

**ASSESSMENT ON THE EFFECT OF REWARDS ON EMPLOYEE'S  
PERFORMANCE: A CASE OF WEST "A" MUNICIPAL COUNCIL**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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RESOURCE 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: **“Assessment on the Effect of Rewards on Employee's Performance: A Case of West “A” Municipal Council”**, in partial fulfillment of the requirements for the Degree of Master of Human Resource Management (MHRM) of the Open University of Tanzania.

.....

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.....

Date

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.....

Signature

.....

Date

**DEDICATION**

I do dedicate this research report to our beloved families include mother and my husband as well and our fellow staffs and lastly to the institutions responsible for providing our education Open University of Tanzania for the knowledge they give us since we started till the end of our course.

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## ABSTRACT

This study examined the effect of reward on employee's performance in which west "A" Municipal council was a case study. A descriptive research design, which involved qualitative and quantitative approached, was used. The population was 1250 and sample size of 150 was used. The findings showed that, West "A" Municipal Council provided rewards to employees such as bonus, recognition, gifts and promotion. The study also found that, 145 respondents is equal to 96.6% of all respondents observed that, the reward system assists the employee toward their performance and that there was statistically significance association between rewards system and employee performance of employee, the Pearson correlation coefficient was,  $0.628, P - value < 0.05$  and the regression results shows that Extrinsic Rewards would affect employee performance with 70.1% and Intrinsic Rewards would affect employee performance with 59.9%. The research observed that, reward system assists the employee toward their performance. The study concluded that rewards system affected employee performance and that lack of budget for rewards was the greatest major challenges, which lead to ineffective rewards system in enhancing employee's performance. The study recommended; The government, policy makers and leaders of organizations to initiate sound system of reward to the employees in the organizations and organizations to aspire to keep proper budget for rewarding the employees in the organizations.

**Keywords:** Rewards, Employee Performance, Reward system.

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**LIST OF ABBREVIATIONS**

HR	Human Resource
KPLC	Kenya Power Lighting Company
SPSS	Statistical Package for Social Sciences
KEFRI	Kenya Forestry Research Institute
GCB	Ghana Commercial Bank Ltd.
CVI	Content Validity Index

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Globally, the issues of the reward systems to the employees are fast becoming a competitive tool to many organizations. The advent of globalization has brought about better pressure on business management to be proactive, creative and innovative in order to endure the turbulent business environment that now transcends national boundaries (Ezigbo, 2015). As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very crucial for an organization (Maund, 2001).

Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Wilson, 2003). The only way employees will fulfil the employers dream is to share in their dream (Kotelnikov, 2010). Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non-monetary bonuses like vacations or a simple thank-you.

In Europe and America, reward systems started as early as 1950's with Skinner's (1953) reinforcement theory that argued that employees' performance tends to increase with positive performance. In other words, when employees are rewarded



well for their work, they tend to reinforce the positive performance that elicited the rewards. Maslow (1943) developed Maslow's hierarchy of needs that postulated that employees' performance is enhanced when their needs are met. One of the ways to meet employees' needs is through rewards systems. When employees' feel sufficiently motivated through rewards, they tend to perform much better than those who are not.

In Asian countries, rewards have been used for decades to enhance employee performance (Thomas, 2009). Long before multinationals started venturing in Asia, countries like Malaysia, Japan, and Singapore were using reward systems to enhance employee performance. A study conducted by Ali, and Ahmad (2009) on effects of rewards on employee performance in Malaysian hospitality industry established the existence of a relationship between rewards, motivation, job satisfaction, and performance. The study found that financial rewards were directly related to employee performance as well. Further, they noted that organizations in the hospitality sector should design evaluation systems for rewards that are able to uncover employees' weaknesses and strengths in a specific job, and reward factors that motivate employees towards enhanced performance.

Africa as a continent has used rewards systems from pre-colonial days. However, Africa's pre-colonial employee rewards were not as advanced as the monetary extrinsic systems used in Europe (Dewhurst, Guthridge & Mohr, 2010). Employees who worked in farms received higher rewards when the harvest was bountiful as a way of showing appreciation and recognition. In the Hospitality industry context, since the early 1950's multinational hotels like Hilton started establishing foot on the

African continent and since then as established by Ali, and Ahmad (2009), rewards have been used in the African hospitality industry as a way of enhancing employee performance, and organizational competitive advantage. A study conducted in South Africa on the hospitality industry revealed that employee reward systems have been one of the key contributors to sustained employee performance in the sector. Rewards offered in South Africa were both financial and non-financial.

Most organizations in the hospitality sector in South Africa have performance goals and objectives that are used to measure employees' performance and determine the corresponding rewards. In East Africa, different companies have been at the leading front in developing employee reward systems for enhancing employee performance (Kabaka et al, 2014). The institutions have to compete to ensure that their reward systems are not only competitive, but also enhance employee performance that feeds into organizational performance.

According to Heywood (2009), just like in South Africa, organizations in the organization use both financial and non-financial rewards as a way of enhancing employee performance. Most organizations in the in Africa countries have set goals and objectives that are the basis upon which employees are rewarded.

In recognizing the significance of reward to the employees, Zanzibar has been doing good to motivate the employee's performance. Since the local governments have responsibility to ensure good contribution through the revenue collection, they are also responsibility for provision of reward to the employees. The reward system has been done through different ways and one among them is Mei day where the employees are rewarded (Hassan, 2000).

When employees are rewarded, they get work done. Employers get more of the behaviour they reward, not what they assume they will automatically get from employees. Thus when employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. By doing this, employees directly connect the reward with behaviour and higher performance they have attained. Effective reward systems should always focus on the positive reinforcement. Positive reinforcement encourages the desired behaviour. This encourages employees to take positive actions leading to rewards. Reward programs should be properly designed in the organization so as to reinforce positive behaviour, which leads to performance (Terring & Jall, 2015).

Generally, individuals are motivated to work by the needs they have which require satisfaction. Such individuals are committed to jobs they perceive to have a possibility of satisfying their needs through the reward they will receive for the work done. The type of motivation depends greatly on the nature of the reward. Remuneration is, therefore, one of the factors that have the ability to improve the performance of individuals and organizations by increasing productivity, quality of performance and encouraging positive work attitudes from workers to be in line with organization's objectives (Bayon, 2013).

Intrinsically motivated individuals will be committed to their work only when they find out that their job contains task that is intrinsically rewarding (Ajila, 1997). In the same light, extrinsically motivated persons will be committed to the extent that they can gain or receive external rewards for their job. In a nut shell, you can only get what you reward. Good remuneration, therefore, is expected to contain elements that reward

both intrinsically and extrinsically to trigger both extrinsic and intrinsic motivation from the employee. With a well-motivated workforce, employee performance can be manifested on organizational effectiveness, which allows individuals to focus on the development of their work, in terms of behavior, knowledge, ethics, skills, and effectiveness (Pratheepkanth, 2011).

## **1.2 Statement of the Problem**

Reward systems are very critical for any organization (Maund, 2012). The reward systems have the ability to attract the right employee, keep them and constantly motivate them to deliver desirable performance (Ottory, 2011). A poorly structured reward system can result in high labour turnover, low level of productivity and a general laissez faire attitude at the workplace. Different institutions around the world have been doing all they can to ensure employees are rewarded (Peter, 2000).

In Zanzibar, various reward packages are used and these include extrinsic and extrinsic rewards. For example, in the context of extrinsic reward salary increase is sought to be highly essential for employee's satisfaction (Zanzibar government, 2010, 2013, and 2017).

However, little is known in Zanzibar on the effect of reward on employee's performance. Different studies have done on reward system such Walters and Ngwa (2019) on effect of reward system on employee performance in Cameroon, Muchiri (2016) on effects of rewards on employee performance in the hospitality industry in Malawi and Apeyu, (2012) impact of Reward Systems on Corporate Performance in Ghana. However, in Zanzibar the issue of reward and how they affect employee

performance is not well understood. Thus, this study was designed to assess the effect of reward on employee performance using West “A” Municipal Council as case study.

### **1.3 Research Objective**

For the purpose of completion of this study, there are generally two types of objectives in which researcher used them. These two objectives are general research objective and specific research objective. More elaboration is explained here under as follows.

#### **1.3.1 General Research Objective**

The general research objective of this study was to assess the effect of rewards on employee performance.

#### **1.3.2 Specific Research Objectives**

- (i) To examine type of rewards provided by West “A” Municipal Council in encouraging employee performance.
- (ii) To find out the extent in which reward system encourage the employee’s performance in West “A” Municipal Council.
- (iii) To establish the relationship between rewards and employee performance in West “A” Municipal Council.
- (iv) To examine major challenge that leads to ineffective reward system in enhancing employee's performance in West “A” Municipal Council.

### **1.4 Research Questions**

- (i) What are the types of rewards provided by West “A” Municipal Council in encouraging employee performance?

- (ii) What is the extent in which reward system encourage the employee's performance in West "A" Municipal Council.
- (iii) What is the relationship between rewards and employee performance in West "A" Municipal Council?
- (iv) What are the major challenges that lead to ineffective reward system in enhancing employee's performance in West "A" Municipal Council?

