EFFECTS OF FINANCIAL REWARDS SCHEMES ON PUBLIC EMPLOYEE PERFORMANCE: A CASE OF TANZANIA CIVIL AVIATION AUTHORITY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN RESOURCES MANAGEMENT

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: “**Effects of Financial Rewards Schemes on Public Employee Performance: A Case of Tanzania Civil Aviation Authority (TCAA)**” in partial fulfillment of the requirements of the degree of Masters of Human Resources Management (MHRM) of the Open University of Tanzania.

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Dr. Chacha Matoka

(Supervisor)

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Date

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DECLARATION

I, **Simon Maigwa Marwa**, declare that, the work presented in this dissertation is original. It has never been presented to any other university or institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfillment of the requirement for the Degree of Master of Human Resource Management (MHRM).

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Signature

………………………………….

Date

DEDICATION

This work is dedicated to my family; my wife Sarafina Jonathan Mwakalukwa, my sons Kenneth Simon, Kefason Simon, Kendrick Simon and my daughter Kolineria Simon.

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ABSTRACT

The study sought to examine the effect of financial Rewards on employee performance at Tanzania civil aviation, the study was guided by four objectives; to determine the effect of profit sharing on employees' performance, to determine the effect of bonuses on employee performance, to determine the effect of commission on employees' performance and lastly to determine the effect of stock ownership on employee performance. The study was descriptive quantitative, where a cross-sectional survey was used on TCAA as a case study. 51 respondents were randomly selected from a population of 106. Descriptive statistics; means, standard deviation, maximum and minimum was used to analyse data. Pearson coefficient correlation was also used to test relationship between independent variables profit sharing, bonuses, commission and stock ownership on dependent variable employee's performance. The study revealed that profit sharing, bonuses and stock ownership were found to have a strong positive and significant effect on employee performance while commission was found to have weak positive and significant effect on employee performance. Therefore, the study recommends that a work to be done in the HR policy makers of the government. Those in a responsible position to amend and implement the incentive policies have to see best benchmarking practices. Management should come up with short term employee attraction and retention mechanisms using commission, profit sharing and shares. The management needs to develop rightful incentive schemes that include a mix of both financial and non-financial incentives.

Keywords: Financial Rewards Scheme, Public Employee Performance

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LIST OF ABBREVIATIONS AND ACRONYMS

BNUS	Bonuses
DUWASA	Dodoma Urban Water Supply and Sanitation
EP	Employee Performance
MHRM	Masters in Human Resource Management
NRA	National Revenue Authority
OUT	The Open University of Tanzania
PS	Profit Sharing
SPSS	Statistical Package for Social Sciences
STK	Stock Ownership
TCAA	Tanzania Civil Aviation Authority

CHAPTER ONE

INTRODUCTION

1.1 Overview

The chapter presents the background of the study, statement of the problem, the general objective specific objectives and research questions. Additionally significance of the study and organization of the study were presented.

1.2 Background of the Study

Human resources are the most important asset in a company so it must be maintained. The success of the company in achieving the goal is inseparable from the role of employees. Employees are the main assets of companies that become planners and active actors of every company activity. Knowledge of how to guide employees well is needed to work as closely as possible Business owners need employees that are able to get the job done, because employee performance is critical to the overall success of the company (Sukanta, Yuesti, & Kepramareni, 2018).

Employees contribute to the company in the form of skills, expertise, and skills possessed, while the company is expected to give rewards and rewards to employees fairly, so it can cause a sense of satisfaction to employees. High job satisfaction can improve job performance and employee morale and increase productivity (Lawler, & Porter, 1967)). Every company basically wants and demands that all its employees always do their job as well as possible. To realize this goal, it takes skilled employees, achievers and professional so that employees will always be responsive to the needs of the company. According Hasibuan (2011) states that Job achievement is a result of work achieved in performing the tasks assigned to him based on the skills, experience, and sincerity and time. Given the importance of human resource position within the company, it is appropriate for the company to pay more attention through the policies adopted.

One form of policy that must be noticed by the company is about incentives. This is in accordance with the opinion of Sarwoto (2005) that Incentives is an incentive or incentive given by the company to the employees so that in them arise greater spirit to excel. The aim is to make the results achieved in accordance with the goals of individuals and companies. According to Mason, and Watts, (2009, incentives are intended to provide a form of reward to employees for their contribution to the organization, which is primarily reflected in its performance. Incentives are given to all employees in the company.

According Milne, (2007) there are two kinds of incentives. First, financial incentives are an incentive given to an employee in the form of money. Financial Incentive can be defined as the program aimed at improvement of individual’s performance via financial bonuses. Financial Incentive programs refer to extrinsic motivation of employees rather than intrinsic. Financial incentives and rewards make continuation of the employment relationship because it create the basis for high levels of commitment so, firms must develop strategies that include financial incentives and rewards for example promotion, bonus, profit sharing or gain sharing and employees stock ownership (Freeman, Blasi, & Kruse, 2010). These incentives include: Incentives in the form of money (bonuses, commissions, profit sharing, and deferred commissions), and incentives in the form of social security (free medical treatment, official housing,). Second, nonfinancial incentives are non-material incentives that can be awarded in various forms of awards, such as awarding degrees, medals, thanksgiving, and so forth (Freema, Blasi, & Kruse, 2010). This study examines the effects of financial reward or incentives on employee performance.

Organizations offer attractive financial incentive packages to attract and retain people with high quality and thereby to stay competitive, because financial incentives increase individual effort and thereby produce “incentivized” behaviour (Wickramasinghe, & Dabere, 2012). Research on the effects of financial incentives and non-financial incentives on job performance with work motivation as intervening variables has mixed results (Sukanta, Yuesti, & Kepramareni, 2018) shows that financial incentives and non-financial incentives have a significant effect on employee performance. Another study conducted by Mathauer, & Imhoff, (2006) financial incentives and nonfinancial incentives have a significant influence on work motivation, financial and nonfinancial incentives have a significant effect on job performance, work motivation has a significant influence on job performance, financial incentives indirectly affect job performance through work motivation as intervening variable is acceptable, non-financial incentive indirectly affect to work performance through work motivation as intervening variable can be accepted.

Al-Belushi, & Khan, (2017) argued that employees prefer to have monetary incentives in return to their successful accomplishments. Sajuyigbe, Olaoye, and Adeyemi (2013) stated that rewards are basic conceptual elements in improving employee performances. Entwistle (1987) propounded that rewarded employees have ahigh degree of motivation and it directly impacts their performances. However, Al-Belushi, and Khan, (2017) argues that differed that monetary incentives motivate only to a certain extent. Kube, Marechal, and Puppe (2006) confirmed that monetary incentives are effective during the short term period and noting the long-term period whereas non-monetary incentives give significant and consistent satisfaction. Danish and Usman (2010) opined that proper usage of rewards as a tool in an organization would produce a conducive environment so as the employees gets motivated and rise to the occasion. Sarwar, and Abugre, (2013) claimed that rewards leads to increased employees' satisfaction and will have a direct impact on employee's performance.

Chen, and Fang, (2008) proposed that rewards might motivate employees only when they yield rewards due to their sincere and hard work. Fairbank and Williams (2001) suggested that to stimulate an employee's creativity managers should use rewards. London, and Smither, (1999) stated that it is not only important for their cognizing good job performances through rewards but also should be encouraged through providing proper feedback. Kanter, & Sherman,(2016) found out the need for the rewards in an organization so as to avoid burnouts –the situation in which employees tend to be not satisfied; will have negative outlooks and a little dedication. Well performed employees should be incentivized with monetary compensation, which is an easier and the best way to encourage employees so as to effective and efficient (Pink, 2011).

According to Lemieux, MacLeod, and Parent (2009), performance pay based on a good performance measure can increase qualitative productivity. Muralidharan and Sundararaman (2009) claimed that the incentive payment is directly related to the employees' output, which accelerates their performances. Perry, Mesch, and Paarlberg

(2006) found that in public sector organizations, financial incentives for individuals are not that much effective; however, they stated that it depends on the organizational conditions. Every individual employee may not consider merit pay as a motivating factor (Rynes, Gerhart and Minette, 2004).

Bates (2003) indicated that merit pay could be made as an attractive factor provided the merit pay rise should be not less than seven percent of the core pay so that it can be perceived as a motivating factor. Lazear (2000) confirmed that when salary increases, most of the employees diligently dispose of their duties. Langton and Robbins (2007) emphasized the fact that an individual can be motivated only when there is a difference in pay between a good performer and an average performer. Salary is one of the determining factors in job selection (Al-Zoubi, 2012). Bokorney (2007) confirmed that salary plays could be designated as an appreciating factor for an individual.

