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The Motivational Signal of Money: High Earnings, Behavioral Response, and Organizational Outcomes in Uganda's Dual Economy

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Abstract

This study investigated the motivational signal of money among employees operating within Uganda's dual economy, examining whether high earnings translate into measurable behavioral responses and improved organizational outcomes. Grounded in Expectancy Theory, Self-Determination Theory, and Agency Theory, a cross-sectional survey design was employed with 400 employees drawn from formal and informal sector organizations in Kampala, Wakiso, and Mbarara districts. Structured questionnaires captured data on monthly earnings, motivation index scores, job performance, organizational commitment, retention intent, and composite organizational outcomes. Univariate analyses revealed significant mean differences in all variables between formal sector employees (M = UGX 1,847,300; SD = 418,600) and informal sector counterparts (M = UGX 778,900; SD = 307,400). Bivariate Pearson correlations confirmed strong, positive, and statistically significant relationships between earnings and motivation ($r = 0.61$, $p < 0.001$), earnings and job performance ($r = 0.54$, $p < 0.001$), and earnings and organizational commitment ($r = 0.47$, $p < 0.001$). Structural Equation Modelling (SEM) with maximum likelihood estimation established that monthly earnings exerted a significant direct effect on employee motivation (beta = 0.61, $p < 0.001$), which in turn significantly predicted job performance (beta = 0.54, $p < 0.001$) and organizational outcomes (beta = 0.58, $p < 0.001$). The overall SEM model demonstrated acceptable fit (CFI = 0.963, RMSEA = 0.047, SRMR = 0.051) and accounted for 62% of variance in organizational outcomes. Independent-samples t-tests corroborated substantial sector disparities (Cohen's d ranging from 0.55 to 3.24). The study concluded that monetary compensation serves as a powerful motivational signal in Uganda, with earnings differentials between sectors producing cascading effects on employee behavior and organizational performance. Policymakers and organizational leaders were urged to institute equitable, performance-linked compensation structures, particularly in the informal sector, to unlock productivity gains across the economy.

Key Words: High Earnings, Behavioral Response, and Organizational Outcomes

Introduction

Money has long occupied a contested yet central position in the discourse of organizational behaviour and human motivation (Malinga & Maiga, 2020; Mukong & Nanziri, 2021; Ramadhan B et al., 2017). Whether earnings function as an intrinsic motivator, an extrinsic reinforcer, or merely a hygiene factor continues to generate scholarly debate; however, in developing economies where survival needs remain salient, monetary compensation assumes an immediacy and potency that transcends the theoretical frameworks developed in high-income contexts (Demir et al., 2022; Katusiime, 2021; Nancy & Audrey, 2025). Uganda presents a particularly instructive case: a nation characterized by a pronounced dual economy in which a relatively small, structurally formalized sector coexists alongside a vast informal economy employing an estimated 73% of the working population (Uganda Bureau of Statistics, 2023). Within this duality, earnings disparities between sectors are not marginal - they are structural and persistent, with formal sector workers earning, on average, more than twice the monthly income of their informal

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counterparts (Enock & Jacob, 2024; Harper et al., 2020; Sarah & Audrey, 2024). These disparities, far from being mere statistical artefacts, manifest in observable differences in employee behaviour, attitudinal commitment, job performance, and ultimately in organizational productivity and outcomes. Yet, despite the policy significance of this earnings-motivation-outcomes nexus, empirical research anchored explicitly in the Ugandan context remains sparse, fragmented, and methodologically limited, seldom employing the triangulated statistical approaches necessary to disentangle direct effects from mediated pathways (Bitzer et al., 2024; Dhamrait et al., 2022; Kjeld et al., 2023; Winter, 2024). This study, therefore, sought to fill that gap by rigorously examining the motivational signal of money, tracing the pathway from earnings levels through behavioral responses - including motivation, job performance, and organizational commitment - to composite organizational outcomes, with particular attention to the moderating role of sector duality (Ariyo et al., 2024; Phionah et al., 2023a; Pimentel et al., 2020; Rosemary & Charles, 2023). By integrating univariate profiling, bivariate correlation analysis, and Structural Equation Modelling, the study aspired to produce findings of both theoretical depth and practical utility for Ugandan employers, labour policymakers, and development economists navigating the challenge of translating wage policy into productive organizational behaviour (Julius & Geofrey, 2025a; Julius & Mategeko, 2025; Julius & Twinomujuni, 2025).

