

**THE ROLE OF FINANCIAL INCENTIVES ON EMPLOYEES'
MOTIVATION IN FINANCIAL INSTITUTIONS IN TANZANIA: A CASE
OF BANK OF TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF
HUMAN RESOURCE MANAGEMENT (MHRM) OF THE OPEN
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2013

CERTIFICATION

I hereby certify that the dissertation titled; “*The Role of Financial Incentives on Employees’ Motivation in Financial Institutions in Tanzania*”: A Case of Bank of Tanzania” is the original and individual work of **Edmund Kyaruzi Barongo**. This has been done under my supervision and is ready for submission for the award of a degree of Master of Human Resource Management of the Open University of Tanzania.

.....

Dr. Deus Dominic Ngaruko

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.....

Date

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DECLARATION

I, **Edmund Kyaruzi Barongo**, declare that this dissertation is my original work, and has never been presented to any University for the award of a degree.

.....

Signature

.....

Date

DEDICATION

This dissertation is dedicated to my parents: Mr. Lambert Kajuna Barongo and Mrs. Anatolia Kokushubila Barongo, my beloved wife Justa Kokushumbusha Barongo and my brother Osbert Mbekomize Barongo for their financial and moral support in my study.

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Appreciation applies for both formal and informal contribution towards the successful completion of this study. To my friends Miss. Catherine Sinje, Ms. Dorah Luhimbo, Mr. & Mrs. Protas Rwezaura Ishengoma and Mr. Mustaph Ismail who have supported me in many aspects to make this work a reality. I would like to deeply thank Dr. Chacha Matoka and all my lecturers at the Faculty of Business Management for their practical guidance and theoretical skills in accomplishing my study.

ABSTRACT

The broad objective for this study was to assess the role of financial incentives in employee's motivation in financial institutions using the case of the Bank of Tanzania. Specifically, the study aimed at identifying the most important indicators of motivation, determining the most significant non-salary incentives in motivating employees and determining the most significant financial incentives on motivation. The study was descriptive in nature and it employed quantitative approach in the data analysis. The study had a sample of 100 respondents who were purposively selected. The study through the first objective revealed salary, staff loan, car loan and house allowance as the top four most important indicators of motivation at the Bank of Tanzania. Through the second specific objective it was revealed that staff and car loans as the most significant non-salary incentives in motivating supporting, professional and the managerial employees at the Bank of Tanzania. In determining the most significant financial incentives on motivation; medical insurance and salaries of employees were most significant financial incentives at the Bank of Tanzania. It was concluded that managers need to make sure their employees work in pleasant and desirable work environments. If people grew in an environment in which their needs are not met, they will be unlikely to function as healthy individuals or well-adjusted individuals. This study recommended the use of its results as starting point for managers and other interested parties to identify and understand factors motivating employees in their institutions to ensure an environment that encourages, promotes, and fosters such factors.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BOT	Bank of Tanzania
CEO	Chief Executive Officer
ERG	Existence, Relatedness, and Growth
OECD	Organization for Economic Co-operation and Development
SPSS	Statistical Package for Social Science

CHAPTER ONE

1.0 INTRODUCTION

1.1 Overview

This chapter gave the background information to the study. It also explained the research problem and objective of the research which was to assess the role of financial incentives on employee's motivation in financial institutions using the case of the Bank of Tanzania.

1.2 Background Information

Motivation plays a critical role globally in achieving goals and business objectives and is equally as important for companies that work in a team-based environment or in a workplace comprised of workers who work independently. Making sure each employee's workplace goals and values are aligned with the organization's mission and vision is important for creating and maintaining a high level of motivation that can lead to higher productivity, improved work quality and financial gain across all departments (<http://www.ehow.com> retrieved on 02nd Feb, 2013 at 12.00 noon). Moreover, increasing motivation, commitment and engagement levels are key organizational aspects nowadays. The development of compensation policies has an important role in motivating workforce to deliver high levels of performance, discretionary effort and contribution (Salanova and Kirmanen, 2010).

However, according to Marketing Resource Center, (2009); if the organization does not take efforts to motivate its work force by way of monetary rewards it is likely that the performance of a complex job as a whole will be reduced often to a single

measure of performance such as profit, without considering other factors that makes up total performance of the system.

It is in this context that the Government of Tanzania continues with efforts to motivate its workforce. In pursuit for that it has introduced Tanzania Public Service Pay and Incentive Policy with the purpose being to compensate employees for the works they do, to motivate them to perform well, to retain them, and thereby avoid the need for expensive recruitment and training for replacement. The public service, like any other organization needs to compensate, motivate and retain its employees for the better performance of its organizations (Tanzania Public Service Pay and Incentive Policy, 2010).

Recent Government efforts to reform its pay and incentive system in Tanzania can be well explained in the context of macro-economic reforms that were started in the 1980s through to the 1990s. In 1994, the Government adopted Pay Reform as an integral component of Public Service Reform Program (PSRP). This was because many of the problems associated with poor performance of the public service were related to lack of an appropriate compensation structure and weaknesses in the incentive regime. It ought to be said at the outset that Pay and Incentives problems in the Tanzania public service go beyond salaries (Tanzania Public Service Incentive Policy, 2010).

1.3 Financial Incentives at the Bank of Tanzania (BOT)

The Bank of Tanzania (BOT) is the Central Bank of the United Republic of Tanzania. It is responsible for issuing the national currency, the Tanzanian shilling.

The Bank was established under the Bank of Tanzania Act 1965. However, in 1995, the government decided that the Central Bank had too many responsibilities, and was thus hindering its other objectives. As a result, the government introduced the Bank of Tanzania Act 1995, which gave the Bank single objective of monetary policy. It is governed by a Board of Directors consisting of ten people, four of whom are ex-officio members which have three advisory committees that can assist them.

The Bank is headed by its Governor, assisted by three Deputy Governors responsible for Administration and Internal Controls, Economic and Financial Policies, and Financial Stability and Deepening (BOT, 2013). BOT has a complete set of financial incentives and other benefits that are used as a tool of motivating its employees. These are as explained below:

- i. The Bank provides seven (7) days Settling Allowance for employees reporting for duty on first appointment.
- ii. House allowance is provided on monthly basis to employees to assist in rental obligations.
- iii. The Bank provides Gratuity for employees on contract for an unspecified period of time after working for a minimum period of fifteen (15) years of active service as part of terminal benefits and in recognition of their long service.
- iv. The Bank provides Bonus for employees on contract for an unspecified period of time after working for a minimum period of fifteen (15) years of active service as part of terminal benefits in recognition of their contribution to the Bank's achievement of its objectives.

- v. Long Service Award is provided in recognition of employee's commitment and loyalty to the Bank after twenty five (25) years of active service (Certificate of Long Service and Cash Award).
- vi. Housing loan is provided by the Bank to assist employees to acquire their own houses while in employment through the Housing Loan Scheme.
- vii. Motor car and Motorcycle loan is provided by the Bank to assist employees to acquire their own cars and motorcycle while in employment.
- viii. Also, Personal loan is provided by the Bank to employees to assist them acquiring/cover various personal needs.
- ix. To ensure the employees are healthy, the Bank of Tanzania also covers for medical insurance of its members as well as transportation to and from work. It is from these financial incentives the current study has to be conducted in order to assess what impact they have had in motivating employees' performance in the organization.

1.4 Statement of Research Problem

Through time, many researchers have attempted to conduct studies on the issue of motivation in work situations. Each of these studies at some point have been applied and tested as to its effects on people's lives, jobs, and personal goals in life and in the work place (Riley, 2005). It has long been said that one of the manager's most basic tasks is to communicate with and motivate their workers (Ruthanakoot, 2003). However, Studies by Timothy (2008); Opu (2008); Oluseyi and Ayo (2009) and Shaw (2011); were conducted in different industrial and organizational settings that belonged to the private sector category and none of them covered the financial

institutions. The aims of these studies were to assess the impacts of financial incentives on motivation and some helped to describe the relationship between corporate performances and employee remunerations. It was therefore important for the current study to address the knowledge gap by other researcher specifically by assessing the role of financial incentives on employees' motivation in the financial institutions in Tanzania.

1.5 Research Objectives

The study was guided by the following broad and specific objectives:

1.5.1 General Research Objective

The broad objective for this study was to assess the role of financial incentives in employee's motivation in financial institutions using the case of the Bank of Tanzania.

1.5.2 Specific Research Objectives

Specifically, the study was guided by the following objectives:

- (i.) To identify the most important indicators of motivation.
- (ii.) To determine the most significant non-salary incentives in motivating employees.
- (iii.) To determine the most significant financial incentives on motivation.

1.6 Research Questions

The study intended to answer the following research questions.

1.6.1 General Research Question

- (i) What is the role of financial incentives in motivating employees?

1.6.2 Specific Research Questions

- (i.) What are the most important indicators of motivation?
- (ii.) What are the most significant non-salary incentives in motivating employees at the Bank of Tanzania?
- (iii.) What are the most significant financial incentives on motivation at the Bank of Tanzania?

1.7 Statement of Hypotheses

- (i.) Salary is the most important indicator of motivation of employees at the Bank of Tanzania.
- (ii.) There is significant association between non-salary incentives and employee motivation at the Bank of Tanzania.
- (iii.) There is significant association between financial incentives and employees' motivation at the Bank of Tanzania.

1.8 Relevance of the Research

First, the study broadened the researcher's understanding on various financial variables influencing employees' motivation. It furthermore benefited the management of the Bank of Tanzania and its entire workforce in understanding how financial incentives can be used in motivating employees to make positive contribution towards performance of their jobs. In addition, it enabled policy makers

in the development of appropriate and adequately competitive incentives regime with appropriate rewards to adequately motivate public servants towards acceptable standards of performance. Findings for the study also benefited other stakeholders like commercial banks, other government agencies and the general public in understanding financial incentives that could impact work performance in any setting.

1.9 Limitations/ Delimitations of the Study

This study was confined to employees of Bank of Tanzania (BOT) to represent the public sector in Tanzania but the fact that these employees were motivated by salaries, loans and other allowances differed with factors for motivation in other public institutions hence the findings of BOT study cannot be generalized to the whole of Tanzania public institutions. Other limitations for this study were limited fund and time to manage large group of representatives for the study. Because the study had limited funds and time to manage large group of representatives only employees of BOT situated at the head office in Dar es Salaam were consulted and this made easy for the researcher to collect the needed data on time and it made it even easier to analyze and write the report from the findings.

1.10 Organization of the Dissertation

This dissertation is organized in five chapters. Chapter one deals with the study introduction. It details the research problem, objectives, research questions, research hypotheses and significance of the study. Chapter two deals with literature review. This chapter covers literatures related to the study these were theoretical reviews and empirical reviews. Chapter three describes the research methodology. It deals with

research design, sampling design, data collection methods and data analysis methods. Chapter four deals with results and discussions of findings and chapter five presents the summary of key findings, conclusions and recommendations. Also chapter five presents the areas for future studies and the delimitation of the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Overview

This section presents the definition of key concepts in the study as well as relevant motivational theories. It also presents the empirical analysis of relevant studies as well as the conceptual framework for the study.

