



Examining the Relationship between Remuneration and Employee Motivation in the Telecom Industry: A Case Study of Uganda Telecom Limited

Isabelle Namirembe

Director IT, Africa Renewal University, Uganda. E-mail: inamirembe@afru.ac.ug

ABSTRACT

The purpose of this study was to investigate the relationship between employee remuneration and employee motivation in Uganda Telecom Limited (UTL). The study aimed to analyze the influence of salaries, bonuses, and non-financial benefits on employee motivation. A descriptive cross-sectional research design was utilized, and data was collected through questionnaires and interviews from a sample size of 62 respondents, selected from a population of 100 employees. The findings of the study revealed several key insights. First, there was a negative non-significant correlation between salaries and employee motivation in UTL ($r = -0.217$). This suggests that salary alone does not significantly impact employee motivation. Second, the study found a positive non-significant relationship between bonuses and employee motivation in UTL ($r = 0.198$). Although bonuses were positively associated with motivation, the relationship was not statistically significant. Lastly, there was a negative non-significant relationship between non-financial benefits and employee motivation in UTL ($r = -0.023$), indicating that non-financial benefits alone do not significantly influence motivation. Based on these findings, the research concluded that UTL should establish a reward system that fosters employee motivation. Recognizing and rewarding the most hardworking employees within the organization, along with providing internal growth opportunities, were recommended strategies to reduce staff turnover. Additionally, the study suggested that UTL management should ensure that salaries meet employees' basic needs and implement a fair and proportional pay structure based on staff positions.

1.0 Introduction

The telecom industry in Uganda has experienced significant growth and technological advancements since the introduction of mobile phone services in 1994 (Uganda Communication Commission (UCC) report, 2015). Initially, mobile phone ownership was seen as a luxury and a status symbol due to the high costs involved. However, the entry of various mobile companies such as MTN, Airtel, Warid, and Zain led to increased competition, resulting in reduced call costs and improved network coverage, even in rural areas.

The industry has undergone a rapid expansion of technology, requiring employees to possess advanced knowledge and skills (www.budde.com.au, 2015). Traditional dial-up services have been replaced by technologies like ISDN, Fiber Optic, GSM, and wireless technologies to meet consumer demands. Additionally, internet usage has significantly increased, driven by Uganda's young population and favorable ICT policies (Bernard Sabiti, 2016). Remuneration plays a crucial role in motivating employees within the telecom industry. According to the equity theory, employees seek fairness in their remuneration, comparing it to others within and outside the organization (Coleman, 2021). The perception of fair remuneration directly impacts motivation, commitment, and performance. Therefore, understanding the relationship between remuneration and staff turnover is crucial for attracting and retaining talented employees in the industry.

Uganda Telecom Limited (UTL), the national fixed-line, mobile, and internet provider, has faced changes in ownership and intense competition, leading to staff turnover as employees seek better opportunities with rival operators. A study aims to explore the impact of remuneration on staff turnover in UTL, considering the industry's dynamic and competitive nature. By examining the relationship between remuneration and motivation, the study aims to provide insights that can help UTL and other industry players develop effective strategies to attract, motivate, and retain talented employees in the current global environment of technological advancements and intense competition. As years have gone by, Uganda Telecom Limited as a company has had various changes and occurrences to its employees, work standards, incentives and the like. According to the reports, employees have left for other better paying opportunities among various reasons. However, there are those that yearn to join the company as others keep working hard for survival and to stay on the job. Employee attitudes towards work vary from one person to another thus posing a question about what effect employee remuneration has on employee motivation in an organization case of Uganda Telecom Limited. Therefore, this study mainly focused on the effect of remuneration on motivation of employees in Uganda Telecom Limited being that majority of the staff there are technology or science based. The following hypothesis were tested:

H₁: Salaries significantly have an influence on employee motivation

H₂: Bonuses greatly influence employee motivation

H₃: There is a positive relationship between non-financial benefits and employee motivation