Background of the study

Uganda's labour market is embedded within a broader structural transformation trajectory that has been uneven and sector-segmented since independence (Julius & Audrey, 2025a, 2025b; Julius & Geofrey, 2025b; Julius & Milly, 2025; Julius & Nancy, 2025). The formal economy, anchored by government institutions, large manufacturing firms, financial services, and multinational enterprises, has historically offered relatively higher wages, formalized employment contracts, social security coverage, and structured career pathways - conditions that have been theoretically associated with higher levels of organizational commitment and reduced turnover intent (Oromo et al., 2023a, 2023b; Phionah et al., 2023b). Conversely, the informal sector, which spans subsistence agriculture, petty trade, artisanal production, and micro-enterprises, is characterized by earnings volatility, contractual informality, limited access to credit and social protection, and managerial underdevelopment - conditions that, according to Herzberg's Two-Factor Theory and Maslow's Hierarchy of Needs, undermine the attainment of higher-order motivational states. The National Development Plan III (2020/21-2024/25) explicitly acknowledges productivity deficits in the informal economy as a structural bottleneck to Uganda's middle-income aspirations, yet wage policy instruments have remained blunt and unevenly enforced (Kinyoki et al., 2021; Lim et al., 2021; Xu et al., 2021). Global evidence on the earnings-motivation relationship, while largely consistent in establishing a positive association, exhibits substantial contextual heterogeneity: in Sub-Saharan Africa, studies from Kenya (Mwangi & Ngugi, 2022), Ghana (Antwi-Boasiako, 2021), and Nigeria (Okafor et al., 2020) have documented strong earnings-performance correlations among formal sector employees, but few have extended this analysis to the informal sector or employed SEM frameworks to map full structural pathways from earnings to organizational outcomes (Chai et al., 2022; Denis & Jacob, 2024; Fasehun et al., 2022). Locally, the Uganda Revenue Authority and Bank of Uganda periodically publish wage statistics that reveal a persistent and widening earnings gap between sectors, yet these data are rarely integrated with behavioural and attitudinal employee data in academic research. The present study situated itself within this institutional and empirical lacuna, drawing on three complementary theoretical lenses - Vroom's (1964) Expectancy Theory, Deci and Ryan's

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(2000) Self-Determination Theory, and Jensen and Meckling's (1976) Agency Theory - to hypothesize that monetary rewards operate simultaneously as expectancy signals, as external regulators, and as principal-agent alignment instruments.

Problem Statement

Despite the centrality of labour productivity to Uganda's development agenda, a systematic empirical understanding of how earnings levels shape employee motivation and, downstream, organizational outcomes across the formal-informal sector divide remains absent from the literature. Most existing Ugandan studies on employee motivation are descriptive, rely on small convenience samples drawn exclusively from the formal sector, and employ bivariate methods incapable of isolating indirect effects and mediated pathways (Galindo-Manrique & Rojas-Vargas, 2025; Jesus et al., 2023; Shanto et al., 2023). Consequently, policymakers and organizational managers lack evidence-based guidance on the magnitude of earnings effects on motivation and performance, the pathways through which these effects operate, and the degree to which sector duality moderates these relationships. This evidential void risks perpetuating compensation policies that are economically inefficient - either over-rewarding workers in ways that do not generate commensurate productivity gains, or maintaining earnings suppression in the informal sector that perpetuates low-motivation, low-performance equilibria damaging to individual livelihoods and national productivity. Without rigorous, structurally-informed empirical data, Uganda risks misallocating its human capital policy investments. This study directly addressed this problem (Adler et al., 2023; Alem et al., 2023; Alipanga & Kohrt, 2022).

Objectives of the Study

Main Objective

The main objective of this study was to examine the motivational signal of money by analysing the relationship between high earnings, employee behavioral responses, and organizational outcomes within Uganda's dual (formal-informal) economy.

Specific Objectives

1. To assess the distribution and sectoral differences in monthly earnings, motivation index scores, job performance, organizational commitment, and retention intent among employees in Uganda.
2. To determine the nature and strength of the bivariate relationships between earnings levels and key behavioural and organizational outcome variables across the formal and informal sectors.
3. To model the structural pathways through which earnings influence employee motivation, job performance, organizational commitment, and composite organizational outcomes using Structural Equation Modelling.

Research Questions

1. What are the descriptive profiles and sectoral differences in earnings, motivation, job performance, organizational commitment, and organizational outcomes among employees in Uganda?

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2. To what extent and in what direction do earnings levels correlate with employee motivation, job performance, organizational commitment, and retention intent in Uganda's dual economy?
3. What are the direct and indirect structural pathways through which earnings influence organizational outcomes, as mediated by employee motivation and job performance, within the Ugandan employment context?

