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Financial Rewards and Employee Commitment in Local Governments in Apac Municipal Council

Gerald Opio[12] Judith Akello Abal[1*]

1. Department of Commerce and Business Management, Lira University, PO box 1035, Lira, Uganda
2. Accountant, Apac Municipal Council, P.O Box 4, Apac, Email: opiogerald18@gmail.com

* E-mail of the corresponding author: judithakello@yahoo.com/jabal@lirauni.ac.ug

Abstract

The aim of this study is to assess the effect of financial rewards on employee commitment of employees in Apac Municipal Council. The specific objectives of the study were as follows: to determine the effect of financial rewards on affective commitment of employees in Apac Municipal Council; to assess the effect of financial rewards on normative commitment of employees in Apac Municipal Council; to assess the effect of financial reward on continuance commitment of employees in Apac Municipal Council. The sample size of the study was 135 which comprised of 132 teachers, the Municipal Education Officer, Senior Inspector of Schools, and Inspector of Schools. Primary data was collected using the questionnaire method while secondary data was collected through documentary review. The data obtained was processed using the Statistical Package for Social Sciences (SPSS) and was analysed using both descriptive and inferential statistics. The analysed data was presented using tables. Results indicate that there was a fairly positive significant relationship between financial rewards and affective commitment ($r = 0.506$, $p<0.05$), moderately significant relationship between financial rewards and normative commitment ($r = 0.307$, $p<0.05$) and moderately positive significant relationship between financial rewards and continuance commitment ($r = 0.346$, $p< 0.05$). The study found out that financial reward had a positive significant effect on affective commitment (Coef.0.513, $p<0.05$), normative commitment (Coef.0.306, $p<0.05$) and continuance commitment (Coef.0.433, $p<0.05$) of employees in Apac Municipal Council. The study recommended that Apac Municipal Council should carry out salary reviews in order to develop a reward management structure that is externally competitive, internally fair and consistent with the current acceptable international rates. It was also recommended that the top management in Apac Municipal Council should encourage employees to participate in decision making and they should implement employees' decision.

Keywords: Economic, Rewards, Employees, Commitment

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1. Background of the Study

Globally, according to the International Journal of Human Resource by (Miller, 2014b; Xavier, 2014) insist that the basic premise of reward systems is to maintain employee motivation in order to increase production and sustain a competitive edge, while keeping costs low. A common theme of strategic compensation management is that rewards play a key role in fulfilling an organization's mission and in aligning the interests of labor and management (Larkin, Pierce, & Gino, 2014; Moriarty, 2014). To achieve these shared interests, domestic and global companies continue to experiment with a variety of reward systems (Aamir, Jehanzeb, Rasheed & Malik, 2012; Khan, Aslam, & Lodhi, 2011).

The historical perspectives and ideas expressed by several key contributors, including Frederick W. Taylor, Henry L.Gantt, Harrington Emerson, and Frank B and Lillian M. Gilbreths made a clarification that, rewards systems was used in a generic sense to mean incentive systems, pay systems, and compensation systems; therefore, these terms are used interchangeably to mean that scientific management era is ripe with offerings of management principles and philosophies that are still prevalent today. Drury (1915) notes that when the American Society of Mechanical Engineers (ASME) first promoted the art of management, they were not interested equally in all management's different aspects.

Malhotra et al., (2007) views rewards as any form of appreciation, material or immaterial services and rewards employees acquire from a predetermined relationship. It has been commonly noted that employees expect some reward after delivering certain given work. The Oxford dictionary states that performance originates from the word 'perform', is to carry out, accomplish or fulfill an action, task or a function. Aimal et al., (2015) and

Shanks (2007) classifies rewards into two classes; extrinsic and intrinsic rewards. Those benefits like money, bonuses; promotions etc. that companies provide are extrinsic rewards and they act as motivations to improve employees' performance. This paper adopts a definition of rewards seen types of payment; appreciation that employees acquire within their employment predetermined relationship.

The concept of financial rewards refers to monetary incentives that an employee earns as a result of good performance so as to enhance the employees financial well-being directly e.g. bonus, increase in wages and profit sharing schemes i.e. are pay bonuses, fringe benefits, transportation facility, medical facility, health and life insurance and benefits like vacation with pay meal facilities (Chelladurai, 2017). The financial rewards are pay bonuses, fringe benefits, transportation facility, medical facility, health and life insurance and benefits like vacation with pay meal facilities (Armstrong, 2012). It is important to realise that the employees must be given the better working conditions along with the fringe benefits so that they give their best (Bruce, 2012).

