**ASSESSMENT OF THE EMPLOYEE PERCEPTION OF REWARD SYSTEM ON EMPLOYEE MOTIVATION**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA**

**2017**

# CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled: “Assessment of the employee perception of reward system on employee motivation: A Case of MEDA Tanzania” in partial fulfillment of the requirements for the Degree of Master of Human Resource Management of the Open University of Tanzania.

……………………………………

Dr. Janeth Isanzu

(Supervisor)

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Date

# DEDICATION

This work dedicated to my parents Prof. Erasmus Kaijage and Emiliana Kaijage for their moral and financial support during my entire studies. They have been a shining icon for the family to follow their steps. I also dedicate this work to my brothers Allen Kaijage and Alvin Kaijage and sisters Evelyn Kaijage

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# ABSTRACT

In today’s world of competition, advanced technology and innovations, organization are realizing the need of establishing a system that will stand before employees and employers to create an equitable balance between the employee’s contribution to the organization and the organization’s contribution to the employee. The Problem statement of this study is that most of the reward system in place are designed by the management basing on the writings of different researchers without involving employees so it is hard find out if these system are upright and satisfy employees so this study intended to involve and assess employees and find out how they perceive the reward system. Data were collected from 46 respondents through questionnaires and interview and analyzed by the use of Statistical Package for Social Sciences (SPSS) and excel for drawing graphs and tables. The research results revealed that the reward system used by MEDA to motivate employees are extrinsic and intrinsic rewards of which majority of the employees perceived it to be a fair system though there were some areas to be improved for highly motivating employees. The overall findings of the study attest to the fact that employee perception of reward system on employee motivation provides relevant and timely feedback and give commitment to management to improve and manage accordingly the reward system in order to motivate employee and eventually increase employee performance and commitment to the organization. Lastly, it was recommended that the reward system should use the findings of this study to rectify those areas which were identified to dissatisfy the employee so as to motivate them for better performance and meet the organization’s objectives.

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**ABBREVIATIONS AND ACRONYMS**

HRM Human Resource Manager

LLIN Long Lasting Insecticides Nets

MEDA Mennonite Economic Development Association

NGO Non-Governmental Organization

SPSS Statistical Package for Social Science

TNVS Tanzania National Voucher Schemes

UCC Universal Catch up Campaign

U5CC Under Five Catch up Campaign

# CHAPTER ONE

# 1.0 INTRODUCTION

## 1.1 Introduction

This is an introduction chapter to the study. The chapter presents the subtitles which introduces the topic and gives more details about background of the problem, statement of the problem, objectives of the research, research questions and its significance.

## 1.2Background of the Study

In today’s world of competition, advanced technology and innovations, organization are realizing the need of establishing a system that will stand before employees and employers to create an equitable balance between the employee’s contribution to the organization and the organization’s contribution to the employee. (Puwanenthiren, 2011) says that this balance is one of the main reasons to reward employees and focus on the three main components of a reward system, which includes, compensation, benefits and recognition. These components will motivate employee and make them give their maximum efforts, skills and knowledge knowing that they will be rewarded by the management.

Apart from the salaries, every employee is looking for the best way of earning more from the employers by working hard and eventually being recognized for their extra efforts. These extra efforts could be recognised in terms of rewards which has been categorised in to two types, extrinsic rewards (such as bonus, promotion and increase in pay) and intrinsic rewards (such as appreciation, praise and recognition) (Armstrong, 2015). These two categories of rewards are used by organizations to create a competitive environment for their employees so as to retain the right workforce which will eventually take the company through achieving the goals and objectives of the organisations. Therefore the purpose of this study will be the assessment of the employee perception of reward system on employee motivation.

## 1.3 Statement of the Problem

Today, an organizations result is highly depending on the employees work motivation. It is therefore important for a company to find out what motivates its employees so that it can plan a suitable reward system and gain better results. Mikinder (2010) tells us that organisations need to have the right combination of immaterial and material rewards to boost up the employees' work motivation and enhance their commitment to the company, but what reward should form the employment package and the extent to which each is motivated is currently challenging in organizations (Et al 2012).

Usually the management of any organisation is responsible to design the reward system but most of their designs base on the writings of different researchers without involving or consulting the employees, and sometime these designs do not satisfy employees need and expectations. This is the fact that if the reward system is not upright for the employee then it may not be helpful to motivate employee. In line with this, the management should find out how the employees see or perceive the reward system so as to be in the same page and achieve the meaning and goals of rewarding.

This study intends to assess the employee perception of reward system on employee motivation. Their perceptions on this will draw a true picture of rewards system in place whether is involving or not involving and it will provides answers which may be developed from this research and comes out with solutions.

## 1.4 Research Objectives

### 1.4.1 General Objective

The general objective of the study was to assess the employee perception of reward system on employee motivation at MEDA Tanzania.

### Specific Objectives

1. To determine the reward system used by MEDA to motivate employee
2. To determine the employee’s perception of the reward system in place
3. To assess the effect of reward system on motivating employee

## Research Questions

## What are reward systems currently used by MEDA?

## What are the employees’ perceptions on reward system?

## What are the effects of reward system on motivating employees?

## 1.6 Significance of the Study

The assessment of the study’s objectives will come out and draw the findings which will be very significant and relevant to both employers and employees to boost motivation and eventually to meet targets set by both parties (employer as a company and individual as an employee). Eventually the researcher expects to come out with the following values:

1. It will provide a deeper understanding of the appropriate reward systems that is required to be adopted by Non-Governmental Organisation especially MEDA Tanzania to motivate and influence employees and improve work performance.
2. The findings of the study will help the planners of Human Resource rewarding system on how to implement appropriate reward strategies within the NGOs and specifically MEDA Tanzania to enhance motivation and work performance after understanding what the employee perceive the reward system provided by the organization they work for.
3. Results of this study will help MEDA Tanzania to reflect more on the purpose and benefits of rewarding employees in line with work performance.
4. The findings of this research will add to the body of knowledge in the field of reward systems in NGOs, Specifically MEDA Tanzania and public sector, on their suitability and adequacy of reward packages to be introduced to lift employees’ motivation and work performance.