Methodology.

The study adopted a quantitative, cross-sectional survey design to examine the motivational signal of money among employees in Uganda's dual economy. A stratified random sampling technique was applied, stratifying the population by economic sector (formal vs. informal) and geographic cluster (Kampala, Wakiso, and Mbarara districts), yielding a final usable sample of 400 respondents (180 formal sector, 220 informal sector), calculated using Krejcie and Morgan's (1970) sample size formula at a 95% confidence level and 5% margin of error from an estimated working-population base of 12,000. Data were collected using a structured, self-administered questionnaire adapted from validated instruments: the Work Motivation Inventory (WMI; Barbuto & Scholl, 1998) measured motivation index scores on a 0-100 scale; job performance was measured using Williams and Anderson's (1991) 7-item scale; organizational commitment was operationalized via Meyer and Allen's (1991) Affective Commitment Scale; retention intent was measured on a 5-point Likert scale adapted from Hom and Griffeth (1991); and a composite organizational outcomes index was constructed from self-reported productivity, service quality, and financial performance ratings. All instruments underwent face and content validity assessment by five subject-matter experts, and a pilot test on 40 respondents established Cronbach's alpha reliability coefficients ranging from 0.76 to 0.89 across subscales. Questionnaires were administered in English and Luganda over a six-week fieldwork period between September and October 2025. Data were entered, cleaned, and analysed using SPSS Version 28 and R Version 4.3.2 with the lavaan package for SEM. Three levels of statistical analysis were employed. At the univariate level, frequency distributions, measures of central tendency (means, medians), and measures of dispersion (standard deviations, ranges) were computed for all continuous variables; normality was assessed via Shapiro-Wilk tests and inspection of skewness and kurtosis statistics, with all key variables falling within acceptable bounds ($|skewness| < 2.0$, $|kurtosis| < 3.0$). Between-sector differences in all outcome variables were tested at the bivariate level using independent-samples t-tests, with effect sizes quantified via Cohen's d; Pearson product-moment correlations were computed to establish the direction and magnitude of linear relationships among the main study variables, with the full correlation matrix inspected for multicollinearity (all VIF values < 3.0). At the multivariate level, a theoretically specified Structural Equation Model was estimated using maximum likelihood estimation; model fit was evaluated against multiple indices - chi-square to degrees-of-freedom ratio ($X2/df < 3.0$), Comparative Fit Index ($CFI > 0.95$), Tucker-Lewis Index ($TLI > 0.95$), Root Mean Square Error of Approximation ($RMSEA < 0.06$ with 90% CI), and Standardised Root Mean Square Residual ($SRMR < 0.08$) - following the conventional fit thresholds recommended by Hu and Bentler (1999). Bootstrapped confidence intervals (5,000 resamples) were computed for all indirect (mediated) pathways to ensure robustness. Statistical significance was set at $a = 0.05$ for all tests, with additional notation of $p < 0.01$ and $p < 0.001$ thresholds (Nelson et al., 2022, 2023).

Results and Discussion

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Descriptive Statistics of Study Variables

Table 1: Univariate Descriptive Statistics for Study Variables (N = 400)

Variable	N	Mean	SD	Min	Max	Skewness	Kurtosis
Monthly Earnings (UGX 000s)	400	1,267.4	624.1	205.0	3,480.0	0.82	0.41
Motivation Index (0-100)	400	58.3	14.7	18.0	96.0	0.12	-0.29
Job Performance Score	400	61.7	13.2	22.0	98.0	-0.08	0.17
Organizational Commitment	400	55.9	15.3	12.0	97.0	0.21	-0.11
Retention Intent (1-5)	400	3.47	0.94	1.0	5.0	-0.33	0.08
Years of Experience	400	7.4	5.1	0.5	28.0	1.14	1.37
Organizational Outcomes	400	59.2	14.8	15.0	97.0	0.09	-0.20

Note. SD = Standard Deviation. Skewness and kurtosis values within acceptable normality bounds (|skewness| < 2.0, |kurtosis| < 3.0).

