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Reward Management System Model For University Governance

Lydia Emuron

Abstract: The study set out to analyse the contribution of the Reward Management System (RMS) on the Performance of Academic Staff (ASP) in Selected Private Universities in Uganda as mediated by the cost of living (COL). A cross-sectional survey design using both qualitative and quantitative approaches was used. Data were collected using questionnaires, focus group discussions and interviews from 250 respondents. Data was analysed by descriptive and inferential methods. Descriptive analysis involved frequencies, percentages and means. Inferential analysis involved correlation and regression analyses. The results revealed that there was a positive significant relationship between RMS and COL, significant relationship between the COL and the ASP. RMS and Performance were found to be moderately and significantly related. The study concluded that there was a relationship between RMS, Col and ASP. A *Progressive RMS Model* was proposed, which when subjected to simulation, exhibited a raise in academic staff performance by up to 58.7 percent. This model redefines performance of academic staff to include and reward both technical and behavioural aspects, as well as factoring into the reward formula the effect of changes in the cost of living. universities adopt the Progressive Reward Management Model to improve motivation of staff, stability and sustainability of institutional achievement.

Key words: The Progressive Reward management system Model

Introduction

Quality education is the key enabler of sustainability and this cannot be achieved by universities without them incorporating innovative solutions into their governance practices. Universities set up reward management systems with the hope that it makes the academic staff perform their roles to the satisfaction of all stakeholders. There were, however, numerous complaints and contradictions about the performance of academic staff in private universities, compelling the undertaking of this study. In this 21st Century, all efforts should be garnered towards equipping senior managers and stakeholders with the relevant skills and knowledge to provide sustainable. The study examined relationships between, reward management system, cost of living, and the performance of academic staff in private Universities in Uganda with the view to enhancing academic staff performance. World over, employee reward constitutes one of the central pillars that support the employment relationships within the organisations contracting them. Since remuneration in many settings has always been the centre piece of the employment relationship, the manner in which it is managed is likely to influence work outcomes within organizations (Lewis, 2001; Keith, 1985). Work in employment is done in return for a pay (Milkovich and Newman, 2004). The methods of determination of the pay for a specified amount of work vary and may, in some cases, involve negotiations. In such a case, it depends on the level of expertise of the person being paid and the one computing the pay and the needs of the organisation. Once negotiations set in, then the process may be perceived as an effort-bargain between the employee and employer (Rubery and Grimshaw, 2003). This means that the reward management system should be flexible enough to allow for negotiation between the two parties. This makes the workers value the reward that is eventually agreed upon. Employee reward refers to all forms of financial returns and tangible services and benefits that workers receive in their work-place (Armstrong, 2002). All organisations do reward their workers; but the nature and quantum of reward for the same level of work differs from one organisation to another. Even in universities in Uganda, it is common to find academic staff holding the same rank, but earning different rates. This would be alright as long as the difference in pay can be explained by policy and is not perceived by the employees as inequitable. It is not unusual for organisations to give out different kinds of rewards to their workers regardless of the reward's effects and consequences (Karami et al, 2013). There are three fundamental reasons that underpin the importance of appropriately rewarding employees, namely; to be able to attract the right caliber of employees; to retain excellent performers; and to maintain the employee's zeal to work. Put together, these three fundamental factors constitute motivation and development (Armstrong et al, 2008). Once the right caliber of academic staff is attracted and motivated, the staff are bound to perform as expected and, as a result, the output of the institution is likely to be valued by stakeholders, hence leading to institutional development. Ideally, every organisation is looking for excellent performers. Once identified, every effort should be made to retain them. If rewards help in their retention, then management's challenge would be to put in place systems and practices to ensure that the staff are adequately paid and satisfied. Moreover, the right reward may not necessarily be high pay. The whole essence is to maintain the workers' zeal to perform their roles to the best of their ability. These are key elements that drive the achievement of organisational goals, meaning that the right rewards create a competitive advantage for the organisation over others (Ashley, 2007). In terms of a university setting, a competitive advantage intimates that that university would be more valued and therefore more sought out by the stakeholders than similar institutions in the market place. Additionally, employee rewards are an excellent tool for recognising good performance, besides making employees feel that they are valued and appreciated (Tibamwenda, 2008). It is therefore imperative that universities construct and put in place ideal ways and means of manipulating their reward management systems so as to be able to: attract the right and desired caliber of the academic staff; retain excellent performers; and maintain the zeal