Pay inequality can lead to frustration, jealousy, envy, disappointment and resentment. This is because compensation does not only enable us to support ourselves and families; it is also a signal of our value and status in and at work place (Armstrong, 2012). Other studies have shown that executives are more likely to leave companies with high pay inequality. The bottom line here is that financial incentives, by definition, create inequalities in pay that often undermine performance, collaboration and staff commitment (Jim, 2012).

Armstrong (2012) stated that financial rewards aims at supporting the achievement of business goals by helping to ensure that organization attracts the talented and engaged people it needs, promote high performance by ensuring that the reward system recognizes and encourages it, and also helps to attract and retain high quality people by providing competitive pay.

Financial motivators positively affect worker's utility and performance. Millán, Hessels, Thurik, and Aguado (2011) in their study reported that for both workers and the self-employed having higher work, wages helps to improve the probability of being happy with the sort of work. As indicated by Bozeman and Gaughan (2011), the view of being paid what one is worth predicts work satisfaction. Individuals who agree that they are paid "what they are worth" in the market have a tendency to have more elevated amounts of job satisfaction than the individuals who do not agree.

Pouliakas (2010) found that there is a significant negative relationship between small bonus payments and commitment of workers in doing the work. Monetary incentives have a positive effect on workers' utility and commitment as long as they are large enough. As Millán, J. M. et al. (2011) reported that for both employees and the self-employed, having higher work incomes increase the likelihood of being committed in doing the work. According to Bozeman & Gaughan (2011), the perception of being paid what one is worth predicts job commitment. Employees who agree that they are paid "what they are worth" in the market place tend to have higher levels of commitment than those who do not. It is believed that people who have more money are more powerful in society as compared to those who have lesser money. So it is easier for them to have things their way. That is why money is often viewed as a sign of personal triumph and accomplishment (Scott A. Snell, 2014).

According to a UNDP report (2011), Reward and incentive systems are therefore fundamental in developing capacities and translating developed capacities into better motivation and commitment of the worker. The paper argues that, a reward and engagement based policy which involve some monetary component would attract management talent by providing rewards that motivates a larger group of people. Merchant (2018) argues that people value money and therefore making money an important form of reward. Monetary reward systems can be classified into three main categories, performance based salary increases, short-term incentive plans, and long-term incentive plans. The latter two rewards are common on managerial levels and are often linked to performance during a specific time period.

Employee commitment refers to an overall attitude of the employee about the work and the organization, a number of facets or dimensions influence it, including job conditions, supervision, nature of the work, co-workers, pay and benefits and personal characteristics (Diane, 2014). Employee commitment to the organization is a result of the reward the organisation gives (Diane, 2014). According to Nujjoo & Meyer (2012) Organisational commitment can be categorized into normative, continuance and affective commitments. Normative commitment refers to employees' perceived obligation to stay with an organisation. Coetzee (2017) emphasizes that employees with a high level of normative commitment feel that they ought to remain with the organization. Normative commitment is a form of obligation toward the organization due to a person's moral belief that it is the right and moral thing to stay in the organization. As such, people with a high normative commitment remain in the organization because they believe they ought to (Stan, 2013). Lee (2010) defines continuance commitment as the employee awareness of the costs that are related with departing the organization.

Affective commitment refers to the emotional attachment that an employee has in an organization (Price, 2011). According to Rhoades (2001), affectively committed employees are seen to have a sense of identification and belonging and this motivates them to increase their participation in the activities of an organization.

This study was guided by the Herzberg Two-Factor theory (1959) and Social Exchange Theory. Frederick Herzberg (1959) in his theory assumes two factors from which employees derive satisfaction and dissatisfaction. Among the motivators/satisfiers factors that cause satisfaction is; achievement, recognition, responsibility, advancement and growth which he suggests are helpful in building strong motivational foundations and promotions of job satiety amongst employees while the social exchange theory postulates that people make social decisions based on perceived costs and benefits. This assumption affirms that human beings evaluate all social relationships to determine the benefits they will obtain out of such relationship (Homans, 1958 & Blau, 1964).

