

**Staff Incentives, Welfare Programs and Organizational Performance, a Case of Selected Tea
Factories in South Western Uganda**

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ABSTRACT:

The study investigated the contribution of staff incentives, welfare programs and remuneration policies on organizational performance of tea factories in southern Uganda. Organizational performance was examined basing on employee productivity in response to an incentive, welfare program and remuneration. The study objectives were to examine the importance of staff incentives on organizational performance. To find out whether welfare programs can contribute to organizational performance, and to find out the contribution of remuneration policies on organizational performance.

The study adopted a descriptive multi case study design, Data was collected using a pre-tested questionnaire. A total of 160 respondents participated in the study. Data was entered into Statistical package for Social Scientists (SPSS), and analyzed using descriptive, inferential statistics and a multiple regression model. Findings were presented in tables, figures and descriptive statements. Results revealed a strong positive relationship between organizational performance and staff incentives, welfare programs and remuneration policies with Pearson correlation of 0.720, 0.875 and 0.864 respectively. The multiple regression model showed that staff incentives, welfare programs and remuneration policies predict 82.5% of organizational performance and remuneration policy was the highest predictor with a beta value of 0.468.

Basing on the results of the study, the study recommends that tea factory managements to always have a clearly well-known remuneration policy/policies that should be well explained and known to all employees as well as a clearly designed rewarding programs based on staff output, provide food, transport, medical scheme and housing to staff and that training be organized to teach workers of the incentives, rewards and remuneration of their companies.

Key Words: *staff incentives, employee welfare programs, remuneration polices organizational performance, employee performance.*

INTRODUCTION

The basic premise of staff incentives and welfare is to maintain employee motivation in order to increase production and sustain a competitive edge, while keeping costs low (Milkovich, Newman & Gerhart, 2015). This basic premise of staff incentives and welfare has been evident throughout the centuries but was especially dominant during the historical period spanning the late 1800s to the early 1920s, a period known as the scientific management era (Wren, 1987a). The scientific management era is ripe with offerings of management principles and philosophies that are still prevalent today. Frederick (1963) even credits this era with providing a first approximation of the meaning of management. This meaning was characterized by a search for efficiency and systematization. In particular, the use of employee incentive systems played an integral part in the successful implementation of the philosophy of scientific management. Globally the success and promotion of any company or organization can be evaluated in terms staff incentives and welfare which include things such as well planning, better administrative system, system of working of employees, follow up rules and regulations, management of resources and many others.

According to Luthans (2012), in developing countries such as Bangladesh, the issue of consistency, frequency and provision of employee incentive schemes is one of vital research area in the realm of Human resource management. Human resource management basically concerns itself with some key objectives that an organization needs to achieve, such as performance objective among others (Torrington 2008). Employees are a valuable resource that may contribute in several different ways to a company's activities provided that the company gives them an appropriate chance. In order to be successful a company needs employees who act towards the goals of the organization and have a strong desire to remain in the company (Luthans, 2012). Such loyalty and commitment may be generated by motivation. Furthermore, motivation is aimed to achieve increased employee performance (Schultz & Schultz, 2017).

In Uganda, tea industry is one of the labour intensive industries in the country maintaining a large number of labour forces in the entire process of tea production that

is from plantation of tea bushes to the final produce. This large section of worker forms a significant part of labour force in the tea estate. The happiness and woes of this section of workers depends upon the welfare practices adopted by the concerned tea estate for their well-being. According to Uganda Tea Association (UTA), Uganda has 21 Tea Growers Factories. UTA is the umbrella body of companies and individuals who are in the business of growing, processing and trading in tea. It was established in 1948 as a voluntary association to discuss common problems affecting the tea industry and find solutions; UTA as a management agency was formed to increase efficiency and effectiveness in management, through provision of standardized remuneration policies to the tea growers' factories (UTA report 2017).