## 1.7 Scope of the Study

The scope of the study was:

The research was conducted in Dar es Salaam and specifically dealt with employees of MEDA. This office represented other NGOs in Tanzania because the researcher had a limited fund to involve other NGOs in this study. MEDA is a Canadian NGO worked under the Ministry of Health, ran the Tanzania National Voucher Scheme with the aim of the advancement of a voucher programme designed specifically for pregnant women that would in effect lower the retail cost of a net, and thus substantially increase the distribution of Long Lasting Insecticide Nets (LLINs) throughout Tanzania. In addition, MEDA ran two big campaigns in the country called Under Fives Catch up Campaign (UFCC) where the programme provided free nets to all under five in the country in 2010 and Universal Catch up Campaign (UCC) 2011 where each house hold received 2 or more bed nets all over the country.

## 1.8 Organization of the Study

This study is organized in five chapters. Chapter one present background of the study, statement of the research problem, research objectives, research questions, significance of the study, scope of the study and organization of the study. Chapter two present conceptual definitions, theoretical and empirical literature review. It also provides the research gap and conceptual frame work. Chapter three covers research design, area of study, population of the study as well as sample size and sampling techniques. In additional, the chapter presents types of data, methods of data collection, data processing and analysis, measurement of variables, reliability and validity and finally ethical issues. Chapter four is about data interpretation, analysis and discussion of the findings. Finally chapter five presents summary of the findings and their implications, conclusion, recommendation, limitation of the study and suggested areas for further studies.

# CHAPTER TWO

# 2.0 LITERATURE REVIEW

## 2.1 Overview

This chapter sightsees the ideas and understanding of the reward system as elaborated by other authors. It reviews the perception of reward system on employees’ motivation at MEDA. Specifically, the chapter presents the theoretical and empirical aspects which clearly indicate the perceptions of different scholars on key terms used in the study; and the existing gaps in the body of literature for the study to be undertaken.

## 2.2 Definition of Terms

**2.2.1 Perception**

Perception is the recognition and interpretation of the information given to us in order to interact with our environment or working place. According to Armstrong (2015), it is the attitude that employees have towards policies concerned with pay, recognition, promotion and quality of working life, and the influence of the group with whom they identify. Selim (2015) contended that this perception creates expectations to employees and if not given they will react against management by finding a better place to fulfil their desired dreams and meet their daily needs to other competitive organizations.

**2.2.2 Reward**

The term is referred to as a package of different elements of consideration which an employee is offered by employer to perform a task at the highest level for the best result for the organisation (Jesca, 2014). Reward can be intrinsic and extrinsic.

**2.2.3 Types of Rewards**

The reward systems have been classified into two parts as intrinsic or extrinsic (Armstrong, 2015).

**2.2.3.1 Extrinsic Rewards**

Extrinsic rewards are tangible rewards which are external to the job or task performed by the employee and they are usually in terms of salary/pay work condition, fringe benefits, and promotion, contract of service, incentives, bonuses, payments and job security at the work environment and conditions of work, (Badrinarayan and Tilekar, 2011 ; Armstrong, 2015).

**2.2.3.2 Intrinsic Rewards**

According to Ajmal (2015) Intrinsic rewards are those which are non-cash rewards or not having any physical existence like employee recognition, acknowledgement, and professional growth, authority to immediate tasks, respect and appreciation. Nawab, Ahmad and Shafi (2011) define intrinsic rewards as non-financial rewards created purposely to appreciate employees in form of self-esteem and related to their feeling of achievement and growth with organization and that employee is feel satisfied when they have accomplished something worth in work and orally appreciated by the organization. Apart from that, Armstrong (2015) stressed that these rewards also offering a work environment that provides a high quality of working life and an appropriate relationship between work and private life (work–life balance). Mike (2014) says that an intrinsic reward is an intangible award of recognition, a sense of achievement or satisfaction conscious.

**2.2.3.4 Use of Combination of Intrinsic and Extrinsic Rewards**

As we have seen above the Extrinsic and Intrinsic rewards, this combination of the two is one of the type which is recommended to be adopted by organization to reward their employees (Kreitner,1999).It is obviously that rewards have played a big role in Organizations in a creating a successful competitive environment to achieve the targeted goals and objectives. It has been observed that some employees are highly motivated by extrinsic rewards such as increase in pay, promotions and bonus, while others are motivated by intrinsic rewards such as appreciation, praise and recognition (Armstrong, 2015).

The writings suggest that management should always try to link the two and balance them though experience has shown that most of the employees are very much interested in extrinsic rewards especially cash rewards because they reduce and sometime solve their immediately needs compared to other rewards, but Nelson and Spitzer (2002) warns managers to balance this by not using it all the time to motivate their employees because in a long run it will not lead to a positive behaviour to employees and the essence of reward would be forgotten. Pink (2011)argue that extrinsic rewards in forms of monetary compensation not only makes employees to decrease their creativity and joy in their job performance but also as well as diminish a person’s motivation.

This means extrinsic rewards are to some extent old-fashioned and today’s employees’ are searching for more beyond extrinsic rewards. This was revealed by Mansor (2012) who examined the relationships between extrinsic rewards and employee’s job performance and the results were 85% of employees conducted in real work place enjoyed the security and the environment in the workplace including their relationship among employees which enhanced their performances.

While determining the appropriate reward, it is also very important for the reward system and management to differentiate the individual and group performance and combine them correctly as most of NGOs get funds and consideration for more projects based on their performance as a group which is more critical to organisation success. Before going for a group performance, the reward system must be able to identify the goals, strength and performance of an individual and reward accordingly basing on the types of rewards mentioned above before combine them for a group performance (Murphy (2015). This can only be attained through conducting an individual performance appraisal and encourage the group working which will eventually assure maximum performance towards reaching the organisation goals.

## 2.3 Theoretical Literature Review

The sections reviews several theories which are used by the reward system in organization to motivate their employee and how is motivated.

### 2.3.1 Identification of Motivation

The term ‘motivation’ derives from the Latin word for movement (movere). A motive is a reason for doing something. It is also the strength and direction of behaviour and factors those influencing people to behave in certain ways. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward that satisfies their needs and wants. The term ‘motivation’ can refer variously to the goals that individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behaviour. Ezza (2014) and Vansteenkiste (2007) defined employee motivation as a situation where employees who are highly involved and engaged in their job and try to make the best in their performance. Several theories have been used to explain the employee reward systems but for this study a researcher will look at Herzberg’s two factor theory and Expectancy theory (Vrom, 1964).