2.2 Conceptual Definitions

2.2.1 Overview of Financial Incentive

There is a long-standing belief that the public sector and nonprofits need to be more business-like in their attitudes and operations (Dart, 2004). As a consequence, current reforms in the public sector are characterized by the introduction of management practices and techniques originally developed for the business sector, for example, budgeting techniques, market analysis, and performance management (Lane 1997; Moynihan 2006). One of the most significant challenges is the introduction of businesslike incentive structures, in particular the introduction of “pay for performance” schemes in public institutions (Varone and Giaque 2001; Swiss 2005; Cardona 2006).

Two-thirds of the member countries of the Organization for Economic Co-operation and Development (OECD) and a number of developing countries have adopted performance-related pay practices, for example, Brazil, Mexico, the Netherlands, New Zealand, United Kingdom, United States, and Canada. The underlying assumption is that correctly administered pay for performance schemes boosts the

efficiency of the public sector and positively impact employees' motivation (Propper, 2006).

Financial incentives and rewards in the world are regarded to positively affect employees' commitment or loyalty. Employees stay in an organization because the costs for leaving the organization are higher than benefits to be a part of the organization (Saleem, 2011). Financial incentives and rewards make continuation of the employment relationship because they create the basis for high levels of commitment and employee motivation. Firms must develop strategies that include financial incentives and rewards for example promotion, bonus, profit sharing or gain sharing and employees stock ownership (Development and Learning Organization, 2011). Employees want their performance be appreciated by offering them appropriate rewards and benefit package as an effective way not only to achieve their organizational goals but also their continuation of relationship with talented employees (ibid).

Many jobs in the world are today paid via performance-based payment or at least have a component including financial payments based on individual performance. As ones performance is comparably easy to investigate, financial incentives dependent on visible achievements seem useful and practicable and in consequence are multiply used in today's society. This means, that numerous employees, especially at a particular level (Managers) or with a substantial part of identifiable success (Sales, Consulting) are rewarded for their effort based on observed measures of performance (Ambachtshee et al. 2008). The intention behind performance-based compensation is

to stimulate individuals to increase their motivation and effort spent on tasks, and hence their output, or in other words, profitability for the company. By using this way of payment, special incentives are placed and a change in one's behavior is intended to be reached for receiving the maximum possible outcome for the company (Ibid).

2.2.2 Motivation

Greenberg and Baron (2003, p190) defined motivation as: *“The set of processes that arouse, direct, and maintain human behavior towards attaining some goal”*. According to Greenberg and Baron, definition of motivation could be divided into three main parts. The first part looks at arousal that deals with the drive, or energy behind individual(s) action. People turn to be guided by their interest in making a good impression on others, doing interesting work and being successful in what they do. The second part referring to the choice people make and the direction their behavior takes. The last part deals with maintaining behavior clearly defining how long people have to persist at attempting to meet their goals.

Halepota (2005, p16) defines motivation as “a person's active participation and commitment to achieve the prescribed results”. Halepota further presents that the concept of motivation is abstract because different strategies produce different results at different times and there is no single strategy that can produce guaranteed favorable results all the times.” Basing on the conceptual definitions above, employee motivation is seen as the inner drive or push that leads to a certain human action or inaction in a given time period given specific prevailing conditions. It is a

force that considers an individual inner drive in the pursuit of pushing people to do something in return.

The process of motivation usually starts with someone recognizing an unsatisfied need. Then a goal is established to be reached and that way to satisfy the need. Rewards and incentives can be established for people to better accomplish the given goal. The social context will also affect the motivation level. This context consists of organizational values and culture but it also includes leaderships and management as well as the influence of the group or team in which a person works. Therefore in order for the Bank of Tanzania to have a pool of motivated work force it needs to create an environment in which higher levels of motivation are maintained.

2.2.3 Employee Performance

Employee performance plays an important role for organizational performance. Employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, quality of output, timeliness of output, presence at work and cooperativeness (Gungor, 2011). Macky and Johnson (2000) pointed that improved individual employee performance could improve organizational performance as well. They pointed out that, employee performance could be defined as the record of outcomes achieved, for each job function, during a specified period of time. If viewed in this way, performance is represented as a distribution of outcomes achieved, and performance could be measured by using a variety of parameters which describe an employee's pattern of performance over time.

In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization (Ying, 2012). This is achievable by the organization setting up performance system involving the organization communicating its mission/strategies to its employees; setting of individual performance targets to meet employees' individual team and ultimately the organization's mission/strategies; the regular appraisal of these individuals against the agreed set targets; use of the results for identification of development and/or for administrative decisions; and the continual review of the performance management system to ensure it continues to contribute to the organizational performance, ideally through consultation with employees (Macky and Johnson, 2000).

2.3 Theoretical Literature Review

This part presented the theories existing relating to motivation of employees which in the researcher point of view was contributed by financial incentives.

2.3.1 Maslow's Hierarchy of Needs Theory

Maslow (1943) classified human needs into five categories arranged in a hierarchy of importance. These include physiological, security, belongings, esteem and self-actualization needs. According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. According to Maslow (1943) a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated only to fulfill them. When physiological needs

are satisfied they cease to act as primary motivational factors and the individual moves “up” the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied. Maslow (1943) also provided that the rationale is quite simple because employees who are too hungry or too ill to work will hardly be able to make much a contribution to productivity hence difficulties in meeting organizational goals.

2.3.2 Herzberg’s Two- Factor Theory of Motivation

Herzberg (1959) proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of “Satisfaction” is “No satisfaction” and the opposite of “Dissatisfaction” is “No Dissatisfaction”. Herzberg classified these job factors into two categories:

2.3.2.1 Hygiene Factors

Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied (Herzberg, 1959). These factors are extrinsic to work. Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction (ibid). These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted

and expected to be fulfilled (*ibid*). These hygiene factors include: 2.3.2.2 Motivational factors.

According to Herzberg (1959), the hygiene factors could not be regarded as motivators. The motivational factors yield positive satisfaction and are inherent to work (Hertzberg, 1959). These factors motivate the employees for a superior performance. Motivational factors are called satisfiers and are involved in performing the job (*ibid*). The motivators symbolized the psychological needs that were perceived as an additional benefit. According to Hertzberg (1959) these factors include:

- i. Recognition - The employees should be praised and recognized for their accomplishments by the managers.
- ii. Sense of achievement - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- iii. Growth and promotional opportunities - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- iv. Responsibility - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability. Meaningfulness of the work - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

2.3.3 McGregor's Theory X and Theory Y

McGregor (1960) proposed two theories in trying to view employee motivation. McGregor distinguished two alternative basic assumptions about people and their work. He called the two assumptions Theory X and Theory Y and according to him these two assumptions take opposite views of people's commitment to work in organizations.

According to McGregor (1960), Theory X assumes that, an average person dislike to work and attempts to avoid it, he has no ambitions, wants, no responsibility and would rather follow than leading others. He is self-centered and therefore does not care about organizational goals, he resists changes and he is gullible and not particularly intelligent.

Drawing from Maslow (1943) needs theory, McGregor (1960) argues that unsatisfied needs no longer motivates. Firms rely on money and benefits to satisfy employees' lower needs and when the needs are satisfied the motivation towards work is lost. Hence, the only way that employees can attempt to satisfy their higher needs in their work is by seeking compensation on which predictably financial rewards may be good to focus on (*ibid*). Theory Y assumes that work can be as natural as play that people will be moved to meet their work goals if they are committed to them and that rewards should be in place to address their higher order needs (*ibid*).

Managers should therefore provide a room that gives employees commitment to their jobs and hence scope for personal development. Thus, we can say that Theory X

presents a pessimistic view of employees' nature and behavior at work, while Theory Y presents an optimistic view of the employees' nature and behavior at work (*ibid*). If correlate it with Maslow's theory (1943), we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory Y is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

2.3.4 ERG Theory of Motivation

Alderfer, (1969) formulated a new theory of motivation in response to Abraham Maslow's Hierarchy of Needs, calling his new theory the ERG Theory of Motivation (Existence, Relatedness, and Growth). His revision was an attempt to use empirical research to support Maslow's original motivational theory. In similar fashion to Maslow's model, ERG motivation is tiered, forming a triangle and operating on a pyramid structure (Alderfer, 1969). Existence needs are more vital than Relatedness needs, which themselves are stronger than Growth need. He agrees with Maslow that unsatisfied needs motivate individuals. The major recommendation to managers from observed facts in Alderfer (1969) theory is to meet employees' lower-level needs so that they will not dominate the employees' motivational process. Managers should get to know and understand people's needs and to meet them as a means of increasing performance.

2.4 Empirical Literature Review

2.4.1 General Studies

Timothy (2008) conducted a study on the impact of financial incentive mechanisms on motivation in Australian government large non-residential building projects. The

primary aim of this research was to identify the motivation drivers impacting on the achievement of Financial Incentives Motivation goals. The research involved four major case studies of large construction projects. Analysis of motivation drivers on each project was based on interviews with senior project participants, secondary documentation and site visits (Timothy, 2008).

The findings indicated that the following motivation drivers (in order of impact) were more important than Financial Incentives Motivation design in achieving Financial incentive Mechanism goals: equitable contract risk allocation and management, scope for future project opportunities with the client, harmonious project relationships, early contractor involvement in design stages, value-driven tender selection processes (*ibid*). It was recommended that a consequence of ignoring these key procurement initiatives can be a less than ideal financial incentive mechanism goal performance, despite the nature of Financial Incentives design, including the strength of the reward on offer. The incentives had the potential to be a valuable addition to any project procurement strategy. If clients rely entirely on financial incentives as the driver of motivation they will likely result to failure.

2.4.2 Studies in African Countries

Shaw (2011) conducted a study in South Africa. The objective was to describe the relationship between corporate performance and CEO remuneration within the South African financial services industry. The research was quantitative, archival study, conducted over a six year time period. The primary statistical techniques used in the study included: bivariate regression analysis, multiple regression analysis and

analysis of variance. The primary finding was that the relationship between corporate performance and CEO remuneration was favorable (moderate to strong), but had experienced a decline (Shaw, 2011). This finding emphasizes the impact that macroeconomic trends have on the relationship and the role of managerial power during periods of economic uncertainty. The results recommended that the use of discretion and the growing impact of managerial power will be the key challenges that remuneration committees will face in maintaining a favorable relationship between the two constructs in the future (*ibid*).

Oluseyi and Ayo, (2009) conducted a study on employee motivation. The study investigated influence of work motivation, leadership effectiveness and time management on employees' performance in some selected industries in Ibadan, Oyo State Nigeria. 300 participants were selected through stratified random sampling from the population of staff of the organizations. The study employed exposit facto design; data were collected through Work Motivation Behavior Profile (= 0.89), Leadership Behavior Rating scale (= 0.88) and Time management Behavior Inventory = 0.90) adapted from Workers' Behavior Assessment Battery.

Three research questions were answered at 0.05 level of significance. The data were analyzed using multiple regression statistical method and correlation matrix. The findings revealed that the three independent variables (work motivation, leadership effectiveness and time management) accounts for 27.2% variance in employees' performance (R^2 adjusted = 0.272). Each of the independent variables contributed to employees' performance. In terms of magnitude of the contribution, leadership

effectiveness was the most potent contributor to employees' performance ($b = 0.521$, $t = 7.11$, $P < 0.05$), followed by work motivation ($b = 0.289$, $t = 5.42$, $P < 0.05$) while time management was the least contributor to employees' performance ($b = 0.190$, $t = 2.43$, $P < 0.05$). Based on the findings of this study, it was recommended that employers, human resource managers and other leaders in organizations are encouraged to show greater interest in the welfare of workers to make them more valuable contributors to the success of the organization.