Hislop (2003) proclaimed that the motivated employees are required in a rapidly growing organization, and Al Jasmi, (2012) found that an organization to be more productive the employees need to perform their jobs with full zest. A study by Kiruja and Mukuru (2013) found that most of the time workers are not happy with their salary and working environment, but Solomon, (1986) confirmed that in the public sector there was the influence of the rewards on employees' motivation and behavior which need not be true in the private sector. Managers from different organizations face different kind of challenges towards satisfying the needs of their employees so as to motivate them and enhance their job performances (Alonso &Lewis, 2001). To summarize, the monetary incentive in its various forms encourages employees to be more productive and self-motivating towards the welfare of the organization they belong

1.3 Statement of the Problem

Increasing motivation, commitment and engagement levels are key organizational components nowadays. The improvement of compensation policies has an important role in motivating staff to supply high ranges of performance, discretionary effort and contribution (Salanova and Kirmanen, 2010). Financial incentives can motivate worker to perform well on their occupation. The reason for financial incentives is to compensate workers for amazing occupation execution through cash. Research demonstrates that pictured financial incentives vary for workers in view of profession stage and generation (Osa, 2014). Shaheen and Farooqi, (2014) have presumed that for individuals with acceptable financial incentives, some nonfinancial helpers are more compelling than additional trade out building long hour worker engagement in most divisions, work capacities, and business connections. Numerous monetary remunerates basically create short-lived supports of vitality, which can have harming unintended outcomes.

Incentives have created a lot of challenges to employee’s input and output in organization. The negligence of adequate structure in pay incentive, fringe incentive, and bonus and over time benefits has caused a lot of inequitable justice on the administration of incentive scheme. The resultant effect on employee performance could be negative Dugguh, and Dennis, (2014). The negative attributes can be seen as poor turnover, poor product quality improvement, job dissatisfaction, low morale, low commitment, absenteeism, low turnover intentions to stay with the organization and poor employee's performance that affects organizational performance. Therefore this study aimed at examining the effects of financial rewards on employee's performance at Tanzania civil Aviation.

1.4 General Research Objective

The general objective of this study is to examine the effects of financial rewards on employee's performance at civil aviation in Tanzania.

1.5 Specific Objectives

(i) To determine the effect of profit sharing on employees performance

(ii) To determine the effect of bonuses on employee performance

(iii) To determine the effect of commission on employees performance

(iv) To determine the effect of stock ownership on employee performance

1.6 Research Questions

(i) What is the effect of profit sharing on employees performance

(ii) What is the effect of bonuses on employee performance

(iii) What is the effect of commission on employees performance

(iv) What is the effect of stock ownership on employee performance

1.7 Significance of the Study

The study served as important information to managers Tanzania aviation in ascertaining what aspect of performance incentives or what combination of performance incentives should be used to improve the efficiency of their employees and to know if the performance incentives they adopted to encourage employees in any significant effect (whether positive or negative) on the efficiency of the employees. Furthermore, the study helped the Tanzania aviation and the Tanzania Government to know what policies to formulate, which employees in the public sectors would benefit from. Additionally, this study is expected to create awareness for the value of incentives to employees in the performance of their duties in the public sector especially the Tanzania Civil Aviation Authority. The study was also relevant in that it will be a future point of reference for other researchers on related research topics.

Finally, the study contributed to existing literature on performance incentives (financial and non-financial) as regards the effect of performance incentives are to be used to improve employee efficiency, which would be of immense benefit to future researchers

1.8 Scope of the Study

This study will be conducted in Dar es Salaam city. The study will assess the effects of financial rewards on employee performance at Aviation as a public organization. Financial reward will be assessed.

1.9 Organization of the Study

This research is divided into five chapters. This study deals with “effects of financial rewards on employee performance”. Chapter one opens the research study which offers background information on the research, the problem statement, research objectives, research questions, the significance of the of the study and the organisation of the study. The second chapter addresses the review of literature by considering what other scholars have written in regard to the case. Relevant theories, empirical review, research gap and conceptual framework are presented Chapter three describes the technique of research including area of study, research techniques, design, data collection and data analysis methods. Fourth chapter contains data presentation, interpretation and discussions, while chapter five summarizes, concludes and recommends the thesis. References and appendices cover the last part of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter defines key concepts and discusses theories used in this study. Moreover, it critically presents empirical literature and at the last part the researcher addresses on the research gap and conceptual framework.

2.2 Definition of Key Concepts

2.2.1 Financial Incentive

Financial incentives mean the amounts paid to employees, either in the form of a lump sum or in the form of monthly payments including all additional income for the individual. They are considered the oldest forms of incentives, which characterized by quick and immediate form that make individuals feel of an immediate feedback of their effort. According to Gignac, (2018) money whether it is in the form of wages, piecework or any other incentive pay, bonuses, stock options, company –paid insurance, or any other things that may be given to people for performance is important. The way to ensure that money has meaning, as a reward for accomplishment and as a way of giving people pleasure from accomplishment, is to base compensation as much as possible on performance (Stone, & Ziebart, 1995). The following are the most financial incentive schemes:

2.2.2 Bonus Incentive

Bonus incentive is a payment on the accomplishment of planned specific objectives. The intent of this incentive scheme is to influence certain behaviors towards the attainment of goals or set objectives. Once the objectives are met, the payment is made (Indjejikian, Matějka, Merchant, & Van der Stede, 2014).

2.2.3 Cash Incentives

According to Shaffer, and Arkes, (2009) this is a payment for performance that meets established criteria. Employees are paid certain sum of money or savings bond. Successful suggestions, for example, are recognized with a sum of money equal to the fraction of the cost of the savings attributed to the suggestion.

2.2.4 Commission

Used typically with sales people, commissions are incentive compensation based on a percentage of total sales. A good number of sales people work on a salary (base pay) plus commission. Others work on a straight commission basis only. Commission according to (Armstrong, 2009) is intended to act as an incentive, a reward and a means of recognizing achievement. A commission only incentive scheme provides a sales person for example, with incentive payment based on a percentage of the sales turnover they generate, while a base salary plus commission scheme provide for a proportion of total earnings to be paid in commission, and the rest in a fixed salary.

2.2.5 Profit Sharing

Profit sharing is an incentive compensation plan that results in the distribution of a predetermined percentage of the company's profits to employees. This plan is used to integrate the employee's interests with those of the company. It is the payment to eligible employees of sums in the form of cash or shares related to the profits of the company during a specified period of time (Kruse, 1993). This scheme is claimed to increase employees' commitment to their company by linking pay to profit and hence improve the level of mutual interest. A profit sharing plan is designed to pay out incentives when the company is most able to afford it and it may come in the form of current distribution plan, deferred plan and combined plan. Gain-sharing:(Armstrong, 2009) emphasizes that gain-sharing is a formula- based company or factory wide incentive plan that provides for employees to share in the financial gains resulting from increases in added value or another measure of productivity.

2.2.6 Gain-sharing

According to Towne, (1896) gain sharing is plans (also known as productivity incentives) generally refer to incentive plans that involve many or all employees in a common effort to achieve a company's productivity objectives. Gain sharing aims to relate the payouts much more specifically to productivity and performance improvements within the control of employees. Gainsharing is best described as a system of management in which an organization seeks higher levels of performance through the involvement and participation of its people. As performance improves, employees share financially in the gain

2.2.7 Golden Handcuffs

Sometimes called retention or loyalty incentives, golden handcuffs are used by a company to retain talented employees by demonstrating that they are valued for their contributions and by working fairly and consistently. Golden handcuffs make it difficult and costly for an employee to leave the organization. Golden handcuff packages include share options for managers, high salary scale, and high retirement benefits. The standard established by this incentive scheme is too high for any other company to meet up (Sengupta, Whitfield, & McNabb, 2007). This is why the scheme is called “golden or executive handcuff”; it ties the employee fully to the organization. This scheme is one of the recent incentives provided to employees in many private organizations. Share Ownership: This plan intends to make employees co-owners of the company. It creates a provision for employees to have a stake in the company and longer term compensation by giving them options to buy shares at a future date for their current market price. Stock options are motivational to employees because they confer on employees the right to buy the company’s stock at a specified price. The individual gains several psychological and social benefits as a result of enhancing his/her purchasing power to satisfy his/her needs of goods and services. But financial incentives alone are not sufficient unless assisted by other types of incentives. Their effects are limited to satisfy the biological needs of individuals and have a little impact after it reaches the limit of needs.

Therefore individuals are not seeking to increase production for additional financial gains, thus cannot be financially motivated to contribute in increasing production except for a certain amount based on their efforts (Afonso, Gomes, & Taamouti, 2014).). For the purpose of this study only four financial rewards are studied based on long term impact on employees performance. Hence profit sharing, bonuses, commission and Stock Ownership were studied

2.3 Review of Theories

There are several theories developed explaining the effects of incentives on workers performance. These four theories represent the predominant explanations offered for the effects of incentives on effort direction, perception, duration, and intensity. The theories are expectancy theory (Vroom, 1964), equity theory (Adams, 1963), agency theory (Baiman, 1982, 1990; Eisenhardt, 1989), (via expected utility theory) and goal-setting theory (Locke & Latham, 1990).

2.3.1 Expectancy Theory

Vroom, 1964) The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality). In short, Valence is the significance associated by an individual about the expected outcome. It is an expected and not the actual satisfaction that an employee expects to receive after achieving the goals.

Expectancy is the faith that better efforts will result in better performance. Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job.

The theory proposes that people act to maximize expected satisfaction with outcomes. Expectancy theory posits that an individual's motivation in a particular situation is a function of two factors, the expectancy about the relationship between effort and a particular outcome (for example. a certain level of pay for a certain level of performance), referred to as the ''effort-outcome expectancy'' and the valence (attractiveness) of the outcome. The motivation created by these two factors leads people to choose a level of effort that they believe will lead to the desired outcome.

