

# **MONETARY INCENTIVES AND LABOUR PERFORMANCE; A CASE STUDY OF COFFEE FACTORIES IN RUKUNGIRI DISTRICT.**

**BY**

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## **ABSTRACT**

The usage of monthly pay was formally used in factories to pay employees but it was not easy to determine performance as well as pay increments and this created a misunderstanding between employers and employees. This later culminated into court cases whereby employees would seek redress regarding salary matters. Such challenges later culminated in employers resorting to performance related pay system where labour is incentivized according to work done or level of performance but it is not yet clear whether performance related pay actually motivates performance especially for the case of coffee factories in Rukungiri district. The objective of the study was therefore to investigate the relationship between monetary incentives and labour performance among coffee factories in Rukungiri district. The study focused on merit pay, incentive payments and performance bonuses and used a cross-sectional research design. The population included the management, administrators and employees in three factories, Buyanja Coffee factory, Day and Night Coffee factory as well as Bwoma Coffee factory. A total of 96 respondents were considered and selected using purposive sampling and simple random sampling techniques. The gathered data were tabulated and entered using Statistical Package for Social Scientists (SPSS). The study found a positive relationship between monetary incentives and labour or employee performance and recommended that coffee factories should consider their specific business goals and management objectives while using performance related pay system. Coffee Factories also needed to retain top-performing employees, motivate the desired performance, and control costs.