employees'(s), commitment to the organization or reward for employment.

Hellriegel, Jackson and Slocum (2015), defined employee performance as the level of an individual's work achievement after having exerted effort. Job performance can be viewed as an activity in which an individual is able to accomplish the task assigned to him/her successfully, subject to the normal constraints of reasonable utilization of the available resources (Dar, Akmal, Akram & Khan, 2013).

Knippenberg et al, (2017) in Kenya observed that organizations require exceptionally performing people, to have products and services they are specialized in, for attaining a competitive advantage, with a specific end goal to meet organizational objectives. High level performance and accomplishment of tasks can be a source of satisfaction along with sentiments of dominance and pride. Low performance and lack of accomplishment of objectives may be experienced as disappointing or even as individual failure (Coyle and Conway, 2014). The survey by the Economic Survey (2012), Kenya had about 86,000 people working for state corporations as at the end of last year out of the total 681,100 public sector employees. The public sector industry is rapidly transforming. Many reforms take place to anticipate on several challenges. At the moment several trends can be detected within the public sector. The origin of these trends can be found in the ongoing introduction of public management methods and tools within the public sector. The government of the future will be an effective, cost-efficient and accountable government that delivers high-quality services.

Since Uganda's independence, the Local government sector as a whole has not had an explicit and comprehensive wages and compensation policy. Instead, wages and compensation have been adjusted on an adhoc basis.

More specifically, wages and compensation have been determined by the special commissions or task forces to review the pay scales of sections of the public service. The main effect of this has been that the wages have rarely been consistent across the entire public sector. In this regard, Kubr (2012) asserted that remuneration packages are better tools to motivate employees' for better performance and further identified three basic remuneration components such as bonuses, basic pay and profit-sharing schemes that influence the performance of employees'.

Remuneration packages in Ankole SACCO in Ibanda, are based on Basic Salary, bonus and fringe benefits which include medical cover, general availability (permanent staff) and over time claim (Contract and casuals). The basic salary is determined on who knows who and how well a new staff negotiates their basic salary thus making remuneration not consistent across the various grade structures in the organization. Bonus is also shared by staff's performance rating which is at the supervisor's discretion. This inconsistency can cause demoralization and poor performance of the staff as they feel equity is insufficient, (DLG proposal, 2018). Therefore, it is against this background that the researcher intends to assess the influence of remuneration packages and employees' performance in Ankole SACCO in Ibanda.

II. Study Purpose

The study aimed at assessing the relationship between remuneration packages and employees' performance which will guide the human resource management to provide better remuneration packages that motivate employees to perform well.

The study guides tax bodies and government when taxing SACCOS to reduce on their tax burden so as to be able to provide remuneration packages to employees for better performance.

The study will be use full to future researchers with similar or related research topics; this is so because the study will act as a source of literature which will enable collection of secondary data.

In the study, the independent variable was remuneration Packages and was conceptualized in terms of; basic pay (salaries and wages), bonuses and incentives, fringe benefits (allowances, and overtime pay). The dependent variable was employees' performance was measured in terms of; commitment, punctuality, quality of output, effectiveness and efficiency production, and time taken to accomplish work.

After having exerted effort, Performance is also an activity in which an individual is able to accomplish the task assigned to him.

2.1 The effect of basic pay on employees' performance

The survey by Braton & Gold, (2003), basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity and wages refer to payment to manual employees, always calculated on hourly or piece rates.

The survey by Surbhi, (2015), revealed salary as a fixed amount paid to the employees at regular intervals for their performance and productivity whereas wages are the hourly-based payment given to the labour for work finished in a day. He further argued that while Salaried persons are generally said to be doing "white collar office jobs "which implies that an individual is well educated, skilled and is employed with some firm and holds a good position in the society, whereas the waged person are said to be doing "blue collar labour job "which implies that an individual is engaged in the unskilled or semi-skilled job and is drawing wages on a daily basis.

