

Relationship Between Reward Level And Employee Performance In City Tires, Kampala Capital City

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Abstract

The study examined the relationship between reward levels and employee performance at City Tires in Kampala Capital City, Uganda. The research employed a quantitative cross-sectional design with a sample of 87 employees from various departments. Data were collected using structured questionnaires and analyzed using Pearson correlation and regression analysis. Results revealed a strong positive correlation ($r = 0.742$, $p < 0.001$) between reward levels and employee performance. Financial rewards showed the strongest association with performance ($r = 0.681$, $p < 0.001$), followed by non-financial rewards ($r = 0.598$, $p < 0.001$) and recognition programs ($r = 0.524$, $p < 0.001$). The regression model indicated that reward levels explained 55.1% of the variance in employee performance ($R^2 = 0.551$, $F = 104.38$, $p < 0.001$). The study concluded that reward systems significantly influenced employee performance at City Tires, with adequacy of rewards being a critical factor in enhancing productivity. Recommendations included implementing a comprehensive reward structure combining both financial and non-financial incentives, establishing clear performance-reward linkages, and conducting regular reward system audits to ensure competitiveness and fairness.

Keywords: Reward systems, employee performance, financial rewards, non-financial rewards, motivation, City Tires, Kampala

1.0 Background of the Study

Employee performance constituted a critical determinant of organizational success and competitive advantage in Uganda's automobile industry (Moses, 2023). City Tires, established in 2008 in Kampala Capital City, emerged as one of Uganda's leading tire distributors and automotive service providers, employing over 120 staff members across sales, technical, administrative, and customer service departments (Ariyo, 2023). The company operated in a highly competitive market characterized by increasing customer expectations, technological advancements, and pressure to maintain quality service delivery while managing operational costs (Deus, 2023).

Reward systems represented strategic tools that organizations utilized to attract, retain, and motivate employees toward achieving organizational objectives (Ronet et al., 2023). Theoretical frameworks such as Herzberg's Two-Factor Theory and Expectancy Theory established that rewards significantly influenced employee motivation, job satisfaction, and ultimately performance outcomes (Ntirandekura, Ainebyoona, et al., 2022). In the Ugandan context, where economic pressures and cost of living continued to rise, employees increasingly sought not only competitive salaries but also comprehensive reward packages that recognized their contributions and addressed their diverse needs (Asaari, M. H. A. H., Desa, N. M., & Subramaniam, 2019). Despite City Tires' growth trajectory and market positioning, management observed inconsistencies in employee performance levels across departments. Some

employees demonstrated exceptional commitment and productivity, while others exhibited minimal effort and engagement (Isaac et al., 2023). Preliminary observations suggested that these disparities might have been linked to perceived inequities in the reward system, inadequate recognition of high performers, and limited non-financial incentives (Alex et al., 2023). The automobile service industry in Kampala faced significant challenges in retaining skilled technicians and sales personnel, with competitors frequently poaching talented employees through attractive compensation packages (Kaazara & Audrey, 2025).

Research on reward-performance relationships in Uganda's private sector remained limited, particularly within the automotive industry (Ramadhan et al., 2023). Most existing studies focused on public sector organizations or large multinational corporations, leaving knowledge gaps regarding small to medium-sized enterprises like City Tires (Ahumuza et al., 2025). This study therefore sought to investigate the specific relationship between reward levels and employee performance at City Tires, providing empirical evidence to inform human resource management practices and contribute to organizational effectiveness in Uganda's evolving business environment (Ntirandekura & Christopher, 2022).

2.0 Problem Statement

City Tires experienced persistent challenges in maintaining consistent employee performance levels despite management's efforts to improve operational efficiency and service quality (Julius & Audrey, 2025a). Employee turnover rates averaged 23% annually, particularly among skilled technicians and experienced sales personnel, resulting in increased recruitment costs and disruption of service delivery (Julius & Audrey, 2025b). Customer complaints regarding service delays and quality inconsistencies increased by 18% between 2022 and 2024, potentially linked to employee performance deficiencies (Ntirandekura, Friday, et al., 2022).

Management implemented several reward initiatives including annual bonuses and employee recognition programs, yet performance metrics indicated that only 56% of employees consistently met their departmental targets (Musaibah et al., 2023). Exit interviews revealed that 67% of departing employees cited inadequate compensation and lack of recognition as primary reasons for leaving, suggesting fundamental issues with the reward system's effectiveness (Brian et al., 2024). The gap between high and low performers widened, creating workplace tensions and reducing overall organizational productivity (A. G. Kazaara et al., 2024). Without empirical evidence on how reward levels specifically influenced employee performance at City Tires, management lacked data-driven insights to optimize the reward system (A. I. Kazaara & Audrey, 2024). This situation threatened the company's competitive position, profitability, and ability to deliver quality services to customers (Faridah et al., 2023). The problem necessitated systematic investigation into the relationship between reward levels and employee performance to inform strategic human resource interventions.