According to Barwazir (2013), Ugandan Tea Factories have done substantially in employee welfare systems; more emphasis has been put on the working conditions and remuneration policies compared to counterparts in other African countries. In as much as numerous research has been conducted on the subject matter in developed countries, the extent to which incentives and welfare systems influence organisational performance has not been covered extensively in Uganda. Incentive and welfare Policy or research has not been fully embraced or utilized in Ugandan Tea sector. As a result, incentives and welfare systems is left to the whims of managers, directors and owners of the Tea Factories (Reed, 2016).

Problem Statement

An organization is only as strong as its workforce. Human resources need to be treated with great care, since they are a special resource that needs to be given special managerial attention and time. (Storey, 2013). Recent exploratory findings according to the UTA report 2017 have indicated that the factories in South Western Uganda have a larger potential of producing tea if the workforce is properly motivated. The UTA report (2017) further indicates there is low productivity, sales and employee morale in the tea factories in the South Western Uganda. The current state of affairs in the region in general as relates to the motivation of workers makes it necessary to speculate on the extent of achieving the factories' goals. For instance, workers of Kyamuhunga Tea

Estate Factory staged a peaceful strike and laid down their tools, demanding benefits (New Vision 2017), several complaints on employee rewards have been reported in Igara Growers Tea Factory (UTDAL Report 2018). If the matters remain like this, Tea factories in South Western Uganda are likely to close down due to deteriorating performance. There will be increasing labour turn over, low employee morale and commitment if the favourable welfare and incentive schemes are not put in place. (UTA report 2017). This is what prompted the researcher to investigate into staff incentives and welfare programs in selected tea factories and their effect on organizational performances since there is no known study that has addressed the contribution of staff incentives and welfare programs on organizational performance in Tea factories of Southwestern Uganda.

Theoretical Foundation of the Study

Functional Theory of Labour Welfare

Functional theory of labour is also called the Efficiency Theory. This theory states that a fully mentally and physically satisfied worker is the most efficient. Employee welfare is a means to keep industrial workers content so they may work effectively. In this theory, welfare work is used as a means to secure, preserve and develop the efficiency and productivity of labour. This theory suggests that welfare work can be used as a means of securing, preserving and developing the efficiency and productivity of labor (Manju & Mishra, 2017). The theory states that if an employer takes good care of his work force, they will tend to be more efficient by improving production and that program for housing, education, training, provision of balanced diet and family planning measures are important for labour welfare as they increase the efficiency of workers in underdeveloped countries. The theory is helpful in understanding the characteristics of labour force as reflected on the contemporary support for labour and it works well if the employer and employees have the same goal of achieving higher production through better welfare. The theory is adopted in the study since welfare services affect performance of any labour force. It is obvious that if an employer takes good care of his workers, they will tend to become more efficient.

According to this theory, the employer has an obligation or duty towards its employees

to look after their welfare. The Uganda employment Act 2006 also emphasizes this aspect of labour welfare. Impact on Efficiency plays an important role in welfare services, and is based on the relationship between welfare and efficiency, though it is difficult to measure this relationship. Programs for housing, education and training, the provision of balanced diet and family planning measures are some of the important programs of labour welfare which increases the efficiency of the workers, especially in underdeveloped or developing countries. The development of the human personality is given here as the goal of industrial welfare, which, according to this principle, should counteract the baneful effects of the industrial system. Therefore, it is necessary to implement labour welfare services. Both inside and outside the factory, that is, provide intramural and extra-mural labour welfare services. Totality of Welfare emphasizes that the concept of labour welfare must spread throughout the hierarchy of an organization. Employees' at all levels must accept this total concept of labour welfare program will never really get off the ground. The functional theory of labour assumes that the first essentials of the welfare of the employees are; steady work, a fair wage and reasonable hours of labour

Expectancy Theory

Expectancy theory is more concerned with the cognitive antecedents that go into motivation and the way they relate to each other. That is, expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards. Expectancy theory is based on four assumptions (Vroom, 1964). One assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization. A second assumption is that an individual's behavior is a result of conscious choice. That is, people are free to choose those behaviors suggested by their own expectancy calculations. A third assumption is that people want different things from the organization for instance good

salary, job security, advancement, and challenge. A fourth assumption is that people will choose among alternatives so as to optimize outcomes for them personally.