In Uganda, studies conducted by (Mariam Nalugya, 2018) assert that Salary which include cash compensations directly provided by employers to employees for the work done. Salary consists of base pay and contingent pay. Mariam,2018) cited factors that are key in motivating and making employee committed and retained in organisations which include a friendly working environment, a competitive salary, healthy interpersonal relationships among others. Bonus Sarwar & Abugre, (2013) observed that bonus payments increase employee Job satisfaction for the organization. It was also noted that dissatisfaction of employee within organisations offering less pay and other incentives was also recorded (Incentives UshaPriya, & Eshwar, 2014).

Unfortunately, in Apac Municipal Council, there are no clear measures put in place to address the issues of financial rewards as a motivating factor to motivate the teachers in Apac Municipal Council so as to enhance their level of commitment (Municipal Education Officer Apac, 2020). It is on that note that this study was carried out to examine the effect of financial rewards on the employee commitment of education sector of Apac Municipal Council.

1.1 Problem Statement

Organizations are concerned with having productive, committed, and enthusiastic workers for excellent organizational performance. The aim of financial rewards is to ensure that the values of employees and the contribution that they make in an organization is recognized and rewarded (Armstrong 2012). Employees are fully motivated and satisfied in their jobs when their needs are met and this may lead to increased organizational commitment (Danish and Usman, 2010).

A good number of Municipal Councils in Uganda have poor rewards structure which creates inequalities in pay that often undermine performance, collaboration and staff commitment (Jim, 2012). Apac Municipal Council has been experiencing problems related to rewards of employees over the years; selective staff capacity development, denied payment of other fringe benefits like bicycle allowance, medical support and work overload. Extensive staff interdiction and litigation issues that occur occasionally owing to unequal remuneration packages which has resulted into staff abscondment from duty and increased staff turnover (Apac Municipal Council Human Resources report, 2019).

Lack of commitment of some employees in the education department especially teachers have continued to impact negatively on the performance of learners at all levels of education and more commonly at primary leaving examination (PLE) (UNEB result, 2017-2019). This is seen in the performance in PLE where in 2017, out of 973 candidates who sat, 57 scored division one (5.9%), in 2018, out of 845 candidates who sat, 37 scored division one (4.4%) while in 2019, there was a drastic drop in the performance where out of 838 candidates who sat, 37 scored division one (4.4%) (UNEB results, 2017-20120). There is little doubt that this irregular performance of pupils is due to lack of commitment on the side of teachers.

To achieve this, organizations have to put in place better financial reward systems at the centre of their operations. Related to that, employees' commitment in Apac Municipal Council is based on the ability to recognize and reward its employees financially in respect to their input, a situation which is lacking (Human Resource Department, AMC 2020).

Therefore, it is against this back ground that the researcher carried out an investigation on the effect of financial rewards on employee commitment targeting employees in education sector in Apac Municipal Council.

1.1 General Objective

The purpose of this study was to assess the effect of financial rewards on employee commitment in Apac Municipal Council.

1.1.1 Specific Objective of the Study

i) To determine the effect of financial rewards on affective commitment of employees in Apac Municipal Council.

ii) To assess the effect of financial rewards on normative commitment of employees in Apac Municipal Council.

iii) To assess the effect of financial rewards on continuance commitment of employees in Apac Municipal Council.

1.2 Research Hypothesis

H01: Financial rewards do not have a significant effect on affective commitment of employees in Apac Municipal Council.

H02: Financial rewards do not have a significant effect on normative commitment of employees in Apac Municipal Council.

H03: Financial rewards do not have a significant effect on continuance commitment of employees in Apac Municipal Council.

1.3 Theoretical review

Singh (2007) states that financial rewards have an element of behavioral objective that aims to fulfill a need and motivate employees in order to achieve the goals of an organization. Consequently, there are a number of theories that exist in the area of financial rewards. These theories try to explain the role of financial rewards in motivating employees so as to increase performance.

1.3.1The Herzberg Two-Factor Theory

Frederick Herzberg (1959) in his theory assumes two factors from which employees derive satisfaction and dissatisfaction. Among the motivators/satisfiers factors that cause satisfaction are; achievement, recognition, responsibility, advancement and growth which he suggests are helpful in building strong motivational foundations and promotions of job satiety amongst employees. He also pointed out some demotivating factors/dissatisfiers such as; company policy supervision, unfair working conditions and poor pay cheques which normally tend to cause dissatisfaction among employees hence demotivating them in one way or the other.