of the employees as to enable them optimally perform under their respective employment contracts. A reward management system is a broad concept whose presence in a work environment symbolises an organised setting. An organisation's reward management system (RMS) comprises of practices that are associated with the financial and nonfinancial rewards, the reward strategy as well as policy on rewards. The latter two aspects contribute to the psychological satisfaction of both the employer and the employee. This is because while reward strategy brings about the most efficient way by which high quantitative and qualitative performance results should be achieved, reward policy on the other hand brings about issues of consistency in the system, which should benefit the employee. Indeed, a sound RMS ought to deal with strategies, policies and processes required to ensure that the contribution of people to the achievement of organizational goals and objectives is recognised (Armstrong, 2000). It is in sync with the organization's vision from which the mission is derived and objectives ultimately drawn. From the objectives, organizational strategies are designed. It is within these strategies that reward strategies are made so that they can enhance the achievement of the set organisational objectives. Once reward strategies have been agreed upon, then reward policies are formulated in order to ensure compliance (Rewards Consulting, 2015; Armstrong and Brown, 2006; Armstrong, 2002). Financial and non-financial rewards must aim at facilitating the accomplishment of the set reward strategies (Armstrong and Brown, 2006) and objectives. A good RMS should serve to increase employee performance, which refers to how well an employee fulfils the requirements of a job (Harrison, 1999). More importantly, it should be able to motivate and inspire people to achieve greater results that would ultimately benefit the employer. This is principally because reward management systems do elicit good performance and maintenance of employee commitment to work and to the organisation (Sahal and Abukar, 2011). Universities should therefore aim at ensuring that they command good reward management systems. The guiding principles for setting up a good RMS in an organisation, a university setting inclusive, are that; it should support the achievement of business goals; it should provide and maintain competitive rates of pay or rewards that are capable of attracting, retaining and motivating staff to perform better in terms of the standards and targets that had been set in respect of the activity performed. A good RMS ought to assist employees in developing a high performance culture, given that such a system aims at rewarding people according to their contribution to the organisation. It should therefore be based on job evaluation. Organisations should also allow for a reasonable degree of flexibility and choice by the recipients of benefits, as well as ensure that equity and transparency exists in the administration of the rewards. This is more pertinent because rewards are an essential ingredient of strategy reinforcement (Cushway, 1999). The reward management system is implemented initially by governing bodies setting reward policies and then by management following these policies in the course of their day to day operations (Armstrong and Murlis, 2007). It is on the basis of the above expose that policies are made in organisations so as to guide the level of and the manner in which management distributes rewards. These policies, in turn, impact considerably on the productivity of the organisation's workforce as well as its overall performance in terms of the extent to which the organisation's goals and objectives are achieved. In practice, factors that affect the operations of the reward management system include the size and nature of the organisation, the strength of and the pressure emanating from labour groups, job evaluation, the prevailing cost of living, level of competition, the organisation's ability to pay out the rewards, and what similar organisations pay (Zingheim et al, 2000; Oakland, 1999; Natwenda, 2010; Ssekikubo, 1999 and Bowen, 2002; Pride et al, 2002). These factors do prevail in universities as well and invariably do affect employee performance whose measurement is set basing on the productivity of the organisation. In a university setting, measurement of academic staff performance is based on only technical aspects such as teaching and evaluation, research, and community outreach services. The implications of execution or non-execution of these activities on the value of the rewards must be clearly communicated to the academic staff right at the onset of the work period. There is however, a tendency to have unexplained payments to some academic staff in some universities (Shield, 2004). Employees are becoming more and more sensitive, wary and intolerant about discrepancies between what organisations state should be done vis-à-vis what the staff actually end up executing and getting rewarded for. This poses additional challenges to private universities in Uganda, given that they operate in a dynamic and competitive economic as well as liberalised business environment. It is imperative, on the part of their managers, to be innovative and to consistently exert concerted effort towards attracting, motivating and retaining quality academic staff for purposes of moving their universities in the desired direction. This is particularly more compelling because their final output, the student, is supposed to form vital human resource sector-inputs that are capable of moving the country towards achieving its national vision, say *Vision 2040*, in the case of Uganda. Possibly, such a long-term dream cannot be achieved if the academic staff are not well rewarded and motivated enough to be able to churn out quality graduates who will incrementally and cumulatively make a fundamental social and economic difference across the country in future. This research is an attempt to make a contribution towards the various national, regional and global endeavours in that regard.