The expectancy theory has the following strengths. It is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction. This theory stresses upon the expectations and perception; what is real and actual is immaterial. It emphasizes on rewards or pay-offs. It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain. However there are some limitations. The expectancy theory seems to be idealistic because quite a few individuals perceive high degree correlation between performance and rewards. The application of this theory is limited as reward is not directly correlated with performance in many organizations. It is related to other parameters also such as position, effort, responsibility and education

2.3.2 Equity Theory

(Adams, 1963) suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return-contribution ratio compares to others inside and outside the organization,' determine how fair they perceive their employment relationship to be. Adams, & Freedman, (1976) revisited the theory as pointed out that the perceptions of inequity are expected to cause employees to take actions to restore equity. Unfortunately, some such actions (things like quitting or lack of cooperation) may not be helpful to the organization and lastly another limitation of this theory is that it does not take into account other factors of motivation; hence for example, if workers are getting equal treatment in every aspect than it is not necessary that he or she will work efficiently and effectively.

Equity Theory is based on the idea that individuals are motivated by fairness. In simple terms, equity theory states that if an individual identifies an inequity between themselves and a peer, they will adjust the work they do to make the situation fair in their eyes. As an example of equity theory, if an employee learns that a peer doing exactly the same job as them is earning more money, then they may choose to do less work, thus creating fairness in their eyes (Pritchard, 1969). Extrapolating from this, Adam's Equity Theory tells us that the higher an individual's perception of equity (fairness), then the more motivated they will be. Conversely, an individual will be demotivator if they perceive unfairness.

In essence, the Equity Theory of Motivation proposes that high levels of employee motivation in the workplace can only be achieved when each employee perceives their treatment to be fair relative to others. Employees will compare themselves to other groups both inside and outside of the organization. In doing so, they will compare the total of all inputs against the total of all outputs. If they perceive unfairness they will adjust their inputs to compensate, working more or working less, depending on if their situation is positive or negative relative to the group or person being compared.

The equity theory have some Strength; Folger, (1986) assets that the theory helps in Reducing Exploitation, equity theory of motivation is that it helps in reducing the exploitation of the employees. I t leads to better relations between the workers because in the case of companies the biggest reason for altercations between workers is the unfair and unequal treatment given by the company to workers having the same caliber.

However Leventhal, (1980) provides some weaknesses the equity theory. The first and foremost disadvantage of equity theory of motivation is that there is difference in perception between company and worker because a worker may think that he or she is working same as other worker but getting less pay but it may be possible that another worker according to company is more effective and efficient than other worker and that is the reason why he or she is getting better pay than other workers. Secondly Workers tend to compare themselves with others and then they demand the same position or same pay as other workers but we all know that each human is different and workers working in the company are no exception

2.3.3 Agency Theory

Agency theory (Baiman, 1982, 1990; Eisenhardt, 1989), via its assumption that individuals are expected utility maximizes, adds further structure in explaining the effects of incentives on effort. Shapiro, (2005) and Mitnick, (2015) Specifically adds that a fundamental assumption of agency theory is that individuals are fully rational and have well-defined preferences that conform to the axioms of expected utility theory. Further, individuals are presumed to be motivated solely by self-interest, where self-interests described by a utility function that contains two arguments; wealth and leisure. Individuals are presumed to have preferences for increases in wealth and increases in leisure. Thus, incentives increase an individual’s desire to increase performance and concomitant pay. In turn, this desire motivates individuals to exert costly effort because increases in effort are presumed to directly lead to increases in expected performance (Eisenhardt, 1989).

The theories have the following strengths Explains different levels of obedience. Leads to Argentic state where people obey more when the orders are given with more authority. Further it helps to explain unexplainable actions using the Argentic state and Autonomous state and lastly and lastly it helps someone when they are found guilty.

Like any development of activity, given what this theory implies, there are some drawbacks that the agency theory has, and among them we find one mainly and that is the difference of interests. In order for the agreement between the two parties to work, it is important that we always walk under the same direction, since the first moment we find ourselves with a division of interests; the objectives will be at risk.

In addition Lan and Heracleous, (2010) add that in these cases the production costs increase and they do so for something as simple as the agreement itself, not even for later problems, but for the simple fact of resorting to the services or hiring another person. For this reason, it is so important that the agency and principal define the objectives so that the agency theory comes out ahead and works correctly. In fact, the first moment that one of the two parties leaves the set objectives; the employment relationship is in danger.

2.4 Employee Performance

Employee performance is referred to as whether a person executes their job duties and responsibilities well. Performance is a critical factor in organizational success. The maximum level of workers performance happens when they feel their endeavor is rewarded and compensated completely. There are many factors that affect employee performance like working conditions, employee and employer relationship, training and development opportunities, job security, and company‘s overall policies and procedures for rewarding employees.

According to Armstrong (2009), employee performance refers to the outcome, accomplishment of work as well as the results achieved, which is linked to the strategic goals of the organization, customer satisfaction and economic contributions. Armstrong continues to indicate that performance has to be managed by taking systematic action to improve organizational, team and individual performance; where individual performance management process is associated with both financial and non-financial incentives. The author concludes that Organizations are obliged to meet the needs of their stakeholders, in this case employees, by rewarding their employees equitably according to their contribution.

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. “What gets measured and rewarded gets attention” (Bohlander et al, 2001). In discipline of human resource management, different writers suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be rework or is rejected; Customer satisfaction that can be measure by the number of loyal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness/early out observed when employees absent themselves from the work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Armstrong, 2009).

The management of individual performance within organizations has traditionally centered on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the mangers all being central (Njanja, , Maina., Kibet, & Njagi, 2013).

Individual employee is motivated by different incentives or benefits and it is important to know how they are motivated and what can satisfy them in order to encourage them to have right attitudes to work which will invariably enhances employee performance and organizational productivity. Intrinsic motivators are critical in meeting a person's needs, because they describe a pattern of how an individual may behave (Al-Nsour, 2012). Most important of all is the question of setting standards and monitoring individual performance. Within a sales environment it is relatively easy to track sales performance, but with the increasing emphasis on quality and consumer accountability, what quality measures could the manager introduce for staff to provide the correct cocktail of checks and balances?

What about staff who apparently have no output? Once defined, the manager needs to set up systems to monitor progress. Sometimes the cost of monitoring may outweigh the financial benefits of higher performance, so how can the manager refine the scheme to deliver a balanced result and a bottom-line, incremental profit. Bull, (2007). Armstrong, and Baron, (2000) observes that performance management is a joint process that involves both the management and the employee who identify common goals which correlate to the higher goals of the institution. Davis further states that when employees are effectively rewarded, then the organizations will experience increased productivity and improved quality of output. Similarly, when people are valued, shown trust, listened to and encouraged to do better, they reciprocate by being responsible and productive. Consequently, commitment and loyalty of the employees to the organization is enhanced and thereby the organizational culture and values are developed

2.5 Empirical Literature Review

To review empirical articles ranging from worldwide context, African context and Tanzania context were critically reviewed. Mostly methodology, findings and recommendations.

2.5.1 World Wide Context Review

Cainarca, Delfino, & Ponta, (2019) studied on the effect of monetary incentives on individual and organizational performance in an Italian Public Institution. Specifically, the traditional approach of bureaucracy that pays a premium to each employee, based on the position held, is compared with a merit approach which tends to recognize and reward individual contributions. A task advice centrality indicator and a value index have been defined and used to study the performance of employees. The results show a modification of individual behaviors, in line with the theoretical foundations and predictions formulated.

Mamdani, & Minhaj, (2016) studied on the effects of motivational incentives on employees' performance: A case study of banks of Karachi, Pakistan. Data was collected through a questionnaire. The data was analyzed with the help of SPSS. The study established the various ways employees' were motivated including both monetary and non-monetary recognition based incentives. The findings of the hypotheses indicated that motivational incentives had impact on employees' performance. The study concluded that though incentives had impact on employees' performance; the employees' were not loyal to their organizations and were willing to switch their jobs if better opportunities came their way. The study recommends that only monetary incentives were not enough. The capacity building programs should be initiated for the employees, which will not only make their work challenging but will also increase commitment towards their organizations.

Al-Tamimi, (2018) studied on the impact of financial incentives on performance of employees in Jordanian commercial banks and its reflections on Jordanian economy: A field study. The study sample consisted of (76) randomly selected employees in Jordanian commercial banks. Data analysis employed descriptive analytical approach and the following result. 1-The existence of a statistically significant relationship between an effective incentive system and employees performance in these banks; 2 the existence of a statistically significant relationship between reward system and employees performance level in the banks; (3) The existence of a statistically significant relationship between linking performance appraisal results as a basis for granting incentives and employees performance in these banks; (4) The existence of a statistically significant differences in employees performance level, due to their gender, age, marital status, and years of experience.

Garbers, & Konradt, (2014) conducted a study on the effect of financial incentives on performance: A quantitative review of individual and team-based financial incentives.