### 2.3.2 Herzberg’s Motivation Theory

Herzberg in his study (1959) “The motivation to work”, came out with the factors which suggests for satisfaction or dissatisfaction in an employee’s working environment in order to understand his employees. Different employees were asked what pleased and displeased them about their work. What was observed is that there were factors causing job satisfaction and those which cause job dissatisfaction which were grouped into two as physiological needs to grow as a human being that can be fulfilled by money such as food, clothes and shelter and as known as basic human needs and psychological need to archive and grow in carrier wise which can be fulfilled by activities that cause one to grow.

This theory could be used to describe which outcomes people are motivated by. It also recommended that the management must provide both hygiene factors and intrinsic factors to the work itself in order for the employees to be satisfied with their jobs and make balance. I totally agree with this theory from the short experience of working in organization, that what pleased some staffs did not pleased other staffs.

### 2.3.2 Expectancy Theory (Vrom, 1964)

Vroom’s expectancy theory assumes that an employee’s performance is based on individual factors such as personality, skills, knowledge, experience and abilities. That the effort, performance and motivation are linked in a person’s motivation. He also link an “effort and performance” which are always supported by availability of the right resources, right skills to do the job and necessary support to get the job done. So employee has that in mind and believes that the more effort we put in our works will yield better job performance which will eventually lead to organizational rewards such as an increase in salary or benefits.

From the theory of Vroom, employees change their level of effort according to the value they place on the bonus they receive from the process and on their perception of the strength of the links between effort and outcome. Vroom declares that the employee’s motivation may be amplified by changing the perception or by boosting the expectancy level through better communication and increasing the actual reward .This is the search of this thesis to find out if there is any communication between the employer and employees, to raise concern on the people’s perception and feelings on how they are treated as compared to others.

## 2.4Empirical Literature Review

### 2.4.1 World Related Studies

The empirical evidence is ample as regard to how the rewards works to motivate employees’ performance and numerous factors such as organizational culture, manager’s attitude, job content, financial rewards and personal problems (Saeed, 2013) have been identified to correlate with employees’ performance.The study conducted by Ong & Teh (2012) on reward system and performance within Malaysian commercial banks found that rewards (monetary and non-monetary) motivates employees’ performance.

As we have seen above that numerous factors lead to organizational performance but Ogedegbe & Bashiru (2014) tell us that positive achievement in an organization can be attained by well combined theories of rewards and pointed out that apart from monetary reward, job security and prospect of career are crucial for both organizational development and improving in employee morale change. Here comes again what really change employee morale is the hard nut to crack because what satisfies one employee could dissatisfy another employee though Mustapha (2013) observed that most employees are more in favour of financial rewards simply because they solve their immediately problems so we need to observe the behaviour of the employees, when they are satisfied then employer should expect higher performance.

### 2.4.2 Tanzania Related Studies

Kalangula (2015) pointed out that there is evidence that financial and non-financial rewards are positively affect employees’ job performance at Banks of Tanzania and that managers should pay attention on the way they reward their employees in order to boost job performance. Kikoito (2014) revealed that Commercial bank employees at Mwanza find salary offered by the said banks to be less than satisfaction. Bonus is only offered to management and selected few employees. On the non-financial rewards, the majority of the employees are dissatisfied with recognition given and there is absence of praise in the work place as only 4.6% of bank employees experienced praise rewards.

Francis (2014) also revealed that among other things which make employees leave or stay on their jobs is a good reward system and the rewards offered by the system. Those poor financial and non-financial rewards will let the employees out of the job and otherwise is true and has a lot of effect at a personal level and group level towards achieving the company objectives and goals. Hussein (2011) benefits offered by the company need to be positively perceived and valued by employees so that to have the intended influence on employees’ behaviour and attitudes otherwise there is a big risk of losing skilled employee as the technology is so high and employees are free to search and choose employers who have a value mix which matches to their worth functions.

From the studies above is it obvious clear that reward system in any organization is part and parcel of job satisfaction and organization performance, both outside Tanzania and within Tanzania. It is also clear that the monetary and non-monetary rewards play different roles in organisational performance and employee’s achievement. That being the case, inspired employees is by default the ones who are going to perform highly and on different levels depending on the satisfactions guaranteed by the organization they work for.

## 2.5Research Gap

Kikoito, (2014) and Kalangulla, (2015) suggested that there is a communication gap between the reward system and perception of reward of system on employee motivation. Studies observed that the reward system and packages are the perception of the management on their employees and not employees’ perception on the reward system. Therefore the study seeks to determine the perception of reward system on employee motivation in MEDA Tanzania.

**2.6**Conceptual Framework

The conceptual framework implies a sketch showing the variables both dependent and independent existing in the study and their relationship. The framework is well depicted in figure 2.1

**Independent Variables Dependent Variable**

Intrinsic Rewards

-recognition

-good working environment

-New challenges

Motivation

Extrinsic Rewards

-Salary increment

-Bonus

-Promotion

**Figure 2.1: Conceptual Framework**

**Source:** Researcher’s Own Construct

The framework depicts study on the perception of reward on employees motivating in MEDA Tanzania. The framework consists of reward and motivating factors as dependent variable which needs to be filled with independent variables. With that, independent variables are formulated as specific objectives namely rewarding mechanisms, intrinsic and extrinsic rewards and employee perception. Despite that, dependent variable will be filled through the findings gathered from the field.

## 2.7 Theoretical Framework

The theoretical framework guiding the study is the Vroom‘s expectancy theory(1964) which emphasises on the need to amplify and boost the expectancy level of the employee through better communication and increasing the actual reward with what the organization expects from the employee. This theory assumes that an employee’s performance is based on individual factors such as personality, skills, knowledge, experience and abilities which when combined with necessary support from the employer will yield a better job performance and hence the reward to employee. That the employees change their level of effort according to the value they place on the bonus they receive from the process.

As the researcher said earlier that most of the NGO has short term contracts renewable based on performance and so the employees’ contract. Making sure that they maintain their status and renew their contract they have to make sure that they impress the funders of the projects and they will only do it by delivering to their donor funders’ expectation and this can only happen by motivating those who are implementers of the project (employees) by having a proper reward system which will make sure they guarantee the better job performance. In general, this theory explains motivation as the product of internal drives that encourage an individual to move towards the satisfaction of individual needs.