Opu, (2008) did a study on motivation and work performance in Uganda. This study was undertaken in Kitgum District Local Government and its focus was geared towards establishing reasons why workers were not performing satisfactorily, what motivational measures were in place and what could be done to ensure there was improvement. The study was both qualitative and quantitative and an exploratory approach was used. In order to respond to the research questions purposive sampling was done and 40 respondents were selected from the pool of workers (Opu, 2008). The study also used three motivational theories to explain how people can be best motivated as well as an insight of the human resource management paradigm.

A detailed analysis was made based on the responses from the questionnaires from both the upper and middle cadres (*ibid*). In a situation where the findings were correct they concluded that the hygiene factors such as working conditions, work relations, physical environment, supervision and job security, as argued by Herzberg (1959) should be able to form the baseline that can then stimulate the motivators such as achievement, recognition, responsibility ,advancement and training, to

motivate the workers to perform well. In that light the motivation in Kitgum District Local Government was seen to be good and therefore the resultant good performance.

2.4.3 Empirical Studies in Tanzania

Burgess and Rato (2003) studied the role of incentives in the public sector. The main objective of their study was to make a review of important issues in Performance pay in the Public sector and make a summary of its effects. It also considered how optimal incentives for public sector workers may differ from private sector workers and if so, what types of incentives were more appropriate for the public sector. (Burgess and Rato, 2003) concluded that, the use of performance related pay was more problematic in the public sector than in the private sector. This was because of multi-tasking, multiple principals, and the difficulty of defining and measuring outputs and the issue of the intrinsic motivation of workers (*ibid*). The study observed that low powered incentives schemes were optimal thus task assignment and work organization became crucial in promoting better performance and sometimes became substitutes for high powered financial incentives.

Kiwia (2004) conducted a study to evaluate incentives packages in Tanzania using Marie Stopes Tanzania as the case study. The objective was to find out reasons on what should be done to improve workers morale and improve productivity hence high performance. The researcher used a questionnaire and interview to obtain primary data and analyzed those using quantitative and qualitative methods. Kiwia (2004) in his findings revealed shortcomings due to the lack of adequate and

comprehensive output linked to human resource policies especially on incentives schemes. Kiwira (2004) concluded that for the employees to attain high performance in their job descriptions they must be motivated.

2.5 Policy Review

Tanzania Public Pay and Incentive Policy, (2010) provides a harmonized and unified framework for determining pay while eradicating pay disparities across the entire public service as stipulated in the Public Service Management and Employment Policy, (2008). This Government intervention is aimed at attracting and retaining well qualified personnel, in the public service, as well as motivating employees by addressing equitable remunerations across the service.

Harmonization and unification of pay will lead to salary enhancement for the entire public service especially for technical, professional and managerial cadres. Pay enhancement is a necessary incentive required for utilizing existing potential more effectively and improving performance. In this policy the Government also adopts principles that will address equitable distribution of staff across the country by developing multi-dimensional approaches towards staff motivation. Nevertheless, this will be carried out in an affordable and sustainable manner that is consistent with the Medium Term Expenditure Framework (MTEF).

Since most of the problems in the current remuneration system for public servants have persisted for quite a long time, full implementation of the measures articulated in the Pay and Incentive Policy will require significant effort from all of us.

Implementation of the Pay and Incentive Policy initiatives will, therefore, be phased in a manner that is consistent with the rationalization of the pay system and introduction of performance oriented management culture in the public service. The measures outlined in this policy document underscore Government commitment to re-invigorating morale and integrity of its public servants so as to improve the quality of service delivery to the people.

2.6 Research Gap Identified

There have been a number of valuable studies on pay related incentives to motivate employees using cross-section data (Burgess and Rato (2003); Kiwira (2004); Opu, (2008); Timothy, (2008); Oluseyi and Ayo, (2009); Shaw, 2011), all of which presented outcomes of their studies being negative when it came to using only financial incentives to link with employees motivation. Some of these studies argued that monetary incentives cannot be the only way to motivate employees to improve their job performance rather it leads to problematic outcomes especially where these incentives may stop be granted to the employees. However, none of these studies provided a clear picture of what were the effects of these incentives on employee motivation in a more detailed way and if they did motivate employees what had been the improvement on the job performance. The current study was conducted to see the role of these incentives in the financial sector.

2.7 Conceptual Framework

The current study was guided by the following conceptual framework as summarized from the literatures. The proposed model below tried to show the relationship

between independent variables and the dependent variable.

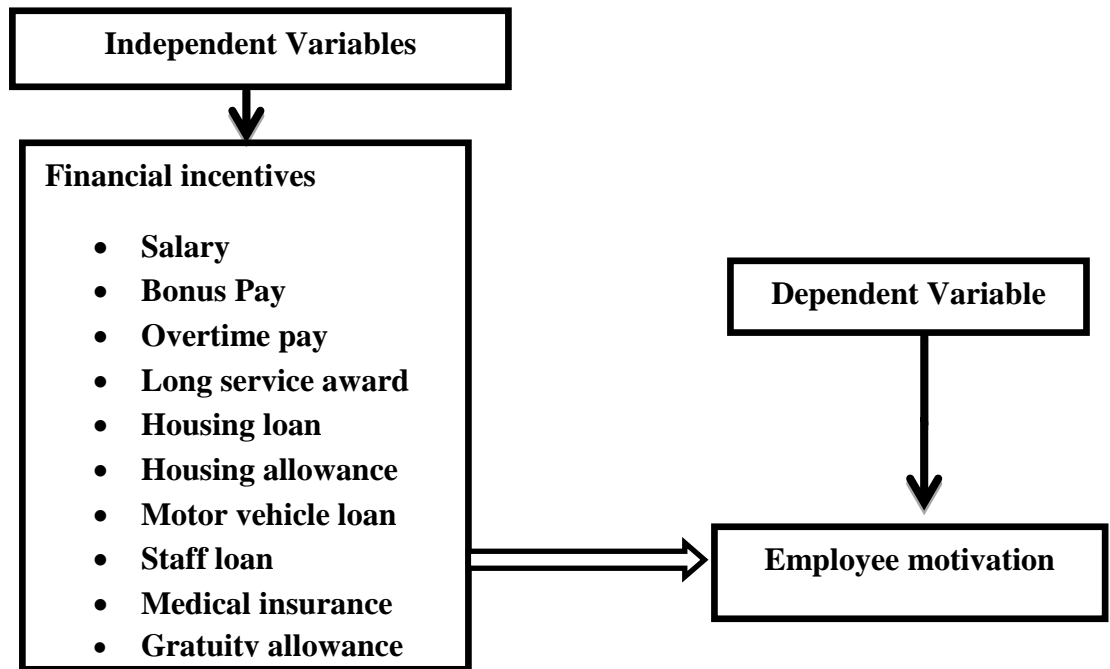


Figure 2.1: Conceptual Framework of The Study

Source: From field researcher 2012.

This conceptual framework was developed by the researcher after studying the factors that were likely to be indicators of motivation from the field of study that is the Bank of Tanzania. As outlined in the model, there are 10 independent variables which are considered as the indicators of motivation of employees at the Bank of Tanzania. The model shows a direct relationship between each independent variable and the dependent variable that is employee motivation.

As depicted in the conceptual model; when employees are given enough salary they are motivated to expend more effort at the job. Furthermore because bonus pay is paid to employees upon retirement/ resignation after working with the Bank of

Tanzania for more than 15 years then it is likely the variable motivates employees to expend more efforts at the job so that after such a period they will obtain the bonus amount. Also the model shows a that when the employees are given overtime pay; long service awards; housing loans; housing allowances; motor vehicle loans; staff loans medical insurance covers and gratuity allowances then they are motivated to stay with the organization and improve their work performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter presents the methodology to be used in the study. It covers the description of the area under study, research design, data collection methods and sources of data to be used in the data collection method. Furthermore, this part details the description of the study population, sampling procedure, sample size and tools for data analysis.

3.2 Research Strategies

This study adopted a cross sectional survey that was descriptive in nature. This descriptive design was employed because the problem was well defined and researcher's aim was to describe the phenomenon. Also the quantitative approach was also applied to gather data.

3.2.1 Population and Study Area

The study was conducted in Dar- es-Salaam where the Headquarters for the Bank of Tanzania is located. The study targeted current employees at the Head office of BOT to represents other employees in the Bank's branches all over the country in getting their views on the issue of the role of financial incentives on their job motivation. The survey population included employees of the Bank of Tanzania. The following table describes the profile and the number of people involved in the study. The profile of population was described in terms of staff categories, gender of the respondents in each category, their age, educational levels and their working

experience:

Table 3.1: Profile of Study Population

	Location	Male	Female	Total
1. Total Number of BOT Staff.	HQ	524	371	895
	Arusha	61	39	100
	Mwanza	58	46	104
	Mbeya	59	43	102
	Zanzibar	65	45	110
	BOT Training Institute-Mwanza	27	13	40
	Total number of staff			1351
	2. Number of Managerial Staff, Professional Staff and Supporting Staff.	Managerial Staff	137	53
Professional Staff		329	180	509
Supporting Staff		328	324	652
Total number of staff			1351	
3. Age range of the BOT Staff.	18 - 25yrs	8	3	11
	26 - 30yrs	54	13	67
	31 - 35yrs	110	68	178
	36 - 40yrs	101	61	162
	41 - 45yrs	119	81	200
	46 - 50yrs	176	139	315
	51 - 55yrs	138	109	247
	56 - 59yrs	83	62	145
	Total number of staff			1325
4. Working experience of the BOT Staff.	0 - 5yrs	173	45	218
	6 - 10yrs	118	101	219
	11 - 15yrs	98	46	144
	16 - 20yrs	37	22	59
	21 - 25yrs	186	119	305
	26 - 30yrs	106	121	227
	31 - 35yrs	52	57	109
	36 - 40yrs	21	23	44
	Total number of staff			1325
	Education of the BOT Staff.	1. Management Staff-95% has a Postgraduate qualification which is a requirement for Managerial Cadre.		
	2. Professional Staff-70% has Postgraduate qualifications while 30% have undergraduate qualifications.			
	3. Supporting Staff-96% has Diplomas, Basic Technical Certificates and Secondary Education Certificates and 4% are Standard Seven Leavers.			

Please Note: 26 employee on contract on specified period of time are not included in items 3 & 4

Source: from field research, 2012

3.3 Sampling Design and Procedure

This section involved the design used to select the sample for the study as well as the determination of the sample size.

3.3.1 Sampling Design

In selecting the respondents for the study, the researcher employed purposive sampling technique which involved selection of a sample of individuals with a purpose in mind and that purpose reflected the particular qualities of the people or events chosen and their relevance to the topic of the investigation (Denscombe, 2007).