Meta-analysed 146 studies (n = 31,861) to examine the effects of individual and team-based financial incentives on peoples' performance and to explore potential moderators. The findings revealed that overall effect size of the individual incentives (116 studies) was positive (g = 0.32). Moderator analyses revealed effect sizes to be larger for field studies (g = 0.34) than for laboratory studies (g = 0.29), larger for qualitative (g = 0.39) than quantitative performance measures (g = 0.28), and smaller for less complex tasks (g = 0.19). Results on team-based incentives (30 studies) indicated a positive effect regarding team-based rewards on performance (g = 0.45), with equitably distributed rewards resulting in higher performance than equally distributed rewards. This relationship was larger in field studies and smaller for less complex tasks. In addition, our results show that the effect of team-based rewards depends on team size and gender composition. Implications for organizational rewards and suggestions for future research are discussed.

Novianty, & Evita, (2018) studied on the financial incentives: The impact on employee motivation. The research used approach of research method with the approach of path analysis. The measurement of the research used questionnaires with a semantic differential scale, while the population in the study consisted of 43 employees. The study found that the dimension of the research variable is valid and the variable of financial incentives relationship has a positive effect on employee motivation.

2.5.2 Africa Context Review

Ruhnama, Tayeb, & Amirkhail, (2021) conducted a study on the impact of financial incentive on employee productivity in Ethiopia. Questionnaire was used to collect data. Data analysis was done using descriptive statistics. The finding suggested that financial incentives are the best option to motivate employees for excellent performance in the organization and they affect the motivation level of employees in a significant manner. Salary increase has been rated as the incentive factor that motivates the employees most followed by recognition, healthcare and promotion leave. Performance related pay is the most valued incentive factor for the employees who belong to above 35 years of age.

Only a few employees agree that they receive fair and just incentives for their effort and level of responsibility in the organization. Large business enterprises have a variety of reward and incentive programs as opposed to small and medium enterprises. Long-term financial incentives are more effective compared to short-term financial incentive programs. Group directed financial incentives are more effective than individually directed incentives. The study also confirms the main hypothesis of research to have that financial incentive are posting worked with employee productivity.

Kefay, Kero, & Kumera, (2020) studied on the effect of financial incentive scheme practice on employees' motivation ın case of commercial bank of Ethiopia. The study used a descriptive, as well as explanatory which used primary source of data. Non-probability and probability sampling method were applied (cluster & purposive). The study found that the overall perception of respondents about current financial incentive practice was shown as they are dissatisfied with salary and they are neither satisfied nor dissatisfied with fringe benefits pay. The result of regression analysis shows that; financial incentive variables (salary and fringe benefits pay) were not significant predictors of employees' motivation. Also of that, a significant portion of employees was at good motivation level to perform their job. Also, it is advisable to the bank to reviews its salary scale & fringe benefits pay practice even so it had not significantly affect employee motivation it may be a cause for employees' dissatisfaction.

Mansaray-Pearce, Bangura, & Kanu, (2019) conducted a study on the impact of financial and non-financial rewards on employee motivation: Case study NRA Sierra Leone. A qualitative as well as quantitative research methodology was adopted in this study. The researchers have conducted a survey in NRA. A questionnaire was developed to guess the opinion of employees working in this organization. A semi-structured interview was conducted for getting an insight about their motivation. The findings found from the survey that there are different factors that affect the motivation of employees which can be classified into two categories; financial and non-financial rewards. Although financial rewards are important for employee motivation in developing countries like Sierra Leone, where the inflation rate is so high that people are struggling hard to retain their social status but the importance of non-financial rewards cannot even be discriminated.

The study provides a basis to understand the issues of employee motivation in organizations. It is a good contributor to the knowledge world of human resource management, which explores the factors that affect motivation of employees and provide a solution to the problems faced by employees at their jobs. The study will also compel the management of studied organizations to pay attention to the problems of employee motivation for the overall benefits of organizations.

Daniel, (2019) studied on the effects of Incentives on Employees Productivity. The study aimed to achieve these goals; a questionnaire was designed based on the objectives. The completed questionnaires were processed and analyzed using Pearson Product Moment Correlation Coefficient. The study revealed that there was a positive relationship between incentives and productivity, alongside monetary incentives, another key factor in motivating employees is to involve them in the process aimed at attaining organizational effectiveness because without their co-operation the organization cannot perform. The study recommends the establishment of a unit to look at issues of incentives that will enhance productivity

ORJI, & Ezimmuo, (2019) studied o the effect of financial incentives on employee work habit and performance in Nigerian public enterprises. The study is a descriptive survey and both primary and secondary data were used, and formulated hypotheses tested using Kendal coefficient of concordance. The findings of the study indicated that there is a significant relationship between financial incentives and work habits and performance of employees of Nigerian Public Enterprises, also limited opportunities for career advancement demotivate employees of Nigerian Public Enterprises, Provision of adequate training opportunities and career development programs motivates and encourages higher performance among employees of Nigerian Public Enterprises, equally Lack of annual salary increment tied to employee performance contributes to low motivation and poor performance among employees of Nigerian Public Enterprises.

The study draws its conclusion on the fact that improved financial incentive energizes employees in Nigerian Public Enterprises to focus on work activities and encourage better performance, and recommended among other things that the management of Nigerian Public Enterprises needs to understand their employees better and use appropriate tactics like financial incentive to influence their work behavior and over-all performance.

NNUBIA, (2020) studied on the monetary incentives and employee performance of manufacturing firms in Anambra State Nigeria. The study adopted survey research design. This study was conducted in the three senatorial zones of Anambra State. Primary and the secondary sources of data were employed. The population of the study consists of the staff of selected manufacturing firms, which is 1,019 staff. Taro Yamane"s formula was used to determine the sample size of 287 from the manufacturing firms and sampling technique was Stratified sampling technique while the research instrument used for data collection was the questionnaire. The questionnaire was pre-tested with supervisor and specialists in data analysts. The reliability of the instrument was done using spearman rank order correlation coefficient and the sectional coefficients and the average were respectively 0.80, 0.60, 0.80, and 0.70. The Pearson product moment correlation coefficient formula was used for test of hypotheses.

The study revealed among others that there is a significant positive relationship between salary and wages and workers performance and there is a significant positive relationship between commission and workers performance. The study concludes that monetary incentive stigma is seen as one of the most important strategies in the human resource management function as it influences the productivity and growth of an organization. Based on the findings, the study recommends among others that monetary incentives like bonuses, performance based rewards, should be provided to attract, retain and motivate employees for better performance and Commission to employees should be considered in the distribution of reward types to deserving employees for maximum employee performance.

Al-Belushi, & Khan, (2017) studied on the impact of monetary incentives on employee's motivation: Shinas college of technology, Oman-a case study. The study includeds samples of 130 employees from all the academic and non-academic staff of the college collected through a well-defined questionnaire. The data collection was done on a simple random sampling basis. The study reveals that the employees of Shinas College of Technology are motivated by salary and on duty allowance rather than the other monetary incentives/benefits.

2.5.2 Tanzania Context Review

Kumburu, (2020) studied on the rewarding employees for organisational performance: does financial incentives matter in the 21st century for Tanzanian employees. The study used Simple random sampling procedure was adopted in selecting respondents. Primary and secondary data were obtained using semi-structured interviews, questionnaires and documentary review and were analyzed through descriptive statistics and correlation analysis. The findings show that there are varieties of financial incentives used and the level of financial incentives provided to employees is adequate.

In addition, some of the financial incentives provided to staff were found to have positive relationship with organizational performance whereas others seemed not to influence the performance. However, the estimated correlation coefficients were low to indicate that there might be other factors apart from financial incentives, which influence organizational performance. The study recommends that the management should also consider other type of incentive, which will increase individual's satisfaction and loyalty to his work, enhance more cooperation and enhance performance.

Nziku, (2013) studied on assessment of financial incentives on employees' performance: a case of Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited-Mtwara Region. The sample of study constituted one hundred (100) respondents; both qualitative and quantitative data were gathered through questionnaires, which were personally administered. Independent and dependent variables were used to measure the aspect at which the financial incentives stand as the driving force towards employees' performance. The study found that incentives have a positive relationship to employee performance.

Msiagi, (2013) studied on the effects of financial incentives on employee performance: A Case Study of Tanzania. The study employed both probability and non-probability sampling techniques. In the first stage, the researcher used purposive sampling technique to get the data from the management and units" heads. While on the second stage, a researcher used convenience sampling to get data from other staff in the organization. The researcher including interviews, questionnaires and documentary reviews employed various methods of data collection. The data collected, were further analyzed by using the modern statistical package, namely the Statistical Package for Social Sciences (SPSS). This study revealed that incentives improve employee performances at workplaces, only if the working conditions in the organization are healthy enough to motivate its employees. The study suggest that the type of task being performed and the type of incentives scheme being employed affect the efficacy of financial incentives and therefore may influence the management design. There is a direct link between incentive management and employee retention. Employees involved in ongoing training, financing incentives, loan appraisal etc feel that their employer is interested in them doing a better job, and the employer cares enough about them to make an investment in their development. Training can also be the means for positive change in any organization.

Kahema, (2017) conducted a study on the influence of incentive schemes on employees performance: a case of University of Dodoma. The study was descriptive in nature and it employed quantitative approach in the data analysis. It was revealed that financial incentive was the most significant incentive in motivating staff at the University of Dodoma. It was concluded that managers need to make sure their employees work in pleasant and desirable work environments. If people grow 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 recommends 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.