Review of Related literature

Theoretical Perspective

A reward is an incentive that increases the frequency of employee action (Zigon, 1998). It is supposed to increase their effort and performance beyond the minimum acceptable standards. This can only occur if the reward elicits employee motivation. Given that whatever is achieved by a university invariably depends on human activity, it was imperative that the theoretical foundations of motivation were examined in closer detail in order to underpin their causal relationships. Fundamentally, whatever motivates people is usable as a variable that can be applied to control work performance and to achieve varying levels of the final output. The study on reward management systems and performance was accordingly grounded on the theories of motivation. This study was guided by the expectancy theory of motivation as proposed by Victor Vroom (Vroom, 1964). Vroom defined motivation as a process governing choices that are made by the individual. The individual is motivated by the expected results of a given behaviour (Guest, 1986). The motivation then results from the individual's expectancy that certain effort will lead to an intended performance, which will, in turn, lead to the desired reward; be it financial, nonfinancial or both. It is implied that, at institutional level, there would be need to define the nature of rewards, formulate strategies and policies that govern the management of rewards for purposes of being able to meet individual expectations. This rationale is illustrates the basic model of the causal relationships between the three variables of effort, performance and reward. Vroom's Expectancy Theory provides that there is a positive correlation between employee efforts and performance. The theory advances a belief that people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards (Vroom, 1993). It explains why individuals decide to act in a certain way. In essence, individuals may decide to perform well or just use minimum effort depending on how they are motivated to behave that way.

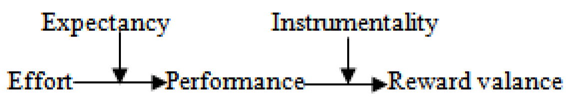

Figure 1: *Victor Vroom's Expectancy Theory Model*
Source: *Dessler, 2003*

The theory explains the cognitive processes through which an individual goes to make a choice and consequently ends up behaving in that direction. The theory assumes that work behaviour is determined by individual expectations (Shield, 2004) and is supported by the assumptions that: people join organisations with expectations about their needs, experiences and motivations which influence them. Secondly, an individual's behaviour is as a result of conscious choice, and, depending on their expectations, people choose the way they will behave. Thirdly, people want a number of things from the organisation. Lastly, people will choose the outcome that optimises their individual gain (Ozgur, 2008). This explains why reward management systems in universities should incorporate practices and procedures that will elicit behaviour that will in turn lead to acceptable performance in private universities in Uganda. Critics of this theory included Lawler and Porter (1968) and Graen's (1969) who complained and sought to modify the model because of it purportedly being too simplistic. According to them, employees would not work hard just because of the expectation that employers will increase their reward. Rather, they must believe that the reward to be given is enough to satisfy their need. This meant that a number of rewards would have to be aligned for the employees to choose from. Employees in private universities in Uganda are not yet that lucky to be exposed to an array of such alternatives. Currently, almost all universities use the single spine mode of pay, where the staff are paid a lumpsum salary, not broken down to show the different items being paid for. The critics however missed out on the consideration of management of the reward in a systematic manner as propounded by the scientific movement. Maloney and McFillen (n.d) further looked at the supervisor's role and added to the explanation that expectancy was when the supervisor created an equal match between the workers and their jobs. They redefined instrumentality to mean workers knowing that any increase in their performance would lead them to achieving their desired goals. In practice however, this does not just happen without universities having put in place the requisite reward strategies, hence the need for this study. A reward management system would help correlate preferred outcomes to performance levels that the organisation aimed at achieving.

Historical Perspective

A reward management system is one of the most important aspects of human resource management. Its soundness depends on what an employee is paid for a fair day's work (Subba, 2009). On the international scene, reward management systems have evolved over time, with each set of researchers progressively making vital input to the practice in form of additions. The notion of rewarding employees in relation to performance has existed since the 19^{th} century when piece rate systems were first implemented, linking pay to the level of output (Schiller, 1996). In the 19^{th} and 20^{th} Centuries, several wage theories were used as a basis for rewarding workers (Stajkovic and Luthans, 1998). These theories included among others; the Just Wage theory, subsistence theory, standard of living theory and bargaining theory. The just wage theory was among the first and its essence was that the workers should be paid to a level that enables them to maintain themselves and their families. This was in line with the subsistence theory, which advocated that labourers should be paid so that they could subsist. These two theories were good in as far as considering the changing economic conditions was concerned. The Standard of Living theory by Karl Marx was another theory that required that the pay be made while taking into consideration the standard of living prevailing in the area in which the employees were staying. The Bargaining theory of Wages stated that the pay should depend on the bargaining ability or strength of the employer on one hand and the employee on the other. These set of theories however did not take into account the need to consider the economic standing of the organisation. Behavioural scientists came on board and also cited various factors including size, nature of organisation, strength of labour unions, social norms, customs, and traditions as effects on wage determination (Zingheim et al, 2000; Oakland, 1999; Natwenda, 2010; Ssekikubo, 1999 and Bowen, 2002). Other factors cited by researchers to determine rewards included the prestige associated with the job in terms of authority, responsibility and status, level of job satisfaction, morale and the attendant level of performance. University education in Uganda dates as far back as 1950 when Makerere became a University college. The reward management system then was streamlined and the academic staff remunerations were reasonable in relation to the cost of living. This was premised on the university's special relationship with the University of London which was well established and acted as a benchmark for Makerere. Also, teaching and research facilities, in addition to extensive aid, were then adequately provided for by the Government of Uganda