The survey by Kanzunudin, M.(2007) , one purpose of a person as an employee of a company is to earn income in the form of wages or compensation. Received wages to meet basic needs such as food, clothing, and housing.

Every company in determining the amount of wages paid to the employee must be feasible, so that the lowest wage that is given to meet the needs of their life.

The survey by Agburu (2012), argued for the importance of salaries and wages, he stated that wages should not only be adequate but they must also show some element of equity, this is particularly true from the point of the employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in an economy. For many employees, wages or salaries are highly critical issues. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family.

The survey by Dialo, (2010), a person earning a high salary feels motivated to do a good job, because he wants to please his employer to retain his position. His salary brings him a feeling of security, allows him to feel accomplished, and gives him a high status ranking that he enjoys. A person is much more willing to put in extra hours at the office if he feels his financial rewards are a fair trade off.

The survey by Research by Zeynep Ton, a Professor at the MIT'S Sloan School of Management has shown that an employee satisfied with his pay is more productive and motivated.

2.2 The effect of bonuses and incentives on employees' performance

Bonus is defined as an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company.

Heath field (2016) bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee offer letter, put in the employee personnel file, or in a contract. Employers can distribute bonus pay randomly as the company can afford to pay a bonus, or Arabian Journal of Business and Management can specify the amount of the bonus pay.

The survey by Bardot (2014), a bonus is a payment, which is backward-looking and usually discretionary or at least not expected from the employee(s). A decision is made to pay it to one, a group or all employees, based on criteria decided by management to reward past achievements, such as reaching a specific profit or some important milestones for the organization, or in a totally discretionary manner but defined an incentive as a plan which is forward-looking.

The survey by Romanoff (2008), defined bonuses as a single payment made at the end of the performance period typically a year to reward extraordinary effort or achievement while incentive is a tangible or intangible reward that is designed to motivate a person or group to behave in a certain way. He further stressed that incentives differ from bonuses in that incentives define both what needs to be accomplished, what the employee will receive in return for accomplishing it. As a result, incentives have greater behavioural and motivational interest.

The survey by Kothari, C. R. (2004), Bonuses are additions to pay that are linked to individual or team performance measured against targets or objective criteria. Employers introduce bonus payments to reward individuals for doing well. By definition a 'bonus' payment is an extra and not part of basic pay. There has been ongoing debate about the effects of bonuses and the role of reward systems in organizations that still has not led to a unanimous conclusion. Those in favour of bonuses state that applying bonuses and putting emphasis on monetary rewards increases productivity and organizational performance, while those against bonuses claim that use of bonuses and monetary rewards leads to counterproductive results (Sikula, 2001).

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The proponents of bonuses who state that use of bonuses and emphasis on monetary rewards increases productivity and organizational performance. For instance, Yao (1997) studied the impact of profit sharing and bonus payment on the performance of Chinese state industries and concluded that over half of the value-added growth of these industries could be explained by bonus incentives.

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The survey by Boxall, P., & Purcell, J. (2003), employers, pay performance bonuses to employees who achieve satisfactory or high ratings during their annual performance appraisals. An incentive-based bonus links the amount of the payment to the level of performance. For instance, an employee whose overall performance rating is outstanding or the highest level achievable may receive the largest bonus the company has determined it will pay each employee. An employee whose rating is satisfactory or above may receive a lesser amount, but a bonus nonetheless (Danhowar, C., & Lust, A. J., 2011).

2.3 The influence of fringe benefits on employee's performance

Many organizations provide numerous extrinsic rewards in an indirect manner. With indirect compensation, employees receive the tangible value of the rewards without receiving the actual cash. A benefit is an indirect reward e.g. health insurance, vacation pay, or retirement pensions given to an employee or group of employees as part of organizational membership, regardless of performance (Brown, 2014).