John, (2015) conducted a study on the impact of employee incentive system on the performance of Urban Water Supply and Sanitation Authority in Dodoma. The study employed a holistic descriptive case study design, where data were collected from employee respondents and the management personnel. Questionnaires and direct interviews were employed as data collection methods from employees and management respectively. Thereafter, data were analyzed by using both qualitative as well as quantitative means. The Study found out that, employees of DUWASA preferred more monetary than non-monetary incentives and that, they favored salary increase as their monetary incentive compared to other monetary incentives. It was also revealed that, employees had a positive evaluation for almost all indicators of performance as being influenced by incentives provided, strangely, the study could not establish a relationship between performance and incentive provided by DUWASA to its employees.

Furthermore, it uncovered some challenges, which were the cause of DUWASA inability to implement its incentive programme well. These were mainly; shortage of funds and lack of organization guidelines. It recommends- t was recommended that, management of DUWASA crafted incentive guidelines, to be applicable for its employees of all cadres. It was also recommended that, DUWASA to take an initiative to emulate best practice elsewhere, in implementation of incentive scheme that was linked to the performance indicators of the firm.

2.6 Research Gap

Incentives come in many forms: basic salary, stock options, compensation, profit sharing, insurance, retirement plans, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance bonuses, sales commissions, piecework, safety incentives, suggestion awards. These incentives are meant to improve employee performance in organizations (Falola, Ibidunni, & Olokundun, 2014).). However, this has not been the case in most public sector organizations, TCAA inclusive. Though the incentives available to the employees are clearly stipulated in its TCAA, the employees have not been adequately provided with adequate incentives. Therefore, the researcher intended to find out the effect financial rewards schemes on employee's performance Tanzania Civil Aviation in this case and make recommendations to management of the Authority to address the gaps created by not providing adequate incentives to employees.

2.7 Conceptual Framework

Among the financial rewards as pointed out at the beginning of the chapter, this study wills only asses on four prominent and frequently used. Financial rewards like golden handcuff are taken while the employee is leaving the company early hence not relevant in this study.

Independent Variable **Dependent Variable**

Financial Rewards Schemes

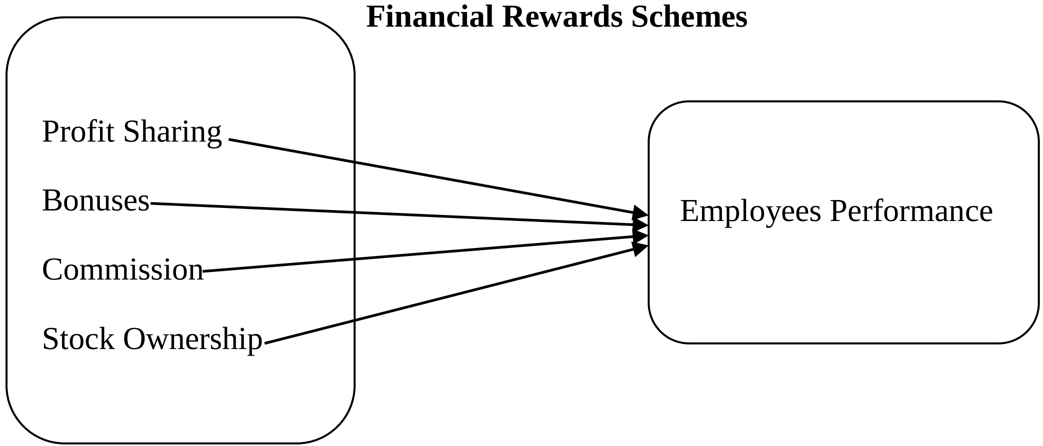

Figure 2.1: Conceptual Frameworks

Source: Researcher (2021)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

Chapter three describes the way this study will be conducted. It explains research designs, the area of study, the research approach, the research sampling, population of study, the sample size, data collection methods, and data analysis methods.

3.2 Study Area

The area of study of this research will be at Tanzania Civil Aviation Authority. The researcher decided to conduct study at this organization on the process of financial rewards since they are keen on all employees including TCAA. Secondly, it was easy to obtain data from users, thus to centre to this study in TCAA has triggered by accessibility and convenience of data collection.

3.3 Research Approach

The study conducted as a quantitative study approach to research in order to depict the effect of incentive schemes on employee performance. According to Burns and Grove

(1993), quantitative survey is the most appropriate one to use if the purpose of an investigation is to describe the degree of relationship, which exists between the variables. Besides, it also helps in examining and describing the interactions among those variables. Therefore, employees of TCAA have been chosen as the statistical population. The choice of this approach is determined by the fact that this study has attempted to answer questions about the relationship between financial rewards schemes and employee performance.

3.4 Research Design

The research plan of this study was descriptive quantitative, where a cross-sectional survey was used on a case study. This design is usually used when a researcher plans to use a deductive approach. Survey strategy enabled a researcher to collect data from a large population. Economically, it permits easy comparison and easy to understand and explain the phenomenon (Saunders et al., 2012).

3.4.1 Population

Sampling frame of the study consisted of 106 employees at TCAA headquarters (Dar es Salaam) from end users departments, procurement and supplies and the management.

3.4.2 Sample Size

The study will use Yamane's formula (Israel, 1992). to determine its sample size. The formula is as follows;

$$n = \frac{N}{1 + N(e)^2}$$

Whereby; **n** is the sample size to be determined; **N** is the selected population, which is 106; and **e** is the level of precision or sampling of error; which is normally expressed in percentage from ±5% to ±10%. For this study, the level of precision will be ±10%. Therefore;

$$n = \frac{106}{1 + 106\,(10\%)^2}$$

This equals

$$n = \frac{106}{1 + 106\,(0.01)}$$

$$n = 51$$

Therefore; the study will use a sample of 51 respondents out of the population of 106 workers from management, user department, procurement and supplies departments at TCAA headquarters.

Table 3.1: Sample Size

S/N	Category	Number of staff	Sample Size	Percentage
1	End user department	83	40	78
2	Procurement and Supplies	15	7	14
3	Management	8	4	8
Total		**106**	**51**	**100**

Source: Researcher (2021)

3.5 Stratified Random Sampling

This is applied in situations where population is divided into different strata. Because this study is has different group namely end user departments, procurement and supplies professionals, management and suppliers or service providers who are key players in the supply chain management at TCAA, therefore stratified sampling will be employed whereby it will consist a total of 51 respondents as a sample size.

3.6 Data Collection Methods

This study will use primary data that will be collected through structured questionnaires. According to Hox, and Boeije, (2005) the research instrument that was used to collect primary data is a five point Likert scale structured questions that can be used to access the essential data from respondents. Hard copies of the questionnaires were passed personally to the target respondents while soft copies of the questionnaires were sent through e-mails to the target respondents in the effort to obtain their responses. The designed instrumental questions include two main parts. Part one is aimed to collect demographic characteristic and profile information of the respondents and part two is closed ended aimed to collect independent and dependent variables questions which were intended to measure the perceptions, the effect and relationship between incentives and employee performance, using five point Likert scale anchored by strongly agree to strongly disagree. Thus, the respondents were requested to select their own choice of the five point Likert scale alternatives in order to specify their level of agreement or disagreement on each question items. The scale of measurement used for the study was interval, nominal and ordinal. An interval scale of measurement was based on ordered interval that are of equal length and zero value is arbitrary, nominal scale of measurement was applied for categorical data and ordinal scale of measurement was used based on categorical data that involve on rankings and ordered values.

3.7.1 Questionnaires

According to Singh (2006) questionnaire refers to a form of standardized questions prepared and disseminated to informers to secure responses. Dawson (2002) describes three categories of questionnaires namely close-ended questionnaires, open-ended and a combination of both types. Researcher at large will collect data through questionnaires. The researcher has decided to choose this method since it is deemed to be more efficient given the nature of respondents and sample size.

3.7 Types of Data

When determining which method of data collection to be used for the study, the researcher should keep in mind two types of data namely, primary and secondary. The researcher will collect primary data for this study.

3.7.1 Primary Data

Primary data are those, which are collected directly and for the first time from respondents. Researcher will collect primary data from respondents through structured questionnaires.

3.8 Data Analysis

According to Zikmund et al (2010) data analysis is the application of reasoning to understand the data that have been gathered. It includes determining consistent patterns and summarizing the relevant details revealed in the investigation. The researcher will analyze data using correlation analysis in order to show the relationship between variables. Also, data will be analyzed using descriptive data analysis, which intends to describe and summarize the quantitative data in user friendly and easily interpretable forms, example tables and graphs.

3.9 Validity

Validity is the degree to which results obtained from the analysis of the data actual represent the phenomenon under study (Mugenda, &Mugenda 2003). Saunders et al (2007) suggested that for the study to be valid should have a minimum of 30 objects as sample element, that is n>30, where n is the sample of the elements for the data to be collected. This study has 60 a sample size, therefore it is valid. In addition, validity shows how sound a particular study is.

3.10 Reliability

Reliability test was conducted to ascertain the reliability level of the research. The reliability of a measure indicates the extent to which the measure is without bias and offer consistent measurement across time (Sekaran, 2003). Cronbach’s alpha is a reliability coefficient that indicated how well the items are positively correlated to another. The closer Cronbach’s alpha is to 1, the higher internal consistency reliability (Sekaran, 2003.