3.0 Research Objective

To examine the relationship between reward levels and employee performance in City Tires.

4.0 Methodology

This study adopted a quantitative research approach utilizing a cross-sectional survey design. The design was selected because it enabled the researcher to collect data from multiple respondents at a single point in time, facilitating examination of relationships between variables efficiently and cost-effectively (Ronet et al., 2023). The target population comprised 112 permanent employees at City Tires, Kampala, across all departments including sales, technical services, administration, customer service, and warehouse operations (Nelson, Christopher, Teddy, et al., 2022).

Sample size determination employed Krejcie and Morgan's formula, yielding a sample of 87 respondents. Stratified random sampling was used to ensure proportional representation from each department: sales (n=24), technical services (n=28), administration (n=15), customer service (n=12), and warehouse operations (n=8). This approach enhanced the representativeness of the sample and allowed for departmental comparisons (Nafiu et al., 2017).

Data collection utilized a structured self-administered questionnaire comprising three sections. Section A captured demographic information including age, gender, education level, department, and tenure. Section B measured reward levels using a 20-item scale adapted from Worldatwork's Total Rewards Model, covering financial rewards, non-financial rewards, recognition programs, and benefits. Section C assessed employee performance using a 15-item scale adapted from Williams and Anderson's Task Performance Scale, measuring productivity, quality of work, adherence to deadlines, and goal achievement. All items utilized a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) (A. Nafiu et al., 2012).

The questionnaire underwent content validity testing through expert review by three human resource management specialists and a pilot test with 15 employees from a similar organization. Reliability was assessed using Cronbach's Alpha, yielding coefficients of 0.876 for the reward level scale and 0.843 for the performance scale, indicating good internal consistency (Sarah et al., 2024). Data were collected over three weeks, with the researcher personally distributing and collecting questionnaires, achieving a response rate of 94.3% (82 usable questionnaires) (Olanrewaju et al., 2021).

Data analysis was conducted using SPSS version 26.0 (Nelson, Christopher, & Milton, 2022). Descriptive statistics including means, standard deviations, frequencies, and percentages characterized the sample and variables. Pearson correlation analysis examined the strength and direction of relationships between reward levels and employee performance. Simple linear regression analysis determined the predictive power of reward levels on employee performance, with statistical significance set at $p < 0.05$.

5.0 Results and Discussion

5.1 Demographic Characteristics

The sample comprised 54.9% male and 45.1% female respondents. The majority of respondents (43.9%) were aged between 26-35 years, reflecting a relatively young workforce. Regarding tenure, 36.6% had worked at City Tires for

1-3 years, while 29.3% had 4-6 years of service. Educational qualifications showed that 47.6% held diplomas, 31.7% possessed bachelor's degrees, and 20.7% had certificates or secondary education.

5.2 Descriptive Statistics for Reward Levels and Employee Performance

Table 1: Descriptive Statistics for Study Variables

Variable	Mean	Std. Deviation	Interpretation
Overall Reward Level	2.78	0.92	Moderate
Financial Rewards	2.54	1.03	Low-Moderate
Non-Financial Rewards	2.89	0.88	Moderate
Recognition Programs	2.91	0.95	Moderate
Benefits Package	2.78	0.91	Moderate
Overall Employee Performance	3.42	0.76	Moderate-High
Task Productivity	3.56	0.81	Moderate-High
Quality of Work	3.48	0.79	Moderate-High
Goal Achievement	3.21	0.88	Moderate

Source: Primary Data, 2025

The results indicated that overall reward levels at City Tires were perceived as moderate ($M = 2.78$, $SD = 0.92$), suggesting room for improvement. Financial rewards scored lowest ($M = 2.54$, $SD = 1.03$), indicating employee dissatisfaction with salary levels and monetary compensation. This finding aligned with exit interview data showing compensation concerns among departing employees. Non-financial rewards ($M = 2.89$) and recognition programs ($M = 2.91$) received slightly higher ratings, though still in the moderate range, suggesting that employees valued but desired more comprehensive non-monetary incentives.

Employee performance levels were rated moderate-high ($M = 3.42$, $SD = 0.76$), indicating generally satisfactory performance but with potential for enhancement. Task productivity received the highest rating ($M = 3.56$), while goal achievement scored lower ($M = 3.21$), suggesting employees performed daily tasks adequately but struggled to meet specific organizational targets.