3.3.2 Sample Size

Babbie (1986) proposed that sample sizes between 30 and 500 are appropriate for most studies. This was backed by assertion that sample sizes greater than 30 tends to reflect a normal distribution trend which has validity for generalization (Kothari, 2003). Also some other researcher suggested that minimum sample size should be at least 5% of the total population. Because BOT head office had 895 employees, 5% would be lead to a minimum size of 45 respondents hence to get more valid results the research conducted the study with a sample size of 120 employees.

3.4 Variables and Measurement Procedures

Data collection methods involved techniques through which the researcher would carefully select the methods for his own study basing on nature, scope and objects of inquiry, funds availability and time factor (Kothari, 2004).

3.4.1 Primary Data

The primary data from the sample was collected from the employees of BOT through formal survey. This study adopted structured-undisguised type of questionnaire because revealing the study purpose was anticipated to eliminate the difficult in dealing with respondents. The questions were very simple and easy to be understood by the respondents. The structured questionnaire provided easiness in analyzing the quantitative data (See Appendix 1).

3.4.2 Secondary Data

Secondary data were used in constructing literature review and these were collected from past researches done on the subject of financial incentives and employees' motivation which was sourced from the Open University of Tanzania Library and relevant websites on the internet.

3.5 Data Processing and Analysis

The data obtained were summarized, coded and analysed by using Statistical Package for Social Science (SPSS). Descriptive statistics tool was used for analysing the specific objectives. For hypothesis testing the researcher made use of Chi square test to evaluate the association between variables as expressed in the hypotheses stated in chapter one. The analysed data were presented in tables for easy interpretations by interested parties.

3.6 Reliability and Validity of Data

3.6.1 Reliability

Reliability means that the measure yields consistent results (Lufumbi, 2010). That is

the degree to which the instrument measures what was intended to be measured (Lufumbi, 2010). To test reliability of the data collected from respondents, survey method was used. This tested the responses from respondents who in turn indicated a series of attributed when making a choice of motivation attributes on a 5- point measure known as likert-scale (Nnunaly, 2004).

3.6.2 Validity

In statistics a valid measure is one which measures what is supposed to be measured. Validity refers to getting results that accurately reflect the concept being measured (Kothari, 2004). To test the validity of the questionnaire for this study, the researcher made use of content validity to logically argue about the content of the questionnaire and the researcher concluded that the items in the questionnaire were appropriate and complete for further analysis of the findings.

3.7 Expected Results of the Study

From this study the researcher was expecting to obtain in details how employees appreciate the role of motivation in helping them perform. Also the researcher expected to get an understanding of the various types of monetary incentives used to motivate BOT workers as well as the likely attitude of employees towards incentives schemes in the public sector.

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presented the findings of the study as per specific objectives outlined in chapter one. It also analyzed and discussed the findings of the study. The chapter began by presenting the profile of respondents, then analysis and discussions of the findings.

4.2 Data Cleaning

A total of 120 employees at supporting, professional and managerial levels were involved and given questionnaires at Bank of Tanzania (BOT). Out of the 120 questionnaires given to them, only 101 were returned with a response rate of 84.17%. Each questionnaire from each employee was inspected and corrected before being coded into the computer SPSS database. This made data from respondents to be inspected to detect the most obstructive omissions and inaccuracies in the data. Before coding the data, questionnaire from one employee was dropped because it was improperly filled and had incomplete answers which reflected either lack of interest or inadequate time. Thus, questionnaires from 100 employees suited the data analysis with a response rate of 83.33%.

Table 4.1: Distribution of Questionnaires and Response Rate

Details	Number
Returned questionnaires	101
Unreturned questionnaires	19
Omitted questionnaires	1
Total Questionnaires	120

Source: From field research, 2012

4.3 Analysis and Discussion of Findings

The researcher was able to analyze data with the help of Statistical Package for Science Studies (SPSS). The descriptive data analysis was carried out by using descriptive statistical tool under SPSS where by cross-tabulation was used in presenting the findings in frequency distribution tables. Chi-square fit test was also employed in hypothesis testing to give out meaningful conclusions.

4.3.1 Profile of Respondents

The researcher was able to collect personal information from the respondents in order to be able to define demographic characteristics of employees of BOT. For the purpose of defining respondents' demographic characteristics the researcher had four categories that were cross tabulated with staff category namely; Gender, age, education and working experience.

4.3.1.1 Gender Distribution and Staff Category

The gender of respondent was cross tabulated with staff category and findings were as presented in Table 4.2:

Table 4.2: Staff category *Gender Distribution Cross Tabulation

			Gender Distribution		Total
			Male	Female	
Staff category	Supporting staff	Count	8	9	17
		% within Staff category	47%	53%	100 %
	Professional	Count	37	29	66
		% within Staff category	56%	44%	100%
	Managerial	Count	12	5	17
		% within Staff category	71%	29%	100%
Total		Count	57	43	100
		% within Staff category	57%	43%	100%

Source: From field research, 2012

Findings on gender show that: out of 17 Supporting staff, 8 (47%) were male while 9 (53%) were females. Out of 66 professional staff 37 (56%) were male while 29 (44%) were females while out of 17 managerial staff; 12 (71%) were male while 5 (29%) were females. Generally the study had more male than female employees in professional and managerial categories but it had more females in supporting staff. The findings indicated on average a gender balance hence this implied that the Bank of Tanzania is an equal employer.

4.3.1.2 Age Distribution and Staff Category

Age distribution of respondent was cross tabulated with staff category and findings were as presented in Table 4.3

Findings in Table 4.3 shows that; out of the 17 supporting staff only one (6%) staff was of the age below 35 years old while 16 (94%) supporting staff were between 36-45 years old. Out of 66 professional staff 15 (23%) were below 35 years old, 48 (73%) were between 36-45 years and 3 (5%) were above 55 years of age. Also of the 17 managers; 15 (88%) were between 36-55 years old while 2 (12%) were above 55 years old. Generally the study had majority of staff who were between 36-55 years of age.

This represented a working class of matured adults who were in a good position to provide relevant information to our study because they had enough knowledge and experience about job related matters. Moreover, at this age group these people are assumed to have high motives toward work because of families that they have to take care of.

Table 4.3: Staff category * Age Distribution Cross Tabulation

			Age distribution			Total
			Below 35	36-55	Above 55	
Staff category	Supporting staff	Count	1	16	0	17
		% within Staff category	6%	94%	.0%	100%
	Professional	Count	15	48	3	66
		% within Staff category	23%	73%	5%	100%
	Managerial	Count	0	15	2	17
		% within Staff category	.0%	88%	12%	100%
Total	Count	16	79	5	100	
	% within Staff category	16%	79%	5%	100%	

Source: From research field, 2012

4.2.1.3 Educational Level and Staff Category

Educational levels of respondents were cross tabulated with staff category and findings were as presented in Table 4.4:

Table 4.4: Staff Category * Educational Levels Cross Tabulation

			Educational levels			Total
			Non-degree	Undergraduate degree	Postgraduate and Master degree	
Staff category	Supporting staff	Count	14	2	1	17
		% within Staff category	82%	12%	6%	100%
	Professional	Count	1	14	51	66
		% within Staff category	2%	21%	77%	100%
	Managerial	Count	0	1	16	17
		% within Staff category	.0%	6%	94%	100%
Total	Count	15	17	68	100	
	% within Staff category	15%	17%	68%	100%	

Source: From research field, 2012

Table 4.4 shows educational levels of employees of Bank of Tanzania. The findings revealed the following; out of the 17 supporting staff, 14 (82%) had non degrees, two (12%) had undergraduate degrees while one (6%) had either postgraduate or master degrees. For the professional staff, 51 (77%) had postgraduate and master degrees, 14 (21%) had undergraduate degrees and one (2%) had non-degree. Moreover for the managers 16 (94%) had postgraduate and master degrees while one (6%) had undergraduate degree. Therefore the findings basing on staff categories indicate that the Bank of Tanzania promotes and compensate employees basing on their educational levels attained.

Indeed, when an employee has acquired non-degree he/she becomes a supporting staff, those who are categorized as professionals either have undergraduate, postgraduate, masters and even PhD as it was shown in the results. The findings also imply that professional employees that have the highest educational levels are in a better position to become managers at the Bank of Tanzania because results show that almost all managers have attained the highest levels of education.

4.2.1.4 Working Experience and Staff Category

Working experience of employees at BOT was cross tabulated with staff category and findings were as presented in Table 4.5.

Table 4.5 shows that 15 (88%) of the supporting staffs had more than 3 years working experience at the Bank of Tanzania, 57 (86%) of the professional employees had more than three years working experience and 17 (100%) of managers had more than three years work experience at the Bank of Tanzania. The

findings hence show that all employees were in a position to provide reliable information to our study because of enough experience they had while working at BOT.

Table 4.5: Staff category * Working experience Cross Tabulation

			Working experience		Total
			Less than three years	More than three years	
Staff category	Supporting staff	Count	2	15	17
		% within Staff category	12%	88%	100%
	Professional	Count	9	57	66
		% within Staff category	14%	86%	100%
	Managerial	Count	0	17	17
		% within Staff category	.0%	100%	100%
Total		Count	11	89	100
		% within Staff category	11%	89%	100%

Source: From field work, 2012

4.2.2 Most Important Indicators of Motivation

The researcher through the first specific objective aimed to determine the most important indicators of motivation at the Bank of Tanzania. For that case the researcher had seven motivational attributes that were asked to respondents in order for them to indicate those which were of greater importance to them. The researcher was guided by the following research question: what are the most important indicators of motivation? Respondents were asked on a five point likert scale to rate on each statement whether they; (1= strongly disagree; 2= Disagree; 3= neither agree nor disagree; 4= agree and 5= strongly agree).

4.2.2.1 Salary as an Indicator of Motivation

Table 4.6: Staff category * Salary Cross Tabulation

			Salary					Total
			strongly disagree	disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	0	3	1	12	1	17
		% within Salary	.0%	23%	5%	29%	5%	17%
	Professional	Count	4	9	18	21	14	66
		% within Salary	67%	69%	86%	51%	74%	66%
	Managerial	Count	2	1	2	8	4	17
		% within Salary	33%	8%	10%	20%	21%	17%
Total		Count	6	13	21	41	19	100
		% within Salary	100%	100%	100%	100%	100%	100%

Source: From field work, 2012

Table 4.6 shows that 12 (29%) of the supporting staffs agreed that salary was an indicator of motivation at the Bank of Tanzania, 21(51%) of the professional employees agreed salary was an indicator of motivation, 14 (74%) of these professional employees strongly agreed with the statement and 8 (20%) of the managerial employees agreed salary was an indicator of motivation at BOT. Generally the findings on salary as an indicator of motivation had 60 (60%) respondents who either agreed or strongly agreed. This thus indicates that salary is indeed a motivational factor for all the employees of the Bank of Tanzania.

Findings in Table 4.7 shows that majority of responses have fallen under neutral category. This means that from 17 supporting staffs, 7 reserved their comments by not stating whether or not overtime allowance was an indicator of motivation at

BOT. from 66 professional employees 17 (57%) also said their neither agreed nor disagreed with the statement. From 17 managers, 7 (25%) strongly disagreed with the statement and 6 (20%) neither agreed nor disagreed. Hence overtime allowance cannot be regarded as either or not an indicator of motivation to BOT employees.