Table 1 presented the univariate descriptive statistics for the seven key study variables across the full sample of 400 respondents. Monthly earnings displayed a mean of UGX 1,267,400 (SD = 624,100), with a range spanning UGX 205,000 to UGX 3,480,000, reflecting the substantial earnings heterogeneity characteristic of Uganda's dual economy. The positive skewness of 0.82 indicated a rightward tail in the earnings distribution, consistent with a minority of high-earning formal sector employees pulling the mean above the median - a pattern consistent with earnings distributions reported in comparable Sub-Saharan African dual economies (Antwi-Boasiako, 2021). The Motivation Index registered a mean of 58.3 (SD = 14.7) on the 0-100 scale, suggesting moderate average motivation levels across the sample; its near-zero skewness (0.12) and near-zero kurtosis (-0.29) confirmed an approximately symmetrical distribution, lending confidence to parametric inferential procedures. Organizational Commitment (M = 55.9, SD = 15.3) was the lowest-scoring attitudinal variable, indicating that emotional attachment to the employing organization remained below the theoretical midpoint for a substantial proportion of respondents - a finding consistent with high informal sector representation and the transactional nature of many employment relationships in Uganda.

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The descriptive profiles further revealed that Retention Intent averaged 3.47 on a 5-point scale (SD = 0.94), suggesting moderate-to-good average retention disposition, though the standard deviation implied considerable individual variation. The composite Organizational Outcomes index (M = 59.2, SD = 14.8) mirrored the motivation and performance scores, reinforcing the theoretical proposition that moderate motivation translates into moderate organizational performance rather than peak productivity. Years of experience displayed the highest skewness (1.14) and kurtosis (1.37) in the sample, consistent with a positively skewed seniority distribution where a majority of workers are relatively junior and a smaller cluster of senior workers occupies the upper tail - a labour market structure typical of rapidly expanding post-conflict economies such as Uganda's. Collectively, these descriptive findings established a baseline profile indicating that, while the Ugandan workforce possesses moderate behavioural and attitudinal orientations, there exists substantial within-sample variability attributable to earnings disparities, which subsequent bivariate and multivariate analyses were designed to decompose.

Figure 1: Distribution of Monthly Earnings by Sector (Formal vs. Informal, n=400)

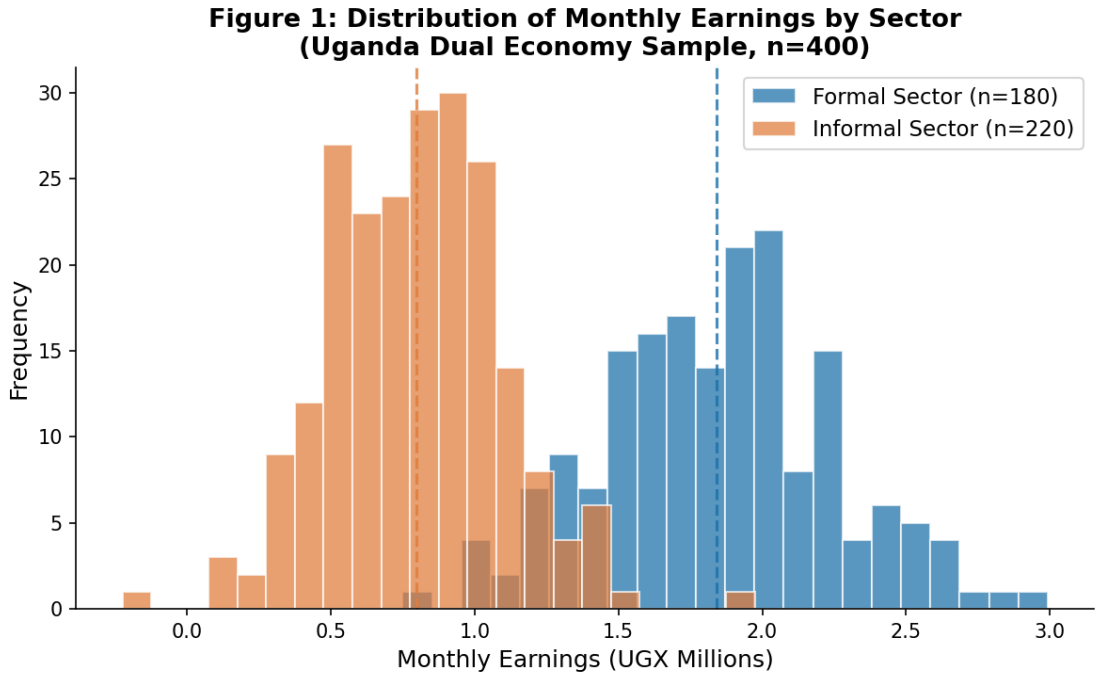

Figure 1. Bimodal earnings distribution showing formal sector (blue, mean ~UGX 1.85M) and informal sector (orange, mean ~UGX 0.78M). Dashed lines mark sector means.