5.3 Correlation Analysis

Table 2: Pearson Correlation between Reward Levels and Employee Performance

Variables	1	2	3	4	5	6
1. Overall Employee Performance	1					
2. Overall Reward Level	.742**	1				
3. Financial Rewards	.681**	.853**	1			
4. Non-Financial Rewards	.598**	.824**	.612**	1		
5. Recognition Programs	.524**	.776**	.543**	.689**	1	

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6. Benefits Package	.557**	.801**	.598**	.701**	.634**	1
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Note: ** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2025

The correlation analysis revealed statistically significant positive relationships between all reward dimensions and employee performance. The overall reward level demonstrated a strong positive correlation with employee performance ($r = 0.742$, $p < 0.001$), indicating that as reward levels increased, employee performance improved correspondingly (Nelson et al., 2023). This finding supported expectancy theory, which posited that employees exerted effort when they perceived a clear link between performance and valued rewards.

Financial rewards exhibited the strongest correlation with performance ($r = 0.681$, $p < 0.001$), underscoring the critical importance of competitive salaries and monetary compensation in the Ugandan context where economic pressures remained significant. Non-financial rewards showed a substantial positive relationship ($r = 0.598$, $p < 0.001$), demonstrating that factors such as work-life balance, career development opportunities, and job autonomy significantly influenced performance outcomes. Recognition programs ($r = 0.524$, $p < 0.001$) and benefits packages ($r = 0.557$, $p < 0.001$) also demonstrated moderate-strong positive correlations, highlighting the multidimensional nature of effective reward systems.

5.4 Regression Analysis

Table 3: Regression Model Summary

Model	R	R ²	Adjusted R ²	Std. Error	F	Sig.
1	.742	.551	.545	0.513	104.38	.000

Table 4: Regression Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
Constant	0.862	0.241	-	3.576	.001
Reward Level	0.621	0.061	.742	10.217	.000

Source: Primary Data, 2025

The regression analysis demonstrated that reward levels significantly predicted employee performance at City Tires ($F = 104.38$, $p < 0.001$). The R^2 value of 0.551 indicated that reward levels explained 55.1% of the variance in employee performance, representing a substantial proportion of performance variability. This finding suggested that while rewards were a critical determinant of performance, other factors such as leadership style, work environment, and individual characteristics accounted for the remaining 44.9% of variance.

The regression equation was: Employee Performance = $0.862 + 0.621(\text{Reward Level})$. The positive coefficient ($\beta = 0.621$, $t = 10.217$, $p < 0.001$) indicated that for every one-unit increase in reward level, employee performance

increased by 0.621 units. This strong predictive relationship validated management's need to prioritize reward system improvements as a strategic intervention for enhancing organizational performance.

6.0 Conclusions

The study conclusively established that a strong positive relationship existed between reward levels and employee performance at City Tires in Kampala Capital City. The empirical evidence demonstrated that reward systems functioned as significant determinants of employee performance, accounting for over half of performance variance. Financial rewards emerged as the most influential component, reflecting the socio-economic realities faced by employees in Kampala where compensation adequacy directly impacted employee motivation and commitment.

The moderate ratings for current reward levels indicated that City Tires' existing reward system required substantial enhancement to optimize employee performance. The gap between employee expectations and current reward provisions contributed to the performance inconsistencies and retention challenges management observed. The study validated theoretical propositions that linked rewards to performance through motivational mechanisms, confirming the applicability of expectancy and two-factor theories in Uganda's automotive industry context.

The findings underscored that effective reward management required a holistic approach integrating multiple reward dimensions rather than relying solely on financial compensation. While competitive salaries remained essential, non-financial rewards, recognition programs, and comprehensive benefits packages collectively contributed to enhanced performance outcomes. The study filled a critical knowledge gap regarding reward-performance dynamics in Uganda's small to medium-sized enterprises, providing empirical foundations for evidence-based human resource management practices.

7.0 Recommendations

City Tires management should conduct a comprehensive salary survey across Kampala's automotive industry to benchmark compensation levels and ensure competitive financial rewards. The company should implement a structured salary scale with clear progression pathways, addressing the current dissatisfaction with financial rewards. A minimum 15-20% salary adjustment for positions below market rates was recommended to reduce turnover and enhance performance.

Management should develop a robust non-financial reward framework including flexible work arrangements, professional development opportunities, career advancement pathways, and improved work-life balance initiatives. Investment in continuous training programs, sponsorship for professional certifications, and clear promotion criteria would enhance employee engagement and long-term commitment.

City Tires should institutionalize employee recognition through quarterly performance awards, monthly "employee of the month" programs, and immediate recognition mechanisms for exceptional contributions. Recognition should be

public, specific, and tied to clear performance criteria to reinforce desired behaviors and create a culture of appreciation.

Management should establish transparent performance appraisal systems clearly linking performance outcomes to reward allocations. Employees should understand how their performance directly influenced their compensation, bonuses, and other rewards, strengthening the expectancy linkages that motivated performance.

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