(a) Overtime Allowance as an Indicator of Motivation

Table 4.7: Staff category * Overtime Cross Tabulation

			Overtime allowance an indicator of motivation					total
			strongly disagree	disagree	Neutral	agree	strongly agree	
Staff category	Supporting staff	Count	4	3	7	2	1	17
		% within Overtime allowance	14%	19%	23%	11%	14%	17%
	Professional	Count	17	12	17	15	5	66
		% within Overtime allowance	61%	75%	57%	83%	71%	66%
	Managerial	Count	7	2	6	1	1	17
		% within Overtime allowance	25%	6%	20%	6%	14%	17%
Total	Count	28	17	30	18	7	100	
	% within Overtime allowance	100%	100%	100%	100%	100%	100%	

Source: From field work, 2012

(c) Bonus Pay as an Indicator of Motivation

Table 4.8: Staff Category * Bonus Pay Cross Tabulation

			Bonus pay						Total
			strongly disagree	disagree	Neutral	agree	strongly agree	99	
Staff category	Supporting staff	Count	7	3	3	2	2	0	17
		% within Bonus pay	23%	20%	13%	14%	15%	.0%	17%
	Professional	Count	18	11	16	10	9	1	65
		% within Bonus pay	60%	73%	70%	71%	69%	25%	66%
	Managerial	Count	5	1	4	2	2	3	17
		% within Bonus pay	17%	7%	17%	14%	15%	75%	17%
Total		Count	30	15	23	14	13	4	99
		% within Bonus pay	100%	100%	100%	100%	100%	100%	100%

Source: From field work, 2012

Table 4.8 shows result of the study on bonus pay. On the Table 99 stands for not applicable. Findings show a total of 30 employees strongly disagreed that Bonus was an indicator of motivation at the Bank of Tanzania. Of this 30 employees 18 (60%) were professional employees, 7 (23%) were supporting staffs and 5 (17%) were BOT managers. The second large group of response was 23 employees who reserved their comments by not stating whether or not bonus pay was an indicator of motivation at BOT. Out of these 23 employees 16 (70%) belonged to the professional staff category. Therefore it shows that professional staffs do not regard bonus as a motivating factor to them and indeed managers also have indicated it is not applicable to most of them.

(d) Car Loan as an Indicator of Motivation**Table 4.9: Staff category * Car loan Cross Tabulation**

			Car loan					Total
			strongly disagree	Disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	2	3	4	5	3	17
		% within Car loan	18%	21%	18%	12%	25%	17%
	Professional	Count	7	10	15	25	9	66
		% within Car loan	64%	71%	68%	61%	75%	66%
	Managerial	Count	2	1	3	11	0	17
		% within Car loan	18%	7%	14%	27%	.0%	17%
Total	Count	11	14	22	41	12	100	
	% within Car loan	100%	100%	100%	100%	100%	100%	

Overall findings on car loan in Table 4.9 show in total 53 employees agreed that they are motivated with the car loans they receive. From these 41 employees of BOT, 25 (61%) were professional, 11 (27%) were managers and 5 (12%) were supporting staffs. Furthermore the results show that 22 employees were not sure whether or not car loan was an indicator of motivation, for instance 15 (68%) of the professional employees neither agreed nor disagreed while 4 (18%) of supporting staffs also were neutral and lastly 3 (14%) of the managers also were neutral with the statement. Therefore the finding implies car loan especially to the professional employees and the managers is an indicator of motivation and reasons could be because of the benefits accrued from owning a private transport facility.

(e) House Allowance as an Indicator of Motivation

Table 4.10: Staff Category * House Allowance Cross Tabulation

			House allowance					Total
			strongly disagree	Disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	1	5	2	7	2	17
		% within House allowance	17%	29%	9%	18%	13%	17%
	Professional	Count	5	11	16	23	11	66
		% within House allowance	83%	65%	70%	59%	73%	66%
	Managerial	Count	0	1	5	9	2	17
		% within House allowance	.0%	6%	22%	23%	13%	17%
Total		Count	6	17	23	39	15	100
		% within House allowance	100%	100%	100%	100%	100%	100%

Source: From field research, 2012

The researcher was also interested in finding out whether or not house allowance was an indicator of employee motivation at BOT. Table 4.10 indicates that house allowance is indeed an indicator of motivation this is supported by a total of 54 (54%) of the employees who either strongly agreed or disagreed. Out of these 54 employees 9 were supporting staffs, 44 were professional employees and 11 were BOT managers. The finding implies that house allowance is advantageous to

employees because it saves money they would have to pay on their own as rent in order to provide shelter for themselves and their families.

(f) Staff Loan as an Indicator of Motivation

Table 4.11: Staff category * Staff loan Cross Tabulation

			Staff loan					Total
			strongly disagreed	Disagree	neutral	agree	strongly agree	
Staff category	Supporting staff	Count	1	2	3	6	5	17
		% within Staff loan	11%	25%	14%	15%	24%	17%
	Professional	Count	7	4	14	25	16	66
		% within Staff loan	78%	50%	64%	63%	76%	66%
	Managerial	Count	1	2	5	9	0	17
		% within Staff loan	11%	25%	23%	23%	.0%	17%
Total		Count	9	8	22	40	21	100
		% within Staff loan	100%	100%	100%	100%	100%	100%

Source: From field work, 2012

Table 4.11 indicated staff loans as an indicator of motivation towards work at BOT this was supported by 61 (61%) of employees who either agreed or strongly agreed. Specifically, 11 supported staffs, 41 professional employees and 9 managers said

they were motivated by staff loans. This therefore mean staff loan is an important motivational factor to employees in order to foster their personal development goals and promote good job morale to these employees things of which salaries alone could not satisfy.

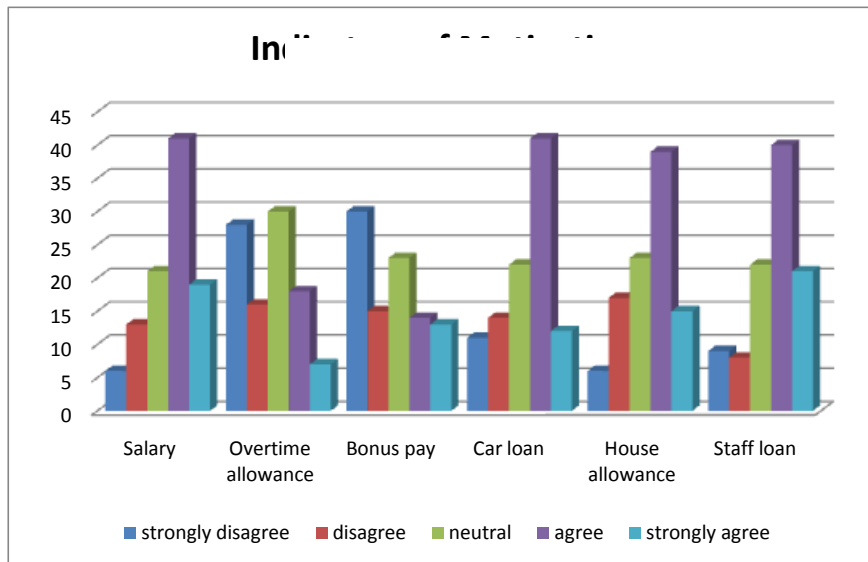


Figure 4.1: Indicators of Motivation

Source: From field research, 2012

The overall findings on indicators of motivation as outlined in the previous tables were summarized and included under one figure and basing on the bar graphs in the Figure 4.1 it was indeed clear to see that Salary, Car loans, staff loans and house allowance were the four most important indicators of motivation at BOT as most of employees either strongly agreed or agreed with the statement. However it was also not true that these employees were motivated by bonus pay and overtime allowances as seen in Figure 4.1 overtime allowance and bonus pay have low number of respondents who either agreed or strongly agreed.

4.2.2.1 Discussion on the Most Important Indicators of Motivation

In this study the variable employee motivation involved only extrinsic rewards of which according to Sansone & Harackiewicz (2000) results from the attainment of externally administered rewards including pay, material possessions, prestige, and positive evaluations from others. In this study findings on the indicators of motivation of employees have revealed four most important indicators of motivation at BOT namely salary, car loans, staff loans and house allowance. Respondents either agreed or strongly agreed when they were asked to comment on the important indicators of motivation according to their experience.

Findings on indicators of motivation are supported by a study by Shaw (2011) whose primary findings revealed a good relationship between corporate performance and CEO remunerations. According to Shaw (2011) a good relationship existed between employee performance and remuneration. Therefore basing on findings in Shaw's study it is also true to say that the Bank of Tanzania employees may perform better because they receive salary remunerations as well as other non-salary allowances that in one way or another help to boost their self-esteem and hence promote positive attitude towards their jobs. Moreover, Motivation- Hygiene Factor theory asserts that "treat people as best as you can so that they have minimum dissatisfaction" Hertzberg (1959).

According to the theory it is suggested that people should be used in such a way they get achievement, interest and responsibility hence they grow and advance in their work. This has an implication to the Bank of Tanzania in such a way that in order to minimize dissatisfaction it is important that pay or salary structures be appropriate

and reasonable. They must be equal and competitive to those in the same category in the same domain. Therefore it was true according to this theory that the Bank of Tanzania had each category of staff motivated by one or two variables that did seem different when compared to the other category.

However it is obvious that motivated workforce by ways of salaries, non- salaries and other incentives in most cases do not imply the corporation is successful. But if management use motivational rewards properly as well as taking appropriate strategic actions to boost employees' performances they can thus help the corporation to realize its goals as set in its company's mission and vision. Timothy (2008) study on the impact of financial incentive mechanisms on motivation in Australian government large non-residential building projects indicated that equitable contract risk allocation and management, scope for future project opportunities with the client, harmonious project relationships, early contractor involvement in design stages, value-driven tender selection processes as additional strategies that helped to succeed in their Procurement projects. He further recommended that a consequence of ignoring these key procurement initiatives can be a less than ideal financial incentive mechanism goal performance, despite the nature of Financial Incentives design, including the strength of the reward on offer.

The incentives according to Timothy (2008) had the potential to be a valuable addition to any project procurement strategy in such a way that if clients rely solely on financial incentives as the driver of motivation it will likely result to failure. Same suggestion can be taken by the Bank of Tanzania (BOT) that if it relies solely on

motivational incentives it is likely possible for the performance of organization to drop in the future instead it is advisable for managers to apply good strategic actions top of motivational incentives in ensuring good organizational performance.

4.2.3 Most Significant Non-Salary Incentives on Motivation

(a) Salary can Motivate an Employee to Expend More Efforts at the Job

Table 4.12: Staff Category * Salary Can Motivate an Employee to Expend More Efforts at the Job Cross Tabulation

			Salary can motivate an employee to expend more efforts at the job					Total
			strongly disagree	disagree	Neutral	agree	strongly agree	
Staff category	Supporting staff	Count	0	2	1	7	7	17
		% within Salary	.0%	29%	13%	21%	14%	17%
	Professional	Count	2	5	4	23	32	66
		% within Salary	100%	71%	50%	68%	65%	66%
	Managerial	Count	0	0	3	4	10	17
		% within Salary	.0%	.0%	38%	12%	20%	17%
Total	Count	2	7	8	34	49	100	
	% within Salary	100%	100%	100%	100%	100%	100%	

Source: From field work, 2012

The researcher through the second objective intended to determine whether non-salary and incentives had the greatest impacts in motivating employees. The researcher was guided by the following research question: what are the most significant non-salary incentives in motivating employees? On answering this question respondents were given statements and on each statement they were asked to state whether they 1= strongly disagree, 2= disagree, 3= neither agree nor

disagree, 4= agree and 5= strongly agree). Findings are presented in cross tabulated frequency distribution tables 4.12.