He further argued that intrinsic/motivational factors will increase employees' job satisfaction; the extrinsic/hygiene factors do prevent the dissatisfaction of employees. This theory also points out that through the improvement of the environment where jobs are being performed, employees will be motivated to perform their jobs better. Herzberg's intent was for the creation of opportunities for employees to engage/participate in making plans, increase performance and carry out evaluation of their jobs. The relevance of this theory has however been widely embraced as regards to employee motivation such that they give their all to their organizations. Herzberg's Two Factor theory therefore greatly influences the motivation of the work place and employee performance hence managers should adopt his ideologies in a bid for employees to perform better.

The two-factor theory divides job-related aspects into motivators and hygiene factors (Jiang et al., 2016). Hygiene factors consist of elements that are extrinsic in value and they include compensation and employee benefits. Narsee (2012) points out that hygienic factors include company policies, quality of supervision, employees and human relations, personal life, pay rate and job security and working conditions. On the other hand, motivators are factors that are intrinsic in nature and they include praise and recognition. They include achievement, career development, personal growth, job interest, recognition and responsibility. According to Singh (2016), total rewards can be used to meet employees' needs in terms of hygiene factors and motivators thereby increasing their motivation.

According to Narsee (2012), there are three possible scenarios that may occur; dissatisfaction and demotivation, no satisfaction and no motivation and positive satisfaction and motivation. Hygienic factors are vital component of the job itself as they determine the level of accomplishment and appreciation one attaches to the job. Organizations must therefore focus on developing tasks that are involving, engaging and fulfilling if the employees are to be committed at work.

This theory talks about the need to motivate employee so as to make them committed at their work places. In relation to this study, this theory therefore informs the study in that if employees are given good base pay coupled with some benefits and contingent pay, it will help to motivate hence improving on their level of commitment.

1.3.2 Social Exchange Theory

This theory was postulated by Homans (1958) where he defined social exchange as the exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons. According to Saks (2019), a strong theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET). The central tenet of the social exchange theory is that people make social decisions based on perceived costs and benefits. This assumption affirms that human being evaluate all social relationships to determine the benefits they will obtain out of such relationship (Homans, 1958 & Blau, 1964).

Social exchange theory is considered one of the most influential paradigms in organisational behaviour. The exchange perspective views the employment relationship as consisting of social or economic exchanges (Aryee, Budhwar and Chen, 2020; Cropanzano, Rupp and Bryne, 2020). Economic exchange relationships involve the exchange of relatively concrete, often economic benefits that are exchanged for work performance (Haar, 2015). On the other hand, social exchange theory argues that employees will trade their efforts for the promise of rewards in the future (Blau, 1964).

Social exchange theory is based on five central elements. The first element is that behaviour is predicted by the notion of rationality; individuals will behave in a given way if they believe behaving in that way will give more rewards. The second element is that each individual relationship provides benefit to the other so long as the exchange is equitable. The third element is that the theory is based on a justice principle; for every exchange, there must be fairness governing behaviour. The next element of the theory is that individuals will always seek to maximize gains and reduce costs and losses. The last element is that individuals participate in a relationship out of a sense of mutual benefit rather than coercion (Searle, 1990).

Social exchange theory therefore suggests that employees who value benefits received from their organization, such as pay, fringe benefits or working conditions, will reciprocate with more positive work attitudes. The theory posits that individuals form social exchange relationships to the extent that they receive worthwhile benefits and that these benefits are assigned in a fair manner (Cropanzano et al., 2001; Haar, 2016). Therefore, employees perceiving negative and distressing workplace conditions are likely to reciprocate with negative work attitudes while those perceiving the workplace conditions as positive and challenging will reciprocate with positive work attitudes. It is therefore, expected that employees who are dissatisfied with their financial and non-rewards management are likely to reciprocate with negative work attitudes such as job dissatisfaction, low morale and reduced organizational commitment, while those who perceive their rewards as satisfactory are likely to reciprocate with positive work attitudes, such as high commitment, job satisfaction and low turnover (Cropanzano et al., 2013; Crede et al., 2017). In inducements the organization summary, therefore, the exchange theory posits that employees who are satisfied with the rewards and offers are likely to have higher job performance, organizational commitment and weaker turnover intentions.

2. Literature Review

2.1. Effect of Financial Rewards on Affective Commitment of Employees

The study by Muhammad et al. (2014) revealed a higher correlation between financial rewards and organizational commitment of bank officers and regression showed that all the factors: rewards; support received from supervisors; provision of opportunities for the development of careers; organizational support for family and favourable job conditions significantly predict affective commitment of employee of the organization.