Literature Reviewed

This research topic was based on the contribution of staff incentives and welfare programs on employee performance and key issues and concepts relating to this have been explored in the critical review of literature.

In establishing an effective staff incentives and welfare programs within your organization and cultivating a culture towards continuous improvement and efficiency, backing this up with the appropriate level or combination of staff incentives and welfare programs at that particular point in time is important. There is certainly no 'one size fits all' approach to the type of staff incentives and welfare programs to apply within your organization. But the timing of that staff incentives, welfare programs and the dynamics of the staff will be vital to its success. In this sense an effective staff incentives and welfare structure will provide a transparent means to get the most for your employees while cultivating a positive work environment (Mwiti, 2017). As Armstrong (2012, p. 324) highlights, high performers are usually highly motivated. However, it has been argued that extrinsic rewards may erode intrinsic interest and that working for just money may lead to a less motivated or pleasurable environment. It is the combination of rewards targeted in the right way and to the right individual or group that will improve performance the most.

It can be concluded that today, it is generally accepted that a combination of staff incentives and welfare programs is the most effective approach to take within an organization. Much of the published literature is now focused around a more comprehensive approach to how we motivate our employees. The standard motivation theories are still applicable in today's organizations and as these theories are complimentary to one another, they can also compliment employee engagement and thus performance. According to Armstrong (2009, p. 38), engagement will exist where employees understand well the nature of their role and where it fits into the bigger picture and where they feel they are intrinsically motivated through a sense of belonging

and accomplishment. And this is in accordance with expectancy theory, where a relationship exists between performance and outcomes.

Research Methodology

Research Design

This study adopted a descriptive multi case research design, which according to Cooper and Schindler (2003) involves surveying people and recording their responses for analysis in different organisations. Descriptive multi case survey research design is the systematic collection of data in standardized form from an identifiable population or representative in different organisations (Oso & Onen, 2009). Within the descriptive multi case research design, this study incorporated both quantitative and qualitative research approaches to better understand the relationship between variables in the research problem.

Study Population

A population is any group of individuals that has one or more characteristics in common and that are of interest to the researcher (Creswell, 2005). Therefore, the target population of this study included human resources officers, General Managers and Employees of Igara Growers Tea Factory, Kyamuhunga Tea Company Ltd. and Global Village Tea Company Ltd. The total population size is 2668 employees of the 3 tea factories.

Sample Size

The study used simple random sampling technique on employees of the key factories and purposive sampling technique on the key informants who included the general managers and human resource managers. A sample size of 160 respondents was determined basing on Yamane (1967) formula.

Data Collection Instrument

During the study, primary data was collected through Likert scale questionnaires and

the interview guide. Secondary data was obtained from e-journal, library materials and documentation records from Uganda Tea Association. The Likert scale questionnaire and the interview guide enabled the researcher to get detailed information on the subject matter. The interview guide comprised of both open ended and closed ended questions. This enabled the respondents to answer the questions without difficulties. The Likert scale questionnaire contained statements assuring the respondents of confidentiality and protection. It further made clear that the information gathered was solely used for investigation. Thus, each respondent's response was treated in confidence and was not to be released to any other party for whatsoever reason. The questionnaires were administered to the employees and administrative staff the selected Tea Factories. The questionnaires were administered through personal contact to allow for further investigation. The questionnaires were then picked later by the researcher to be used for data analysis.