2.0 Literature Review

2.1 Motivation

Motivation is the driving force behind employee behavior and can be categorized into biological drives and social/psychological motives (Candela, 2015). It encompasses both intrinsic and extrinsic factors, with motivations often being a combination of both. However, challenges in employee motivation can lead to staff turnover, where employees leave the organization voluntarily or due to retirement or illness (Rick, 2020). Staff turnover, also known as employee turnover, refers to the loss of talent in the workforce overtime and is influenced by employee motivation (Sherifah, et al 2022; Roder, 2019). A study conducted by Gallup's 2015 workforce panel found that 51 percent of employees actively seek new job opportunities at any given time (Gallup, 2015). This highlights the significance of addressing employee motivation, especially as organizations grow beyond a single individual. Numerous authors, including Cathy Bishop (2019), have emphasized the importance of employee motivation and its impact on organizational culture. It has become a significant concern in today's business world (Thompson, 2021). Understanding and effectively managing employee motivation is crucial for organizations to retain talented employees and create a positive work environment.

2.2 Salary and Employee Motivation

Salary is a fixed regular payment that is paid on a monthly basis or it can be known as a form of payment from an employer to an employee which may be specified in the employment contract. Therefore, it has been identified that people are usually motivated by money. This is because the employee does not see salary just as an amount but rather it is viewed as his or her value to the employer. With this in account, the salary can therefore have an impact on his or her overall performance. A worker is therefore more likely to potentially perform to his best if he is happy with what they are earning. According to Laura Woods, an employee earning a high salary will feel much motivated to do a great job in order to retain his position. This is because it is a sense of security and accomplishment in life (Woods, 2013). This is also supported by Zeynep Ton that an employee satisfied is more productive and well-motivated. It is also believed that strong staff salaries can deliver returns that are healthy even if wages are classified as operating expenses. For a business to have great products or services it lies in the true strength of people in the company and these deserve to be remunerated well to keep them and attract those that are talented (Symeonidis, 2008).

There is limited exploration of the relationship between salary and job satisfaction: While it is stated that salary has an impact on employee performance and motivation, Tomas Chamorro-Premuzic argues that the association between salary and job satisfaction is weak and that employees' personalities are better predictors of engagement and motivation. However, further investigation is needed to understand the complexities of this relationship and the varying effects of salary on different individuals (Chamorro-Premuzic, 2013).

2.3 Bonuses and employee motivation

Bonus is a payment that is in addition to a base salary of an employee. According to Andrew 2019, it is a financial compensation that is above and beyond normal payment expectations. They are usually reward achievements or gratitude signs to the employee from the employer. These can be by cash or stock (Bloomenthal, 2019). According to Mayhew 2020, bonuses are part of the employee recognition programs that are rewarded upon reaching the set organizational goals. She further distinguished bonuses into performance bonus, End-year bonus, profit-sharing bonus and discretionary bonus. It is also believed that bonuses are by high performing issuance and to employees that generate profits thus a way of motivation (Mayhew, 2020). That said there is a lack of consensus on the effectiveness of bonuses in employee motivation: While bonuses are commonly seen as a way to reward achievements and motivate employees, there are disagreements regarding their impact on motivation. Some argue that bonuses are effective in motivating high performers and those who generate profits, while others suggest that motivation comes from addressing personal success and failures. This discrepancy highlights the need for more research to clarify the role and effectiveness of bonuses in motivating employees (Tucker, 2009).

2.4 Non-Financial Benefits and employee motivation

These refer to incentives which help in satisfying psychological and emotional and social needs in the life of an individual. These may include status, organizational climate, job security, recognition programs among others. They can even go into details of having a house and a car

etc. At times, even an employee's promotion at the job may psychologically satisfy him (Kalpana, 2019).

According to Ahmed (2009), the commitment and energy displayed by employees in a company as a motivation yardstick of their jobs is through non-financial rewards among others. He further says that it is important for any organization to among other principles of management; discover what increases the motivation levels of the employees (Ahmed, 2009). In this day, it is unquestionable that non-financial rewards boost up performance levels because money just makes a mere go but the non-financial reward in form of job security for example causes a self-driving force in the employee and in the long run, that self-satisfaction will lead to better performance (Kalpana, 2019). Marie 2012, further supports that making your employees feel appreciated for the work they do, an email of thank you or a lunch that shows gratitude will boost their efforts. It is also evident that right now, companies feel strapped

for cash and they cannot just simply afford to give bonuses or raises, however tough times don't mean that the employees shouldn't be thanked. Therefore, in times as these, the non-financial benefits can mean a lot and move the hearts of the employees to deliver more beyond expectation (Marie, 2012).