### **1.5 Significance of the Study**

The accomplishment of this study is valuable to understand the major type reward provided by the West "A" Municipal Council, under that issue, the council might introduce decent strategies which are good for rewarding the employees. The study is expected to contribute to policy formulation and strategic intervention by the government on reward system in government institution. Moreover, the theoretical, study can assist the organization to study the employees desire before the provision of reward to the employees. Also, the study can help the organization to put more emphasize on rewards which directly relate to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients.

### **1.6 Study Limitations and Delimitations**

#### **1.6.1 Limitation of the Study**

The study was faced with the following limitations:

- (i) Some respondents initially refused to answer some questions fearing that management may victimize them. However, this was lessened by assuring respondents confidentiality.

- (ii) Respondent's response may be rational and may not represent a real life scenario. However this will be taken care during the study where the respondents will be advised to be honest.
- (iii) Time was limited for the researcher to engage the respondents especially during interviews. However, this was catered by using a questionnaire in most of the respondents and only few (6) respondents for interview.

### **1.6.2 Delimitation of the Study**

The study is delimitation included the fact that it was done only in Zanzibar and specifically in West "A" Municipal Council and used a population of 1250.

### **1.7 Scope of the study**

This study was conducted in West "A" Municipal Council. The content focused on type of rewards provided by West "A" Municipal Council, the extent in which reward system encourage the employee's performance, the relationship between rewards and employee performance and challenge that leads to ineffective reward system in enhancing employee's performance in West "A" Municipal Council.

### **1.8 Organization of the Dissertation**

The research report is organized in five chapters; chapter one: Describes the background of the study, statement of problem, research objectives and questions, the significance of the study and organization of the report. Chapter two: Identifies key terms and relevant theories that were used in the study as a guide to better understanding of the role of good governance practices in the enhancement of public

service delivery. It also presents relevant literature that was reviewed and used as conceptual model.

Chapter three: Presents the methodology of the study. It is centered on research design, area, population, sample size, sampling technique, data collection, and methods of data analysis, validity and reliability of research instrument. Chapter four: Is devoted to the presentation of data and an analysis of results and findings.

Chapter five: Presents the Summary, conclusion, implications of the study, recommendation and suggestions for further research.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the definitions of key terms, a theoretical literature review, an empirical literature review, the literature gaps and the conceptual framework. The reviews of literature led to draw significant conclusion and served as a guide for the study.

#### **2.2 Definition of the Key Terms**

##### **2.2.1 Rewards**

Armstrong (2006) defines reward systems as elements of reward management, which provide guidelines on approaches to managing rewards, both financial and non-financial.

Johnson (2000) reward refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform. Many people who work for charities, for example, work for much lower salaries than they might achieve if they worked for commercial organizations.

Keit (2012) defines reward as something that you are given, for example because you have behaved well, worked hard, or provided a service to the community. Kennel (2014) defines reward means a thing given to anyone because of his contribution to the organization. In managerial term, the reward is defined as the total return given by an employer to an employee for rendering his/her services towards the organizational objectives. Jiang, Xiao, Qi & Xiao (2009) Rewards refer to the compensation that an

employee receives from an organization in exchange for his or her services when companies structure their reward systems correctly; employees inherently perform well to achieve the organization's goals as well as their own (Pfau & Kay, 2002).

### **2.2.2 Performance**

Brown, (2015) defined performance is completion of a task with application of knowledge, skills and abilities. In work place, performance or job performance means good ranking with the hypothesized conception of requirements of a role. There are two types of job performances: contextual and task. Task performance is related to cognitive ability while contextual performance is dependent upon personality. Philopo, (2015) defined performance means continually achieving the preferred results in a manner that is as effective and efficient as possible Performance management reminds us that being busy is not the same as producing results. It reminds us that training, strong commitment and lots of hard work alone is not results. Dewhurst (2010) defined performance as the successful completion of tasks, responsibilities or assignments by a selected employee or group of employees based on set performance objectives and indicators of efficiency and effective utilization of available resources

### **2.2.3 Extrinsic Rewards**

These are concrete rewards that employee receives Hardy & Arkin, (2009). These include;

**Bonuses:** Usually annually, Bonuses motivates the employee to put in all endeavors and efforts during the year to achieve more than a satisfactory appraisal that increases the chance of earning several salaries as lump sum. The scheme of bonuses varies

within organizations; some organizations ensure fixed bonuses, which eliminate the element of asymmetric information, conversely, other organizations deal with bonuses in terms of performance, which is subjective and may develop some sort of bias which may discourage employees and create setback.

**Salary raise:** Is achieved after hard work and effort of employees, attaining and acquiring new skills or academic certificates and as appreciation for employees duty (yearly increments) in an organization. This type of reward is beneficial for the reason that it motivates employees in developing their skills and competence, which is also an investment for the organization due to increased productivity and performance. This type of reward offers long-term satisfaction to employees. Nevertheless, managers must also be fair and equal with employees serving the organization and eliminate the possibility of adverse selection where some employees can be treated superior or inferior to others.

**Gifts:** Are considered short-term. Mainly presented as a token of appreciation for an achievement or obtaining an organizations desired goal. Any employee would appreciate a tangible matter that boosts their self-esteem for the reason of recognition and appreciation from the management. This type of reward basically provides a clear vision of the employee's correct path and motivates employee into stabilizing or increasing their efforts to achieve higher returns and attainments. Monetary gifts, such as Gift cards are also more likely to be used for luxury purchases and can build an emotional bond with the organization.

**Promotion:** Quite similar to the former type of reward. Promotions tend to effect the long-term satisfaction of employees. This can be done by elevating the employee to a

higher stage and offering a title with increased accountability and responsibility due to employee efforts, behaviour and period serving a specific organization. This type of reward is vital for the main reason of redundancy and routine. The employee is motivated in this type of reward to contribute all his efforts in order to gain managements trust and acquire their delegation and responsibility.

#### **2.2.4 Intrinsic Rewards**

These are rewards that tend to give personal satisfaction to individual. These include;

**Information / feedback:** Also a significant type of reward that successful and effective managers never neglect. This type of rewards offers guidance to employees whether positive (remain on track) or negative (guidance to the correct path). This also creates a bond and adds value to the relationship of managers and employees.

**Recognition:** Is recognizing an employee's performance by verbal appreciation. This type of reward may take the presence of being formal for example meeting or informal such as a "pat on the back" to boost employees self-esteem and happiness which will result in additional contributing efforts.

**Trust/empowerment:** In any society or organization, trust is a vital aspect between living individuals in order to add value to any relationship. This form of reliance is essential in order to complete tasks successfully. Also, takes place in empowerment when managers delegate tasks to employees. This adds importance to an employee where his decisions and actions are reflected. Therefore, this reward may benefit organizations.

## **2.3 Theoretical Literature Review**

According to Krishnaswamy (2009), a theory is a set of asserted universal propositions communicated in a set of universal sentences, which are derived, by observation and empirical evidence.

### **2.3.1 Expectancy Theory**

This theory was developed by Victor H. Vroom in 1964, developed through his study of the motivations behind decision making. This theory is relevant to the study of management. This theory emphasizes the needs for organizations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients.

This theory proposes that an individual will behave or act in a certain way because they are motivated to select a specific behavior over others due to what they expect the result of that selected behavior will be. In essence, the motivation of the behavior selection is determined by the desirability of the outcome. However, at the core of the theory is the cognitive process of how an individual processes the different motivational elements. This is done before making the ultimate choice. The outcome is not the sole determining factor in making the decision of how to behave. Expectancy theory is about the mental processes regarding choice, or choosing. It explains the processes that an individual undergoes to make choices. In the study of organizational behavior, expectancy theory is a motivation theory first proposed by Victor Vroom of the Yale School of Management.

Vroom, (1964) defines motivation as a process governing choices among alternative forms of voluntary activities, a process controlled by the individual. The individual

makes choices based on estimates of how well the expected results of a given behaviour are going to match up with or eventually lead to the desired results. Motivation is a product of the individual's expectancy that a certain effort will lead to the intended performance, the instrumentality of this performance to achieving a certain result, and the desirability of this result for the individual, known as valence.

### **2.3.1.1 Criticisms of the Theory**

Critics of the expectancy model include; Graen (1969), Lawler (1971), Lawler and Porter (1967), and Porter and Lawler (1968). Their criticisms of the theory were based upon the expectancy model being too simplistic in nature; these critics started making adjustments to Vroom's model. Lawler (1971), claims that the simplicity of expectancy theory is deceptive because it assumes that if an employer makes a reward (such as a financial bonus or promotion) enticing enough, employees will increase their productivity to obtain the reward. However, this only works if the employees believe the reward is beneficial to their immediate needs. For example, a \$2 increase in salary may not be desirable to an employee if the increase pushes her into a tax bracket in which she believes her net pay is actually reduced (a belief that is typically fallacious, especially in the United States). Similarly, a promotion that provides higher status but requires longer hours may be a deterrent to an employee who values evening and weekend time with their children.

