



MAKERERE

UNIVERSITY

College of Business and Management Sciences

School of Business

**THE EFFECT OF REWARD SYSTEMS ON EMPLOYEE PERFORMANCE IN
THE BANKING INDUSTRY: A CASE STUDY OF FINANCE TRUST BANK**

BY

ARINEITWE PHIONA

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ABSTRACT

The purpose of the study was to find out the effect of reward systems on employee performance in the banking industry, a case of Finance Trust Bank (FTB). The study was guided by specific objectives which were to establish how non-financial rewards improve employee performance, how organisational commitment improves employee performance and how reward communication improves employee performance. To get obtained detailed information, the researcher used library books and the internet. The researcher also administered questionnaires and interviews to a sample of 80 respondents who were workers at Finance Trust Bank as primary respondents. The researcher used percentages, frequencies and tables in presenting the collected data. The design was descriptive and employed both qualitative and quantitative techniques.

The study findings showed that 31% of the respondents identified that Finance Trust Bank does employee recognition as a non financial reward to improve employee performance. 73% of the respondents stated that Finance Trust Bank rewards its employees for positive performance. 74% of the respondents stated that reward has influence on employee performance and 18% of the respondents did not agree with the idea of the influence of reward on employee performance in the organisation at FTB, since they had never been rewarded. 54% of the respondents identified the lack of flexibility in the organization as a reason for not rewarding employees at FTB. 56% of the respondents identified the lack of organisational commitment as a cause of lack of low employee engagement. 85% of the respondents stated that there was a relationship between organisation commitment and employee performance. Therefore, there is a significant relationship between employee reward and performance.

In conclusion, the study about rewards and employee performance in the banking sector was very tasking starting from the very beginning. In other words, committed employees have a vital role in organizations for its survival and to face competition in the rapidly changing world. Among the rewards used are the non-financial rewards such as, recognition, job enrichment, job rotation and job autonomy and it was proved that such rewards improve employee performance. Therefore, managers should make programs geared at improving the leadership capabilities of supervisors so as to increase employees' commitment