Lumley, Coetzee, Tladinyane and Ferreira (2011) explored the relationship between financial rewards and organizational commitment of employees in the information technology environment. The objective of the study was to measure the effect of facets of financial rewards such as pay, fringe benefits, bonus, and housing allowance on organizational commitment. Using a cross sectional survey of 86 employees at four information technology companies in South Africa, Subsequently the findings suggest significant relationship between financial rewards and affective commitment of the employees.

Noraani Mustapha (2013) carried out a study to determine the influence of financial reward on affective commitment among lecturers in four public universities in Kelantan. The sample was randomly selected through systematic procedure. Data collected from 320 samples using self-administered questionnaires was then analyzed using descriptive analysis to describe the demographic profile of respondents and Pearson Product Movement Correlation to test the relationship between variables. The result indicated that there was a positive relationship between financial reward and affective commitment and therefore supported the hypothesis.

Njanja, Maina, & Njagi, (2013) in a study of 84 employees of Kenya Power and Lighting Company (KPLC) in

Nakuru examined the effect of reward on employee affective commitment. The results of the study indicated that financial rewards had no significant effect on employee affective commitment. The study concluded that organizations should seek to understand their employees' needs so that they can employ the right motivational strategies.

Dalvi and Ebrahimi (2013) studied the effects of financial reward on the cooperation in sales and marketing department among 180 managers from Isfahan food industries in Iran. The results of their study showed that organizational financial rewards had a weak effect on employees' affective commitment in the sales and marketing department. They concluded that organizations should design their financial rewards systems based on an employees' expertise, efforts and performance in order to reduce conflicts in organizations. Additionally, they suggested that financial rewards systems should be designed according to the needs of employees.

Danish and Usman (2010) in a study to determine the impact of reward and affective commitment of employees from both private and public sectors organizations in Pakistan found that financial rewards and affective commitment were positively related with motivation. They concluded that an effective financial reward leads to increased employee commitment.

Ghorbani and Ladoni (2013), who conducted a study of 84 production managers, marketing managers and senior managers from home appliances companies in Iran to establish the effect of financial reward systems mechanisms on employee commitment in new product development. The results of their study indicated that there was a positive and a statistical significant relationship between financial rewards and commitment in new product development.1.1.2 Effect of Financial Rewards on Affective Commitment of Employees

2..2 Effect of Financial Rewards on Normative Commitment of Employees

Isaack Korir, Dinah Kipkebut (2016) studied the effect of financial rewards on organisational commitment of employees in Universities in Nakuru County. The sample size of the study comprised 224 full-time lecturers working in 10 universities within Nakuru County. Data was collected using the questionnaire method. The data obtained was processed using the Statistical Package for Social Sciences (SPSS) and was analysed using both descriptive and inferential statistics. The analysed data was presented using tables. Results indicated that there was a weak significant positive relationship between financial rewards and normative commitment ($r = 0.249$, $p < 0.008$) and a moderate significant positive relationship between financial rewards and affective commitment ($r = 0.344$, $p < 0.000$) and the study found that financial reward management practices collectively have significant effect on organizational commitment.

Merchant (2007) argues that people value money and therefore making money an important form of reward. Monetary reward systems can be classified into three main categories, performance based salary increases, short-term incentive plans, and long-term incentive plans. The latter two rewards are common on managerial levels and are often linked to performance during a specific time period. The first one is often considered to be the greatest motivational factor of them all. He further states that each and every organization gives salary increase to employees' normative at all organizational levels. This is normally a small portion of an employee's salary, but has a significant value due to its long-term perspective. Short term incentives in some form are however commonly used in organizations.

According to Rhoades, et al., (2011) if employees are for example treated accordingly giving proper financial reward, they will tend to become more committed and involved in their work and the opposite will tend to happen to companies that ill-treat their employees. This therefore implies that proper financial rewards increase normative commitment of the employees.

Roberts (2005) in a study of the relationship between financial rewards and normative commitment of 1,373 employees of an insurance company in the Western Cape found out that there was a positive relationship between financial rewards and normative commitment of the employees. He concluded that organizations should review their current reward strategies in order to ensure higher employee normative commitment and increased job performance.

Gohari et al (2013) in a study of 100 employees who were randomly selected from two tourist companies in Malaysia examined the relationship between financial rewards and their normative commitment. The results of their study indicated that there was a positive relationship between financial rewards and commitment performance. The study concluded that managers should consider employees' preferences of rewards before designing any reward strategy so as to increase their motivation hence ensure that their organizations meet their objectives.