(Nakanyike, 2003). It was not until the 1990s that private universities emerged to absorb the excess demand for higher education, with Ndejje University becoming the first such university in 1992 (Senyimba, 2008). As more of these universities were set up, the founders looked up to Makerere University and other public institutions as the source of their academic staff and managers. The latter indeed designed the RMS which was, in many respects, similar to the one in place at Makerere University. However, such RMS structure was meant for public universities, and may not necessarily have suited the private universities. As a result, they faced and did have challenges in eliciting the desired staff performance. Modern considerations that form the basis of a good reward management system that result into good performance include; job evaluation, which helps to determine the relative worth of the job; the organization's ability to pay; cost of living; productivity; pressure from labour unions; and government legislation (Gungor, 2011;Thomson, 2011; Nsour, 2012) . Remuneration that is offered in a comparable industry is another factor that is often taken into consideration. This is because for a reward management system to be effective, it should be comparable to those that are offered by other firms in the same industry through benchmarking (Pride et al, 2002), lest it triggers human resource exodus to firms that offer better rewards. Given that private sector service providers are increasing in number, if the investors in this sector do not check the aspect of conforming to industry standards in terms of rewards offered to their employees, they may face the same catastrophic consequences regarding labour mobility. Given the socio-political and economic conditions abound in Uganda, one wonders whether, at all, these aspects are considered by reward managers in private universities in the course of designing reward management systems that motivate employees well enough to cause attainment of the desired performance levels and standards.

Contextual Perspective

The context of the study was that of the reward management system, cost of living and the performance of academic staff in Private Universities in Uganda. In the 1990s, upon liberalisation of the education sector in Uganda, several private universities were established in the country. The state promised to put in place measures which would accord every citizen an equal opportunity to attain university education, which is the highest level of education. In response, individuals, religious bodies and Non Government Organisations were given the mandate to fund and operate educational institutions on condition that they would comply with the general educational policy of Uganda and maintain national standards (Government of Uganda, 1995). By 2006, 24 universities had been set up in the country (Mande, 2009). However, despite these numbers, it was observed that the contribution of their academic staff in terms of education provision and hence performance, was considered insignificant (Kajubi, 2007). By then, universities were governed at the center by the Higher Education Department of the Ministry of Education and Sports (MoES). The evident "university boom", characterized by their insignificant performance, prompted government to institute a regulatory mechanism, the National Council for Higher Education (NCHE), to directly oversee these institutions. NCHE assesses and certifies that a charter be granted to an institution basing on adequacy and accessibility of physical structures and availability of staff for the courses to be offered (Kasozi, 2009). The quality of services, their effectiveness, efficiency, accessibility and viability depends, in the final analysis, on the performance of those members of staff who deliver the services. This, in turn, depends on the policies and practices that are directed towards guaranteeing that an appropriate number, type, and calibre of staff are available in the right place at the right time. These can only be right if a proper reward management system is in place. In essence, the private universities were using what can be termed as the 'Public Service RMS Model' presented in Figure 1. The basis of rewarding academic staff in the private universities was benchmarking the existing rates of the public service, especially the public universities and it was characterised by incrementalism in four of the six universities. Financial rewards were offered by all the selected universities in form of salaries and allowances. All academic staff were either on full time or part time contracts. Fulltime contract staff were paid a monthly salary. The salaries were graded into various scales based on the ranks of the academic staff ranging from Professor as the highest to Teaching Assistant as the lowest paid academic staff, just like the ranks in the public universities, the money was paid in the single spine format (Makerere, 2010; Bugema,2013; Nkumba, 2013).