As an additional example, if a person in the armed forces or security agencies is promoted, there is the possibility that he or she will be transferred to other locations. In such cases, if the new posting is far from their permanent residence where their family resides, they will not be motivated by such promotions and the results will

backfire. As such, the reward is valued negatively to the person receiving it. Lawler's new proposal for expectancy theory does not contradict Vroom's theory. Lawler argues that since there have been a variety of developments of expectancy theory since its creation in 1964 that the expectancy model needs to be updated. Lawler's new model is based on four claims.

First, whenever there are a number of outcomes, individuals will usually have a preference among those outcomes. Second, there is a belief on the part of that individual that their action(s) will achieve the outcome they desire. Third, any desired outcome was generated by the individual's behavior. Fourth and finally, the actions generated by the individual were generated by the preferred outcome and expectation of the individual.

#### **2.3.2.2 Assumptions of the Expectancy Theory**

Individuals join an organization with clear expectations of their needs, motivation and environment. Individual behaviour is typically their conscious decision. Individuals seek to fulfil different goals and needs through their organization. Individuals like to choose among the alternatives in order to optimize their outcome.

#### **2.3.2.3 Application of the Expectancy Theory in the Study**

The theory was used in the study to help understand whether the reward promises to the employees by the management aligned with organization policies and whether there is a clear connection between performance and reward. It also helped understand reward distribution in the West "A" Municipal Council whether they were fair and logical.

### **2.3.3 Maslow's Hierarchy of Needs Theory**

Maslow's hierarchy of needs is a theory in psychology proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation" in *Psychological Review*. Maslow subsequently extended the idea to include his observations of humans' innate curiosity. His theories parallel many other theories of human developmental psychology, some of which focus on describing the stages of growth in humans. He then decided to create a classification system which reflected the universal needs of society as its base and then proceeding to more acquired emotions. Maslow's hierarchy of needs is used to study how humans intrinsically partake in behavioral motivation.

Maslow used the terms "physiological", "safety", "belonging and love", "social needs" or "esteem", and "self-actualization" to describe the pattern through which human motivations generally move. This means that in order for motivation to occur at the next level, each level must be satisfied within the individual themselves. Furthermore, this theory is a key foundation in understanding how drive and motivation are correlated when discussing human behavior. Each of these individual levels contains a certain amount of internal sensation that must be met in order for an individual to complete their hierarchy. The goal in Maslow's theory is to attain the fifth level or stage: self-actualization.

Maslow's theory was fully expressed in his 1954 book *Motivation and Personality*. The hierarchy remains a very popular framework in sociology research, management training and secondary and higher psychology instruction. Maslow's classification



hierarchy has been revised over time. The original hierarchy states that a lower level must be completely satisfied and fulfilled before moving onto a higher pursuit. However, today scholars prefer to think of these levels as continuously overlapping each other. This means that the lower levels may take precedence back over the other levels at any point in time.

#### **2.3.3.1 Assumptions of the Maslow's theory**

A satisfied need does not motivate. When one need is satisfied another need emerges to take its place, so people are always striving to satisfy some need. The needs network for most people is complex, with several affecting the behavior of each person at any one time. In general, lower level needs must be satisfied before higher level needs are activated sufficiently to drive behavior. There are more ways to satisfy higher level needs than lower level needs.

#### **2.3.3.2 Criticisms of the Maslow's Theory**

As Abulof (2002) argues, that the continued resonance of Maslow's theory in popular imagination. The level of motivation may be permanently lower for some people. The need priority model may not apply at all times in all places. The needs may not follow a definite hierarchical order. For example, even if safety need is not satisfied, the social need may emerge.

#### **2.3.3.3 Application of the Maslow's Theory to the Study**

The Maslow's theory is used in the study to understand the needs and how they impact motivation of employees. The study recognised each need builds on the last, allowing a person to feel more fulfilled, which in turn encourages motivation and creative

thinking. Thus, the theory helped to gauge how the rewards affected employee motivation and hence performance. Maslow's theory also informed the study in understanding that it is hard to motivate people by appealing to already-satisfied needs.

#### **2.4 Empirical Literature Review**

Ngwa (2019) conducted a study effect of reward system on employee performance among selected Manufacturing firms in the Littoral Region of Cameroon. The study investigated the effect of reward system on employee performance in selected manufacturing firms in the Littoral Region of Cameroon. Specifically, the study assesses the degree to which profit sharing affects employee commitment in manufacturing firm; ascertains the effect of flat-rate systems on employee work values in manufacturing firms; and appraises the influence of collective bargaining reward systems on employee cohesiveness in manufacturing firms. The research was a survey which made use of a sample of 538 employees drawn from a population of 5146 employees of the ten selected manufacturing firms within the Cameroon Littoral Region. The sample was selected by the use of the Cochran's formula for finite population sample at a 95% confidence level.

The major source of data used for the study was primary data and the instrument used for data collection was questionnaire. The findings revealed that, profit sharing had a significantly positive effect on employee commitment in manufacturing firms; flat rate systems had a significantly negative effect on employee work values in manufacturing firms; and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. The study concluded that there is a

positive link between reward systems and employee performance. This link creates an opportunity for employers to use reward system as a motivating factor to fine-tune employee behavior towards efficiency and effectiveness. Based on the findings, it was recommended amongst others that reward systems for manufacturing firms should be designed such that employees are entitled to percentages of profit earned by the firm as a means of promoting productivity and group cohesiveness amongst employees.

The study further advised that employees in manufacturing firms should not be paid fixed salaries as it could result in a high rate of tardiness and reluctance of employees within a group to put in anything more than the performance of an average performer in the group. Sitati (2017) carried out effects of reward management practices on employee retention in the hotel industry in Kenya. The purpose of this study was to examine the effect of reward management practices on employee retention in the hotel industry in Kenya. The objectives of the study were to establish the effect of career development, remuneration, job promotion and employee recognition on employee retention in the hotels in Kenya. This study used descriptive survey research design.

The target population of this study comprised of two hundred and thirteen hotels registered under Kenya Association of Hotelkeepers and Caterers in Kenya. A representative sample of one hundred and thirty seven hotels was selected from each region using stratified random sampling. A pilot test was conducted to test the reliability and validity of the data collection instruments. Data was collected by use of a questionnaire and was analyzed using descriptive and inferential statistics. The study established that there was a positive and significant relationship between career development and employee retention in the hotel industry. In addition, the study found

that job promotion had positive and significant influence employee retention in the hotel industry in Kenya. Further, the study established that remuneration influences employee retention in the hotel industry in Kenya both positively and significantly. The study revealed that there was a positive and significant relationship between employee recognition and employee retention in the hotel industry.

The study recommended that human resource managers in the hotel industry should develop Career Development Programs indicating various types of career developments in the organizations and who is eligible for them. In addition, the managements of the hotel industry should review their remuneration structure to consider the current high cost of living. Further, the study recommended that the hotel industry should develop a policy indicating who and when a person should be promoted, this will help to deal with issues of discrimination in job promotions as indicated in the study. Job promotions should not be an increase in roles and responsibilities only, but should be accompanied by an increase in salary and allowances. Lastly, the study recommended that the management of hotels should enhance employee recognition through a monthly or yearly recognition program and should be communicated to all staff.

Njanja (2013) Effect of Reward on Employee Performance: A Case of Kenya Power and Lighting Company Ltd., Nakuru, Kenya. Today's organizations are operating in a very dynamic and highly competitive environment. To remain relevant in the market, they have to be able to respond quickly to ever changing customer demands. Reward management is one of the ways used by organizations for attracting and retaining suitable employees as well as facilitating them to improve their performance. KPLC is

an organization that offers essential energy services that support other sectors of the economy. The management has established rewards in their organization in pursuit of increasing employee performance so as to ensure prompt and quality service. However, the extent to which the rewards adopted at KPLC have influenced employee performance is not established. This study therefore aimed at determining the effect of reward on employee performance at KPLC.

Specifically the study sought to determine the effect of cash bonus on employee performance. The research adopted correlation research design. 68 management employees responded. Data was collected using questionnaires. Descriptive statistics (frequency tables, percentages) were used to present data. Inferential statistics (chi-square) was used to analyze the relationship between cash bonuses and employee performance. Data was analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer programme. The findings of the study showed that cash bonus have no effect on employee performance ( $p=0.8$ ). This is because those who received cash bonuses and those who did not all agree that the cash bonus affects their performance the same. The organization should focus on changing the intrinsic nature and content of jobs. This would increase employee motivation as employees will get more autonomy more challenging job assignments and responsibilities. Further research can be done to find out impact of other rewards on performance e.g. owning equity. Research can also be done to identify other factors, which may affect performance. Such findings can enhance management of performance.

Sarah and Gitamo (2016) conducted study on the effects of reward systems on employee satisfaction: a case study of Kenya forestry research institute (KEFRI).