Reliability and Validity

The data collection instrument was tested for reliability and validity in order to carry out a pilot study on the data collection tool. The issue of reliability was ensured through use of Cronbach's Alpha which is used to measure reliability and internal consistency. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another. It measures the inter correlations among test items, with a measure of 1 being higher in terms of internal consistency and reliability and 0.7 to 0.9 being acceptable (Revelle & McDonald, 2006). To establish the validity, the researcher discussed the instrument with the supervisor. Data was collected confirming to the tests of validity. The validity of the data was guaranteed because the research tools used in the study were designed to capture all the relevant information required to fulfill the objectives of the study. Where questionnaires were not applied, interviews were used to get into deep analysis of the matter. An acceptable content validity index (CVI) of 0.7 was employed and calculated using Amin's (2005) formula.

Data Analysis

Data analysis involved working with data, organizing it, breaking it into manageable

units, synthesizing it, searching for patterns, discovering what is important and what is to be learned and, deciding what the researcher reported. Both qualitative and quantitative data analysis methods were used to analyze the data that was collected in this study. Specifically, descriptive statistics were used to summarize the data and put it in presentable formats and prepare it for correlation and regression analysis and inferential statistical analysis. Descriptive statistics was preferred for summaries and presentations because they present the facts and they also make it easier to compute and interpret. The quantitative data that was obtained from the research was keyed and coded into the Statistical Package for Social Science (SPSS) analysis software to analyze and the findings were presented in summarized and easily comparable formats. The data was presented using APA tables, pie charts and bar graphs. Qualitative data was analyzed through ATLAS.ti. This involved categorizing the responses from unstructured questions into themes then analyzing the same based on the weight to frequency of appearance and relatedness.

For the inferential analysis, the study used Pearson correlation to establish the relationship between employee staff incentives, welfare programs and organizational performance. The study also conducted multiple linear regression analysis. This helped to determine the relationship between the dependent and independent

Research Results

The study focused on finding out the contribution of staff incentives and welfare programs on organizational performance. On the demographic section: the study showed that there was gender disparity where the males were the majority to their female counterparts. The study also revealed that majority respondents in the organizations were the youths below 35 years of age. The majority of the respondents had worked in the organization for less than 1 year. The respondents were educated for they had attained UCE, UACE, diploma, degree and master's degrees. The study also revealed that the respondents were drawn from the departments of administration; finance; human resources casual and marketing.

The study sought to examine the importance of staff incentives on organizational

performance in tea factories. The study established that the respondents agreed that staff incentives were highly related with employee productivity which contributes to organizational performance of tea factories. A significant positive Pearson correlation ($r = .720, p < 0.05$) was established between the variables. Therefore, providing incentives to staff motivates them to work harder which leads to improved productivity thus improving organizational performance and therefore the first null hypothesis of the study was accepted based on this finding and thus conclusion deduced that Staff incentives have significant positive influence on staff productivity and organizational performance of tea factories in south western Uganda as shown in table 1

Table 1: Correlation between staff incentives and organizational performance

		Staff incentives	Organizational
Staff incentives	Pearson Correlation	1	0.720**
	Sig. (2-tailed)		0.000
	N	150	150
Organization performance	Pearson Correlation	0.720**	1
	Sig. (2-tailed)	0.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

The study sought to find out whether the available welfare programs can contribute to organizational performance in tea factories. The findings revealed that welfare programs have helped employees to better their lives and in return enhanced their productivity thus organizational productivity; respondents also agreed that welfare programs were highly related with employee productivity and organizational performance. A significant positive Pearson correlation ($r = .875, p < 0.05$) was established between the variables and this showed that an increase in welfare programs improves on employee efforts into work and productivity thus improving organizational performance by 87.5% as presented in Table 2.