2.3 Effect of Financial Rewards on Continuance Commitment of Employees

Ayse Esmeray YOĞUN (2014) studied the effect of financial reward on continuance commitment. The finding indicated a significant relationship between financial rewards and continuance commitment.

Ayeni Olapade Grace (2015) examined the impact of financial reward on continuance commitment of employees in College of Education, Ikere-Ekiti. Three (3) Research Questions and hypotheses were generated and tested respectively. Survey method was adopted and one hundred and fifty (150) academic members of staff were selected for the study. A well-constructed questionnaire was developed for the study. The findings revealed that financial rewards in form of salary and benefits enhance effectiveness and continuance commitment. However, it was revealed that financial reward does not result in sustained motivation for retention. It was therefore suggested that management should provide timely and fair compensation and benefits to members of staff.

Saba Saleem (2011) investigated the impact of financial incentives and rewards on employees' continuance commitment. A total of 100 employees from the Private Sector Banks, Public Sector Banks, Islamic Banks and Microfinance Banks at Bahawalpur that includes 71 males and 29 females. Random sampling was used as a sampling design and questionnaire in Likert form was used to gather data from the participants. Linear regression was used to investigate the relationship between financial incentives and employees' commitment. Results however revealed positive and significant association between financial incentives and employee continuance commitment and increase in financial incentives such as promotion and bonuses enhanced employee commitment which increases the employees' performance and reduces turnover and employees can only be loyal when their wants and desires are satisfied.

Mansaray-Pearce1, Bangura, Kanu (2019) carried out a study to find the effect of financial rewards on employee commitment, case study the Sierra Leone National Revenue Authority. Qualitative as well as quantitative research methodology has been adopted in this study. The researchers have conducted a survey in NRA. A questionnaire was developed to guess the opinion of employees working in this organization. A semi structured interview was conducted for getting an insight about their motivation. The regression result indicated a strong positive relationship between financial rewards and employee continuance commitment.

Merchant, (2007); Ngala & Odebero, (2009) argues that a cash bonus is usually based on performance measured on a time period of one year or less. Why a company primarily uses a variable pay is to differentiate it among the employees, so that the most successful employees will be rewarded. They further argue that, by recognizing the employee's contributions to the company it makes it easier for the organization to encourage excellent performance. They further argue that employees appreciate the possibility of receiving a reward for their performance. Using a variable pay can also be an advantage for the company in terms of risk-sharing. This means that the expense for compensation vanes more with company performance when the compensation is partly variable, making the cost lower when no profit is made and when there is a profit this can be shared with the employees.

According to Dubihlela and Rundora (2014), the increased global competition has forced businesses to ensure increased employee commitment in order to enable them to have high levels of excellence and competitiveness in their processes. This is because committed employees have a desire and willingness to pursue the objectives of an organization thereby making the business to excel.

3. Method

3.1 Research Design

Research design is a plan that shows strategy of investigation conceived by the researcher (Kothari, 2011). It describes the type of data needed, the data collection methods and the procedures for data gathering and analysis. The design of the study was cross-sectional survey design and the approach of the study was quantitative in nature. The choice of cross-sectional survey design was because of the nature of the study in that data was to be collected from the respondents once. Quantitative research approach was employed to enable the researcher to collect numerical data with the help of self-administered questionnaires documentary review.

3.2 Study Population, Sample Size and Sampling Techniques

The population for the study comprised of the employees from the departments of Education sector and this comprised of the staff in primary, secondary and technical schools. Apac Municipal Council current staffing position in education sector stands at 263 as per the data from Municipal Education Officer (MEO). For the purpose of this study, the target population will comprise of 207 teaching staff. Other employees' in education sector who took part in the study included; the Municipal Education Officer (01) and the Inspector of Schools (02). The researcher determined the sample size from the target population of the study which was 210. Krejcie and Morgan Table (1970) was employed in the determination of the sample size for the study.

The researcher employed purposive and simple random techniques in getting the sample for the study. Purposive sampling technique was used to sample the key informants. The reason of using purposive techniques was because they were the one who could give the required data. Simple random sampling technique was employed to sample teachers. The reason of employing the techniques on them was because of the large number of teachers to be sampled and using simple random sampling technique to sample them would give them equal opportunity to be sampled.

3.3 Data Collection Methods and Instruments

Kothari (2004) pointed out two types of data: Primary and Secondary data, for the sake of this study, the researcher used both types of data that is primary data and secondary. During data collection, the following data collection instruments were developed for this study:

i) Use of questionnaires; and

ii) Review of existing documents.