# CHAPTER THREE

# 3.0 RESEARCH METHODOLOGY

## 3.1 Overview

This chapter focuses on the methodological approach which was undertaken by the study to accomplish the process of filling the knowledge gap. It consists of research design, study area, population of the study, sample size sampling technique, data source, data collection instruments data analysis and presentation.

## 3.2 Research Design

This is the master plan which specifies the method and procedures for collection and analyzing the required data depending on the nature and type of research (William Zikmund, 2009). Several designs can be applied depending on the study such as laboratory, experimental, exploratory and others. The researcher intended to use the exploratory research which Saunders, et *al* (2012) articulated that this research design intended to explore the research question and give us a better understanding of the problem rather than giving a conclusive evidence and solution.

## 3.3 Area of the Study

The selected case for this research was MEDA Tanzania whose head office is in Dar es Salaam. The selected case was more preferable because it involved multitask employers and groups with varying interest on reward and motivation relevant for this enquiry and the fact that the office is in Dar es Salaam and the researcher is also in Dar es Salaam then it was less expensive to collect data.

## 3.4 Type of Data

There are two types of data collection which a researchers used to access the data to be used to draw conclusion for their researches known as *Primary data* and *Secondary data*. The primary data are those which are collected afresh and for the first time, and thus happen to be original in character while the secondary data are those which have already been collected by someone else and which have already been passed through the statistical process, Kothari (2014). For this research, only primary data collection was used by a researcher to access data for drawing conclusion through questionnaires and interview.

## 3.5 Survey Population

The study involved current employees of MEDA Tanzania. The Human Resource officer, team leaders, leaders, drivers and other ordinary staffs were given questionnaires and others interviewed as these were the people who were willing to participate to this research. Human resource officer represented the top management while other staffs stood as general employees depending on the position they hold. Most of these staffs are in Dar es Salaam so it was easier to catch with them and exchanged their views through questionnaires which were prepared for them. All these were done easily because now a days we so many ways of communications.

For those whom we could not meet we had chances to communicate through whatsApp, phone calls and emails especially for those who were out of the region, but in general it was very easy and respondent reacted very prompt to respond to my questions despite the short call from the researcher.

## 3.6 Sampling Design and Size

Kothari (2004) defines sample as a segment of population in which the researcher is interested in obtaining facts to be used to draw conclusion. He also defines Sampling designs as listing of elements from which an actual sample will be drawn from. This study consisted of two groups: the operational and administrative staff on group one and the management of the organization on the second group. In totality the study consisted of 46 respondents from the two groups whereas 45 were operational and administrative staff and the 1 represented the management.

The selection of operational and administrative staff was due to the fact that they were direct subjects and beneficiaries of reward system. Management on the other hand was the one of the choices because it served as a key respondent to provide in-depth data to fill the gap of the study. Very unfortunately some members of management team were busy and some were out of the country hence one HR officer was selected to represent the top management personnel in interview.

## 3.7Methods of Data Collection

### 3.7.1 Primary Data Collection

The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Primary data were gathered through questionnaires and interviews. Questionnaires were used for the employees because they are many and it would have been hard to find them at a reasonable time to have an interview as most of the time they are stationed at field but through questionnaires which consisted with limited information, that approach served as effective to gather primary data.2004For management sample size, interview served as the suitable approach gathering in-depth data as it allowed the researcher to ask many questions with a purpose of understanding the nature and behaviour of the organization..

### 3.7.2 Secondary Data Collection

Secondary data, on the other hand, are those which have already been collected by someone else and been passed through the statistical process (Kothari, 2006).In this study no secondary data were collected or used to access the data for this report.

## 3.8 Validity and Reliability

### 3.8.1 Validity

Validity is the extent to which the instrument used during the studies have managed to measure the ssues intended to be measured (Amina *et al*.,2011).This was tested to carter for data quality which was done through the pre-testing of the questionnaire as the research tool before the actual data collection took place to get the required variables to be measured. The rational of this was to bar a researcher from being bias or subjective in the data collection process (Pannucci andWilkins, 2011).

### 3.8.2 Reliability

Reliability has been referred by Bialocerkowski & Bragge (2008)as the extent to which a measuring instrumenst contains variables errors that appears inconsistently from observation to observation during any measurement. In this research, reliability was tested to carter for consistence of variables and showing the fact that the variables were relevant for further quantitative analysis.

## 3.9Data Processing and Analysis

According to Kothari (2004) data processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis. In this study the data collected were processed and clustered into qualitative and quantitative variables whereas questionnaires were analysed using SPSS program to get simple descriptive statistics such as percentages, frequency tables, graphs and charts to support qualitative data. Interviews were analysed through content analysis technique whereas the presentation was done using narrative technique with themes to support the arguments together with quantitative variables generated from the SPSS program through the data gathered from the questionnaires. The study is qualitative with support from quantitative variables.

# CHAPTER FOUR

# 4.0 DATA ANALYSIS AND DISCUSSION OF FINDINGS

## Overview

This chapter covers the findings of the study which is the assessment of the employee perception on reward system on employee motivation at MEDA Tanzania. The specific objectives of the study were: To determine the reward system used by MEDA, to determine the employees’ perception on reward system in place and to determine the motivating factors. The findings of this study were obtained through the questionnaires which were distributed to MEDA staffs and the interview with the Human Resource Manager of MEDA Tanzania. Forty five (45) questionnaires were issued to MEDA Office and all of them were responded because it was self-administered questionnaires.

## 4.2 Respondents Background Information

MEDA Staffs have been categorized in different positions depending on what staff is assigned for, include Team leaders, Regional Managers, IT departments, Accounts department, Human resource, drivers, zonal Managers, Logistic, Monitoring and Evaluation manager, Data Collector, BDS Coordinator, Area Filed officer and office attendant. A researcher has categorized the respondents basing on their position, level of education, gender, salary, what motivates them, their perception on reward provided to them, job security, their involvement on planning for reward, if reward motivates them and their opinions in analyzing the findings of this search.

From table 4.1, 60 % of respondents are male and 40 % are female. According to the interview with Human Resource manager, male are more preferred to the kind of works MEDA does as they involves a lot of travelling and long stay in the field which most of females do not prefer because of family issues and biological issues.