Reward systems are categorized in various forms as pay or salary, recognition and appreciation, empowerment and autonomy, and fringe benefits. Rewards need to be competitive enough in relation to compensating workers for their labor. By integrating the theories of motivation, this study assessed the effect of reward systems on employee satisfaction at the Kenya Forestry Research Institute (KEFRI). This research was based on the assumption that application of reward systems influences the behavior and attitude of employees at Research Institutions in general and for this case KEFRI. One of the major problems facing research institutions in Kenya is the inadequate or lack of application of the reward systems, which leads to employee dissatisfaction.

Labor productivity is greatly enhanced through appropriate application of reward systems. This situation provides the basis to assess the existing reward systems employed at KEFRI as a means of improving employee satisfaction and hence labours productivity. The study targeted a population of 554 employees drawn from three of KEFRI's three Research Centres namely: KEFRI Headquarters, Muguga and Karura Regional Research Centres. The study sample was 111 employees across all cadres. A fully structured self-administered questionnaire and an interview guide were the standard data collection instruments for the respondents. The data was analysed using descriptive and inferential statistics.

In particular, frequencies, tabulation and chi-square were used as descriptive statistics. The study revealed that 84% of the respondents were aware of the existing types of reward systems while 16% were not aware, a factor mainly attributed to failure to read the KEFRI human resource manual, attend staff meetings and ignorance on the fact

that awards seem to have improved significantly in the current year as compared with the last three years. It also revealed that through rewarding employees equitably, the organization's performance had been enhanced and employee commitment to the organization was more assured. The study also revealed that the application of reward systems influenced the level of satisfaction of employees at KEFRI.

Muchiri (2016) conducted a study on effects of rewards on employee performance in the hospitality industry: a case of Nairobi Serena hotel. The purpose of this study was to establish effects of rewards on employee performance. The first research question of the study examined intrinsic and employee performance; the second research question examined extrinsic rewards and employee performance, while the third research question examined other factors that influence employee performance. This study adopted a descriptive survey design. The study had a population of 467, a target population of 100 and a sample size of 80. The Researcher used a stratified sampling technique, which yielded a response rate of 65%. Descriptive statistics were analysed for frequencies and the mean, while inferential statistics were analysed for correlations, and regressions. Data from the study findings is presented using tables and figures.

The first research question focused on intrinsic rewards and employee performance. The study found that there exists a significant relationship between intrinsic rewards and employee performance. Intrinsic rewards examined in this study included employee's ability, trust, recognition, and achievement. The second research question focused on extrinsic rewards and employee performance. The study found the existence of a significant relationship between extrinsic rewards and employee

performance. Extrinsic rewards in this study included salaries and wages, paid vacations, paid leave, travel allowances and bonuses.

Apeyu (2012) conducted a study on the impact of Reward Systems on Corporate Performance in Ghana. The study aimed at providing an objective view of organizations reward systems and its impact on corporate performance. It evaluated the reward systems of Ghana Commercial Bank Ltd. (GCB) and established whether their current reward systems have any bearing on corporate performance. The research gathered data from two main sources namely secondary and primary sources. The two main techniques employed in gathering the primary data were questionnaire survey and interviews. It was found out from the study that, there was a positive relationship between reward and corporate performance. Majority of respondents indicated that reward stimulates them to work harder and they are prepared to work harder if they are given more incentives or paid more. It was also revealed from the study that there were enormous reward packages in the organization but some of the respondents (staff members) were not aware. It was recommended that compensation packages should be linked to employee satisfaction. The rewards should provide value for money. In other words, more should be derived from the reward in terms of productivity and profitability than the cost of rewarding. Again, it was imperative on organizations to create extrinsic as well as intrinsic reward systems for the motivation and retention of the best calibre of staff. Employees should also be made aware of the reward components in their employment contract.

The third research question focused on other factors that influence employee performance. The study revealed the existence of a significant relationship between



other factors and employee performance. Other factors that were examined by this study include employees work environment, management support, and the organizations leadership. The study concludes that employees' ability, managers' trust in employees, recognition, and employees' view of achievement significantly enhances employees' performance. This is because intrinsic rewards address employees at the core of their needs, and as a result, form sufficient base that influences and motivates the employees to higher standards of performance.

The study concluded that salaries and wages, paid vacations, paid leave, travel allowances and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization thus working extra hard to enhance their performance, so they can be rewarded even more. This study concludes that factors such as conducive work environment, employee-managers' relationship, organizational leadership, and supervisors' guidance are critical components in enhancing employee performance

This study recommends that management at Nairobi Serena Hotel should invest more into building employees' professional capacity and capabilities, enhance and build trust in their employees' ability to perform their duties, in addition to providing sufficient recognition towards employees for work well done. This will not only motivate the employees, but will also establish a sense of achievement that will further enhance performance. This study recommends that management at Nairobi Serena Hotel should enhance their extrinsic reward mechanisms by investing more in salaries and wages that show management commitment to rewarding work in an equitable

manner; enhance paid vacations not only for managers, but also employees based on set performance criteria, and also invest in paid leave and bonuses as a way of motivation.

This study recommends that Nairobi Serena Hotel should develop measures that render the work environment more conducive and train managers on how to develop and nurture relationship with employees as well. There is also need to train managers and supervisors on effective ways of coaching and mentoring employees for improved performance.

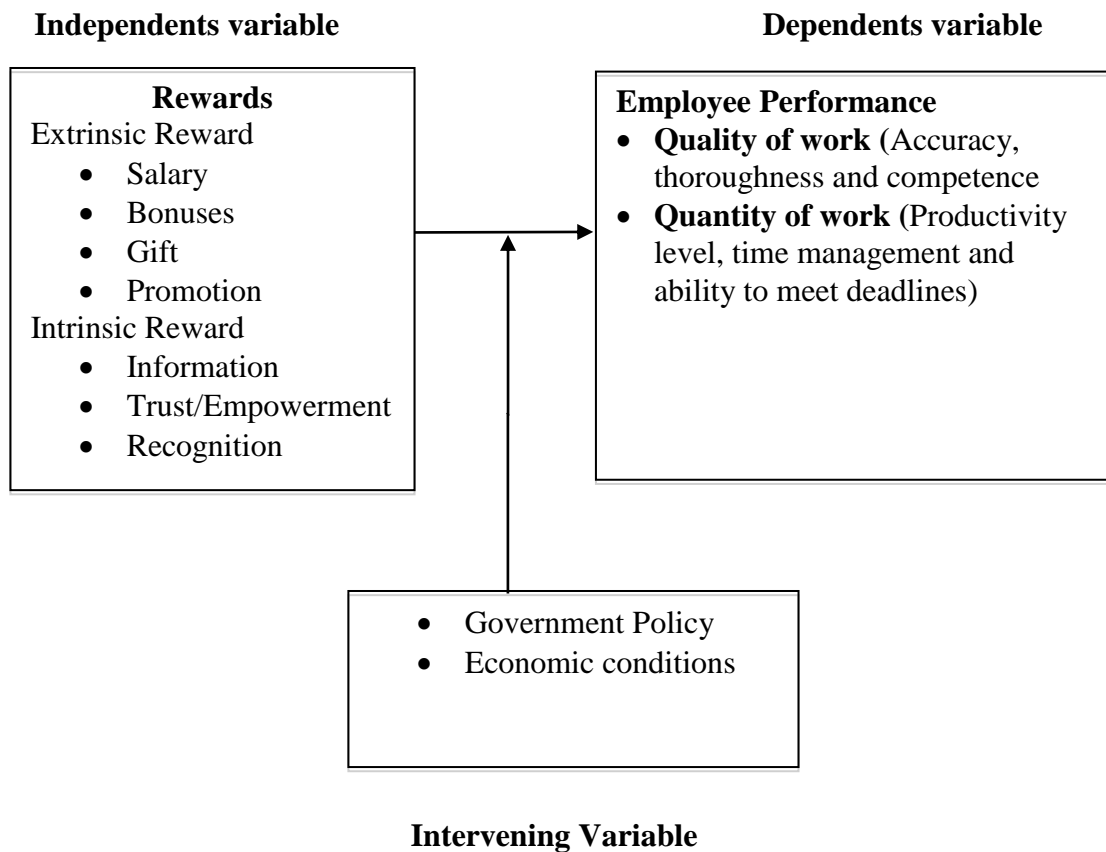
## **2.5 Research Gap**

Different studies have been done concerning the effect of reward in enhancing the employee's performance. However, these studies have been done in the countries where the human resource issues, such as salary, benefits and rewards administration differ much compared to that of Zanzibar. Also, the studies focused in different objectives where else the current study focussed on analysing the types of rewards offered by the West A Municipal Council, the role of rewards in encouraging employee performance, determining the relationship between rewards and employee performance and analysing the challenges that lead to ineffective rewards system. Thus, this study was aimed at providing that information gap, which is missing for the Zanzibar situation.

## **2.6 Conceptual Framework**

The conceptual framework explains or displays the variables investigated by the study (Fellows and Liu, 2003). According to Kenneth (2005), conceptual framework is

structured from a set of broad ideas and theories that help a researcher to properly identify variables, frame research questions and identify the relevant literature. The conceptual framework of the study was as shown in Figure 1.1.