Insufficient exploration of non-financial benefits and their impact on employee motivation: The review briefly mentions non-financial benefits, such as status, organizational climate, job security, and recognition programs, as incentives that satisfy psychological and social needs. However, there is a lack of in-depth analysis on the specific non-financial benefits and their influence on employee motivation. Further research is needed to examine the effectiveness of these benefits and how they contribute to enhancing employee motivation and performance (Ahmed, 2009; Kalpana, 2019).

Furthermore, limited examination of alternative forms of recognition and appreciation is an evident gap. The review briefly mentions non-financial forms of appreciation, such as a thank-you email or a lunch, as means to boost employee efforts and motivation. However, there is a need for more research on alternative forms of recognition and appreciation that can be effective, especially in situations where financial resources for bonuses or raises are limited. Exploring creative ways to acknowledge and show gratitude to employees can provide insights into alternative approaches for enhancing motivation and job satisfaction (Marie, 2012).

3.0 Methodology

The research design of the study was descriptive cross-sectional, employing both quantitative and qualitative approaches. Data was collected periodically from employees of Uganda Telecom Limited (UTL). The quantitative approach utilized questionnaires and numerical analysis, while the qualitative approach involved interviews and analysis of responses using words. This combination aimed to enhance the reliability of the findings. The target population for the study was 100 employees of UTL, located at the organization's headquarters and representing various departments and remuneration packages. The sample size consisted of 62 participants, including 10 managers selected through purposive sampling and 52 lower-level staff chosen using simple random sampling. Both probability and non-probability sampling techniques were employed. Purposive sampling was used to select the management team, while simple random sampling was used for the lower-level staff. Purposive sampling aimed to include individuals with high knowledge and experience related to remuneration and motivation.

Data was collected through questionnaires and interviews. The questionnaires were sent via email to the selected employees, allowing them to respond at their convenience. The interviews were conducted face-to-face with members of the management team. The choice of data collection methods was influenced by factors such as time constraints, the literacy level of the participants, and the ability to follow up on leads. The data collection instruments included structured questionnaires and interview guides. The questionnaires comprised close-ended and open-ended questions, utilizing Likert scales for ease of answering and analysis. The interview guide consisted of similar questions to gather qualitative data.

Quality assurance measures were taken to ensure the validity and reliability of the instruments. Content validity (CVI= 0.81) was assessed using expert judgment, and the instruments were pilot tested to ensure clarity and appropriateness. Reliability was established through pilot testing and calculating Cronbach's Alpha coefficient ($\alpha = 0.721$). Quantitative data analysis involved descriptive statistics such as frequencies and percentages, as well as correlation and regression analysis. Qualitative data analysis followed Creswell's five-step approach, including identifying themes, eliminating redundant information, classifying themes into categories, and integrating categories into a total description. Ethical considerations were taken into account, ensuring confidentiality and anonymity of the participants. Participants were informed about the study, and their willingness to participate was respected.

4.0 Results

4.1 Demographics of Respondents

Majority of respondents in the study were males constituting 63%. Most of the respondents had been working with Uganda Telecom Limited for over 10 years and these amounted to 42%. 37% had been working with Uganda Telecom Limited for 6-10 years and the least percentage of 8.9% of the respondents had been at Uganda Telecom Limited below 2 years and lastly 11.1% represented those working for 3 years to 5 years.

4.3 Relationship between Salary and Employee Motivation

Table 1: Correlation results for salaries and employee motivation

	Salary	Staff motivation
Pearson Correlation	1	-.217
Sig. (2-tailed)		.152
N	45	45

Findings show that there was a negative correlation ($r = -0.217$) between salaries and employee motivation. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .152$) is more than the recommended critical significance at

0.05. Thus, the relationship was not significant. Due to the stated hypothesis “Salaries significantly have an influence on employee motivation” the null hypothesis was rejected. Thus, the implication of the findings was that the higher the salaries, the lower the employee motivation and vice versa.