**Table 4.1: Demographic Information of Respondents**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variables** | **Categories** | **Number (N)** | **Percent (%)** |
| **Gender** | Male | 27 | 60 |
| Female | 18 | 40 |
|  | **Total** | **45** | **100%** |
| **Marital Status** | Single | 9 | 20 |
| Married | 30 | 66.7 |
| Divorced | 2 | 4.4 |
| Widow | 4 | 8.9 |
|  | **Total** | **45** | **100%** |
| **Age** | 25-30 | 2 | 4.4 |
| 31-35 | 1 | 2.2 |
| 36-40 | 18 | 40.0 |
| 41-45 | 21 | 46.7 |
| Above 46 | 3 | 6.5 |
|  | **Total** | **45** | **100%** |
| **Level of education** | Primary Education | 7 | 15.1 |
| Secondary school | 7 | 15.1 |
| Diploma | 5 | 11.1 |
| Bachelor Degree | 18 | 40.0 |
| Master’s Degree | 8 | 17.7 |
|  | **Total** | **45** | **100%** |

Source: Field data, 2017

The findings also shows the age groups of the respondent that the 21 staffs (46.7%) represent the majority of respondents aged between 41-45 years followed by 18 respondents (40%) who represent the age group of 36-35 years. The least group of age is between 25-30, with only 2 staffs and represent (4.4%) of all staffs. There is another group with lowest respondents is aged between 31-35 years with only1staff (2.2%) while the oldest group is aged above 46 years with only 3 staffs (6.5%).

The table also shows the education level of respondents, the highest level of education is Master degree while the lowest is Primary education. Those who hold Bachelor degree are more compared to any other level of education with 40 % followed by those who have Master degree with 17.7%. Those who attended primary education and Secondary education hold 15.2 % each. Lastly, 5 respondents (10.8%) hold diploma. In summary, half of staffs have attained degree with 57.7% of staff, this means MEDA’s tasks need the highly educated and skilled staffs to attain the goals and objectives of the MEDA as an organization.

**Table 4.2: Job position of Respondents**

|  |  |  |
| --- | --- | --- |
| **POSITION** | **FREQUENCY** | **PERCENTAGE (%)** |
| Team Leader | 1 | 2.0 |
| Regional Manager | 17 | 38.0 |
| IT | 3 | 7.0 |
| Finance and Accounts | 3 | 7.0 |
| Human Resource | 1 | 2.0 |
| Drivers | 11 | 24.0 |
| Zonal Coordinator | 3 | 7.0 |
| Logistic | 1 | 2.0 |
| Monitoring & Evaluation | 1 | 2.0 |
| Data Collector | 1 | 2.0 |
| Area Field Officer | 1 | 2.0 |
| Office Attendant | 2 | 4.0 |
|  | **45** | **100** |

Source: Field data, 2017

Table 4.2 represents the positions of respondents who participated in this study. Regional Managers are the highest in numbers with 38 % followed by drivers with 24%. The graph also shows other positions such as Monitoring and Evaluation, Logistic , Human resource, Data Collector, Area Field and Team Leader with 2 % each, IT( Information Technology), Finance and Accounts and Zonal Coordinator with 6.5 % and Office Attendant with 4% of total staffs who responded to this research. At least all departments participated in this study except the administration who were very busy.

### 4.2.1 Responses to Research Objectives

The findings of this research are analyzed basing on the objectives of the research and analysed as follows.

### 4.2.2 Determination of the Reward System used by MEDA to Motivate Employee

The Human Resource department of MEDA revealed that what they offer to their employees as a motivating strategy are financial rewards such as salaries, performance related pay, paid leave, overtime (to some authorized staffs), promotion, bonuses, pension plans, and private health care. They also offer non-financial rewards such as, acknowledgement and recognition, training and education, good working conditions, facilities and half days.

The management understands that they are some challenges on rewarding employee as some member staffs are satisfied with what the management offers them while other may not be satisfied that much, but management is willing and wish the best for their staffs especially during this decade where technology and competition in business is very high and each management tries all her best to retain their experienced and skilled staffs with good packages. Others invest a lot to their employees in terms of knowledge and trainings of which they will not be willing to let these employees to leave them and share the invested experience with other competitive organizations.

The management is working under limited fund from donors and sometimes it is hard to amplify the reward system each and every year out of what is within the employee’s contracts, though there are times they reduce their expenditure to make their employees happy when possible.

### 4.2.3 Determination of the Employee Perception on Reward System

**Table 4.3: The Level of Employees’ General Perception on the Rewards**

|  |  |  |
| --- | --- | --- |
| **State of satisfaction** | **Frequency** | **Percentage** |
| Extremely satisfied | 3 | 7.0 |
| Satisfied | 28 | 62.0 |
| Moderate | 12 | 27.0 |
| Dissatisfied | 1 | 2.0 |
| Extremely dissatisfied | 1 | 2.0 |
| Total | **45** | **100.0** |

Source: Field data, 2017

Table 4.3 shows the level of satisfaction of employees in general for the rewards offered by the MEDA Tanzania, both financial and non-financial rewards. The findings suggests that majority of staff are satisfied with the rewards offered by MEDA though the level of satisfaction differs. 7% of staffs are extremely satisfied with the rewards, 62% are satisfied. 27% of staffs are moderated satisfied and this shows that there is a problem somewhere to be fixing while those who are dissatisfied and extremely dissatisfied are 2% each.

**Table 4.4: How Respondents Are Motivated by Non-Financial Rewards**

|  |  |  |
| --- | --- | --- |
| **Category** | **Frequency** | **Percent** |
| Acknowledgment & recognition | 15 | 33.3 |
| Training & education | 8 | 17.7 |
| Good working environment | 20 | 44.4 |
| Free canteen | 1 | 2.2 |
| **Total** | **45** | **100** |

Source: Field data, 2017

The Table 4.4findings suggest that 44.4% of the respondents are more motivated by good working condition/environment than any other suggested non-financial rewards offered by MEDA. 33.3% are more motivated by acknowledgement and recognition while 17.7% are more motivated by receiving trainings and education while at work which will help them do their task efficiently and precisely.