**Figure 2.1: Conceptual Framework**

Source: Researcher (2020)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focused on research design, study area, population of the study, sample size sampling technique, data source, data collection instruments data analysis and presentation.

#### **3.2 Research Philosophy**

The study used Positivism Research philosophy as a guiding paradigm. Suanders and Thornhill (2007) observe that, “Positivism prefers working with an observable social reality and that the end product of such research can be law-like generation similar to those produced by the physical and Natural scientists”. The Philosophy of Positivism stands on the idea that, only phenomena that you can observe will lead to the production of the realistic information. Suanders and Thornhill (2007) put forward that, to generate a research strategy to collect data, one should use or apply the existing theory to develop hypotheses, which later was tested and confirmed in whole or refuted leading to the further development of theory and research.

#### **3.3 Research Design**

Research design as defined by Cooper and Schindler (2003) is the plan and structure of investigation so conceived as to gain answer to research questions. This study adopted a descriptive research design, which according to Cooper and Schindler (2003) involves surveying people and recording their responses for analysis. Within the descriptive research design, this study incorporated both quantitative and

qualitative research approaches to better understand the relationship between variables in the research problem.

### **3.4 Study Area**

This study was conducted at West “A” Municipal Council which is located in Urban West Region. The reason for selecting West “A” Municipal Council is because it one of the municipalities located at the heart of the capital of Zanzibar therefore it involves huge number of activities and clients. The researcher believed that with its high involvement in activities and clients it will be easier to get the correct data on how rewards affect employee performance.

### **3.5 Study Population**

A population is usually defined as all members of any well-defined class of people, events or objects (Pandey, 2005). According to Best and Khan (2007), a population is any group of individuals who have one or more characteristics in common that are interested to the researcher.

According to the West “A” Municipal Council report, the population of employees in this Municipal is 1,250 where 1033 female and 217 male. Managerially the employees of West “A” Municipal Council divided into 6 departments, urban planning, Planning, administration and Human Resource Department and Social service department, Prevention and Health education department, Pre and Primary education department, Agricultural, Natural Resources and Environment Department and Cross Cutting Issues Department.

**Table 3.1: Number of Employees**

S/N	Employees	Female	Male	Total
1.	Head officer	0	1	1
2.	Head of Departments	2	4	6
3.	Employees	1031	212	1243
	<b>Total</b>	<b>1033</b>	<b>217</b>	<b>1250</b>

Source: Researcher (2020)

### 3.5.1 Sample Size

Sample size according to Askar (2009), defined as a group chosen from a larger population with the aim of yielding information about this population as a whole. Kothari (2004) defines sample as a collection of some parts of the population on the basis of which judgment is made. Sample size is the number of respondents selected to participate in the study from the targeted population. It depends on the accuracy needed, population size, population heterogeneity whether the sample is subdivided or not and resources available (Bailey, 1994).

The sample size is determined by the following formula:-

$$n = \frac{1.96^2 \times O^2}{E^2}$$

$$E^2$$

n = Sample size

O = Standard deviation

1.96<sup>2</sup> = confidence 95%

O = 25

E = 4

$$n = \frac{3.84 \times 25^2}{16} = \frac{3.84 \times 625}{4^2} = \frac{3.84 \times 625}{16} = 3.84 \times 39 = 150$$

### 3.5.2 Sampling Technique

Sample technique is the procedure a researcher to get the real participants from the population. It is a process of selecting a number of individuals or objects from population such that selected group contains elements representative of the characteristics found in the entire group (Wario and Khalfan, 2015). The researcher used simple random sampling and purposive sampling in order to obtain respondents used in the study.

Simple random sampling was used to give equal chances to all participants of the study while purposive was used to get respondents rich with information deemed to vital to the study such as head officer and head of departments. Kombo and Tromp (2006) asserted that, a sample size should have the following potentials:

- (i) **Representative:** It is important for the researcher to identify and select respondents that are representing the population.
- (ii) **Diversity:** An effective sample attempts to be as diverse as possible. The greater diversity in the sample selected the higher the generalizability of the research findings to the whole population.
- (iii) **Knowledge:** an effective sample should have some idea of the topic being investigated.
- (iv) **Accessibility:** An effective sample is one that is accessible to the researcher.

In selecting the sample from the population the researcher made sure that the above characteristics were observed in order to give measurable and justifiable results.

## **3.6 Data Collection Tool**

### **3.6.1 Primary Data**

Primary data refers to the data that are original and not yet published, which are always called fresh data that one collects directly from the field. Primary data will be collected using the following tools;

#### **3.6.1.1 Questionnaires**

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Foddy, 2014). Questionnaire was used because it manages to collect information from a large number of people in a short period of time and in a relatively cost effective way. This tool gives room and freedom of expression to the respondents that they expecting to get more information to capture important themes of the study on the effect of reward in enhancing employee performance. The questionnaire was developed based on the conceptual framework and research objectives of this study.

#### **3.6.1.2 Interviews**

An interview is a conversation between two or more people where questions are asked by the interviewer to elicit facts or statements from the interviewee (Seidman, 2016). This method gives the researcher the freedom to probe the interviewee to elaborate or to follow a new line of inquiry introduced by what the interviewee is saying. These interviews allowed the researcher to clarify ambiguous answers and when appropriate, seek follow-up information. In this study, the researcher conducted face to face interview which was done for six (6) participants. Creswell, (2009) observed that where other methods of collecting data are used five respondents for interview are



enough to bring out data saturation and hence they are satisfactory, thus in our case six interview participants surpassed this threshold. The participants for the interview were purposely selected from the participants who were already given questionnaire to allow for data triangulation.

### **3.6.2 Secondary Data**

Secondary data on the other hand refers to data that has been collected that can be published or unpublished but already exists. It was clearly collected through the following method:

#### **3.6.2.1 Documentary Review**

This is the analysis of different documents to get information related to important themes from various materials in libraries and online sources (Scott, 2006). From this method, the researcher reviewed different documents related to rewards on organization performance. The researcher reviewed the public servant regulation of 2014, which elaborate on the issue of reward to the employees, a guide to successfully planning and implementing total reward strategies, strategic reward and recognition and reward management.

### **3.7 Data Analysis**

Data emanating from interviews (qualitative data) was summarized into themes as per the memoing (notes that were taken alongside the data as per participant explanation during the interview session), then later was analyzed using content analysis and the Microsoft Excel. Data from questionnaire was analyzed quantitatively using the software; Statistical Package for Social Scientist (SPSS) version 20. This was used

because it gives incredible capabilities and flexibilities of analyzing huge data and generates unlimited scale of results (Kothari, 2004).

The quantitative analysis for the data from questionnaire included; frequency distribution, mean and standard deviation: correlation and regression. The rating scale for the mean and standard deviation was:

**Table 3.2: Rating Scale**

Mean Range	Response Mode	Interpretation
1.00 - 1.75	Low extent	Low effect
1.76 - 2.50	Moderate extent	Moderate effect
2.51 - 3.25	Great extent	Great effect
3.26 - 4.00	Very great extent	Very great effect

Source: Researcher (2020)

As mentioned above the researcher employed a multivariate regression model to study the relationship between the independent variables and dependent variables. The relationship of the equation was a linear equation as shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y= Employee performance (Work targets and quality of work done)

$\beta_0$ = constant term;

$\beta_1 - \beta_2$  =Beta coefficients (intercepts for independent variables);

X1= Extrinsic Rewards

X2= Intrinsic Rewards

$\varepsilon$  =Error term

### **3.8 Variables and Measurement Procedure**

#### **3.8.1 Rewards (Independent Variable)**

This was measured by the level of extrinsic and intrinsic rewards provided to employees. The level used a likert scale: 1- Very low level, 2- Low level, 3- Moderate level, 4- Great level and 5- Very great level.

#### **3.8.2 Intervening Variable (Intervening variable)**

This was measured by the level of government policy and economic conditions limiting the offering of rewards to employees. The level used a likert scale: 1- Very low level, 2- Low level, 3- Moderate level, 4- Great level and 5- Very great level.

#### **3.8.3 Employee performance (Dependent Variable)**

This variable will be measured by the Quality of work and Quantity of work. The employee performance will be investigated for Quality of work (accuracy, thoroughness, competence) Quantity of work (productivity level, time management, ability to meet deadlines).

### **3.9 Validity and Reliability**

The study ensured validity and reliability of research instruments.

#### **3.9.1 Validity**

Validity was used to determine whether research measures what it intended to measure and to approximate the truthfulness of the results. Validity is concerned with whether the findings are really about what they appear to be about (Saunders et al, 2007). The researcher ensured that only valid questions were asked. This was done

by giving the questions in the interview and the questionnaire to business experts to crosscheck if the questions are valid (relevant and irrelevant) against the objectives of the study. There after the researcher used the Content Validity Index (CVI), to test the validity of the instruments. Amin (2005) observe that this methods ensures only valid instrument is used to collect data since if the CVI is below 0.796 then the instruments were revised accordingly before proceeding to collect data.