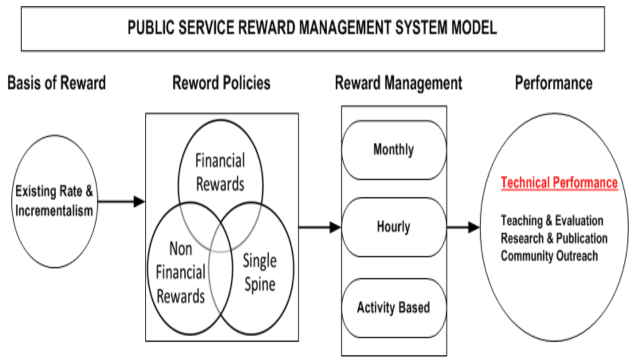

Figure 1: *Current RMS Model being used by the selected private universities*
Source: *Primary Data, 2015.*

Allowances were also paid to them, but their timing was in most cases dependant on when the universities would get funds. Several activity based allowances such as responsibility, marking, extra teaching load, research supervision, internship supervision, among others, were also paid to eligible staff by several of these institutions. Part time teaching academic staff were paid on an hourly basis, and in some universities, they were paid a fraction of the contracted money on a monthly basis, spread through the contracted period. In other universities, the staff had to claim for their money at the end of the semester, after handing in the examination and coursework marks. One of the Universities paid their part time academic staff each time they reported to work. Non financial rewards to academic staff were minimal across the universities as majority of them concentrated on paying financial rewards only. Some universities offered accommodation, meals, staff vans, gifts and awards.

While others offered only financial rewards to their academic staff. In this form of reward management system, it was only technical performance that was focused on by the universities, yet, being private institutions, the academic staff who directly interfaced with the primary client, the student, had more roles to play than just the technical guidance. Despite these structures being in place however, earlier studies conducted in Uganda indicated that there were unexplained reward differentials among employees in private universities, pointing to a problem in the RMS. There was a lack of an appropriate mix of financial and nonfinancial rewards (Besigye, 2011). Reward management systems in these institutions were characterised by the different ways in which the institutions remunerated their staff, yet they were all regulated by the NCHE as documented by the Universities and Other Tertiary Institutions Act, 2001. The NCHE was established to guide the establishment of institutions of higher learning, license, monitor, and regulate higher education in the country (Universities and Other Tertiary Institutions Act, 2001). It was mandated to ensure that quality and relevant education is delivered to the target population and to transform higher education from a monopoly of the elite to the right of the masses (NCHE, 2012). This should be done in line with global forces which are transforming the way in which higher education is being delivered in the country. Elsewhere, in the United Kingdom (Leeds University, 2010) as well as Nigeria (Osamwonyi et al, 2012), reward management systems were designed to bring about all round excellence in the performance of their academic staff. In all cases, the employee is the most critical variable and main achiever of the desired performance targets. They ought to be the main element of focus in the national as well as institutional attempt to address issues of reward, motivation, performance and productivity. The pay package, technically known as compensation, is one of the most obvious and visible expressions of the employment relationship (Wilson, 2000). It is the main issue of exchange between the employee and the employer; and forms the centre piece of the Reward Management System. It is for this reason that reward management systems were examined to determine the nature of its relationship with other socio-economic factors, particularly the cost of living, and employee performance in private Universities in Uganda.

Methodology

The study's research design was a cross sectional descriptive survey using both quantitative and qualitative approaches. Both primary and secondary data was collected from the selected sample. Questionnaires, interviews, focus group discussions, document review and observation of aspects of the respondents were used to collect the required data. The main focus of the study was the teaching academic staff. The units of observation were the private universities and the units of analysis were the academic staff as consumers, officials from the Ministry of Education and Sports, National Council for Higher Education and Top managers who were perceived to influence and implement decisions regarding reward management systems, cost of living adjustment and performance of academic staff in those universities. Data was analysed by descriptive and inferential methods. Descriptive analysis involved frequencies, percentages and means. Inferential analysis involved correlation and regression analyses.