Organizations are in the constant competition and pressure to attract and retain talented employees because of the competitive labor market that symbolizes most parts of the world. Due to its importance in employer-employee relationship and its flexibility in terms of determination, provision and employees preferences; fringe benefits has been shown to be one of the mostly used strategies by most organizations in attracting and retaining good brains (Hussein, 2011).

Fringe benefits are no longer a considered "fringe" but it as an integral part of employee total income providing the needed psychological and physical assistances in both good and bad times. The value of these benefits to both employers and employees however, depends on the employees' awareness of this costly part of employees' total compensations (Danhowar & Lust, 2011). Various studies have point out that in spite of the importance of fringe benefits in the employer-employees relationship; it is the forgotten one in most academic studies of employees' compensations (Balkin & Griffeth, 2014).

Bratton and Gold, (2003) referred to fringe benefits as non-financial rewards added to the basic pay, related to work behaviours, performance, learning and experience. The characteristics of fringe benefits include; promotion, advancement and job stability, leadership allowance, responsibility allowance and recognition allowance. Fringe benefits in institutions provide a basis on which employees work towards the achievement of set goals.

A good compensation program should be designed to achieve three overall objectives. First, the program should assist in the attraction and hiring of the most qualified professionals available in the market. Secondly, the compensation program should direct employee efforts toward achieving the company's strategic objectives such as business development, profitability, safety and work quality. Thirdly, the compensation program should ensure the development and retention of a qualified workforce (Lawler, 2000).

Pay - The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain. Company Policies and administrative policies - The company policies should not be too rigid (Aswathappa, K., 2002). They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation.

The survey by Knyszewska Elzbieta, (2010), accommodation or housing allowance is the amount of money or given to an employee in compensation for basic living expenses. Robbins (2003) indicated that employees who are unsatisfied with their jobs had many absenteeism cases than those with job satisfaction with high attendance levels. Regardless of fringe benefits being financial, their existence and provision in time gives a substantive reason for employees to stay longer at places of work.

III. Methodology of the Study

3.1.1 Research design

A descriptive and analytical cross sectional survey design was based on quantitative and qualitative approach of data collection. Research design is in various ways by which information is gathered for assessment or evaluation. The researcher used a descriptive research design that is both qualitative and quantitative in nature. The researcher analysed the data obtained from the study to learn about similarities, differences and trends. The descriptive research design was adopted because the study intended to conduct an intensive investigation on the variables under study in a particular at Ankole SAACO in Ibanda Municipality.

The researcher used purposive sampling as a method of sampling since this answers well the qualitative concerns.

3.4 Data collection Methods

3.4.1 Questionnaire

The study used the questionnaire method to collect data. The use of a questionnaire in this study is important because it uses formal lists of questions asked to all respondents in the same way.

3.4.2 Interview

The study employed interview method. The method involved an interaction between the interviewer and the respondents who gave answers for questions posed to them by the interviewer. Interviews in this study helped the researcher obtain more information on the topic under investigation.

3.5 Data Collection Tools

3.5.1 Structured Questionnaires

The study employed a questionnaire as a tool of data collection. Section A of the questionnaire dealt with the demographic characteristics of the respondents, section B focused on the implementation of basic pay and employees' performance, Section B focused on the provision of bonuses and incentives and employees' performance and Section C focused on the provision of fringe benefits and employees' performance in Ankole SAACO.

The questionnaires were closed ended. Closed ended questions were developed to help respondents make quick decisions; in addition, closed ended questions helped the researcher to code the information easily for subsequent analysis while analysing data.

3.5.2 Interview Guide

An unstructured interview guide was used as a tool for collecting in depth information from the key informants. The guide had a list of topical issues and questions which were explored in the course of conducting the interviews. The guide was drawn with the questions requiring the feelings and attitudes of the key informants regarding the influence of remuneration packages on employees' performance in Ankole SAACO. The interview guide was used because it provides in-depth data which may not be possible to obtain when using self-administered questionnaires - It also aids in collecting qualitative data.