Table 3.2: Scale for Reliability Test

Variable	Number of items	Cronbach's Alpha
PS	8	.91
BNUS	6	.78
CMSION	4	.83
STK	4	.73
EP	20	.88

NOTES: PS = Profit Sharing, BNUS = Bonuses, CMSION = Commission, STK = Stock Ownership and EP = Employee Performance

3.11 Ethical Consideration

The researcher will abide to the ethical research practices by ensuring the following;

Voluntary Participation; Researcher will not use coercion or deception to get responses from participants, rather researcher will be request participants to voluntarily assist by inviting to participate, with a clear understanding that they are under no obligation to do so and that there will be no negative consequences for them if they do not assist you in your research.

According to Kennedy, and Cram, (2010) confidentiality and anonymity; for participants that do not need to be revealed in the resulting report, researcher will not reveal their names and responses and they will not be forced to indicate their names to the questionnaires. For privacy reasons, the researcher will not disclose the responses of the selected members.

Communicating Results; since results from this study need to be communicated to the Institute of Accountancy Arusha at the end, the researcher will ensure results are communicated to the supervisor and IAA while avoiding plagiarism, misinterpretation and any academic fraud.

Informed Consent; the researcher will use an information sheet, which will be provided to all those who are invited to participate. Information sheet will have official university letter in order to increase the response rate but also informs respondents that this is an official university activity. In addition, participants will be given the invitation in advance to enable them to carefully consider whether they will participate.

CHAPTER FOUR

FINDINGS ANALYSIS AND DISCUSSION

4.1 Overview

The chapter presents and discusses the research findings based on the effects of financial incentive schemes employee performance at Tanzania Civil Aviation. There are four specific objectives that were pursued in order to establish the effect of financial reward scheme on employee performance at Tanzania Civil Aviation.

The chapter been divided into sections representing the task done. 4.1 describe the sample, section 4.2 describes the variables on indicators, and section 4.3 presents descriptive statistics, reliability and correlation among constructs. The last section 4.4 presents the research discussion based on this topic.

4.2 Sample Description

In describing the sample, four demographic variables were included. Namely; Age, gender, educational level, and tenure were computed (Table 4.1) Majority of the participants were below the age of 50 who constituted nearly 80%. Those who are above 50 years of age are just less than 10%. Nearly two thirds of the respondents are male staff; while female are just one third of the entire respondents.

Nearly half of the respondents are graduates with first degrees, followed by those with master's degrees and diplomas. Experience wise, those who have stayed more than 30 years constitute the majority of the respondents, and those less than 10 years are just below 5.

Table 4.1: Sample Description

S/N		Frequency	%	Mean	Std. Dev.
1	**Age**			2.43	1.08
	20 – 30	14	27.5		
	31 – 40	10	19.6		
	41 – 50	18	35.3		
	51 - Above	9	17.6		
2	**Gender**			1.33	.48
	Male	34	66.7		
	Female	17	33.3		
3	**Education**			2.80	.92
	Certificate	6	11.8		

	Diploma	9	17.6		
	Bachelor Degree	25	49.0		
	Master's Degree	11	21.6		
4	**Experience**			3.24	1.11
	0 – 10	3	5.9		
	11 - 20	11	21.6		
	21 – 30	14	27.5		
	31 - 40	17	33.3		
	40 and Above	6	11.8		

Source: Field data (2021)

4.2.1 Descriptive Statistics Results for the Effect of Profit Sharing on Employees Performance

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the profit sharing scale (Table 4.2). The results show that Profit sharing scheme has a significant role on the retention of key staff scored highest (M = 4.20, S.D. = 1.00) followed by the distribution of the Profit Sharing Pool goes to employee for active each active month (M = 4.12, SD = 1.05). The lowest measurement scale on profit sharing was the management of the company is fair in the implementation of profit sharing scheme (M = 3.67, SD = 1.35) followed by Profit sharing scheme improves company performance by attracting qualified staff. (M = 3.90, SD = .88).

Table 4.2: Effect of Profit Sharing Variable Results

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Profit sharing scheme improves company performance by attracting qualified staff.	51	2.00	5.00	199.00	3.90	.88
Profit sharing scheme has a significant role on the retention of key staff.	51	2.00	5.00	214.00	4.20	1.00

Profit sharing scheme helps a strong sense of belongingness to the company	51	2.00	5.00	213.00	4.18	.95
The management of the company is fair in the implementation of profit sharing scheme	51	2.00	5.00	187.00	3.67	1.35
The distribution of the Profit Sharing Pool goes to employee for active each active month	51	2.00	5.00	210.00	4.12	1.05
Profit sharing scheme is practiced at Aviation	51	2.00	5.00	213.00	4.12	1.03
Profit Sharing Pool is used to compensate for the lack of pay parity between employees	51	2.00	5.00	209.00	4.10	.98
The distribution of the Profit Sharing Pool goes to employee for active each active month	51	2.00	5.00	214.00	4.10	.94

Source: Field data (2021)

4.2.2 Descriptive Statistics Results for the Effect of Bonuses on Employee Performance

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the bonus scale (Table 4.3). The results show the existing company bonus pay system is inspiring me to a higher performance scale scored the highest (M = 4.35, S.D. = 1.04) followed by Bonuses are paid fairly for extra work, efficiency and achievements. (M = 3.98, SD = .10). The lowest measurement scale on bonuses was bonuses are paid in order to motivate employees (M = 1.25, SD = .66) followed by annual bonus based on the company financial targets and achievements. (M = 1.37, SD = .66).

Table 4.3: Bonuses Variable Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation

Annual bonus based on the company financial targets and achievements.	51	1.00	3.00	1.37	.66
The existing company bonus pay system is inspiring me to a higher performance.	51	2.00	5.00	4.35	1.04
Bonuses are paid fairly for extra work, efficiency and achievements.	51	2.00	5.00	3.98	.10
The company usually provides bonuses for all its employees' according to the job grade.	51	1.00	5.00	3.94	1.17
Bonuses are paid in order to motivate employees	51	1.00	5.00	1.25	.66
Bonuses are paid on time	51	1.00	2.00	1.41	.50

Source: Field data (2021)

4.2.3 Effect of Commission on Employees Performance Descriptive Statistics Results

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the commission scale (Table 4.4). The results show a competitive commission for efficient service delivery and productivity scale scored the highest (M = 2.25, S.D. = .72) followed by commission can contribute to more excellence and healthy competition within the company. (M = 2.10, SD = .54). The lowest measurement scale on commission was commission can encourage me to improve the sales performance (M = 1.20, SD = .40) followed by Commission usually motivates me to perform better in the company. (M = 1.49, SD = .50).

Table 4.4: Commission Variable Results

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Commission usually motivates me to perform better in the company.	51	1.00	2.00	1.49	.50

A competitive commission for efficient service delivery and productivity	51	1.00	4.00	2.25	.72
Commission can encourage me to improve the sales performance	51	1.00	2.00	1.20	.40
Commission can contribute to more excellence and healthy competition within the company.	51	1.00	3.00	2.10	.54

Source: Field data (2021)

4.2.4 Effect of Stock Ownership on Employee Performance Descriptive Statistics

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the stock ownership scale (Table 4.4). The results show the share ownership in place favors top management than employees scale scored the highest (M = 3.86, S.D. = .89) followed by I am ready to increase my work efforts in order to gain the share ownership (M = 3.45, SD = .83). The lowest measurement scales on stock sharing Employees often endeavor to meet the set targets to be entitled a stock ownership. (M = 1.27, SD = .54) followed by Share ownership is the most important factor in employee performance (M = 1.45, SD = .73).

Table 4.5: Stock Ownership Variable Results

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Share ownership is the most important factor in employee performance	51	1.00	3.00	1.45	.73

I am ready to increase my work efforts in order to gain the share ownership	51	2.00	5.00	3.45	.83
The share ownership in place favors top management than employees	51	1.00	5.00	3.86	.89
Employees often endeavor to meet the set targets to be entitled a stock ownership.	51	1.00	2.00	1.27	.45
Shares are distributed on time without delay	51	1.00	3.00	2.33	.712

Source: Field data (2021)

4.2.5 Employees Performance Descriptive Statistics Results

Descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed for the employees performance scale (Table 4.5). The results show that I always use reasonable time to complete my work scored the highest (M = 4.14, S.D. = 1.00) followed by I am always ready for new suggestions (M = 4.08, SD = 1.32). The lowest measurement scale on employees performance scale was I work well with my peers (M = 1.00, SD = .00) followed I am always ready to assist others (M = 1.14, SD = .35).