4.4 Relationship between Bonuses and employee motivation

Table 2: Correlation results for Bonuses and employee motivation

	Bonuses	Staff motivation
Pearson Correlation	1	.198
Sig. (2-tailed)		.191
N	45	45

Findings show that there was a positive correlation ($r = .198$) between Bonuses and employee motivation in Uganda Telecom Limited. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .191$) is more than the recommended critical significance at 0.05. Thus, the relationship was not significant. Due to the stated hypothesis “Bonuses greatly influence employee motivation” the null hypothesis was rejected. Thus, the implication of the findings was that the higher the bonuses the higher the employee motivation and vice versa.

4.5 Relationship between non-financial benefits and employee motivation

Table 3: Correlation results for non-financial benefits and employee motivation

	Non-financial benefits	Staff motivation
Pearson Correlation	1	-.023
Sig. (2-tailed)		.881
N	45	45

Findings show that there was a positive correlation ($r = -0.023$) between non-financial benefits and employee motivation. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .881$) is more than the recommended critical significance at 0.05. Thus, the relationship was not significant. Due to the stated hypothesis “There is a positive relationship between non-financial benefits and employee motivation” the null hypothesis was rejected. Thus, the implication of the findings was that the higher the adherence to non-financial benefits, the lower the employee motivation and vice versa.

5.0 Discussion and Conclusion

According to the study findings, there is a negative non-significant correlation between salaries and employee motivation in Uganda Telecom Limited ($r = -0.217$). This aligns with the perspective of Woods(2013), who suggests that higher salaries can motivate employees to perform well and feel secure in their positions (Woods, 2013). Similarly, Zeynep Ton argues that satisfied employees are more productive and motivated, emphasizing the importance of fair remuneration to attract and retain talented individuals (Symeonidis, 2008). On the other hand, Tomas Chamorro-Premuzic suggests that the link between salary and job satisfaction is weak, and employees' personalities play a more significant role in engagement and motivation than salaries (Chamorro-Premuzic, 2013). As a result, it is concluded that efforts should be made to enhance employee motivation in UTL. This includes offering salaries that meet basic needs, providing salary increments every two years, and ensuring a fair and proportional overall pay structure.

Regarding bonuses, the study reveals a positive non-significant relationship between bonuses and employee motivation in Uganda Telecom Limited. This is consistent with Mayhew's viewpoint that bonuses, as part of employee recognition programs, can serve as a motivational factor based on achieving organizational goals (Mayhew, 2020). However, Tucker disagrees and argues that motivation stems from addressing success and failures, rather than solely relying on bonuses (Tucker, 2009). Consequently, it is concluded that the company should offer satisfying bonuses to foster employee commitment. This can include various types of bonuses such as holiday bonuses and retention bonuses.

In terms of non-financial benefits, the study found a negative non-significant relationship with employee motivation in Uganda Telecom Limited. Abdallah suggests that non-financial rewards, such as job security, can contribute to increased motivation and commitment among employees (Ahmed, 2009). Kalpana supports this notion, stating that non-financial rewards, like job security, can create a self-driven force and ultimately lead to better performance (Kalpana, 2019). Marie emphasizes the importance of showing gratitude and appreciation to employees through non-financial means, particularly in challenging financial times (Marie, 2012). Therefore, it is concluded that there are areas that need improvement. These include implementing a reward process that builds motivation among employees, recognizing the most hardworking employees within the past 2 to 5 years, and providing internal staff with available opportunities within the organization.

In light of the above discussion and conclusions, below are the suggested recommendations as per each study objective;

- 1 The UTL management through the human resource management should work on enhancing takes into consideration of staff reward process in the organization that builds motivation in the employees. This kind of service will both benefit the entire company as well as benefiting the staff.
- 2 The UTL Management human resource department should work on recognizing the most hardworking employees annually and motivate them through simple means like fuel and shopping vouchers
- 3 The UTL Management should work on a consummate policy to satisfy employees with the salary you get and it meets your basic needs as this drive employee commitment and motivation. These too are important in ensuring that quality of talented staff is maintained.
- 4 The UTL Management should work on making the overall pay structure fair and proportional to staff positions

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