3.6.1 Validity

To ensure validity, the questionnaire was developed and given to three expert judges to score the relevance of each question in providing answers to the study. After which a content validity index (C V I) was computed using the formula; number of items declared valid/number of items in the questionnaire. A CVI of above 70% was acceptable (Amin, 2005: 18). Validity of the instrument is determined by Amin (2005) formula that is; $CVI = \frac{n}{N}$.

Where CVI represents Content Validity Index.

n represents number of items related essential.

N represents total number of items.

Table 1: Expert judgment table

Experts	Relevant items (n)	Total items of questionnaire (N)
Expert 1	25	27
Expert 2	22	27

Using $C.V.I = \frac{n}{N}$

$$= \frac{0.93 + 0.81}{2}$$

$$= 0.87$$

Since 0.87 is above 0.70 the questionnaires were considered

3.6.2 Reliability

A pre-test was done on 10 of the respondents who were not be part of the final study. Data was coded and entered into the computer. Cronbach's Alpha Reliability Coefficients were generated using the statistical package for social scientists (SPSS) computer program to estimate the reliability of the questionnaire. The Cronbach's alpha reliability coefficient of above 0.7 was acceptable (Sekaran, 2003).

3.8 Data Analysis

3.8.1 Analysis of quantitative Data

Descriptive statistics namely frequency counts, percentages were used to analyse the respondents' demographic characteristics and discuss the respondents' opinions on the remuneration packages and employees' performance in Ankole SAACO.

3.8.2 Analysis of qualitative data

Qualitative data was analysed using content analysis. Responses from key were grouped into recurrent issues. The recurrent issues which were emerged in relation to each guiding questions were presented in the results, with selected direct quotations from participants offered as illustrations.

IV. DATA ANALYSIS.

The main data collection instrument for this study was a questionnaire. The Population of the study was categorized into three strata as: Administrative staff, Branch managers, loans officers and Accountants who formed the majority. The table below represents the sample frame and the percentage of the respondents that duly filled and returned the instruments of data collection.

4.1 Background information

The back ground information gathered for this study focused on the personal information of the respondent's. These included; gender, age, years of service and department station of the respondent in the SACCO.

4.1.1 Respondents Gender

The study sought to establish the gender of the respondents. The findings were as presented in the table below.

Table 4.1: Respondents Gender

Respondents	Frequency	Percentage
Male	47	56.8
Female	36	43.2
Total	82	100.0

Source: Primary data, 2020

From the study findings, majority (56.7) of the respondents were male while their female counter parts were 43.2%. These findings show that the Ankole SAACO had almost equal number of male and female Employees although male Employees were slightly more than female. This is also in line with the provisions of the Ugandan Constitution (1995) on equity at the work place which requires that each gender must not exceed 66%.

4.1.2 Respondents Age

The study sought to establish the age of the respondents. The findings were presented in the table 4.3.

Table 4.2: Respondents Age

Class	Frequency	Percentage
Below 25	9	11.0
26-35	39	47.6
36-45	20	24.4
46-55	13	15.9
56 and above	1	1.2
Total	82	100.0

Source: Primary data, 2020

From the study findings, 11% (9) of the respondents were below 25 years, majority (47.6%) of the respondents were aged between 26-35 years, 24.4% of the respondents were between 36-45 years, 15.9% of the respondents were between 46-55 years while as 56% of the respondents were 56 and above years old. This distribution was found to be fair in terms of both genders participating in the study. As shown above majority of the respondents were within the age bracket of 26-35 years. This forms a constituency of workforce that is perceived to be defining their career choices in their youthful peak, having young families and therefore remuneration becomes a critical factor that affects their performance thus also determining what organization to work for.