Results

The study focused on selected private universities, a prescribed sample of academic staff, important stakeholders such as veteran educationists, as well as on-the-ground top officials from the selected universities, It was established that there was a positive significant relationship between the reward management system and cost of living ($r = .241$, $p< 0.01$) and that variations in the Reward management system predicted variations in the cost of living at 5.4 percent. The 94.6 percent were assumed to be caused by other factors. This was in line with the qualitative responses. These findings imply that changes in the cost of living must be incorporated in the reward management system so as to achieve the intended effect of the reward. This consideration, according to the study, enables the academic staff to remain able to buy the same basket of goods and services even in light of the soaring inflation. The study further established that much as several respondents pronounced a significant relationship among the components of cost of living and performance in line with the qualitative responses from interviewees and discussants, there was no significant relationship between cost of living and performance of academic staff in the private universities ($r = 0.065$, $p > 0.05$). It was further found out that the contribution of the variations in cost of living affect performance by only 0.1 percent, confirming further that there was no effect. This result was justified from the viewpoint that the rewards earned by the academic staff in private universities were not necessarily based on good performance. Rather the rewards were based on what the existing universities had been offering; even for those universities which offered salary increments, the percentage was arbitrarily determined. The relationship between reward management system and the performance of academic staff was positively significant ($r = .440$, $p < 0.01$). Variations in the RMS predicted improvement in performance to the tune of 19 percent. This meant that the reward management system had a great effect on the performance of academic staff in the private universities.

Conclusion

Empirical evidence from this study confirmed that the reward management system has an effect on both the cost of living and performance of academic staff. This means that for academic staff in private universities to perform well, the reward management system must be made in such a way that during the determination and management of rewards, consideration is made of changes in the cost of living. One important signal that was conveyed here was that when designing or reviewing the RMS, the reward policy and strategy component ought to be accorded the greatest weight and consideration since it tended to define all attributes of a good or bad RMS. The other indicators, namely; financial and non-financial rewards, followed in that order of priority and emphasis. This revelation is not surprising because, ideally it is on the basis of the guidelines that have been set and outlined in the reward strategy and policy that the financial and non-financial rewards would be distributed to staff. It is supposed to be the administrative foundation on which the quantum of both the financial and non-financial rewards would be set. Indeed, given that it influenced the overall RMS by 99.6 percent, it was fitting to say that the institution's reward strategy and policy formed the foundation upon which the entire superstructure of the RMS model rested. It is an area which ought to have received maximum attention and action in order to stimulate and trigger off positive responses from the other dependent variables. This suggestion is in line with the expectancy and equity theories (Adams, 1963; Vroom, 1964; Porter and Lawler, 1968; Armstrong, 1996; Lunenberg, 2011) both of which emphasized instrumentality, valence and justice in the management of rewards. That of the three performance indicators, including teaching and evaluation, and community outreach, research bore the least influence (89.5 percent) on performance, was rather surprising. According to records that were seen, research activities were found to be the basis upon which rewards, such as promotions, were given to the academic staff in private universities. In fact, career growth in a university's scholarly landscape was known to be pegged on how much research work one had supervised, done and published. Looking at the macro-picture, the result that the RMS influenced COL certainly made logical sense. Rationally speaking, a favourable RMS induced better standards of living amongst the staff, as much as it could be inflationary in nature. Controlling the latter is the purview of the country's monetary authority. Nonetheless, this direction's power of influence was found to be weak to the extent that its effect depended on the recipient's consumption habits and whether or not the adjustment was applied directly to defray the COL incremental difference. It also depended on the magnitude of the differential and how much of RMS adjustment went to address the cost of living differential. On the other hand, a downward review of RMS was, in most cases, not feasible, given that prices were generally rigid downwards, as much as were people's expectations about their pay levels. To force such action could possibly trigger staff unrest and industrial action. Yet, say, an increase in COL often invariably called for a concerted bilateral engagement between the academic staff and their employers with a view to addressing the employees' pay concerns. Its outcome too, was always one-way, and so was the seriousness of its impact on RMS.

THE PROGRESSIVE RMS MODEL

Path Analysis

Analysis of the research findings led the attachment of values to the paths of the hypothesized model as shown in Figure 2.