Table 4.12 shows that 83 (83%) of the employees either agreed or strongly agreed that salary can motivate an employee to expend more efforts at the job. 17 supporting staffs, 55 professional employees and 14 managers were the one who formed a group of 83 respondents who concurred with the statement. Hence it implies salary when is sufficient and high enable employees cover their basic needs as well as other additional needs and hence resulting into job satisfaction.

(b) Overtime Pay Improves' Work Morale Towards Working Long Hours

Table 4.13: Staff category * Overtime Pay Improves Morale Towards Working Long Hours Cross Tabulation

			Overtime pay improves' morale towards working long hours					Total
			strongly disagree	disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	1	2	6	5	3	17
		% within Overtime	20%	18%	22%	15%	13%	17%
	Professional	Count	2	4	15	26	19	66
		% within Overtime	40%	36%	56%	77%	83%	66%
	Managerial	Count	2	5	6	3	1	17
		% within Overtime	40%	46%	22%	9%	4%	17%
Total	Count	5	11	27	34	23	100	
	% within Overtime	100%	100%	100%	100%	100%	100%	

Source: From field research, 2012

Table 4.13 shows that overtime pay improves morale towards working long hours by 57 (57%) of the respondents who concurred with the statement by either agreeing or strongly agreeing. Of those who either agreed or strongly agreed with the statement 8 were supporting staff, 45 were professional and 4 were managers. However, 7 managers did not support that overtime improved their work morale and 6 others reserved their comments. This implies that managers were not being paid overtime that is why they never regarded it as a motivating factor towards work. Also more than half of professional employees regarded it as a motive towards work.

(c) House Allowance Motivates Employees to be Persistent, Creative and Productive at Work

Table 4.14: Staff Category * House Allowance Motivates Employees to be Persistent, Creative and Productive at Work Cross Tabulation

			House allowance motivates employees to be persistent, creative and productive at work					Total
			strongly disagree	disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	0	2	1	6	8	17
		% within House	.0%	29%	4%	15%	32%	17%
	Professional	Count	4	2	14	29	17	66
		% within House	100%	29%	61%	71%	68%	66%
	Managerial	Count	0	3	8	6	0	17
		% within House	.0%	43%	35%	15%	.0%	17%
Total	Count	4	7	23	41	25	100	
	% within House	100%	100%	100%	100%	100%	100%	

Source: From field research, 2012

Results in Table 4.14 shows that 66 (66%) of the respondents either agreed or strongly agreed that house allowance motivates employees to be persistent, creative and productive at work. Of these 66 employees 14 were supporting staffs, 46 were professionals and 6 were managers. But also the results show 1 supporting staff, 14 professional employees and 8 managers neither agreed nor disagreed with the statement. Generally majority of the employees were very positive with the issue of house allowance and therefore the benefits of being given allowances might be greater than when employees would have to rely on their net salaries to be able to pay for the rent.

Table 4.15: Staff and Car Loans Motivate a Sense of Personal Development for Employees of BOT

			Staff and car loans motivate a sense of personal development for employees of BOT					Total
			strongly disagree	disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	0	1	0	12	4	17
		% within Staff	.0%	17%	.0%	24%	16%	17%
	Professional	Count	1	3	13	31	18	66
		% within Staff	100%	50%	72%	62%	72%	66%
	Managerial	Count	0	2	5	7	3	17
		% within Staff	.0%	33%	28%	14.0%	12%	17%
Total		Count	1	6	18	50	25	100
		% within Staff	100%	100%	100%	100%	100%	100%

Source: From field research, 2012

On whether staff and car loans motivated a sense of personal development for employees of BOT ,results in Table 4.15 indicate that 75 (75%) of the respondents either agreed or strongly agreed and these 75 consisted of 16 supporting staffs, 49

professionals and 10 managers. However 13 of professional staffs and 5 managers did not state whether they agreed or disagreed. In general staff and car loans have a huge contribution to make in the personal development of employees and when it is accompanied with good work strategies organizations will achieve higher performances and hence succeed in their day to day business operation.

(d) Bonus Pay Motivates an Optimistic and Challenging Attitude at Work place

Table 4.16: Staff Category * Bonus Pay Motivates an Optimistic and Challenging Attitude at Workplace Cross Tabulation

			Bonus pay motivates an optimistic and challenging attitude at work place					total
			strongly disagree	disagree	neutral	agree	strongly agree	
Staff category	Supporting	Count	0	1	5	7	4	17
		% within Bonus pay	.0%	50%	20%	19%	11%	17%
	Professional	Count	2	1	16	22	25	66
		% within Bonus pay	100%	50%	64%	61%	71%	66%
	Managerial	Count	0	0	4	7	6	17
		% within Bonus pay	.0%	.0%	16%	19%	17%	17%
Total		Count	2	2	25	36	35	100
		% within Bonus pay	100%	100%	100%	100%	100%	100%

Findings in Table 4.16 show that more than half that is 71 (71%) of the respondents either agreed or strongly agreed that bonus pay motivates an optimistic and challenging attitude at work place. This therefore help to conclude that it is indeed bonus pay contributes to optimistic and challenging work at BOT. Normally at the Bank of Tanzania, bonus is paid upon retirement or resignation from the current

position and this is after an employee has spent more than 15 years with the bank. Therefore it is indeed challenging to stay with one organization for 15 years especially when work conditions are unfavorable. Findings further implies that these workers if remain optimistic the bonus paid after 15 years is worth waiting for.

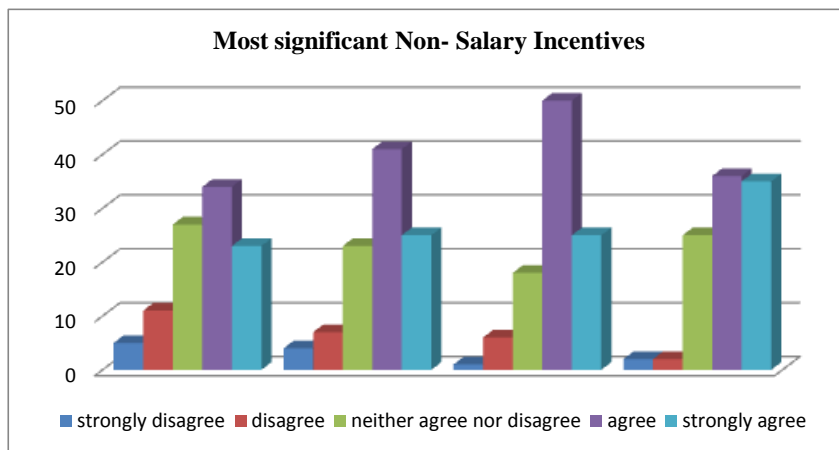


Figure 4.2: Most Significant Non-Salary Incentives on Motivation

Source: From field research, 2012

In concluding the analysis on the specific objective two, figure 4.2 provides a summary of findings as presented in specific objective two (see appendix two). Our study has revealed staff and car loans as the most significant non-salary incentives in motivating all employees at BOT from managerial positions to subordinate positions. The second identified variable with a significant contribution to motivation was house allowance of which respondents argued that it made them persistent, creative and productive at work.

These major findings could be explained by the Hierarchy of Needs theory by Maslow (1943), which states that the best way to motivate a worker is to attend to

his/her intrinsic needs, both psychological and sociological, since their fulfillment is the driving force behind every human activity. Maslow pioneered this school argues that human needs are hierarchical in nature therefore when physiological needs are satisfied they cease to act as primary motivational factors and the individual moves “up” the hierarchy and seek to satisfy security needs.

This process continues until finally self-actualization needs are satisfied. It implied that for BOT staffs salaries helped them to satisfy their physiological needs and when these were achieved they seek staff and car loans in order to satisfy their security needs and later to boost their self-esteem and self-actualization they obtained house allowances and house loans so that they could build modern and quality houses that fitted with their status as employees of Bank of Tanzania.

Also the findings on significance of staff and car loans and house allowance on employees of BOT might differ if the same study is conducted in other public institutions in Tanzania. For instance according to Presidential Pay Commission (2006) pay levels in the public service especially for technical, professional and managerial groups are still very low. Therefore these findings should not be generalized for all other public sector corporations in Tanzania.

As far as the concern of our study was and as far as the huge role Bank of Tanzania has, it still remains important for the government of Tanzania to expose high intrinsic factors to BOT staff groups so as to retain them and ensure that misconducts in use of Public funds do not happen to employees and also in order to make sure that the smooth operations of Central Bank of Tanzania produce extremely positive

contribution to the Tanzanian economy.

4.2.4 Significance of Selected Determinants of Financial Incentives on Motivation

The researcher through the third specific objective intended to determine the most significant financial incentive on motivation. The researcher was guided by this research question: “what is the most significant financial incentive on motivation? Respondents were asked on each statement to rate (1= highly not important, 2= not important, 3= neutral, 4= important and 5 = highly important).

Table 4.17: The Most Significant Financial Incentive on Motivation

Financial Incentives	Highly not important	not important	neutral	important	highly important	Total
Salary	1	2	5	30	62	100
Bonus pay	5	16	38	37	4	100
Long service award	4	8	13	42	33	100
House loan	1	1	7	30	61	100
Motor vehicle loan	0	1	12	58	29	100
Staff loan	0	2	12	53	33	100
House Allowance	2	1	8	48	41	100
Medical Insurance	1	0	1	17	81	100
Gratuity pay	2	3	9	28	58	100
Overtime pay	2	9	24	46	19	100

Source: From field work, 2012

Findings in Table 4.17 have revealed the following; on whether or not salary was the most important financial incentive on motivation 92 (92%) of the respondents said it was either important or highly important, 42 (42%) said bonus pay was either important or highly important, 75 (75%) of the respondents said long service award was either important or highly important and 91 (91%) of the employees said house loan was either important or unimportant.

Moreover, motor vehicle loan was revealed by 87 (87%) of employees as either important or unimportant, staff loan was revealed as well from 86 (86%) of the employees as either important or highly important and house allowance from 89 respondents was mentioned to be either highly important or important. Furthermore, medical insurance was revealed either important or highly important from 98 (98%) employees of BOT. Lastly, the researcher also asked how important were gratuity pay and overtime pay and findings showed that respondents where by 86 (86%) and 65 (65%) respondents respectively said each was either important or highly important.

Generally, all the financial incentives were revealed important from the study but however medical insurance turned out to be the most significant financial incentive on motivation at the Bank of Tanzania by 98 (98%) of all respondents. Following this was salary which had a total of 92 responses from all the employees who were asked to comment.