**Table 4.5: How Respondent are motivated by the Current Financial Rewards**

|  |  |  |
| --- | --- | --- |
| **Category** | **Frequency** | **Percent** |
| Basic Wages | 11 | 24.4 |
| Private health | 31 | 68.8 |
| Bonus | 2 | 4.4 |
| Pension plan | 1 | 2.2 |
| **Total** | **45** | **100** |

Source: Field data, 2017

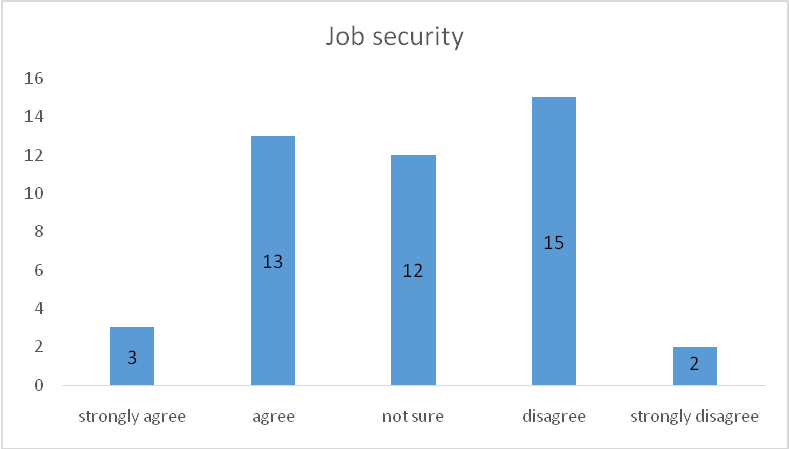
The findings from table 4.5 indicates that 68.8% of the respondents are more motivated with private health plan, actually all married respondents indicated that this is their main motivation, it shows how hard it is to have a family and all the health bills to be sorted by a staff, so having an office taking care of it is a big motivation. The findings also show that 24.4% of respondents are motivated by basic wages while 4.4% are motivated by bonus which is usually given at the end of each year.

**Table 4.6: Level of Satisfaction with the Current Salary**

|  |  |  |
| --- | --- | --- |
| **Category** | **Frequency (N)** | **Percent (%)** |
| Very satisfied | 3 | 6.6 |
| Satisfied | 29 | 64.5 |
| Neutral | 1 | 2.2 |
| Dissatisfied | 5 | 11.2 |
| Strongly dissatisfied | 7 | 15.5 |
| **Total** | **45** | 100.0 |

Source: Field data, 2017

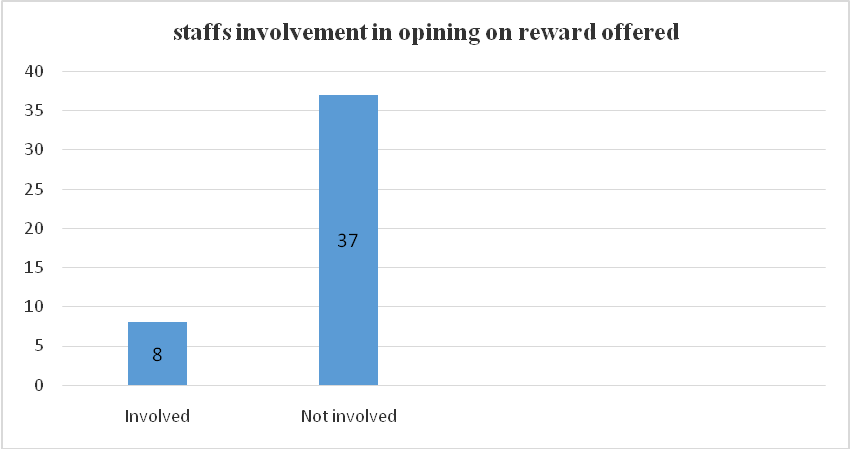
The findings from Table 4.6 suggest that more than half of the respondents are pleased with the current salaries offered to them. That 6.6% of the respondent are very satisfied with the current salary according to the service and the positions they hold at the office. 64.5% of respondents are satisfied that the current salary is higher and enough compared to what other NGOs offer. There are 11.2% of respondents who disagree that the salary is enough for them and 15.5% strongly disagreed that the salary is fair compared to the service they offer.



**Figure 4.1: Employees’ Job Security Level at MEDA**

**Source**: Field data 2017

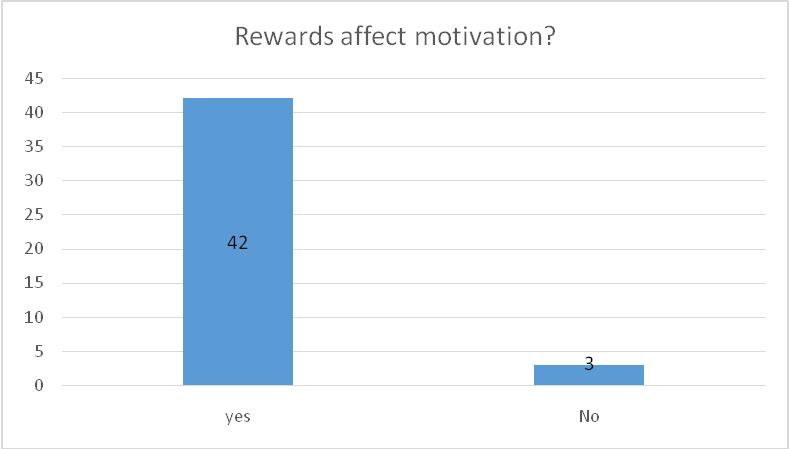
The Figure 4.1 displays how respondents feel about the job security at MEDA Tanzania. Fifteen respondents (33.3%) of respondent are worried and disagree that they are secured at their job, 3 (6.6% ) respondents strongly agree and they are sure that their employment will last longer, 12 (2.8%) respondents also agree that their job are secured while 26.6 % and 4.4% are not sure and strongly disagree that their job are secured respectively. A researcher learned that staffs are given a one year contract renewable subject to approval by performance appraisal. This creates tension among staffs at the end of each year as majority are not sure that their contracts will be renewed. To make them safe, at the nearly end of each year contract, staffs became busy in the internet chasing for new job just in-case their contract will not be renewed then they will probably have a place to attach.



**Figure 4.2: Employees’ Involvement in Giving Their Opinions**

Source: Field data, 2017

The figure 4.2 responds to the question whether staffs were given chance to give their opinions on rewards offered by the management. A researcher found out that 82.2% of the staffs were not given chance to comment or give their opinion on the rewards but only 17.8% were given that chance and mainly were staffs from Account department and few drivers. This suggests that management does not know their employees’ perception on reward offered to their employees and if they would involve them, probably they would have improved and satisfy more staffs.