Table 4.6: Employees Performance Variable Descriptive Statistics Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Share ownership is the most important factor in employee performance	51	1.00	3.00	1.45	.73
I am ready to increase my work efforts in order to gain the share ownership	51	2.00	5.00	3.45	.83

The share ownership in place favors top management than employees	51	1.00	5.00	3.86	.89
Employees often endeavor to meet the set targets to be entitled a stock ownership.	51	1.00	2.00	1.27	.45
Shares are distributed on time without delay	51	1.00	3.00	2.33	.71
Performance based incentive scheme encouraged me to exert more effort and improve my productivity	51	1.00	2.00	1.39	.49
Effective/good employee demonstrate the correct way to solve a problem	51	1.00	5.00	3.73	1.47
When referring to a “poor performance”, I mean a performance that lies below the previous achievement level of the student	51	1.00	4.00	1.80	.917
It is better when the manager – not the employee – decides what activities are to be done	51	1.00	2.00	1.51	.50
My work always is keen on quality than quantity	51	2.00	5.00	3.86	.89
I do take my work seriously	51	2.00	5.00	3.92	.93
I submit my work and always supervisors trust it	51	2.00	5.00	4.04	1.13
I always use reasonable time to complete my work	51	2.00	5.00	4.14	1.00
I always come to work early	51	1.00	3.00	1.33	.55
I always meet my deadlines	51	2.00	5.00	4.04	.10
I always take initiative in my work	51	1.00	4.00	3.53	1.05
I have good work ethics	51	2.00	5.00	3.92	.93
I am always ready to accept any new assignment	51	1.00	5.00	3.65	1.61
I am always ready for new suggestions	51	1.00	5.00	4.08	1.32
I work well with my peers	51	1.00	1.00	1.00	.00
I am always ready to accept changes at my work	51	1.00	5.00	3.43	1.73
In communication I escalate issues to supervisors whenever is possible	51	1.00	5.00	3.37	1.87
I am always ready to assist others	51	1.00	2.00	1.14	.35
I require minimum supervision in my work	51	1.00	5.00	3.22	1.79
I am free to pursue new knowledge without problem	51	1.00	5.00	3.51	1.83

Source: Field data (2021)

4.3 Variables Descriptive Statistics, Reliability and Correlation Analysis

Descriptive statistics were computed for profit sharing, bonuses, commission and stock ownership as independent variables on employees performance as dependent variable **using** the cut-off points suggested in Albdour & Altaraweh (2014), adjusted to 7-point rating levels. Results (Table 4.6) indicate that the profit sharing was high (M = 4.07, S.D = .81). Bonuses were moderate (M = 2.98, SD = .61), commission scored low (M = 1.76, SD = .25). Stock ownership scored moderate (M = 2.47, SD = .41). For the dependent variable employee performance scored moderate (M = 3.03, SD = .48). The correlations between individual dimension and employee performance were between 1.00** and .83** indicating strong and significant relationship (Cohen, 1988).

Using the original cut offs of Albdour and Altarawneh (2014) profit sharing (M = 4.07, S.D = .81). Profit sharing was significantly positively correlated with employees performance ($r = .10^{**}$, $p < .01$). Bonuses were also positively and significantly correlated with employee performance (r $.47^{***}$, $p < .001$). Commission was also positively and significantly related to employee performance ($r = .75^{**}$ $p < .01$). Stock ownership was positively and significantly corrected to employee performance ($r = .83^{*}$ $p < .05$).

Scale test for reliability analysis was carried out to determine the internal consistency of the measurements scales. Cronbach's alphas (Table 4.6) in the diagonal show good internal consistency for the profit sharing, bonuses, commission, stock ownership and employee performance were profit sharing .91, Bonus .78, commission .83, stock ownership .75 and employee performance was .88 (George and Mallery, 2014).

Table 4.7: Variables Descriptive Statistics, Reliability and Correlation Analysis

		MEAN	Std. Deviation	PS
PS	Pearson Correlation	4.07	.81	**.91**

BNUS	Pearson Correlation	2.98	.61	.79**	**.78**			
	Sig. (2-tailed)			.000				
CMSION	Pearson Correlation	1.76	.25	.61**	.45**	**.83**		
	Sig. (2-tailed)			.00	.001			
STK	Pearson Correlation	2.47	.41	.74**	.68**	.49**	**.75**	
	Sig. (2-tailed)			.000	.000	.000		
EP	Pearson Correlation	3.03	.48	.83*	.75**	.47**	.10**	
	Sig. (2-tailed)			.000	.000	.001	.000	

.88

N = 51

*p < 0.05 (two – tailed), **p < 0.01 (two – tailed) ***p < 0.001 (two – tailed)

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

NOTES: PS = Profit Sharing, BNUS = Bonuses, CMSION = Commission,

STK = Stock Ownership and EP = Employees Performance

Source: Field data (2021)

4.4 Discussion

The study sought to determine the effects of financial reward schemes on employee's performance at Tanzania civil aviation. Descriptive statistics (means, standard deviations, maximum and minimum values) were used to analyse data with Pearson coefficient correlation analysis. Focusing on the study objectives, the discussion explains and elaborates the findings information as generated from data analysis and compares or contrasts the current findings with what has been found out in previous related studies. Contributions of each finding are shown. By doing so, it helps to clear and in-depth understanding of the effects of financial rewards schemes namely profit sharing, bonus, commission and stock owning on employees performance at Tanzania civil aviation

4.4.1 To Determine the Effect of Profit Sharing on Employees Performance

On the effect of profit sharing the results show that Profit sharing scheme has a significant role on the retention of key staff scored highest. It means when human resource management has good policy for retaining employees it becomes a motivating factor for the employee to perform high. However on the same effect lowest measurement scale on profit sharing was the management of the company is fair in the implementation of profit sharing scheme. These findings signify that profit sharing is not well implemented; probably this is because Tanzania civil aviation is a public agency and not a business profit oriented organization.

Additionally the means score and Pearson coefficient correlation found that Profit sharing was significantly positively, strongly correlated with employee's performance. These findings are supported by Cainarca, Delfino, & Ponta, (2019), Al-Tamimi, (2018), Garbers, & Konradt, (2014) who also found that motivational incentives like profit sharing had impact on employees' performance. Further it was also found that the existence of a statistically significant relationship between an effective incentive system and employees performance in the banks Novianty, & Evita, (2018). However for Daniel, (2019) he found that more to incentive schemes employees are more motivated by salary. Big salary is a direct motivator to employees than just incentives. Therefore apart from salary human resource in organizations are keenly making sure that profit sharing is implemented whenever possible because if it is carried as a long term incentive scheme it helps to motivate employees to perform more especially for the private business profit oriented organizations. For the case of Tanzania civil aviation although it is not a business oriented organization still it can release some incentives to it employees.

4.4.2 To Determine the Effect of Bonuses on Employee Performance

On the effect of bonuses the results show the existing company bonus pay system is inspiring me to a higher performance scale scored the highest. This was the perception of the employees. However the lowest measurement scale on bonuses was bonuses are paid in order to motivate employees. If human resource just uses bonuses for motivation sometimes it does not work unless it is accompanied with other financial incentives. Bonuses mean score has a moderate effect on employee's performance. Both means score and Pearson coefficient correlation found that bonuses have a positively, moderately and significantly correlated with employee performance.

Similarly Ruhnama, Tayeb, & Amirkhail, (2021) also found that financial incentives especially bonuses are the best option to motivate employees for excellent performance in the organization and they affect the motivation level of employees in a significant manner. Also Orji, & Ezimmuo, (2019) found that that there is a significant relationship between financial incentives and work habits and performance of employees of Nigerian Public Enterprises. From these findings it can be said that financial incentives like bonuses are also a motivating effect to even public employee's performance like Tanzania civil aviation. Contrary to these findings Kahema, (2017) found that most effect on employee's performance apart from financial incentive is the environment. When the environment is conducive employee will perform better. Therefore bonuses are key factor in making employees to harder and harder because the more they work, the more they get profit and therefore be able to gain bonuses. Bonuses operate well in a performance based pay. Of which most government organizations are still not adopted yet.

4.4.3 To Determine the Effect of Commission on Employees Performance this Study

On the effect of commission the results of this study show a competitive commission for efficient service delivery and productivity scale scored the highest. It means an employee who performs more gets more commission. It lies also in a performance based pay. However this study found also that the lowest measurement scale on commission was that commission can encourage me to improve the sales performance. Improving of working or selling does not always rely on commission but also other factors for example working conditions and networking.

However commission is a very important factor for financial schemes rewards. When computed for Means score and Pearson coefficient correlation this study confirmed that commission means score was also positively, weak and significantly related to employee performance. This findings is supported by John, (2015), and Kefay, Kero, & Kumera, (2020) Who found that current financial incentive practice was shown as they are effect because employees are dissatisfied with salary instead they value more incentives scheme like commission although not a great impact. Ruhnama, Tayeb, & Amirkhail, (2021) they found that salary as a financial motivator is more effective to commission. Therefore although commission is found to have a weak effect as compared to other financial rearward scheme still is positive and have significant effect on employee performance. Probably the low rating of commission is because Tanzania civil aviation as a public organization is not having the scheme of paying commission to its employees. The results if tested to private profit companies could have received different outcomes.

4.4.4 To Determine the Effect of Stock Ownership on Employee Performance

On the effect of stock ownership the results of this study show the share ownership in place favors top management than employees scale scored the highest. This quite true, top management earn more salaries and therefore are able to buy more shares and therefore they earn more on shared than low paid employees who probably they don't have sufficient balance of cash to buy shares. The lowest measurement scale on stock sharing was employees often endeavor to meet the set targets to be entitled a stock ownership. This is also true that share ownership makes employee to work more so that at the end they are able to get shares.