4.1.3 Respondents Distribution by Departments

Table 4.3 : Respondents Distribution by Departments

Department	Frequency	Percentage
Communication	4	4.9

Planning	7	8.6
Human Resource	7	8.6
Administration	13	16.0
Technical	18	21.0
Accounts and Finance	12	14.8
Procurement	6	7.4
Engineering	4	4.9
ICT	7	8.6
Audit	4	4.9
Total	82	100.0

Source: Primary data, 2020

The figure above represented the distribution of the respondents by department. As indicated majority (21%) of the respondents were from the technical department. This can be justified by the fact that the company is Sacco-based thus has most of its workforce as Administration and technicians. Further the study sought to establish the respondents per department and years of service of Ankole SAACO.

4.1.4 Working of Ankole SAACO as first job

The study sought to establish whether respondents worked of Ankole SAACO as First Job.

Table 4.4 : Working of ANKOLE SAACO as first job

Response	Frequency	Percentage
Yes	20	24%
No	64	78%
Total	82	100%

Source: Primary data, 2020

From the data findings majority (78%) of the respondents did not working of Ankole SAACO as first job while as 24% of the respondents were working of Ankole SAACO as first job. These findings show that the respondents had started working in different organizations then joined Ankole SAACO later on in search of greener pastures.

4.2 Remuneration program adopted in the Ankole SAACO

The study sought to establish remuneration programmes most preferred by employees of Ankole SAACO . The findings were as shown in table 4.7 below:

Table 4.5 : Remuneration Program adopted

Remuneration Program adopted	Frequency	Percentage
Basic Salary	3	3.6%
Bonuses	2	2.4%
Fringe Benefits	2	2.4%
A combination of all the three options above	75	91.46%
Total	82	100%

Source: Primary data, 2020

From the findings of the study, a majority of the respondents preferred a combination of basic salary, bonuses and fringe benefits as supported by 91.46% =. Basic salary alone was supported by 3.6% while bonuses and fringe benefits were supported by 2.4% each. The preferred mode of remuneration was a combination of basic salary, bonus and fringe benefits i.e. House allowance, medical cover and commuter allowance. These findings are consistent with the argument of Balkin and Griffeth (2011) who asserted that a good compensation program should be designed to achieve three overall objectives by assisting in the attraction and hiring of the most qualified professionals available in the market and direct employees' efforts toward achieving the SACCO's strategic objectives such as business development, profitability, safety and work quality. Appropriate remuneration ensures that staff are motivated to work and be part of an organization (Kurb, 2002).

4.2.1 Reasons for joining Ankole SAACO

The study sought to establish the various reasons for the respondents joining the Sacco. The findings were as shown in the Table 4.8 below:

Table 4. 6 : Respondents Experience and Reasons for Quitting Previous Job

Reason	Frequency	Percentage
Low Salary and Bonuses	40	48.8%
Lack of Learning, Training opportunities and personal growth	35	42.7%
Lack of recognition of performance	29	35.4%
Lack of promotion	29	35.4%
Lack of job security	31	37.8%
Lack of flexible work schedule	16	19.5%
Un attractive company policies	21	25.6%

Source: Primary data, 2020

As shown in the Table 4.8, Majority 48.8% of the respondents joined Ankole SAACO because of low salaries and bonuses in their previous jobs followed by 42.7% who indicated that their previous job opportunities did not offer them training opportunities and personal growth. 35.4% each indicated that they were not offered recognition for their performance and lacked promotion prospects. 37.8% indicated lack of job security, 19.5% indicated lack of flexible work schedules while 25.6% indicated an attractive Sacco policies. These findings show that the respondents left their previous employers for several reasons when joining Ankole SAACO . Some of the justification made in regard to what attracts most of the staff to work for Ankole SAACO included: opportunity for growth professionally as the Sacco was still at its formative stages, attractive Sacco policy (7), good salary package (9), training opportunities, diversifying carrier(5) , personal growth, Job security based on the contract (6). Stone (2007) argued that Employees set expectations about rewards and compensation to be received, if certain levels of performance are achieved. These expectations determine goals or levels of performance for the future. If they attain the set goals and the organization does not reciprocate to reward them with what they expected, Employees will start looking for ways to exit an organization. To retain and attract good talented Employees in an organization is not an easy thing (Kurb, 2002).