**Figure 4.3: Whether Rewards Affect Employees’ Motivation Level**

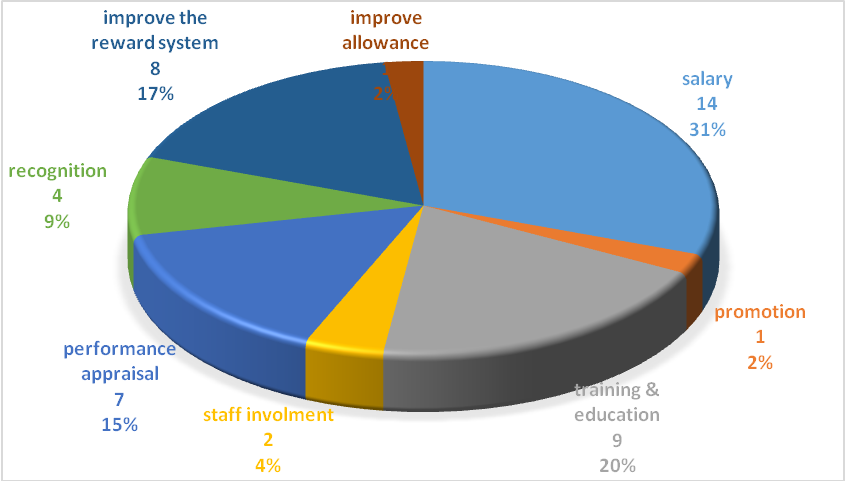
Source: Field Data, 2017

A researcher establishes that 93.3% of MEDA staffs are motivated by rewards regardless whether they are financial or non-financial rewards. Only 6.7% admitted that they are not motivated by rewards, as long as they are paid salary then that is enough to motivate them and perform their task happily. The HRM revealed that her staffs differ in the way they are motivated, majority of non-professional like drivers and office attendant are mostly motivated by financial rewards because of the nature of their works they don’t need recognition, trainings, promotions and alike while those professional staffs are more motivated by non-financial rewards and are the one demanding more training and education, facilities like AC at the office, acknowledgment which will add value to their carriers than financial motivation which are just there to solve their immediately problems.

### 4.2.4 To Assess the Effect of Reward System on Motivating Employee

In an interview with the HRM, a researcher wanted to know how does the management measures the level of motivation of their staffs. It was revealed that the time the office assigns task to staffs and present to them is the right time measure the level of the motivation by observing the way staffs receive the tasks, their facial expression, questions they ask about the tasks, all these will give the management a hint whether they are willing or not willing to do but the true observations will be revealed by the followings:

1. The standard of work they produce becomes better and better
2. The level of concentration to their task assign is very high and outcome is beyond expectation
3. The amount of time spent on task becomes shorter
4. The willingness and engagement to do work is observed, we don’t push them to do their task, and we find them assigning themselves through their team leaders.
5. They are willing to learn new things.
6. You do not need to push any one to accomplish his or her task and they always finish their task on time and meet the target set for them as a team.



**Figure 4.4: Issues Rose by Respondents**

Source: Field data, 2017

The Figure 4.4 shows the summary of the respondents’ feedbacks to improve the reward system and the issues raised by them. It draws out the number of respondents and percentage of who recommended and what was recommended by them about what to be improved.

# CHAPTER FIVE

# 5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## 5.1 Overview

In this chapter is examining and summarizing the main findings basing on the objectives and research questions raised in the study, conclusion and drawing of recommendations based on the research findings.

**5.2 Summary of Main Findings**

### 5.2.1 To determine the reward system used by MEDA to motivate employee

The research findings indicated that the reward system offered by MEDA are both financial rewards such as salaries, performance related pay, paid leave, overtime (to some authorized staffs), promotion, bonuses, pension plans, and private health care. They also offer non-financial rewards such as, acknowledgement and recognition, training and education, good working conditions, facilities and half days. However it was observed that all professional staffs were more motivated by non-financial rewards while some of non-professional staffs were more motivated by financial rewards.

### 5.1.2 To Determine the Employees’ Perception of the Reward System in Place

It was noted from the data analysis that although the employees had good perception concerning the reward system despite of some few issues raised by respondents. The respondents are motivated by non-financial rewards where by 58% and 32.6% of respondents are more motivated by good working environment and acknowledgment &recognition, respectively. Not only that, these respondents are also motivated by financial rewards where 71.7% and 23.9% are more motivated by private health and good basic wages respectively as shown in figure 4 of the chapter 4. It was also noted that 93% of the staffs admit that they are motivated by reward given by the management but the management has to fix the issue of job security as it was observed that staffs are given one year contract which creates tension to employee each year whether their contracts will be renewed or not. Otherwise majority of staffs are happy and have no intension of securing new jobs.

### 5.1.3 To Assess the Effect of Reward System on Motivating Employee

The data analysis revealed that MEDA management has proved that the reward system has been a motivating factor to employees and it was observed that when employees are motivated then the standard of work given to employees, level of concentration, time management, willingness to participate in tasks, redness to take new challenges, ownership of tasks and precision of outcome improve a lot to the expectation of management.

## 5.2 Conclusion

The overall findings of the study attest to the fact that employee perception of reward system on employee motivation provides relevant and timely feedback and give commitment to management to improve and manage accordingly the reward system in order to motivate employee and eventually increase employee performance and commitment to the organization. The reward system used by MEDA to motivate employee includes both extrinsic and intrinsic rewards and majority of the employee are satisfied with the reward system compared to other offices though there are some areas which employees indicated that they would wish to be adjusted to motivate them more than they are motivated now as indicated in Figure 4.4.

The findings of this study reveals that management of MEDA and staffs agree that good reward system motivates employee though it is hard to please everyone but at least to make sure that the employees grow as a human being and grow in carrier wise which can be fulfilled by activities that cause one to grow. So the study gives feedback to management to improve the reward system which will benefit both employer and employees.

**5.3 Recommendations**

Although, the finding has revealed that the employee perception of reward system on employee motivation is positive but there are still some issued to be sorted out to improve the reward system though as the HRM during the interview outlined that there is no much room for management to twist with donors’ fund as they are limited and what is offered to them in their contracts. It is somehow hard to change until the administration from MEDA Head quarter in Canada approves but still it is wiser to learn from the issues raised by their staff which will help the management to do the necessity to retain their employees especially those who are highly skilled and experienced.