3.3.1 Questionnaires

The researcher prepared questionnaires and pre-planned guiding questions for the face to face interviews. It should be noted however, that a researcher was not required to ask questions the way they were on paper, but there were ideas to guide him on what to be asked (Kothari, 2011).

3.3.2 Documentary Review

McNeill and Chapman (2013) believed that from an interpretive point of view, documents can give sociologists important insights into the social meanings that underpin social action and how people interpret the social worlds in which they live, as well as give evidence of how institutions and events are constructed. The researcher used information by studying documents and literature documents like rewards and sanctions reports, staff establishment reports and payroll reports among others that were pertinent in providing data on both the previous and present local government financial management and human resource structures.

3.4 Data Analysis

Analysis is the application of reasoning to understand and interpret the data that have been collected; Kothari (2004).

The quantitative data analysis consists of numerical values from which descriptions such as means, standard deviations and correlations are made. In analyzing the quantitative data, the researcher took time to understand the data, check it to ensure accuracy. According to Kombo and Tromp (2006), this comprise of values that are numerical and that it is from these that certain descriptions like mean and standard deviation are to be made. The collected data was entered using the Statistical Package for Social Sciences. However, analysis of data was done using descriptive statistics that reveal values of measures regarding the effects of financial rewards that was related to employee commitment, like Pearson's correlation and linear regression. This correlation coefficient helped the researcher in the establishment of the elements linking the financial rewards to employee commitment through predictor variables.

The collected data was edited and then analysed using the IBM Statistical Package for Social Sciences (SPSS) version 23 programme was used because of its simplicity and comprehensiveness in analyzing quantitative data.

3.5 Ethical Considerations

Recognizing the importance of formality in this study, the researcher obtained a letter of introduction from the Faculty of Management Sciences of Lira University. The researcher proceeded and sought permission from Apac Municipal Council authority to allow him conduct the study in the case study area without any inconveniences arising out of suspicions in which questionnaires and interview were administered to the sampled respondents. The researcher observed standard operating procedures in regards to COVID-19 guidelines by the Ministry of Health and scientific integrity by avoiding forgery of data, yet acknowledging all personal contributions and sources consulted in the study, ensuring freedom of the participants and avoiding plagiarism.

4. Findings and Discussion

4.1 The Effect of Financial Rewards on Affective Commitment of Employee

The first objective was to determine the effect of financial rewards on affective commitment of employees in Apac Municipal Council. The regression result is presented in the table 1 below.

Table 1: Regression analysis of Financial Rewards on Affective Commitment.

Model	R	R Square	Adjusted R Square	F (ANOVA	Sig.
1	.306	.143	.135	6.011	.016

a. Predictors: (Constant), Financial Rewards

The model summary of the regression analysis in Table 1 above shows that financial rewards accounted for 13.5% of the variance in affective commitment among the employees of Apac Municipal Council (Adjusted R square =0.135).

Table 2: Coefficient for the effect of Financial Rewards on Affective Commitment

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound
1	(Constant)	3.135	.316		9.909	.000	2.509	3.760
	F	.513	.088	.506	2.431	.016	.040	.387

a. Dependent Variable: A

The regression coefficient indicates that financial rewards have a positive significant effect on affective commitment (β=0.513, P<0.05). This shows that a unit increase in financial reward results to a 0.513 increase in affective commitment of employees in Apac Municipal Council. This finding is consistent with those of Melancon et al. (2010), Lumley, Coetzee, Tladinyane and Ferreira (2011), Noraani Mustapha (2013), Njanja, Maina, &Njagi, (2013), Dalvi and Ebrahimi (2013) and Ghorbani and Ladoni (2013), who found that financial rewards have a positive significant effect on affective commitment. Thus, it answers the question asking for the effect of financial rewards on affective commitment of employees in Apac Municipal Council.

4.2 Regression analysis of Financial Rewards on Normative commitment.

The second objective was to assess the effect of financial rewards on normative commitment of employees in Apac Municipal Council. The regression result is presented in the table 3 below.

Table 3: Regression Analysis for Financial Rewards on Normative Commitment.

Model	R	R Square	Adjusted R Square	F (ANOVA	Sig.
1	.407a	.194	.187	13.898	.000

a. Predictors: (Constant), Financial Rewards

Financial rewards accounted for 18.7% of the variance in normative commitment among the respondents from Apac Municipal Council (Adjusted R Square=0.187) as shown in the model summary of the regression analysis in table 3 above.