4.3 Basic pay and employee's Performance

Table 4. 9: Basic pay and Remuneration program of Ankole SAACO is tied to performance

Response	Frequency	Percentage
Strongly Agree	19	23.8
Agree	44	55.0
Disagree	10	12.5
Strongly Disagree	5	5.0
Don't Know	4	3.8
Total	82	100.0

Source: Primary data, 2020

As indicated in the table above it can be deduced that in deed basic pay modes of ANKOLE SAACO are tied to employees performance since by a cumulative of 78%, 23.8% percent strongly agreed where as 55% barely agreed with the same. These findings are consistent with those of Robbins (2003) who argued that employee's job performance is an important factor influencing, amongst others, work performance. Robbins (2003) added by saying that a drop in job performance might be because of Sacco trying to increase productivity by increasing employees' workloads and tightening deadlines which reduced employees' performance.

4.4 The bonuses and employees' performance

Table 4.10 showing the responses about the role of bonuses on employees' performance

The role of Bonuses	Frequency	Percentage
Bonus Brings about competition	34	41.4

Bonus help in Efficiency of work	20	24.4
Bonus leads to Trustworthy	14	17.1
Bonus leads Transparency	7	8.5
Employees are Motivation through Bonus	7	8.5
Total	82	100.0

Source: Primary data, 2020

As shown above it can be deduced that majority of the Employees who have worked under Bonus are in agreement with the fact that remuneration programmes of Ankole SAACO are compensative enough. This constituted 34 (41.1%) of the responding population. Other respondents agreed as supported by 24.4% who preferred Bonus help in Efficiency of work. 17.1% opted for Bonus leads to Trustworthy. Bonus leads Transparency and Employees are Motivation through Bonus count for 8.5% respectively. Respondents further suggested more recommendations that could be considered by the management to improve performance. These included: enhancement of training and development, developing an objective performance appraisal system (5), institutionalizing performance based pay (6), encouraging more team building modes, increasing remuneration package and allowances and reviewing salary and grading structure (6), investing on educational for career development, reviewing the policy on remuneration (2), promotion policy to be based on merit and promoting performing Employees (3), reviewing job descriptions, encouraging more team building activities (4).

4.5 The influence of fringe benefits on employee's performance

Table 4. 11: Fringe benefits in Ankole Sacco and employee's performance

Received benefit	Frequency	Percentage
Flexible Pension Benefit	19	23.8
Health Insurance Benefit	40	48.7
Holiday/Vacation Benefit	10	12.5
Housing Benefit	5	5.0
Transportation Benefits	4	3.8
Education benefits	4	3.8
Total	82	100.0

Source: Primary data, 2020

As indicated in the table above it can be deduced that fringe benefits of Ankole SAACO are tied to employees' performance. Majority of the respondents said they receive health insurance benefits with 40(48.7%), followed by flexible pension benefit with 19(23.8%), Holiday/vacation benefit with 10(12.5%), housing benefits with 5(5%) and lastly transport and education benefits with 3.8% respectively. These findings are consistent with those of Robbins (2003) who added by saying that a drop in job performance might be because of Sacco trying to increase productivity by increasing employees' workloads and tightening deadlines which reduced employees' performance.

V. DISCUSSION OF FINDINGS

Remuneration Packages and employee's Performance in Ankole Sacco.

From the study findings which were meant to establish the effect of remuneration on employees' performance using Ankole SAACO as a case study. Taking account of these focus areas, 82 of the staff participated in the study that formed 75% of the sampled population. As a fairly equitable gender distribution of 56% of the male and 43% of the female participated in the study with majority of the respondents in the age bracket of 26-35 years.