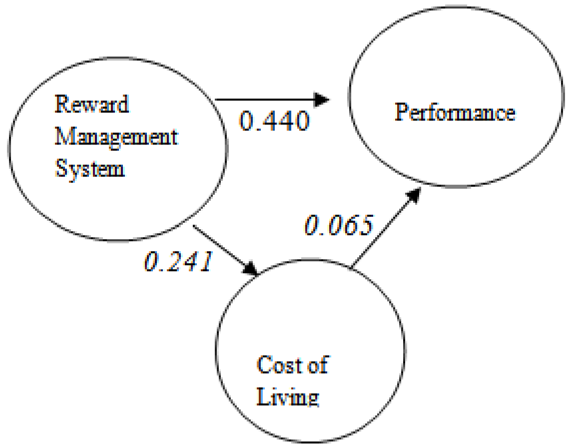

Figure 2: *Path Analysis for the Hypothesised Model*

The model in Figure 2 depicts a relationship to the effect that RMS influences COL by 24.1 percentage points. It suggests that there are other factors which predict a 75.9 percent change in RMS. It further implies that an adverse change in the level of academic staff's cost of living does not necessarily invoke a review of RMS, unless other factors come into play to contribute to such an inducement. This is probably why, in the face of inflation, it usually takes longer than necessary for institutions to voluntarily adjust staff pay packages unless, or despite, precipitation of industrial action by the academic staff. The model also shows that the relationship between RMS and Performance remains as earlier hypothesised, but with RMS' power of influence over the academic staff performance amounting to 44 percent. This means that any change in RMS is likely to cause a 44 percent change in the academic staff's level of performance. More specifically, this change can be achieved through a deliberate focus first on Reward Strategy and Policy, Financial Rewards, and then on the Non-financial Rewards, in that order of their declining influence on RMS. Lastly, the model shows that the relationship between COL and Performance is mild at 6.5 percent influence on staff performance.

Hypothesised Reward Management System Model

The hypothesised model explained that the Reward Management System significantly affected the performance of academic staff in private universities in Uganda. This was empirically developed into the Progressive RMS model after taking into account:

- The variables; reward management system as the independent variable, cost of living as the mediating variable and performance as the dependant variable;
- Causal paths connecting the relating variables; and
- The assumption that all the relations were simple linear.
- The paths in the hypothesised model yielded values presented in Table 1.

Table 1: *Path Coefficients for the Hypothesized Model*

Path	Variables	Path Coefficients
1	Reward Management System and Cost of Living	0.241
2	Cost of Living and Performance	0.065
3	Reward Management System and Performance	0.440

Source: *Primary Data 2015*

The paths established relationships as follows:

- ❖ A positive significant relationship between reward management system and cost of living of academic staff in private universities in Uganda.
- ❖ A positive significant relationship between reward management system and performance of academic staff in private universities in Uganda and,
- ❖ No significant relationship between cost of living and performance of academic staff in private universities in Uganda

6.1. Effect of Decomposition

The coefficients of the paths were used to decompose correlations in the model into direct and indirect effects as recommended by Kline (2005). The total casual effect of the RMS variable on performance was then calculated basing on the rule that in a linear system, it is the sum of the values of all the paths of the variables that formed the final path as recommended by researchers Hairs et al (2005). The indirect effect from cost of living was calculated by multiplying the coefficients

.241 x .065 = 0.016

This total indirect effect of cost of living on performance was then added to the direct effect to establish the total effect of RMS on performance when taking into consideration cost of living as a mediating variable, yielding the result:

0.016 + 0.440 = 0.456 (45.6 percent).

The hypothetical model yielded a total causal effect of RMS on performance of academic staff of 45.6 percent. This is a big percentage that cannot be ignored. Consequently, the study recommends the consideration of cost of living when designing reward management systems in universities so that academic staff performance can be enhanced by as much as 45.6 percent. It is from this point of strength that the Public Service RMS Model currently being used by private universities (Figure 1) was redesigned by the study. The re-design includes consideration of cost of living at the design stage of reward policies and also at the academic staff performance level. The latter would cause proper and informed feedback to the managers of the reward management system for purposes of enabling a review of the reward policies if necessary. These considerations gave rise to the Progressive RMS Model as shown in Figure 3 below.