### **3.9.2 Reliability**

Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. Reliability of the instrument according to Amin (2005) refers to the degree to which the said instrument consistently measures whatever it is measuring. This was done by pre-testing the instrument to confirm reliability using test-retest method.

#### **3.9.2.1 Test-retest Method**

To actualize the test-retest method a sample of ten respondents from different but distant time points was subjected to the instruments; correlation coefficient between the two time data was set and established. If a high coefficient is realized then the instrument is said to be highly reliable (Creswell, 2009). To ensure reliability of the instruments, the internal consistency method using Chronbach's alpha co-efficient was used. The tests computed using SPSS (Statistical Package for Social Sciences) revealed a reliability of 90%, As tabulated in Table 3.2. Cronbach alpha reliability coefficient ranges from 0 to 1 (George and Mallery 2003) hence the closer the alpha coefficient is to 1.0, the greater internal consistency of the items in the scale. Table 3.3 shows the results.

**Table 3.3: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.900	.953	6

Source: Researcher (2020)

According to George and Mallery 2003, therefore these results revealed a high degree of reliability of the research instruments.

### **3.10 Ethical Consideration**

Before commencing the research, an introductory letter from the university was sort and the purpose of the study explained to the authorities to avoid inconveniences and misunderstandings about the purpose of the study. The respondents were assured of confidentiality and anonymity in relation to the information given and that their information won't be leaked in anyway and that would be used for research purposes only. For the interview the respondents were given alphanumeric codes: R1, R2, R3.....R6, representing research participant to ensure privacy and confidentiality (Creswell, 2009). The researcher also respected the privacy of the respondents and practice other codes of ethics like honest, trust and avoided conflict of interest.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This study assessed the effect of rewards on employee performance in west “A” municipal council. Data was collected from the respondents using questionnaires and interview. The researcher grouped the data in accordance to the research objectives.

#### 4.2 Demographical Information

This section aimed at discussing the respondent’s of the questionnaires to enable the study to establish the extent of judgment one might have in the area of the study and knowledge. Among the researched respondents’ characteristic include sex, age, and highest level of education current position. Perry (2000) contends that, personal attributes like sex, education, and age had significant effect on understanding of situations.

##### 4.2.1 Gender of Respondents

The study was interested in identifying the gender of respondents with a view to determine gender was distributed within the employees working in the Municipal. The result is shown in the Table 4.1.

**Table 4.1: Gender of Respondents**

S/N	Gender of the respondents	Frequency	Percentage
	Male	64	42.6%
	Female	86	57%
	Total	<b>150</b>	<b>100</b>

Source: Researcher (2020)

The finding in Table 4.1 show that, male respondents were about 64, which is equal to 42.6% of respondents, participated in the study while the female respondents were about 86 which is equal to 57%. The importance of this data was to get responses from both sexes to without bias. Mugenda and Mugenda (2003) argues that, for results dealing with satisfaction of people then gender parity must be observed to avoid bias in the results. Therefore, this data implied that the ration of male and female in the participants was acceptable and thus gave results, which were not biased on either gender.

#### 4.2.2 Age of Respondents

The study examined the age of respondents so as to be able to understand the age of the respondents. Age of the respondents was also important to the study as different age groups have different opinion as observed by Wario and Wako (2015), that a study of the opinion, all ages should be represented. The results are displayed in Table 4.2.

**Table 4.2: Age of Respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
20-25	9	6%
26-35	86	57%
36-40	41	27%
41 and above	14	9%
<b>Total</b>	<b>150</b>	<b>100</b>

Source: Researcher (2020)

Findings in the Table 4.2 shows that, the respondents age 20-25 were 9(6%) where those with age 26-35 were 86(57%), respondents age 36-40 were 41(27%) and lastly the respondents with age 41 and above were 14(17.5) of all respondents who included

in the study. This implies that, all ages were catered for in the study. O'Brien (2002) argues that it is meaningful to include all ages in a study because different ages may give varying opinions.

#### 4.2.3 Level of Education of the Respondents

The level of education is another category, which was examined for the respondents of this study. The study had an interest of education level of respondents to really establish which qualification of the participants.

**Table 4.3: Educational Levels of the Respondents**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
Diploma	120	42.9
Degree	110	39.3
Masters	30	10.7
Doctorate	1	0.4
Other (specify)	19	6.8
Total	280	100

Source: Researcher (2020)

Table 4.3 shows that, 110 respondents equal to 39.3% were degree holders, 30 respondents equal to 10.7% had master's degree, 1 respondents equal to 0.4% had doctorate degree and 120 respondent equal to 42.9% had diploma while 19 respondents indicated other which the study found was certificate qualifications. Education was important to the study such that the study can gauge the understanding of the topic at hand. Grace and Khalsa (2003) opines that different levels of education may have different opinions.



In the previous chapter three, methodologies the study was obliged to use both qualitative and quantitative. The analysis therefore was two pronged; qualitative and quantitative:

### **Quantitative Data Analysis (Questionnaire)**

#### **4.3 Type of Rewards Provided by West “A” Municipal Council in Encouraging Employee Performance**

The researcher intended to find out what rewards are provided to employees by West “A” Municipal Council. Here the researcher wanted the respondents to mention types of reward provided by West “A” Municipal Council to the employees. The result of this question are summarised in Table 4.4.

**Table 4.4: Types of Reward Provided by West “A” Municipal Council**

<b>S/N</b>	<b>Types of reward provided by West “A” Municipal Council</b>	<b>Frequency</b>	<b>Percentage</b>
1	Bonus	4	2.6%
2	Promotion	7	4.6%
3	Recognition	133	88.6%
4	Gift	6	4%
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Researcher (2020)

Table 4.4 denotes that 4 respondents of this study which is equal to 2.6% confirmed that, bonus is the types of reward provided by West “A” Municipal Council to the employees, 7 respondents which is equal to 4.6% said that, promotion is the types of reward provided by West “A” Municipal Council to the employees, 133 respondents which is equal to 88.6% confirmed that, recognition is the types of reward provided by

West “A” Municipal Council to the employees and lastly 6 respondents which is equal to 4% said that, gift is the types of reward provided by West “A” Municipal Council to the employees.

Hence, according to the data, recognition is the highest type of reward provided by West “A” Municipal Council to the employees. This data implied that West “A” Municipal Council give employees some rewards and hence the study had a base to investigate how the rewards affected the employee performance.

#### **4.4 Reward System on Encouraging Employee’s Performance in West “A” Municipal Council**

##### **4.4.1 Whether Provision of Reward Assist Employee Performance**

In this question the researcher wanted to know whether provision of rewards assist employee performance. The results are shown in Table 4.5.

**Table 4.5:** Assistance of Reward System to the Employees

<b>S/N</b>	<b>Assistance of reward system to the employees</b>	<b>Frequency</b>	<b>Percentage</b>
1	Yes	145	96.6%
2	No	3	2%
3	Not sure	2	1%
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Researcher (2020)

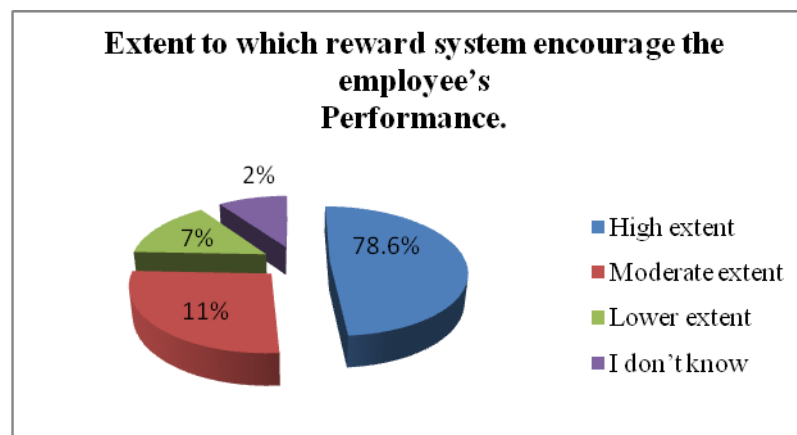
Table 4.5 indicate that 145 respondents in thus study which is equal to 96.6% of all respondents said that, the reward system assist the employee toward their performance, 3 respondents in this study which is equal to 2% of all respondents said

that, the reward system do not assist the employee toward their performance and 2 respondents in this study which is equal to 1% of all respondents were not sure about the assistance of reward system to the employee toward their performance. Thus, the results imply that, reward system assists the employees toward their performance in the organization. The results are the same as those of Victor & Hoole (2017) who found in their study on the influence of organizational rewards on workplace trust and work engagement that rewards help assist employees to perform better.

#### **4.4.2 Extent in which Rewards System Encourages the Employee’s Performance in West “A” Municipal Council**

This was one of the objectives to be achieved by the study. The researcher asked the respondents the extent to which reward system encourages the employee’s performance.

The results are shown in Figure 4.1.