A researcher has indicated that majority of the respondents are satisfied with the monthly salary though there are other staffs who are not satisfied and it was observed that 31% of them are satisfied because they travel a lot within a month so their deficits are covered by traveling allowances otherwise they wish to have an increment to suffice the current reality of economy in the country. Training and education was another issue raised by respondent to be noted by management to improve the employee motivation, that 20% of respondent indicated that most of the tasks are done by experience and sharing ***know how*** without attaining any proper education about the tasks they performs which are very partial and sometime they feel that their tasks would have been easier if they had proper education and training.

A researcher is recommending the management to put that priority of training their staffs and update them when necessary. Employees have been hearing about performance appraisal but they just feel that it is a procedural which is not actually practiced. For those who have been in other offices before MEDA have been benefit from it as the results were shared to them and each staffs was able to identify their strength, weaknesses and potential areas of improvement even provide proof of evidence for those who were dismissed because of underperformance. Therefore a researcher is recommending the management to have a continuous and effective performance appraisal as well as a committee to review appraisal results to satisfy those unsatisfied employees to seek justice before final appraisal results.

The research revealed that only 17.3% of staffs were involved in the research done by management to assess the employees’ perception of reward system on employee motivation, the ratio is so unlikely to give a proper perception as 82.6% who are majority of respondents were not involved. It was suggested that the management rectifies this to have a proper perception and results. The management should consider promoting staffs, some of them have been to the same position for more than five years, doing the same task without having a new challenges. Management should look into this as it has been observed that promotion could motivate employees, staffs need new challenges and want to grow in their carriers.

It was also observed that majority of staffs are given one year contract which creates tension at the nearly end of the contract and staffs spend most of their time perusing in the internet job advertisement rather than concentrating on their daily task, just to secure their existence in work in-case their contracts are not renewed with the current office. I recall the office to review this and if it is not within their capacity then they should be able to inform their staffs their wishes to renew or not to renew their contracts a bit earlier otherwise the management is at risk of losing experienced and skilled staffs in case they find a better packages at the advertisement during the process.

**5.4 Suggestion for further studies**

Although the data samples only capture one organization, it is recommended that future researchers should include more companies, preferably non-government organizations and private owned companies so as to give a solid generalizations of importance of identifying the employee perception of reward system on employee motivation in any organization.

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# APPENDIX

**Appendix 1: Questionnaire for Employees of MEDA**

A Research on assessment of the employee perception of reward system on employee motivation.

Dear respondent,

I, **Evance Lwekaza Kaijage** student of the Open University of Tanzania pursuing Masters of Business Administration (MBA),as part of my academic curriculum I am conducting a research to Assess the employee perception of reward system on employee motivation. I hope to get relevant information from you as a stakeholder in matters that are important for this study. The study is solely for academic purposes and the information given will be treated with strict confidentiality. I therefore, humbly request you to spare some time and answer the following questions. Thank you very much for your understanding. The questions intended to collect information on the employee perception of reward system on employee motivation. You are supposed to answer the questions according to their requirements.

**PART 1: Demographic Profile of Respondents**

**Put a tick mark [ ], in a correct answer of your status.**

1. **Employee Profile**

Name of employee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Position held: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of employment: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Gender

1. Male
2. b) Female 

3. Status

1. Single 
2. Married 
3. Divorced 
4. Widow 

4. Level of education:

1. Ordinary Primary School 
2. Secondary School 
3. Diploma 
4. Under graduate (University graduate) 
5. Post Graduate (Masters) 

5. What financial inventive motivates you more?

**1) Strongly agree 2) Agree 3) don’t know 4) Disagree 5) strongly disagree**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| N | STATEMENT | 1 | 2 | 3 | 4 | 5 |
| 1 | Basic wage |  |  |  |  |  |
| 2 | Bonus |  |  |  |  |  |
| 3 | Pension Plan |  |  |  |  |  |
| 4 | Private health |  |  |  |  |  |
| 5 | Performance related pay |  |  |  |  |  |

6. What non-financial incentive motivates you more?

**1) Strongly agree 2) Agree 3) don’t know 4) Disagree 5) strongly disagree**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SN | STATEMENT | 1 | 2 | 3 | 4 | 5 |
| 1 | Half days |  |  |  |  |  |
| 2 | Acknowledgment & recognition |  |  |  |  |  |
| 3 | Training and education |  |  |  |  |  |
| 4 | Good working environment |  |  |  |  |  |
| 5 | Free canteen use |  |  |  |  |  |

.7. Satisfaction of employee

.**1) strongly agree 2) Agree 3) don’t know 4) Disagree 5) strongly disagree**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SN | I am satisfied with the salary I draw at present | 1 | 2 | 3 | 4 | 5 |
| 1 | How satisfied are you with your current employers available reward options |  |  |  |  |  |
| 2 | Good physical working conditions are provided in the organization |  |  |  |  |  |
| 3 | I am feeling secured in my job |  |  |  |  |  |
| 4 | I will likely actively look for a new job in the next year |  |  |  |  |  |

8. In your opinion, do you think reward affects your motivation level? And Why?

A) Yes b) No

9. Have you ever been given chance to give opinions on rewards given by the management to employees? A) Yes b) No

10. If you were to make improvement in reward system what would you improve?

|  |  |
| --- | --- |
| SN | What to improve |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |

**Part 2: Interview Questions for Human Resource staff**

1. Can you brief me a bit about your organization
2. How many employees do you have in your Organisation?
3. What is the average age group of your employees?
4. Which non-financial rewards are available within your business?
5. Which financial rewards are available within your business?
6. What motivates your employees most? Is it financial or non-financial rewards?
7. What do you think increases the motivation level of an employee?
8. Are your employees happy with the rewards you offer to them?
9. How do you measure the level of motivation?
10. How often do you communicate with employees
11. Do you do research to find out what your employees perceive your reward system?
12. If the answer is “YES” to above, what was the previous results? If the answer is “NO” how do you find out their perception?
13. Is there any need for improvement of the reward system?

**Signatures:**

**Student**………………………… Date………………

Comments of the supervisor

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**Supervisor**……………………………Date…………………