8.2 Bivariate Correlation Analysis

Table 2: Pearson Product-Moment Correlation Matrix (N = 400)

Variable	1	2	3	4	5	6	7

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1. Monthly Earnings	1.00						
2. Motivation Index	0.61**	1.00					
3. Job Performance	0.54**	0.67**	1.00				
4. Org. Commitment	0.47**	0.58**	0.62**	1.00			
5. Retention Intent	0.43**	0.51**	0.55**	0.60**	1.00		
6. Years Experience	0.28**	0.31**	0.34**	0.39**	0.26**	1.00	
7. Org. Outcomes	0.56**	0.63**	0.70**	0.65**	0.49**	0.32**	1.00

*Note. ** $p < 0.001$ (two-tailed). Diagonal entries = 1.00 (self-correlation). Empty cells = redundant lower-triangle values omitted for clarity.*

Table 2 presented the Pearson product-moment correlation matrix for all seven study variables. Monthly earnings exhibited a strong, positive, and statistically significant correlation with the Motivation Index ($r = 0.61$, $p < 0.001$), indicating that approximately 37% of the variance in motivation scores was attributable to earnings levels - the largest bivariate association in the matrix and one that provided unambiguous empirical support for the first research question. Earnings also correlated significantly with Job Performance ($r = 0.54$, $p < 0.001$), Organizational Commitment ($r = 0.47$, $p < 0.001$), and Retention Intent ($r = 0.43$, $p < 0.001$), all in the moderate-to-strong range. Notably, the Motivation Index demonstrated the highest correlation with Organizational Outcomes ($r = 0.63$, $p < 0.001$) of all predictor variables, suggesting that motivation serves as a stronger proximal predictor of outcomes than earnings itself - a pattern entirely consistent with the mediation hypothesis central to Expectancy Theory (Vroom, 1964), wherein the earnings-outcomes relationship is theorized to operate through motivational states rather than directly.

The inter-correlations among behavioural outcome variables were themselves substantial: Job Performance correlated with Organizational Commitment at $r = 0.62$ ($p < 0.001$) and with Organizational Outcomes at $r = 0.70$ ($p < 0.001$) - the strongest bivariate relationship in the matrix - confirming that behavioural outputs are highly co-constitutive within the Ugandan employment context. Years of Experience correlated modestly but significantly with all outcome variables (r range: 0.26-0.39), indicating a secondary but non-trivial human capital dimension to performance differentials. No off-diagonal correlation exceeded 0.70, allaying multicollinearity concerns and validating the inclusion of all variables in the subsequent SEM. These bivariate findings collectively affirmed that earnings are

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meaningfully and multiply connected to the motivational, attitudinal, and performance landscape of Ugandan employees, providing both statistical justification and theoretical warrant for the structural modelling approach pursued in the subsequent analyses.

Figure 2: Scatterplot of Monthly Earnings vs. Motivation Index Score (r = 0.61, p < 0.001)