**Figure 4.1: Extent to which Reward System Encourage the Employee’s Performance**

Source: Researcher (2020)

As shown in the figure 4.6 indicates that, 118 respondents of this study which is equal to 78.6% stated that, there is high extent to which reward system encourage the employee's performance, 17 respondents of this study which is equal to 11% of the respondents confirm that, there is moderate extent to which reward system encourage the employee's performance, 6 respondents of this study which is equal to 7% of all respondents confirmed that, there is lower extent to which reward system encourage the employee performance while lastly 3 respondents which is equal to 2% of all respondents were not sure on the extent of reward system within the organization.

The data implies that, there is high extent to which reward system encourages the employee's performance, which is demonstrated by the majority of the respondents equal to 78.6% of all respondents in this study. The results are similar to those of Wilson & Wilson, (2003) who in their study on innovative reward systems for the changing workplace found that rewards highly influenced employee performance.

#### **4.5 Relationship between rewards and employee performance in West "A"**

##### **Municipal Council**

##### **4.5.1 Mean and Standard Deviation of Aspects of Rewards effect on Employee Performance**

The study analyzed statement of the aspects of rewards. The respondents were asked to indicate how the statements on aspects of rewards affected employee performance. The following scale was used: To a: 1-low extent, 2- moderate extent, 3- great extent and 4- To a very great extent. The results were summarised in Table 4.6.

**Table 4.6: Mean Scores and Standard Deviation of Effects of Aspects of Rewards on Employee Performance**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Very great level of Salary and Bonuses	150	3.83	0.727
Very Low level of gifts and promotions	150	1.24	0.961
Low level of employee information provision	150	1.69	0.584
Moderate level of employee trust and empowerment	150	2.41	0.712
Great level of employee recognition.	150	3.93	1.233

Source: Researcher (2020)

The Table 4.6 shows that; Very great level of Salary and Bonuses had a mean score of 3.83 depicting very great effect on employee performance, Very Low level of gifts and promotions had a mean score of 1.24 depicting low effect on employee performance, Low level of employee information provision had a mean score of 1.69 depicting moderate effect on employee performance, Moderate level of employee trust and empowerment had a mean score of 2.50 depicting moderate effect on employee performance and Great level of employee recognition had a mean score of 3.93 depicting very great effect on employee performance.

The results were in consistent with the results of Wachira & Gitamo, (2016) on their study on the effects of reward systems on employee satisfaction who found that rewards affected employee job satisfaction and hence employee performance.

#### **4.5.2 Correlation Analysis**

Te study analyzed the correlation between rewards and employee performance. The results are shown in Table 4.7.

**Table 4.7: Correlation Analysis for the Relationship between Rewards System and Employee Performance**

		Rewards system	Employee performance
Rewards system	Pearson Correlation	1	.628**
	Sig. (2-tailed)		.000
	N	280	280
Employee performance	Pearson Correlation	.628**	1
	Sig. (2-tailed)	.000	
	N	280	280

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

Source: Researcher (2020)

For testing the research hypothesis, the relationship between Rewards system and employee performance, a bivariate correlation analysis was run in Table 4.7 above. The correlation considered the values collated from the different aspects of employee performance with those collated from the constructs of rewards. The analysis was conducted at a 95% level of significance.

The results of the Pearson correlation coefficient indicate that there exists a relationship between the Rewards system and employee Performance ( $r = 0.628, P - value < 0.05$ ). That result indicates that there is a significant positive relationship between Rewards system and employee Performance.

### 4.5.3 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables of rewards system (Extrinsic rewards and intrinsic rewards). The research used statistical package for social sciences to code, enter and compute the measurements of the multiple regressions.

**Table 4.8: Model Summary**

Model	R	R Square	Adjusted R Square	STD error of estimate
1	0.86662	0.7503	0.6902	0.7325

Source: Researcher (2021)

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R<sup>2</sup>, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 69.02% of the changes in employee performance could be attributed to the combined effect of the predictor variables.

**Table 4.9: Summary of One-Way ANOVA Results**

Model	Sum of Squares	df	Mean square	f	sig
Regression	9.223	3	3.07	5.80	0.023
Residue	42.876	39	1.10		
Total	52.099	42			

Source: Researcher (2021)

The probability value of 0.023 indicates that the regression relationship was highly significant in predicting how Extrinsic rewards and intrinsic rewards affected the employee performance. The F calculated at 5% level of significance was 5.80 since F calculated is greater than the F critical (value = 2.8387), this shows that the overall model was significant. The regression coefficients of the relationship between employee performance and the two predictive variables of rewards system (Extrinsic Reward and Intrinsic Reward) are shown in Table 4.10.

**Table 4.10: Regression Coefficients**

Model		Unstandardized Coefficient		Standardized Coefficient	t	S.g
		B	Std. error	Beta		
1	(Constant)	1.053	0.217		2.889	5.31E-03
	Extrinsic Reward	0.701	0.181	0.149	3.210	2.10 E-03
	Intrinsic Reward	0.599	0.196	0.234	4.255	7.9 E-05

Source: Researcher (2021)

As per the SPSS generated table above, the equation ( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$ ) becomes

$$Y = 1.053 + 0.701X_2 + 0.599X_3$$

The regression equation above has established that taking all factors into account (Extrinsic Reward and Intrinsic Reward) constant at zero employee performance was 1.053. The findings show that taking all other independent variables at zero, a unit increase in the Extrinsic Reward would lead to a 0.701 increase in the scores of employee performance and a unit increase in the scores of Intrinsic Reward would lead to a 0.599 increase in the scores of employee performance.

Overall, Extrinsic Rewards had the greatest effect on employee performance, followed by Intrinsic Rewards, which had the least effect to employee performance. All the variables were significant ( $p < 0.05$ ). In summary of the findings;

- (i) Extrinsic Rewards would affect employee performance with 70.1%.
- (ii) Intrinsic Rewards would affect employee performance with 59.9%.



#### 4.6 Major Challenges Lead to Ineffective Rewards System in Enhancing Employee Performance

This was another objective were the researcher wanted to know about the major challenges, which lead to ineffective rewards system in enhancing employee's performance in West "A" Municipal Council. The results were summarized on Table 4.11.

**Table 4.11: Challenges Leading to Infective Reward System in Enhancing Employee Performance**

S/N	Challenges lead for ineffectiveness of rewards system	Frequencies	Percentage
1.	Lack of commitment to the employee	15	10%
2.	Lack budget of the office	125	83%
3.	Lack of guideline on reward system to the Office	5	3%
4.	Lack of willingness of the management	3	2%
5.	Biasness	2	1%
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Researcher (2021)

Table 4.11 indicate that 15 respondents which is equal to 10% said that, lack of commitment to the employee is the major challenges leads for ineffectiveness of rewards system in enhancing employee's performance, 125 respondents which is equal to 83% said that, lack of budget to the office is the major challenges leads for ineffectiveness of rewards system in enhancing employee's performance, 5 respondents which is equal to 3% said that, lack of guideline on reward system to the Office the is major challenges leads for ineffectiveness of rewards system in enhancing employee's performance, 3 respondents which is equal to 2% said that, lack of willingness of the management is major challenges leads for ineffectiveness of

rewards system in enhancing employee's performance, and lastly about 2 respondents which is equal to 1% said that, biasness is major challenges leads for ineffectiveness of rewards system in enhancing employee's performance. Therefore, lack of budget (83%) of the office is the major challenges, which lead to ineffective rewards system in enhancing employee's performance.

#### **4.7 Qualitative Data Analysis (Interviews)**

This section analyzed data qualitatively from data that emanated from interviews. Content analysis was used to analyze the data. In this content analysis notes were made in the margin when interesting or relevant information was found from collected data. Types of information arising was noted and described as per the research objectives ad advocated by Wario and Khalfan, (2015). Data was transcribed to give answers to the research questions.

##### **The First Interview Question**

This was the first interview question "Are there some rewards provided by West "A" Municipal Council? If yes name them"

During the interview respondent R1, R2 R5 and R6 observed that;

*There were some rewards provided by West "A" Municipal Council. The rewards ranged from bonus, recognition, gifts and promotion.*

This showed clearly that West "A" Municipal Council gave rewards to their employees.

**The Second Interview Question**

The second interview question was “In your opinion do you think rewards encourage the employee’s performance in West “A” Municipal Council. Explain to what extent?”

All the Respondents R1 to R6 said:

*“Rewards encourage employee performance to a very great extent”.*

This clearly demonstrates that rewards affected employee’s performance in West “A” Municipal Council.

**The Third Interview Question**

This was the third interview question “Do you think high rewards encourage high employee performance?”

During the interview respondent R1, R4, R5, R6 said;

*“When employees are highly rewarded in the work place their performance Increases as they are motivated by the rewards given”*

This implied that, employee performance is encouraged by rewards, thus the more the rewards the higher the encouraged to perform better.