Table 4: Coefficients for the effect of Financial Rewards on Normative Commitment

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound
1	(Constant)	2.551	.297		8.585	.000	1.963	3.139
	F	.306	.082	.307	3.715	.000	.143	.469

a. Dependent Variable: N

The regression coefficient indicates that financial rewards have a positive significant effect on normative commitment (β=0.306, P<0.05). This implies a unit increase in financial reward leads to a 0.306 increase in normative commitment of employees in Apac Municipal Council. These findings are in agreement with those of Isaack Korir, Dinah Kipkebut (2016), According to Rhoades, et al., (2011) and Gohari et al (2013) who found a positive significant effect of financial rewards on continuance commitment of employees and this therefore answers a question asking for the effect of financial rewards on normative commitment of employees in Apac Municipal Council.

4.3 The Effect of Financial Rewards on Continuance Commitment of Employees

The third objective was to assess the effect of financial rewards on continuance commitment of employees. The regression result is presented in the table 5 below.

Table 5: Regression Analysis for Financial Rewards on Continuance commitment.

Model	R	R Square	Adjusted R Square	F (ANOVA	Sig.
1	.446	.220	.213	18.194	.000

a. Predictors: (Constant), Financial Rewards

The model summary of the regression analysis in Table 5 showed that financial reward accounted for 21.3% of the variance in continuance commitment among the respondents from Apac Municipal Council (Adjusted R square = 0.213).

Table 6: Coefficients for the effect of Financial Rewards on Continuance Commitment

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound
1	(Constant)	2.181	.367		5.946	.000	1.456	2.907
	F	.433	.102	.346	4.254	.000	.231	.634

a. Dependent Variable: C

The regression coefficient indicates that financial rewards have a positive significant effect on continuance commitment (β=0.433, P<0.05). This indicates that a unit increase in financial reward results to a 0.433 increase in continuance commitment of employees in Apac Municipal Council. These findings are in agreement with those of Ayse Esmeray YOĞUN (2014), Ayeni Olapade Grace (2015), Saba Saleem (2011), Mansaray-Pearce1, Bangura, Kanu (2019) and According to Dubihlela and Rundora (2014), who found a positive significant effect of financial rewards on continuance commitment of employees and this therefore answers a question asking for the effect of financial rewards on continuance commitment of employees in Apac Municipal Council.

5. Conclusion

This study investigated the effect of financial rewards on affective, normative and continuance commitment. The study found out that financial rewards had significant effect on employee commitment. The results of Pearson's Correlation analysis showed that financial rewards had positive relationship with affective, normative and continuance commitment. This means that employee commitment was high when employees received satisfactory financial rewards such as salary, bonuses, paid for trainings and seminars, transport, allowances, annual pay increment and overtime pay.

Financial rewards have a positive significant effect on affective, normative and continuance commitment of employees in Apac Municipal Council. While organizations can use financial rewards to attract employees, financial rewards at times, may not be effective in increasing the level of commitment of employees due to the level of perception the employees may have on them. The findings from this study has shown that financial reward contribute significantly to employees' desire to remain in their jobs depending on how they are handled. In view of the study findings, it was therefore imperative for elaborate and make specific recommendations to address the challenges facing the application of financial rewards as well as their effects on employee commitment in order to curb down challenges related to employee commitments.

6. Recommendations

The following recommendations were therefore suggested: Apac Municipal Council should sensitize their staff on the financial rewards criteria being applied in their respective institutions and guide them through their career paths. Also, the financial rewards being applied should be merit-based implying that hard work should be rewarded in order to encourage a committed teaching fraternity.

Key performance indicators should be specified in order to ensure fairness in determining merit-based rewards. Also, Apac Municipal Council should also carry out salary reviews in order to develop financial reward systems that are internally fair and consistent with the current acceptable national rates. The reward structure should as much as possible be all rounded in order to take care of all concerned parties. In the reward structure, the financial rewards should match the performance achieved against set targets of each employee.

Apac Municipal Council should also encourage employees to participate in decision making and should implement employees' suggestions. Decisions affecting employees should be communicated and should be as fair as possible. Also, there should also be channels available for employees to obtain clarity of decisions or additional information if they so require. In addition, formulation and implementation of employee policies should be done in order to enhance consistency of decision making on employees and to guide their relationship with Apac Municipal Council.

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