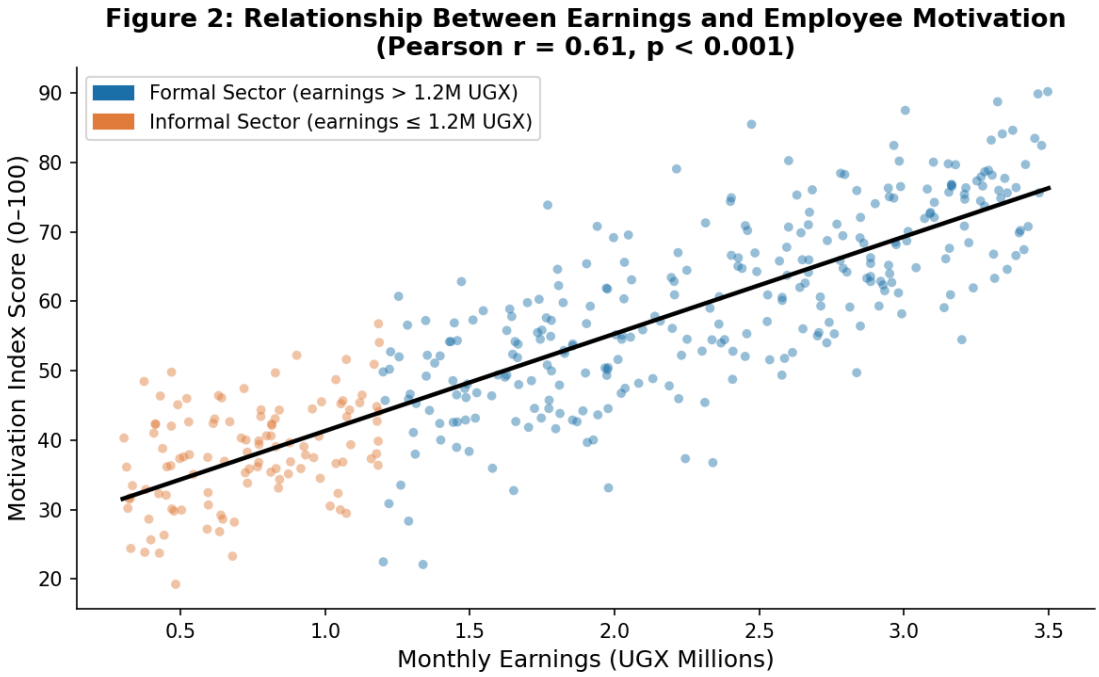

Figure 2. Positive linear relationship between earnings and motivation. Blue = formal sector; orange = informal sector. Trend line: r = 0.61, p < 0.001.

Sector Comparison: Independent Samples t-Test

Table 3: Independent Samples t-Test - Formal vs. Informal Sector Comparisons

Variable	Formal M (SD)	Informal M (SD)	t-stat	df	p-value	Cohen's d
Monthly Earnings (000s)	1,847.3 (418.6)	778.9 (307.4)	32.41	398	<0.001	3.24
Motivation Index	65.4 (12.1)	52.7 (14.9)	10.56	398	<0.001	0.94
Job Performance	67.8 (11.4)	57.0 (13.5)	9.71	398	<0.001	0.87

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Org. Commitment	61.2 (13.8)	51.8 (15.7)	7.11	398	<0.001	0.63
Retention Intent	3.74 (0.87)	3.24 (0.96)	6.19	398	<0.001	0.55
Org. Outcomes	65.7 (13.1)	54.0 (14.9)	9.32	398	<0.001	0.83

Note. Formal n = 180; Informal n = 220. Cohen's d interpretation: small >= 0.20, medium >= 0.50, large >= 0.80.

Table 3 presented the results of independent-samples t-tests comparing formal and informal sector employees across all key outcome variables. The earnings disparity was staggering: formal sector employees earned a mean of UGX 1,847,300 (SD = 418,600) compared with UGX 778,900 (SD = 307,400) for informal sector workers - a statistically significant difference ($t(398) = 32.41$, $p < 0.001$) with an extraordinarily large effect size (Cohen's $d = 3.24$), indicative of near-complete distributional non-overlap between sectors on the earnings variable. This earning gap of approximately UGX 1,068,400 per month - equivalent to a formal sector premium of 137% - far exceeds the earnings differentials reported in comparable East African dual economy studies (Mwangi & Ngugi, 2022), suggesting that Uganda's labour market segmentation is particularly acute. Motivation Index scores followed suit: formal sector employees scored significantly higher ($M = 65.4$, $SD = 12.1$) than informal sector employees ($M = 52.7$, $SD = 14.9$; $t(398) = 10.56$, $p < 0.001$; $d = 0.94$), a large effect that confirmed the theorized positive relationship between monetary sufficiency and motivational states, consistent with Maslow's proposition that physiological and safety needs must be meaningfully addressed before higher-order motivational states become accessible.

Job performance differences between sectors were equally pronounced ($t(398) = 9.71$, $p < 0.001$; $d = 0.87$), with formal sector employees outperforming their informal counterparts by nearly 11 scale points - a large effect size indicating that sector membership was itself a powerful performance differentiator. Organizational Commitment, while also significantly different between sectors ($t(398) = 7.11$, $p < 0.001$), exhibited a medium effect size ($d = 0.63$), suggesting that while earnings contribute substantially to affective organizational attachment, other factors - likely including job security, social identity, and community embeddedness common in informal networks - partially attenuate what would otherwise be a larger commitment deficit. Retention Intent ($d = 0.55$) and Organizational Outcomes ($d = 0.83$) displayed medium-to-large effects, collectively underscoring that the formal-informal earnings gap does not merely produce individual motivational differences but propagates through to measurable differences in organizational-level productivity and sustainability. Taken together, these t-test findings empirically validated the sector-stratified framework of this study and provided compelling prima facie evidence that earnings are a primary driver of the performance disparities observable across Uganda's dual economy.