**The Fourth Interview Question**

The fourth interview question was “List down the major challenges that leads to ineffective reward system in enhancing employee's performance in West “A” Municipal Council”

All the respondents R1, R2, R3, R4, R5 and R6 observed the following challenges;

*“There were challenges Lack budget of the office, Lack of commitment to the employee, Lack of guideline on reward system to the Office, Lack of willingness of the management, Biasness”*

This demonstrated that there were challenges that lead to ineffective reward system in enhancing employee's performance in West “A” Municipal Council”

#### **4.8 Discussion**

This study is one of the few available on assessing the effects of rewards on employee performance. It has contributed to highlight whether there is a relationship between rewards and employee performance. The rewards system according to Wilson and Wilson, (2003), influences employee performance since rewards takes care of employee stress factor, job satisfaction and burnout effect. The results of this study suggest that rewards to employees need special attention and frequent checks due to that there is significant relationship with rewards and employee performance. In accordance with the Victor & Hoole, (2017) low rewards in the work place decreases employee performance because it risks the condition of job dissatisfaction. Wachira & Gitamo, (2016) suggested that implementing the best practice towards rewarding employees increases the performance of employees. In fact, Lobo, (2013) infer that if more rewards are directed towards employees, contribute immensely towards how the employee functions in the workplace, and in most cases encourages the employees to work hard thus increasing their performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This Chapter presents the research findings generated from the interviews and questionnaires and analyzed in the previous chapter. The research findings of the descriptive statistics address each research objective.

#### **5.2 Summary**

The specific objectives of the study were: to examine type of rewards provided by West “A” Municipal Council in encouraging employee performance, to find out the extent in which reward system encourage the employee’s performance, to establish the relationship between rewards and employee performance and to examine major challenge that leads to ineffective reward system in enhancing employee's performance in West “A” Municipal Council. The findings showed that, 4 respondents of this study which is equal to 2.6% confirmed that, bonus is the types of reward provided by West “A” Municipal Council to the employees, 7 respondents which is equal to 4.6% said that, promotion is the types of reward provided by West “A” Municipal Council to the employees, 133 respondents which is equal to 88.6% confirmed that, recognition is the types of reward provided by West “A” Municipal Council to the employees and lastly 6 respondents which is equal to 4% said that, gift is the types of reward provided by West “A” Municipal Council to the employees.

The study also found that, 145 respondents is equal to 96.6% of all respondents observed that, the reward system assists the employee toward their performance. 118

respondents of this study which is equal to 78.6% stated that, there is high extent to which reward system encourage the employee's performance, 17 respondents of this study which is equal to 11% of the respondents confirm that, there is moderate extent to which reward system encourage the employee's performance, 6 respondents of this study which is equal to 7% of all respondents confirmed that, there is lower extent to which reward system encourage the employee's performance while lastly 3 respondents which is equal to 2% of all respondents were not sure on the extent of reward system within the organization.

The results show that a very great level of Salary and Bonuses had a mean score of 3.83 depicting very great effect on employee performance, Very Low level of gifts and promotions had a mean score of 1.24 depicting low effect on employee performance, Low level of employee information provision had a mean score of 1.69 depicting moderate effect on employee performance, Moderate level of employee trust and empowerment had a mean score of 2.50 depicting moderate effect on employee performance and Great level of employee recognition had a mean score of 3.93 depicting very great effect on employee performance.

The Pearson correlation coefficient indicated that there exist a relationship between the Rewards and employee Performance ( $r = 0.628, P - value < 0.05$ ). That result indicates that there is a significant positive relationship between Rewards and employee Performance. The regression analysis shows that taking all other independent variables at zero, a unit increase in the Extrinsic Reward would lead to a 0.701 increase in the scores of employee performance and a unit increase in the scores of Intrinsic Reward would lead to a 0.599 increase in the scores of employee

performance. It was also found that, there were major challenges that leads to ineffectiveness of rewards system in enhancing employee's performance which included; lack of commitment to the employee, lack of budget to the office, lack of guideline on reward system to the office, lack of willingness of the, biasness. However, lack of budget (83%) of the office is the major challenges, which lead to ineffective rewards system in enhancing employee's performance. During the interview respondent R1, R2 R5 and R6 observed that; there were some rewards provided by West "A" Municipal Council. The rewards ranged from bonus, recognition, gifts and promotion and all the Respondents R1 to R6 said; rewards encourage employee performance to a very great extent.

### **5.3 Conclusion**

The study concluded that West "A" Municipal Council provided rewards to employees such as bonus, recognition, gifts and promotion. The research observed that, reward system assists the employee toward their performance. The study concluded that rewards system affected employee performance. This conclusion concurs with that of Apeyu, (2012 who found that rewards increases employee satisfaction and thus makes employees work harder and therefore increasing their performance. It was concluded that that there is a significant positive relationship between rewards and employee performance. This was confirmed by the chi- square (p-value) of 0.008, and the Pearson correlation coefficient ( $r = 0.628, P - value < 0.05$ ). From the regression results shows that Extrinsic Rewards would affect employee performance with 70.1% and Intrinsic Rewards would affect employee performance with 59.9%.

Lack of budget (83%) of the office was found to be the greatest major challenges, which lead to ineffective rewards system in enhancing employee's performance.

#### **5.4 Implication of the Study**

This study is an eye opener on the government, policy makers, human resource managers and leaders of organizations in Zanzibar that do not put emphasise on rewards or do not have clear guidelines of employee rewards to change tact and recognise, implement ambitious employee reward system in order to increase employee performance and in turn increases the organizations performance.

#### **5.5 Recommendations**

The study recommended the following recommendations:

- (i) The government, policy makers and leaders of organizations to initiate sound system of reward to the employees in the organizations. The system should provide guidelines on how reward system should be provided within the organizations.
- (ii) Organizations to aspire to keep proper budget for rewarding the employees in the organizations. The organizations must put forward the issue of budget to facilitate the reward to the employees within the organization.
- (iii) Since rewards encourage employee performance and that there is a relationship between rewards and performance, organizations should strive to emphasize of rewarding employees in order to increase their performance. Monitoring and evaluation of reward system can be done regularly to ascertain that employees are well rewarded.



## **5.6 Areas of Further Studies**

The study examined effects of rewards on performance in the West “A” Municipal Council, which is government sector, therefore other studies are required to be carried in the private sectors such that confirmation can be done if the same results will be realized.

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## APPENDICES

### Appendix I: Questionnaires

#### Questionnaire for Data Collection on the Effect of Rewards on Employee's Performance; A Case of West “A” Municipal Council

Dear respondent,

This questionnaire guide is designed to collect information on the effect of reward in on employee's performance; a case of West “A” Municipal Council. I am requesting you to provide the upright cooperation and contribution in accomplishment of this important assignment. The collected information will be used for academic reason and will be treated confidentially. The researcher will not reveal the identified information of the respondent under any circumstances.

#### PART I: Profile of Respondents

Please Tick (√) in the box bellow according to the category placed in each question provided by the researcher.

1. What is your gender?

a. Male

b. Female

2. What is your Age range?

a. 30 – 35

b. 36 – 40

c. 45 – 50

d. 51 and above



3. What is your level of education?

Diploma ( ) Degree ( ) Masters ( ) Doctorate ( ) Other ( )

PART II: Type of rewards provided by West “A” Municipal Council in encouraging employee performance

4. What types of rewards are provided by West “A” Municipal Council? Tick as appropriate in the table below;

S/N	Types of reward provided by West “A” Municipal Council	Tick
1	Bonus	
2	Promotion	
3	Recognition	
4	Gift	

**PART III: Extent in which reward system encourage the employee’s performance in West “A” Municipal Council**

5. Do you think the provision of reward assist employee performance?

Yes

No

Not sure

7. To what extent do you think reward system encourage employee’s performance

i. Higher extent

ii. Moderate extent

iii. Lower extent

iv. I don’t know

**PART IV: Relationship between rewards and employee performance in West “A” Municipal Council.**

8. Indicate to what extent does the following aspects of rewards affect employee performance at West “A” Municipal Council. Use the following scale: To a: 1-low extent, 2- moderate extent, 3- great extent and 4- To a very great extent

S/N	Statement	1	2	3	4
1	Very great level of Salary and Bonuses				
2	Very Low level of gifts and promotions				
3	Low level of employee information provision				
4	Moderate level of employee trust and empowerment				
5	Great level of employee recognition.				

**PART IV: Major challenge that leads to ineffective reward system in enhancing employee's performance in West “A” Municipal Council**

9. What are the major challenges leads for ineffectiveness of reward system in enhancing employee’s performance? Tick as appropriate in the table below.

S/N	Challenges lead for ineffectiveness of rewards system	Tick
1	Lack of commitment to the employee	
2	Lack budget of the office	
3	Lack of guideline on reward system to the Office	
4	Lack of willingness of the management	
5	Biasness	

**THANK FOR YOUR PARTICIPATION**

**Appendix II: Interview Guide**

1. Are there some rewards provided by West “A” Municipal Council? If yes name them.
2. In your opinion do you think rewards encourage the employee’s performance in West “A” Municipal Council. Explain to what extent.
3. Do you think high rewards encourage high employee performance?
4. List down the major challenges that leads to ineffective reward system in enhancing employee's performance in West “A” Municipal Council.