However knowing that they have meager shares they probably not motivated much to perform. Both means score and Pearson coefficient correlation in this study found that stock ownership was positively, moderately and significantly corrected to employee performance. This finding is supported by Msiagi, (2013) who found that there is a direct link between incentive management like stock ownership and employee performance and retention. Further Nziku (2013) also found that the study found that incentives such as shares have a positive relationship to employee performance. An incentive to work harder: Giving employees share options will motivate them to work harder and more efficiently. A small piece of ownership serves as a reminder that they are working for the growth and benefit of the company. Share options will also help your employees feel more connected to your ideas and the company more employees' performance. Nnubia, (2020) contrary to this study findings he found that among others, that there is a significant positive relationship between salary and wages and workers performance and there is a significant positive more relationship between commission and workers performance.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

The chapter presents conclusion, recommendations and implications as well as limitations and future studies are proposed.

5.2 Summary of the Main Findings

The study sought to examine the effect of financial rewards schemes on employee's performance at Tanzania civil aviation. Guided by four specific objectives of which each one aimed at determining the effect of financial rewards schemes. The first objective was to determine the effect of the profit sharing on employee's performance. The study found that profit sharing has a strong positive and significant effect on employee performance. On the second objective, which determined the effect of bonus on the effect employee performance it was revealed that bonuses have also strong positive and significant effect on employee performance. Thirdly it was found that commissions have weak positive and significant effect on employee performance and lastly stock owning have moderate positive effect on employee performance. Therefore generally within extrinsic motivation financial rewards such as financial incentive schemes is the direct and effective determinant of employee performance

5.3 Implications of the Findings

The study objectives and findings leads to believe that apart from financial pay like salary, still financial rewards schemes are of important feature in motivation aspects of employees. Therefore concludes from the findings that the effect of incentive schemes on employee performance is of paramount important to the company. In turn, human performance of any sort is improved by designing, implementing, reviewing and adjusting the incentive schemes system that is appropriate and satisfying.

5.4 Conclusion

This study proved that financial rewards offered to employees in Tanzania civil aviation are good. Employees of this industry are motivated and satisfied not only with their salary but mostly financial reward schemes. The result showed a positive impact of financial rewards on employee’s motivation and therefore high performance. Financial rewards leads to employee’s motivation.

The study draws its conclusion on the fact that improved financial incentive energizes employees in Tanzania civil aviation to focus on work activities and encourage better performance, and recommended among other things that the management needs to understand their employees better and use appropriate tactics like financial incentive to influence their work behavior and over- all performance.

5.5 Recommendations

Financial incentive schemes are fast becoming increasingly a popular technique in attracting, motivating, developing, and retaining employees in organizations. Experience has shown that organizations that provide effective incentives are more likely to have satisfactory job performance from employees. Based on the findings and conclusions of this study, there are recommendations forwarded for better improvement of employees work performance Following the findings of this study whereby it was found that financial profit sharing, bonuses, commission and stock owning all have positive effect on employees performance hence this study recommends that; a work to be done in the HR policy makers of the company. Those in a responsible position to amend and implement the incentive policies have to see best benchmarking practices. Management should come up with short term employee attraction and retention mechanisms using commission, profit sharing and shares.

The management needs to develop rightful incentive schemes that include a mix of both financial and non-financial incentives. Some studies have also revealed the importance of non-financial rewards. Incentive type would influence performance differently when applied to the employee. Managers need therefore to strategically identify incentives that lead to high performance among the employees. Bonus payment is important but it is not the single most important factor for motivating employees. There are some other important factors that could maximize employee performance should be taken into consideration such as commission and stock ownership based on the nature of the job and the role of the employee.

5.6 Limitations of the Study

The study was faced with some limitations; first was for respondents not full filling the questionnaire, some cases were left not attended. To solve the problem these cases were not included in the analysis. Secondly response rate was not 100% because many of expected respondents claimed to be busy. The problem was solved by selecting other respondents of similar caliber. Lastly entrance to premises was little bit difficult due to Covid 19 pandemic. However, the management and respondents praised this method rather than if I used interview method.

5.7 Suggestions for Further Studies

This study examined the effect of incentive schemes on employee performance at Tanzania civil aviation by selecting specific variables; profit sharing, bonuses, commission and share or stock ownership. However, there are so many variables not included in this study like salary, promotion, recognition, career development and benefits. Thus, it is recommended for future researchers to further assess factors affecting employees work performance by incorporating additional variables. To this end therefore, a further study should be carried out to identify other factors which may affect performance but which have not been studied to determine their effect.

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APPENDICES

Appendix A: Research Questionnaires

Effects of Financial Rewards on Public Employees Performance: A case of Tanzania Civil Aviation Authority.

Dear Sir/Madam,

I am Simon Maigwa, a candidate pursuing a Masters Human Resource Management at the Open University of Tanzania. The following questionnaire has been prepared to obtain information that will enable for analysis on the research titled Effects of Financial Rewards on Public Employees Performance: A case of Tanzania Civil Aviation Authority for satisfying academic requirements for the award of Master's degree in Human Resource Management. The information you will be provide will be confidential and there will be no consequences if you choose not to respond since it is voluntary. Thank you in advance and for your cooperation.

PART A: BACKGROUND INFORMATION

Put a tick to the correct answer

1. Indicate your gender

Male ( ) Female ( )

2. Age of respondent

20-29 ( ) 30-39 ( ) 40-49 ( ) 50 and above ( )

3. Education LevelSecondary ( ) Diploma ( ) Bachelor Degree ( ) Master's degree and above ( )

4. How long have you worked or engaged with Tanzania Civil Aviation Authority? Below 3 years ( ) 3 - 5 years ( ) 6-9 years ( ) 10 and above ( )

PART B: EFFECTS OF FINANCIAL REWARDS ON EMPLOYEES PERFOAMCE

To each of the statements **encircle** the box that appealing to you.

1. Strongly Disagree
2. Disagree
3. Neither Disagree nor Agree
4. Agree
5. Strongly Agree

S/N	**Profit Sharing Variable**	SA-1	A-4	N-3	A-2	SA-5
1	Profit sharing scheme improves company performance by attracting qualified staff.	1	2	3	4	5
2	Profit sharing scheme has a significant role on the retention of key staff.	1	2	3	4	5
3	Profit sharing scheme helps a strong sense of belongingness to the company	1	2	3	4	5
4	The management of the company is fair in the implementation of profit sharing scheme	1	2	3	4	5
5	The distribution of the Profit Sharing Pool goes to employee for active each active month	1	2	3	4	5
6	Profit sharing scheme is practiced at Aviation	1	2	3	4	5
7	Profit Sharing Pool is used to compensate for the lack of pay parity between employees	1	2	3	4	5
8	The distribution of the Profit Sharing Pool goes to employee for active each active month	1	2	3	4	5

S/N	**Bonuses Variable**	SA-1	A -4	N-3	A-2	SA-5
1	Annual bonus based on the company financial targets and achievements.	1	2	3	4	5
2	The existing company bonus pay system is inspiring me to a higher performance.	1	2	3	4	5
3	Bonuses are paid fairly for extra work, efficiency and achievements.	1	2	3	4	5
4	The company usually provides bonuses for all its employees' according to the job grade.	1	2	3	4	5

S/N	**Commission Variable**	SA-1	A -4	N-3	A-2	SA-5
1	Commission usually motivates me to perform better in the company.	1	2	3	4	5
2	A competitive commission for efficient service delivery and productivity	1	2	3	4	5
3	Commission can encourage me to improve the sales performance	1	2	3	4	5
4	Commission can contribute to more excellence and healthy competition within the company.	1	2	3	4	5

S/N	**Stock Ownership Variable**	SA-1	A -4	N-3	A-2	SA-5
1	Share ownership is the most important factor in employee performance	1	2	3	4	5
2	I am ready to increase my work efforts in order to gain the share ownership	1	2	3	4	5
3	The share ownership in place favors top management than employees	1	2	3	4	5
4	Employees often endeavor to meet the set targets to be entitled a stock ownership.	1	2	3	4	5

S/N	**Employee performance Variable**	SA-1	A -4	N-3	A-2	SA-5
1	Performance based incentive scheme encouraged me to exert more effort and improve my productivity	1	2	3	4	5
2	Effective/good employee demonstrate the correct way to solve a problem	1	2	3	4	5
3	When referring to a "poor performance", I mean a performance that lies below the previous achievement level of the student	1	2	3	4	5
4	It is better when the manager – not the employee – decides what activities are to be done	1	2	3	4	5
5	My work always is keen on quality than quantity	1	2	3	4	5
6	I do take my work seriously	1	2	3	4	5
7	I submit my work and always supervisors trust it	1	2	3	4	5
8	I always use reasonable time to complete my work					
9	I always come to work early					
10	I always meet my deadlines					
11	I always take initiative in my work					
12	I have good work ethics					
13	I am always ready to accept any new assignment					
14	I am always ready for new suggestions					
15	I work well with my peers					
16	I am always ready to accept changes at my work					
17	In communication I escalate issues to					

	supervisors whenever is possible					
18	I am always ready to assist others					
19	I require minimum supervision in my work					
20	I am free to pursue new knowledge without problem					

Appendix 2: Clearance Letter