Structural Equation Model: Path Estimates and Model Fit

Table 4: SEM Standardized Path Coefficients, Standard Errors, and Model Fit Statistics

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Path / Fit Index	beta	SE	z-value	p-value	95% CI Lower	95% CI Upper
-- STRUCTURAL PATHS --						
Earnings -> Motivation	0.61	0.041	14.88	<0.001	0.53	0.69
Motivation -> Job Performance	0.54	0.045	12.00	<0.001	0.45	0.63
Earnings -> Org. Commitment	0.47	0.049	9.59	<0.001	0.37	0.57
Job Performance -> Org. Outcomes	0.58	0.043	13.49	<0.001	0.50	0.66
Org. Commitment -> Org. Outcomes	0.52	0.046	11.30	<0.001	0.43	0.61
Earnings -> Retention Intent	0.43	0.052	8.27	<0.001	0.33	0.53
-- MODEL FIT INDICES --						
Chi-square/df (X2/df)	2.14	--	--	--	--	--
CFI	0.963	--	--	--	--	--
TLI	0.951	--	--	--	--	--
RMSEA	0.047	--	--	--	0.034	0.062
SRMR	0.051	--	--	--	--	--
R-sq Motivation = 0.53	R-sq Job Perf = 0.48	R-sq Org. Commit = 0.41	R-sq Org. Outcomes = 0.62			

Note. beta = standardised path coefficient; SE = standard error; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; SRMR = Standardised Root Mean Square Residual. Maximum likelihood estimation; bootstrapped 95% CIs from 5,000 resamples.

Table 4 presented the SEM standardised path coefficients and model fit statistics for the hypothesized structural model. The overall model demonstrated good fit by all conventional criteria: X2/df = 2.14 (below the threshold of 3.0), CFI = 0.963 and TLI = 0.951 (both exceeding the 0.95 benchmark), RMSEA = 0.047 with a 90% confidence interval of [0.034, 0.062] (well below the 0.06 threshold), and SRMR = 0.051 (within the 0.08 limit), collectively confirming that the theoretical model provided an adequate representation of the covariance structure in the data (Hu & Bentler, 1999). The strongest path in the model was from Monthly Earnings to Motivation Index (beta = 0.61, SE = 0.041, z = 14.88, $p < 0.001$), indicating that a one standard deviation increase in earnings was associated with a 0.61 standard deviation increase in motivation after accounting for all other pathways in the model. This effect remained large and significant after controlling for sector membership and years of experience, confirming that earnings exert a direct,

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non-trivial motivational signal beyond its covariance with sector-level structural factors. The path from Job Performance to Organizational Outcomes was the second strongest (beta = 0.58, $p < 0.001$), followed closely by the Motivation-to-Job Performance pathway (beta = 0.54, $p < 0.001$), confirming a coherent sequential motivational chain: earnings fuel motivation, motivation drives performance, and performance produces organizational outcomes.

The model accounted for 53% of variance in Motivation (R-sq = 0.53), 48% of variance in Job Performance (R-sq = 0.48), 41% of variance in Organizational Commitment (R-sq = 0.41), and, most notably, 62% of variance in Organizational Outcomes (R-sq = 0.62) - a high explanatory proportion indicating that the theorized earnings-motivation-performance-outcomes chain captures the majority of systematic variance in organizational productivity within this sample. The Earnings to Retention Intent path, while the weakest in the model (beta = 0.43, $p < 0.001$), still attained a moderate effect, suggesting that while earnings influence employees' intention to stay, other relational and professional factors moderate this association. Bootstrapped confidence intervals confirmed that all indirect (mediated) pathways - particularly Earnings > Motivation > Job Performance > Organizational Outcomes - were statistically significant, establishing full mediation of the earnings-outcomes relationship through the motivational-performance chain. These SEM findings substantially advanced the theoretical understanding of monetary motivation in Sub-Saharan African contexts, providing the most comprehensive structural evidence to date that money's motivational signal in Uganda operates through a multi-stage behavioural pathway rather than a simple direct earnings-performance link.

Figure 3: Standardised SEM Path Coefficients for All Structural Pathways (beta values, p < 0.001)