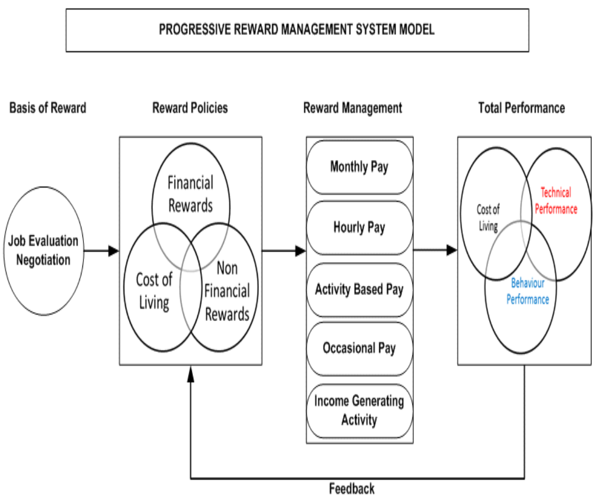

Figure 3: *The Progressive RMS Model*

6.2. Description of the Model

In this systems model, the basis of the rewards given to the academic staff is twofold; that is, job evaluation and negotiation, as opposed to arbitrary percentage increments based on the existing rates. If the job requires a great demand on the brain and therefore more concentration, then the academic staff can negotiate for more pay. In the same vein, if the university has, say, a strategy it would like to pursue, financial and non financial rewards would be put in place to direct academic staff performance towards its achievement. The reward policies set would take into account the element of cost of living for each reward component. The rewards decided upon would be executed in form of monthly pay for fulltime academic staff, hourly rate for part time academic staff, activity based pay in the case of special activities and occasional rewards for outstanding work done by a particular member of staff. Managers of rewards would also set up income generating activities such as Saving and Credit Cooperative Organisations (SACCOs) to help academic staff acquire more income or be able to sought out their emergency financial needs at short notice as they arise. Management of these rewards would be based on set policies. In any business, including even those of educational nature, a satisfied client tends to inform, lure and bring other clients to the business, which action widens its client base. It is this multiplier effect that ultimately results into business sustainability, particularly in the private sector. It is equally very pertinent in private universities where student enrolment is a key lubricant to the University operations. This scenario calls for measures which would continuously enlist university clients' satisfaction. In many ways, academic staff play a pivotal role in achieving and guaranteeing higher levels of client satisfaction. Their performance should therefore be considered in its entirety, meaning that both technical and behavioural performance of the academic staff ought to be encouraged and appropriately, if not adequately paid for. Technical performance refers to those activities that lead to transfer of knowledge to the student and the community in form of teaching and evaluation, research and publication, and community outreach services. Behavioural performance refers to those things or behavioural attributes that the administrator will not see but on which a feedback can be received from the various stakeholders who interact with the academic staff within and outside the university. They include such behaviours as the way in which the academic staff inspire students, their customer care abilities, co-operation with other members of staff and students, self respect and respect for others, their communication abilities, and how the staff portray the image of the institution in the public arena. These attributes, if they are positive, serve to impress, attract and bring in more clients to the institution and should therefore be considered of value and accordingly rewarded. However, for all these rewards to be of value, they must be computed after due consideration of the cost of living prevailing in the geographical area of operation of the academic staff. Assessment of the academic staff's performance is then done at the end of an agreed period and a feedback given to management for purposes of adjusting the necessary policies.

Theoretical Implications and Assumptions of the Progressive RMS Model

Overall, the motivational theories helped in explaining the effect of the reward management system on performance. Specifically, Vroom's expectancy theory emphasized the role of motivating reward in enlisting personal effort towards attainment of desired goals. This was said to be on condition that the reward is of value to the recipient (valency) and that the managers of the reward system will stick to their word and offer the reward as stated (instrumentality). From the findings of this study, it was evident that the academic staff of private universities did not attach value to their reward management system and as a result, their performance led to several complaints. The findings confirmed that there was a positive significant relationship between the reward management system and the performance of academic staff. It further confirmed a positive significant relationship between the RMS and the cost of living. Based on these findings, the study has taken a step towards ensuring that the universities provide rewards systematically and in a manner that will render them valued to the extent of causing the desired levels of academic staff performance. This hope is premised on the following critical assumptions:

- Job evaluation will be done by competent professionals who can ably understand the importance of acquiring intellectual capital at a fair cost.
- Negotiations will be allowed to ensure participation of academic staff in determining their worth amidst operational challenges.
- Management will play their role in ensuring delivery of rewards as promised as well as provision of the necessary enabling work environment.
- Feedback will be sought for by management so that any adjustments that are made on reward policies are based on empirical findings.

Strategic and Policy Implications of the Model

The Progressive RMS Model calls for a systems' approach to the determination and distribution of rewards, taking into account the prevailing circumstances. That the rewards given to academic staff should have a justifiable basis, be of value after incorporating changes in the cost of living and their management be streamlined. Strategies should be communicated and agreed upon through negotiations and policies written and reviewed periodically as appropriate. It calls for redefinition of performance of academic staff in universities to include both technical and behavioural aspects, meaning that the performance appraisal tools have to be changed to incorporate the inclusions.

Recommendation of the Study

The study therefore recommends that universities adopt the Progressive Reward Management Model to improve motivation of staff, stability and sustainability of achievement. Such innovative solutions as this model will enhance good governance in higher education and hence ensure achievement of quality education as well as decent work and economic growth.

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