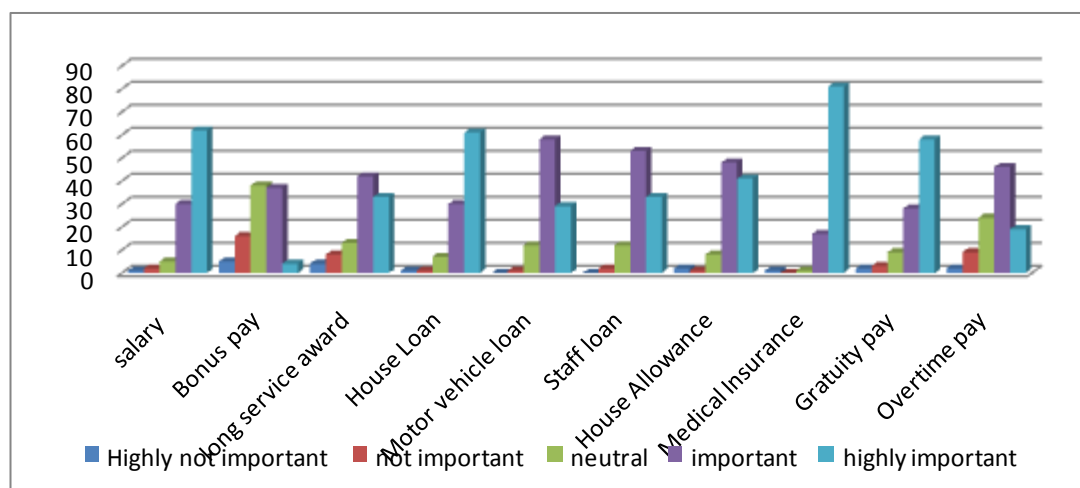


Figure 4.3: Financial incentives at the Bank of Tanzania

Source: From field work

Figure 4.3 shows the findings which have been presented in Table 4.17 and as seen in the table, medical insurance is rated as highly important than all others financial incentives. The findings on medical insurance were supported by all 17 supporting staffs, 65 professional staffs and 16 managerial staffs as seen in Table 4.18.

Table 4.18: Staff Category * Importance of Medical Insurance Cross Tabulation

			Importance of medical insurance				Total
			Highly not important	neutral	important	Highly important	
Staff category	Supporting staff	Count	0	0	3	14	17
		% within medical	.0%	.0%	18%	17%	17%
	Professional	Count	0	1	8	57	66
		% within medical	.0%	100%	47%	70%	66%
	Managerial	Count	1	0	6	10	17
		% within medical	100%	.0%	35%	12%	17%
Total		Count	1	1	17	81	100
		% within medical	100%	100%	100%	100%	100%

Source:

4.2.4.1 Discussion on Medical Insurance as the Most Significant Financial

Incentive on Motivation

Findings revealed medical insurance was the most significant financial incentive on motivation. Employees' benefits typically in form of medical insurance, retirement's benefits and others are viewed as expensive for organizations to provide but, however, no matter how expensive the medical health benefits might be for the government to provide, the contribution these employees make to ensure smooth

operation of various job related tasks at the Bank of Tanzania was worth noting. It was for this reason that almost all employees said that they were motivated by such medical insurance. However there are very few studies if not none to support our current findings on whether or not medical allowances alone is enough to say leads to employee motivation.

A study by Burgess and Rato (2003) on the role of incentives in the public sector considered how optimal incentives for public sector workers differed from private sector workers and if so, what types of incentives were more appropriate for the public sector. Their findings were different in terms of explaining medical allowance but catered for pay related incentives in general including medical allowance. They concluded that, the use of performance related pays was more problematic in the public sector than in the private sector. This was because public sectors considered problems arose due to issues of multi-tasking, multiple principals, and the difficulty of defining and measuring outputs and the issue of the intrinsic motivation of workers.

The study observed that low powered incentives schemes were optimal thus task assignment and work organization became crucial in promoting better performance and sometimes became substitutes for high powered financial incentives. Our study finding provide area for further research as suggested by Burges and Rato that in years to come it should be important to determine whether multi-tasking, multiple principles and difficulties in defining and measuring outputs would make financial incentives like medical insurance, salaries and loans more problematic in explaining motivation of public workers.

Also the findings on financial incentives are supported by study by Kiwira (2004) whose findings revealed shortcomings due to the lack of adequate and comprehensive output linked to human resource policies especially on incentives schemes and hence concluded that for the employees to attain high performance in their job descriptions they must be motivated. This made it true that offering employees medical allowance was a significant financial incentive to motivate them.

4.3 Testing Hypotheses Using Chi-square Non Parametric Test

In this section data collected from the field were tested to find out the significances of hypotheses from the observations. Chi-square is a non-parametric test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis (Kothari, 2004). A null hypothesis was formulated to assist the researcher to find the existences of the association between variables.

Normally in statistical tests we determine whether or not we should reject null hypothesis by looking at the calculated chi-square value (Kothari, 2004). For all cases we should reject the null hypothesis if the asymptotic significance value/probability value (p-value) is greater than the alpha level in this case 0.05 at a certain degree of freedom (df). This means that if the calculated p-value is greater than alpha value of 0.05 we shall not reject the null hypothesis i.e. we accept that our sample does not give reasonable evidence to support the alternative hypothesis.

4.3.1 Relationship Between Salary and Motivation of Employees

Null Hypothesis (H_0): Salary has no association with motivation of employees at the Bank of Tanzania.

Alternative hypothesis (H_1): Salary has an association with motivation of employees at the Bank of Tanzania.

Table 4.19: Importance of Salary and Motivation Crosstab

Count		salary					Total
		Highly not important	not important	neutral	important	highly important	
Motivation	No	0	2	2	4	12	20
	Yes	1	0	3	26	50	80
Total		1	2	5	30	62	100

Table 4.20: Chi-Square Tests for Relationship Between Salary and Motivation

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.349 ^a	4	.035
Likelihood Ratio	8.865	4	.065
Linear-by-Linear Association	1.678	1	.195
N of Valid Cases	100		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .20.

Rejection Region: *For all cases we shall reject null hypothesis if the p-value is less than $\alpha = 0.05$.* From Table 4.20 p-value < 0.05 hence it is concluded that there is a significant positive relationship between salary and motivation of employees (The relationship is statistically significant (Sig. = 0.035) at 0.05 level of significance. This implies that increasing salaries for employees help to boost employees' performance and hence resulting into motivation. This further implies that motivating workers through salaries affect their performance at the Bank of

Tanzania. This conclusion further implies that employees of Bank of Tanzania are motivated by salaries they obtain at the end of every month as a result of expending their efforts towards working for their employer.

4.3.2 Relationship Between House Allowance and Employee Motivation

Null Hypothesis (H_0): *House allowance has no significant influence in motivating employees at the Bank of Tanzania.*

Alternative hypothesis (H_1): *House allowance has significant influence in motivating employees at the Bank of Tanzania.*

Table 4.21: House Allowance and Motivation Cross tabulation

Count		House Allowance					Total
		Highly Not Important	Not Important	Neutral	Important	Highly Important	
Motivation	No	1	0	4	9	6	20
	Yes	1	1	4	39	35	80
Total		2	1	8	48	41	100

Table 4.22: Chi-Square Tests for Relationship Between House Allowance and Motivation

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.660 ^a	4	.155
Likelihood Ratio	5.753	4	.218
Linear-by-Linear Association	3.440	1	.064
N of Valid Cases	100		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .20.

Rejection Region: *For all cases we shall reject the null hypothesis if the p- value is less than $\alpha = 0.05$.*

Findings in Table 4.22 shows that at $\alpha = 0.05$ we accept the null hypothesis (H_0) because p-value is 0.155 which is greater than 0.05. Therefore, we have enough evidence to conclude that there is insignificant relationship between house allowance and employee motivation. This means that the chi-square test is not enough to make justification for the relationship and it also implies that giving employees allowances for house payment is not enough to say they are motivated to work for the company. It is more likely that house allowance might motivate them to work but statistically there are other factors which could be used to explain employee motivation at the Bank of Tanzania.

4.3.3 Relationship Between Staff Loans and Motivation

Table 4.23: Staff Loan and Motivation Cross Tabulation

Count		Staff loan				Total
		not important	neutral	important	highly important	
motivation	no	1	3	7	9	20
	Yes	1	9	46	24	80
Total		2	12	53	33	100

Source: From research, 2012

Null Hypothesis (H_0) - *There is no significant relationship between staff loans and employees' motivation at the Bank of Tanzania.*

Alternative Hypothesis (H_1) - *There is significant relationship between staff loans and employees' motivation at the Bank of Tanzania.*

Table 4.24: Chi-Square Tests for the Relationship Between Staff Loans and Motivation

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.932 ^a	3	.269
Likelihood Ratio	3.766	3	.288
Linear-by-Linear Association	.044	1	.833
N of Valid Cases	100		

Null Hypothesis (H_0) - *There is no significant relationship between staff loans and employees' motivation at the Bank of Tanzania.*

Alternative Hypothesis (H_1) - *There is significant relationship between staff loans and employees' motivation at the Bank of Tanzania.*

Rejection Region: *For all cases we shall reject null hypothesis if the p-value is less than $\alpha = 0.05$.*

Findings in Table 4.24 shows that at $\alpha = 0.05$ we accept the H_0 because the p-value is 0.269 which is greater than significance level at 0.05. We have enough evidence to conclude that there is no significant positive relationship between staff loans and employee motivation at the Bank of Tanzania. This also implies that others factors apart from loans can be used to explain their overall motivation with the Bank of Tanzania.

4.3.4 Relationship Between Medical Insurance Allowance and Motivation

Null hypothesis (H_0): *There is no significant relationship between medical insurance allowance and employee motivation.*

Alternative hypothesis (H_1): A significant relationship exists between medical insurance allowance and employee motivation.

Table 4.25: Medical Insurance and Motivation Crosstab

Count		Importance of medical insurance				Total
		Highly not important	neutral	important	Highly important	
Motivation	Yes	0	0	14	66	80
	No	1	1	3	15	20
Total		1	1	17	81	100

Source: From field research, 2012

Table 4.26: Chi-Square Tests Relationship Between Medical Insurance and Motivation

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.170 ^a	3	.043
Likelihood Ratio	6.612	3	.085
Linear-by-Linear Association	3.778	1	.052
N of Valid Cases	100		

Source: From field research, 2012

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .20.

Rejection Region: *For all cases we shall reject null hypothesis if the p-value is less than $\alpha = 0.05$.*

Decision: At 3 degree of freedom and at $\alpha = 0.05$ as seen in Table 4.25 the null hypothesis (H_0) is rejected because the p-value is 0.043 which is less than 0.05. Therefore, we have enough evidence to conclude that the test is significant and there is a relationship between medical insurance allowance and employee motivation at the Bank of Tanzania.

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion and recommendations of the study. It also presents delimitations of the study as well as areas for further study.

5.2 Summary of Key Findings

The study has broadened our understanding on the role of financial incentives on employees' motivation. The study was conducted at the headquarters of Bank of Tanzania (BOT) in Dar-es-salaam. The objective was to identify the most important indicators of motivation, to determine the most significant non-salary incentives on motivation and the most significant financial incentive on motivation. The research employed purposive sampling design and collected data using a questionnaire to a sample of 100 employees of the Bank of Tanzania. Analysis of the data was done using SPSS database in which the research ran cross tabulated frequency tables that contained data relevant to the findings. Moreover, the study had four hypotheses that were tested using cross tabulated Pearson chi-square test.