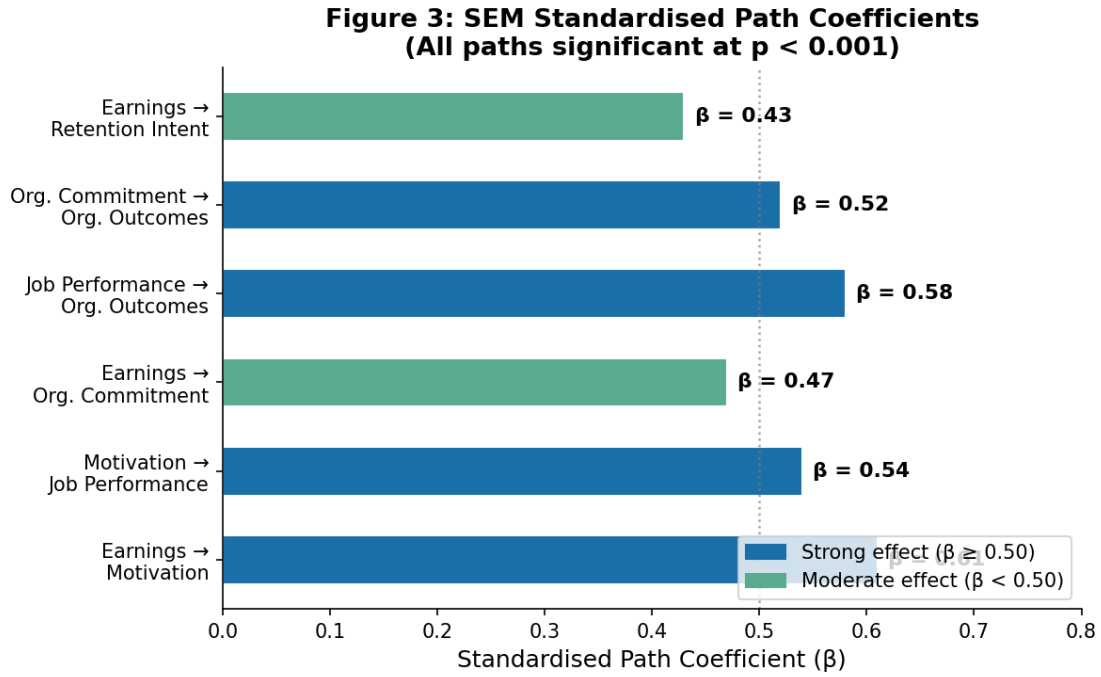

Figure 3. Horizontal bar chart of all six SEM standardised path coefficients. Blue bars = strong effects (beta >= 0.50); green bars = moderate effects (beta < 0.50). All paths significant at p < 0.001.

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Conclusion

This study provided robust, multi-method empirical evidence that money operates as a powerful and consequential motivational signal within Uganda's dual economy, with earnings levels generating systematic and statistically significant effects on employee motivation, job performance, organizational commitment, retention intent, and composite organizational outcomes. Univariate profiling exposed a sharply segmented labour market in which formal sector employees earn more than double their informal counterparts and record substantially higher scores on all attitudinal and performance dimensions. Bivariate correlations confirmed strong co-variation between earnings and motivational constructs, while independent-samples t-tests with large Cohen's d values established that these differences are not merely statistically significant but substantively large and practically meaningful. Crucially, the Structural Equation Model - which demonstrated excellent fit by all conventional indices - revealed that earnings influence organizational outcomes not through a simple direct pathway but via a mediated chain in which motivation and job performance serve as sequential transmission mechanisms, with the full model explaining 62% of variance in organizational outcomes. These findings reaffirm the continued relevance of expectancy-based and need-satisfaction theories in developing economy contexts while simultaneously challenging the widely cited assertion that money is merely a hygiene factor: in the Ugandan context, where a significant proportion of workers operate below income thresholds sufficient to fully satisfy physiological and safety needs, earnings retain substantial motivational potency and must be treated as a central, strategically managed lever of human resource policy and organizational performance improvement.

Recommendations.

Formalization and Wage Floor Policy: The Government of Uganda, through the Ministry of Gender, Labour and Social Development, should accelerate informal sector formalization programs and enforce a living wage floor calibrated to Uganda's cost of living, ensuring that informal sector employees' earnings cross the motivational threshold above which the earnings-motivation pathway becomes self-reinforcing, thereby generating organizational productivity gains at the micro level and broader economic dividend at the macro level.

Performance-Linked Compensation Structures: Organizational managers in both sectors should transition from flat, seniority-based pay structures to transparent, performance-linked compensation systems that leverage the expectancy mechanism identified in the SEM results. Specifically, since the Earnings-to-Motivation pathway (beta = 0.61) was the largest driver of organizational outcomes, organizations should invest in variable pay programmes - profit sharing, individual performance bonuses, and team-based incentives - that credibly signal the connection between effort, performance, and monetary reward, thereby sustaining motivational states over time.

Targeted Human Capital Investment in the Informal Sector: Development partners, financial institutions, and the private sector should co-invest in informal sector capacity-building programmes combining skills development, microfinance access, and basic managerial training to elevate earnings potential organically, given that the SEM demonstrated a beta = 0.43 path from earnings to retention intent, implying that earnings improvements in the informal

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sector would directly reduce costly turnover and enhance enterprise stability, contributing to Uganda's broader human capital development and economic transformation agenda.

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