Table 2: Correlation between welfare programs and organizational performance

		Welfare programs	Organizational performance
Welfare programs	Pearson Correlation	1	0.875**
	Sig. (2-tailed)		0.000
	N	150	150
Organizational performance	Pearson Correlation	0.875**	1
	Sig. (2-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

The study sought to examine the contribution of remuneration policies on organizational performance in tea factories. The findings established that the respondents agreed that remunerations were highly related with employee productivity and organizational performance. A significant positive Pearson correlation ($r = .864$, $p < .05$) was established between variables and indication that providing of remunerations to employees in tea factories accounted for 86.4% of the employee productivity and organizational performance. Therefore, the third hypothesis of our study is accepted and conclusion is made that there is a strong positive relationship between remunerations and employee productivity and organizational performance as presented in table 3.

Table 3: Correlation between remuneration policies and organizational performance

		Remuneratio n policies	Organizational performance
Remuneration policies	Pearson Correlation	1	0.864**
	Sig. (2-tailed)		0.000
	N	150	150
Organizational performance	Pearson Correlation	0.864**	1
	Sig. (2-tailed)	0.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

Multiple Regression analysis

The multiple regression analysis was used to determine how the independent variables (staff incentives, welfare programs and remuneration policies) predict the dependent variable (organizational performance) and which ones among them are the most significant predictors.

The model in table 4 with the value of $t = 3.186$ and with a level of significance of $\text{Sig.} = 0.003$ which is less than 0.05 indicates a strong significant relationship between the independent variables and the dependent variable. The “Adjusted R-Square” results indicate that independent variables can predict 82.5% of variation in organizational performance, and only 17.5% is due to other factors, which are not considered in this study.

Table 4. Regression analysis results

Coefficients							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Adjusted R ²
		B	Std. Error	Beta			
1	(Constant)	.946	.297		3.186	.003	82.5
	Staff incentives	.244	.263	.100	.929	.016	
	Welfare programs	.650	.235	.411	2.770	.008	
	Remuneration policies	.562	.128	.468	4.376	.000	
a. Dependent Variable: organizational performance							

For the Beta coefficients (0.100, 0.411 and 0.468) staff incentives, welfare programs and remunerations policies respectively which are positive indicate that for each unit increase in the predictor variable, the outcome variable increase by those same units. This leads to the formulation of the model form of the equation below:

$$Y = 0.946 + 0.244SI + 0.650WP + 0.562RP$$

Where Y = organizational performance (dependent variable)

SI = staff incentives (independent variable)

WP = welfare programs (independent variable)

RP = Remuneration Policies (independent variable)

The regression Table above show that Effective financial services is the most significant predictor of organization performance with Beta = 0.468, Basing on F-value = 74.953 with statistical P-Value = .000 which is (typically P<.05) signifies that the model using the predictors did a good job of predicting the outcome variable and that there is

a significant relationship between the set of predictors (staff incentives, welfare programs and remuneration policies) and dependent variable (organizational performance), therefore, we accept H_0 (Null hypotheses).

Conclusions

From the findings, the study concluded that incentives affect the efficiency and effectiveness of employees. They include both financial and non-financial incentives. Therefore, access to more staff incentives and improvement in welfare programs, organization's performance can be boosted. With more remuneration, workers are naturally motivated to work harder and inevitably increase staff productivity which increases organizational performance.

Recommendations

The study recommends tea factories to always have clearly well-known remuneration policy/policies that should be well explained and known to all employees.

The study recommends that tea factory managements should come up with clearly designed rewarding programs based on staff output, as this fully motivates and keeps a worker focused in order to attain a higher reward, this can be done through rewarding a team of workers that supersede their daily production level with a particular percentage.

The study also recommends that the tea factory management should provide food, transport, medical scheme and housing to staff through establishing staff quarters as this saves time that is usually wastage on late coming and this will also encourage workers to keep in proper shape as they are monitored and this will greatly improve on their productivity.

It is also a recommendation of this study that training be organized to teach workers of the incentives, rewards and remuneration of their companies to new employees as well as refresher trainings about the better offers ahead as such usually motivates workers to have a focus on career growth and which entails being a good performance which inevitably boosts organizational performance.

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