The study through the first objective has identified salary, staff loans, car loans, and house allowances as the most important four indicators of motivation at the Bank of Tanzania. On a five point Likert scale with 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and 5= strongly agree, 60 (60%) of the respondents either agreed or strongly agreed that salary was an indicator of motivation at the Bank of Tanzania, 53 (53%) either agreed or strongly agreed that car loans was an indicator of

motivation, 61 (61%) either agreed or strongly agreed that it was staff loans and lastly 54 (54%) either agreed or strongly agreed that house allowance was an indicator of motivation at the Bank of Tanzania.

The researcher through the second objective intended to determine the most significant non-salary incentives in motivating employees. The researcher was guided by the following research question: which non-salary incentives are most significant in motivating employees? On answering this question respondents were given statements and on each statement they were asked to state whether they 1= strongly disagree, 2= disagree, 3= neither agree nor disagree, 4= agree and 5= strongly agree). Findings revealed 75 (75%) of respondents agreed that staff and car loans were the most significant non-salary incentives in motivating employees at the Bank of Tanzania.

The researcher through the third specific objective intended to determine the most significant financial incentive on motivation. The researcher was guided by this research question: “what is the most significant financial incentive on motivation? Respondents were asked on each statement to rate (1= highly not important, 2= not important, 3= neutral, 4= important and 5 = highly important). In determining the most significant financial incentives on motivation, medical insurance was revealed either important or highly important by 98 (98%) of employees both the supporting staffs, professional staffs and the managers. The second most significant financial incentive was salary in which 92 (92%) of the respondents either said it was important or highly important.

Furthermore, data collected from the field were tested to find out the significances of hypotheses from the observations. In testing the relationship between salary and motivation, findings in Table 4.20 shows p-value was less than alpha value at 0.05 level of significance (two-tailed) hence it was concluded that there was a significant positive relationship between salary and motivation of employees (The relationship was statistically significant (Sig. = 0.035) at 0.05 level of confidence. This implied that increasing salaries for employees helped to boost employees' performance and hence resulted into motivation. Also the relationship between house allowance and motivation was sought and the findings in Table 4.22 showed that at $\alpha= 0.05$ the null hypothesis (H_0) was accepted because p-value was 0.155 which was greater than $\alpha= 0.05$. Therefore, the researcher had enough evidence to conclude that there was insignificant relationship between house allowance and employee motivation.

Also, in testing the relationship between staff loans and motivation, findings in Table 4.24 showed that at $\alpha= 0.05$, null hypothesis was accepted because the p-value was 0.269 which is greater than significance level at 0.05. The researcher had enough evidence to conclude that there is no significant positive relationship between staff loans and employee motivation at the Bank of Tanzania. This finding implied that others factors apart from loans could be used to explain workers overall motivation at the Bank of Tanzania.

Moreover in testing relationship between Medical insurance and motivation, findings in Table 4.25 showed the null hypothesis (H_0) was rejected because the p-value was 0.043 which is less than 0.05. Therefore, the researcher had enough evidence to

conclude that the test was significant and there was a positive relationship between medical insurance allowance and employee motivation at the Bank of Tanzania.

5.3 Conclusion

The conclusions for the study were presented on each specific objective.

5.3.1 Most Important Indicators of Motivation

Basing on the study findings in this objective, it can be concluded that not all extrinsic motivation rewards appeal to employees there are those employees who are motivated by inner factors like need for recognition, career development and control over people. However, majority of BOT employees were concerned about adequacy of salaries to meet their basic needs, adequacy of staff and car loans to foster their personal development and adequacy of house allowance to suit their needs for accommodations. Consequently to a great extent it can be concluded that motivation increased workers morale but in order to be able to comment wholly on impacts of motivation on their performance others further studies should be conducted on the matter. Despite this, a positive relation existed between salaries and motivation because the asymptotic significance was 0.035 lesser than the level of significance at 0.05, this imply that increasing salaries to organizations may help to raise the performance of employees.

5.3.2 Most Significant Non-Salary Incentives on Motivation

Basing on the findings for our study on most significant non-salary incentives the following conclusion was drawn: monetary rewards in the form of non-salary incentives in organizations normally results in employees' job satisfaction and hence

minimize labor turnover. Studies conducted in various countries revealed that those organizations which failed to motivate their work forces were confronted with the problem of labor turnover which was caused by low pay packages, inadequate working facilities, lack of objective promotion criteria, lack of recognition etc all of which are components of work motivation.

Normally in the public service, the extrinsic factors are lowly exposed compared to other sectors including private companies/ institutions. Bank of Tanzania was revealed by this study to expose its employees to extrinsic rewards and was able to retain them even for longer time period of up to 15 years. This made employees of Bank of Tanzania to feel that compensation packages were really working which facilitated their increase of input to BOT job/ tasks; they changed their attitude and performed better.

Therefore in concluding this part, for organizations to have fully motivated teams of employees, managers need to make sure their employees work in pleasant and desirable work environments. If people grew in an environment in which their needs are not met, they will be unlikely to function as healthy individuals or well-adjusted individuals. This idea should be applied to all public and private organizations to emphasize the idea that unless employees get their needs met on the job, they will not function as effectively as possible.

5.3.3 Most Significant Financial Incentives on Motivation

Maslow (1943) theorized that people have five types of needs and that these are activated in a hierarchical manner. This means that these needs are aroused in a

specific order from lowest to highest, such that the lowest-order need must be fulfilled before the next order need is triggered and the process continues. If you look at this in a motivational point of view Maslow's theory says that a need can never be fully met, but a need that is almost fulfilled does not longer motivate.

According to Maslow (1943) you need to know where a person is on the hierarchical pyramid in order to motivate him/her. Then you need to focus on meeting that person's needs at that level. The conclusion made is that; although the study had found a positive role of medical insurance and salaries as most significant financial incentives on motivation at the Bank of Tanzania, the management should continue to maintain that status and make sure that there will not appear a way BOT employees feel dissatisfied with their performance of various job related tasks.

5.4 Recommendations

The following recommendations were provided by the researcher in order to provide implications of the findings to Tanzanian organizations, Government and Policy makers.

5.4.1 Policy Recommendations

Policy makers in Tanzania should design and make adjustments to existing policy frameworks and incentives schemes to ensure that workers are well motivated both intrinsically and extrinsically. When these workers are well motivated in any organization, their values will not conflict with values of their organizations. Special attention should be put at increasing public workers' salaries because majority of

them complain about the inadequacy of their salary to meet their needs. Increasing their salaries and offering them other allowances will increase their morale to work hard and this will enhance the way they also attend to the general public.

Financial security is an important type of safety need. So organizations to motivate their employees need to make them financially secured by involving them in profit sharing of the organization. There should be promotion of basic need factors in order to attract and retain high caliber employees. Respondents in this study placed high emphasis on salary and other non-salary factors, which were largely of basic in nature. Therefore organizations in Tanzania both public and private ones should provide such enabling environments, facilitate and tirelessly promote these basic need factors in order to attract and retain high caliber employees.

The Tanzanian government should redesign organization strategies for each public office and make jobs more interesting and challenging and ensuring the availability of the primary motivational factors identified by this thesis as well as ensure they address intrinsic motivation of their employees. It should be noted that it is not only important for satisfying workers' needs but also it is very necessary to maintain productivity and ensuring the long term survival of the public organizations.

There should be mutual balance between motivation through monetary rewards and other incentives with performance, organizations should stop motivating workers using financial incentives if they see that performance or their productivities are very low. Also these managers should be time conscious if effective work productivity is

to be enhanced from the employees. Human resource managers should be well informed that work motivation, leadership effectiveness and time management as required for any organization to succeed.

5.4.2 Recommendations for Further Studies

The results of this study could be used as starting point for managers of organizations and other interested parties to identify and understand what factors motivate employees in their institutions and thereby ensure an environment that encourages, promotes, and fosters such factors. In addition, in order to determine whether these findings are generally applicable, future research should explore other variables of interests that were not covered in this study with regards to the issue of financial incentives from most or all financial companies in order to generalize on the findings.

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APPENDICES

Appendix i: Questionnaire

I am a student at the Open University of Tanzania undertaking Master of Human Resource Management (MHRM). Currently I am doing a research study on *the role of financial incentives on employees' motivation in financial institutions in Tanzania. A case of the Bank of Tanzania*. As one of the employee in this organization you are of great help in this research. I would be grateful if you could spare few minutes to fill this questionnaire to help me accomplish my study.

PART I: Respondent characteristics

Please cycle one response for each column below.

Gender	Age	Education level	Experience	Staff Category
1.Male	1. Below 35	1. Non- degree	1. Less than three years	1. Supporting Staff
2.Female	2. 36-55	2.Undergraduate degree	2. More than three years	2. Professional
	3. Above 55	3. Postgraduate		3. Managerial

PART II: Motivation attributes

- a. Are you motivated to work with the Bank of Tanzania? Put a tick (✓) on one response only.

Yes () No ()

- b. What motivates you at the Bank of Tanzania? Put a tick (✓) against the best response of your choice for each attribute. 1 = Strongly disagree, 2 = Disagree, 3= Neutral, 4= Agree, 5= Strongly agree.

	Attributes	1	2	3	4	5
i.	Salary					
ii.	Overtime allowance					
iii.	Bonus pay					
iv.	Car loan					
v.	House allowance					
vi.	Staff loan					
vii.	Others.....					
	(b).....					
	(c).....					

PART III: Most significant non-salary incentives on motivation

For each of the statement below put a tick (√) against the best response of your choice. Where 1= Strongly disagree, 2 = Disagree, 3 = Neither agree nor disagree, 4= Agree and 5= Strongly agree

	Incentives attributes	1	2	3	4	5
i.	Overtime pay improves employees' morale towards working long hours in the office					
ii.	House and transport allowances motivate employees to be persistent, creative and productive at work.					
iii.	Staff and car loans motivates a sense of personal development for employees of the BOT					
iv.	Bonus pay motivates an optimistic and challenging attitude at work place.					

PART IV: Financial incentive attributes

To what extent do you rate the importance of the following financial incentives at BOT. Put a tick (√) against the best response whereby 1=Highly not important, 2 =Not important, 3 = Neither important nor unimportant, 4= Important and 5= Highly important.

	Financial incentives attributes	1	2	3	4	5
1.	Salary					
2.	Bonus pay					
3.	Long service award					
4.	Housing loan					
5.	Motor vehicle loan					
6.	Staff loan					
7.	Medical insurance					
8.	Gratuity					
9.	Overtime pay					
10.	House allowance					

» THANK YOU FOR YOUR COOPERATION «

Appendix ii: Overall significance of Non-Salary Incentives on Motivation

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Overtime pay improves morale towards working long hours	5	11	27	34	23
House allowance motivates employees to be persistent, creative and productive at work	4	7	23	41	25
Staff and Car loans motivate a sense of personal development for employees	1	6	18	50	25
Bonus pay motivates an optimistic and challenging attitude at work place	2	2	25	36	35