5.1.1 Basic pay and employees' performance.

The first objective focused on the basic pay adopted in the Ankole SAACO. This was assessed through various components. Therefore, components of basic pay evaluated included determination of salary increment of Ankole SAACO in terms of: market value position, individual performance, skills/ competency acquisition, years of service, education qualifications among others identified.

Majority of the respondents (35.4%) believed basic salary increment is based on the market value position. These findings are consistent with those of Bratton and Gold (2003) who argued that organization use market statistics in determining their pay structure. They review what their competitors are paying and then develop a strategy that will

help them attract and retain better qualified and productive Employees. However, for remuneration and incentive plans including bonus pay, whether short term incentives, long term or a combination of both, a combination of both short term and long term incentive plans was preferred by majority by 50%. Silverman and Reilly (2003) argued that organizations need to have a combination of pay structures in their system to promote the level of employees' satisfaction with their pay system

5.1.2 Bonuses and employees' performance

The second objective focused on the bonuses and its influence on performance. Competitive reward and compensation modes were found out to be key in creating a competitive advantage based on improved performance. This constituted 34 (41.1%) of the responding population. Other respondents agreed as supported by 24.4% who preferred Bonus help in Efficiency of work. 17.1% opted for Bonus leads to Trustworthy. Bonus leads Transparency and Employees are Motivation through Bonus count for 8.5% respectively. Respondents further suggested more recommendations that could be considered by the management to improve performance. Kreitner and Kinicki (2007) argued that job performance is influenced by many factors. Better remunerated Employees will be more productive hence better organizational performance. A cumulative percent of 68.8 agreed that the rewards and compensations modes of ANKOLE SAACO are competitive enough. On the other hand, considering performance reviews, only 20% were in strong agreement that the organization comprehensively conducts performance reviews. Other aspect considered was, rewards and compensation policy framework and findings demonstrated that a policy based on individual performance was preferred by majority of the respondent's strongly agreed as supported by 60%. As summary of key suggestions captured from the respondent's feedback to improve performance included; developing employees' engagement resources that are directed toward work environment or organization climate, work-life balance and the nature of the job and quality of the work, and career opportunities to create a motivated work force that performs.

5.1.3 The fringe benefits and employees' performance

Finally, the third objective focused on the fringe benefits and its influence on performance. Majority of the respondents said they receive health insurance benefits with 40(48.7%), followed by flexible pension benefit with 19(23.8%), Holiday/vacation benefit with 10(12.5%), housing benefits with 5(5%) and lastly transport and education benefits with 3.8% respectively. These findings are consistent with those of Robbins (2003) who added by saying that a drop in job performance might be because of Sacco trying to increase productivity by increasing employees' workloads and tightening deadlines which reduced employees' performance. In terms of benefits it was found out that 42.3% of the 77 respondent's preferred flexible pension over and above, health insurance, holiday/vacations, house allowance, transport and education. Alternatively, under policy framework, the study demonstrated that rewards and compensation policies of Ankole SAACO ensures equal treatment of all Employees as found out to be positive.

VI. CONCLUSION

From the study findings it was concluded that there is a significant and positive relationship between remuneration and employees' performance. It recommends employees' participation in pay determination, prompt payment of salaries, wages, bonuses and fringe benefits to prevent negative effects on performance of employees and issues of equity in pay.

This study concluded that remuneration does affect the productivity of employees. The higher remuneration, then the productivity will increase. The survey by research Widyastuti (2010) and Brown (2011) which states that the better remuneration to work the better the performance of employees. Furthermore, if a person has a high spirit it will be able to provide strength in him to do the job as best as possible with all the potential itself. Remuneration is one factor that is able to improve someone's performance.

In conclusion, it is believed that the findings of this study have answered the gap, in that due to the fact that it has been able to give a description of how Ankole SAACO uses its bonuses to impact on employees' performance through various strategies, and has also presented how their Employees perceive these bonuses and reward modes. Furthermore, the study has shown that some gaps do exist, especially in the area of policy on bonuses and employees' performance management

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