

**ASSESSMENT OF THE EFFECTIVENESS OF REWARD SYSTEMS IN
PUBLIC ORGANIZATIONS IN TANZANIA: A CASE OF TANZANIA
ELECTRIC SUPPLY COMPANY LIMITED**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN
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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 titled: *Assessment of the Effectiveness of Reward Systems in Public Organizations in Tanzania. A Case Study of Tanzania Electric Supply Company Limited (TANESCO)*". In partial fulfillments of the requirements for the award of a Degree of Masters of Human Resources Management of The Open University of Tanzania.

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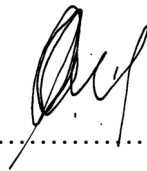
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DECLARATION

I, **Agathon Mapunda**, declare that, the work presented in this dissertation is original. It has never been presented to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfillment of the requirement for the Degree of Master of Human Resource Management of The Open University of Tanzania.



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Signature

.....
Date

DEDICATION

I dedicate this work to the Almighty God and my lovely family

ACKNOWLEDGEMENT

Firstly, I do thank my Almighty God for His wonderful mercy and grace that were with me the whole time of undertaking this study. Again, my sincere appreciation goes to my supervisor Dr Emmanuel Tonya for the excellent supervision he did throughout the whole time of undertaking my research. Further, I do say thanks to Dr Nasra for her support during the absence of supervisor to make my work continue. Also, my lecturers as well as entire community of the Open University of Tanzania for supporting me through enriching my knowledge and skills, which all advanced my ability in developing this study. May the Almighty God bless them all.

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ABSTRACT

The study intended to assess the effectiveness of reward systems in public organizations in Tanzania. A case study of Tanzania Electric Supply Company Limited (TANESCO). Specifically, the study aims to identify the types of rewards provided by TANESCO and their effectiveness in motivating employees for better performance. Also, to assess the extrinsic and intrinsic rewards provided in TANESCO and their effectiveness in motivating employees for better performance of employees and the organization at large. This study engaged 254 respondents selected from TANESCO head Office departments and Units. Through case study design, data for this study were collected using questionnaire, and SPSS descriptive statistics feature and interpreted variable such as types of reward systems, intrinsic and extrinsic rewards and their impact to the organization. The findings from this study indicated responses of the questionnaire were collected from both genders, male and female that indicated there was no biasness of opinions provided data collection. Also, the study revealed that employees at the organization are provided with both intrinsic and extrinsic rewards. The most used financial reward at TANESCO was salary and allowances. Respondents strongly agreed on increase of bonuses will increase their motivation and the organization performance. The study concluded that effectiveness of reward system in public service was conducted in order to help TANESCO analyze the attitudes of employees towards the reward systems of the organization. It helps the company to explore and select reward system which is most preferred and motivates the employees to contribute in the performance of the organization. The study recommends that various measures to be taken in reviewing the organization reward systems.

Keywords: *Types of rewards, motivating employees, better performance, TANESCO*

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LIST OF ABBREVIATIONS

HC	Health Center
PDP	Performance and Development Plan
SDGs	Sustainable Development Goals
SPSS	Statistical Package for Social Science
TANESCO	Tanzania Electric Supply Company Limited
TRA	Tanzania Revenue Authority
UK	United Kingdom
USA	United State of America

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, for over decades there has been ongoing discussion about reward system and organization performance especially when it comes to employee's management. It has always been concluded by different researchers that, rewards system in any organization both in public and private is very essential as it is very important in managing employee's performance. Ojeleye & Okoro (2016) discussed that reward systems is often directly and indirectly attached in the organization vision and mission that provide a sense to the employee that a reward system will benefits both parties. Among the role in human resources and management department in any organization is to ensure that employees are being kept motivated as part of improving employee's performance and retention as well (Noe, Hollenbeck, Gerhart, & Wright 2015). Not only that but, rewards system has a huge impact on organizations to achieve high levels of performance as it helps to retain resourceful employees (Porath, Gerbasi, & Schorach, 2015).

Rewards system must be established within an organization to fulfill employees' needs and motivate them to work at their best. On another hand, there are many organizations especially in public sector experience a challenge on deciding the right reward systems and which reward system suit the most for the employees (Umar, 2012). A well-articulated and reasonable reward system administered to employees can provide good quality of employee performance, in turn increase organization productive (Noeet *al.*,

2015). If an organization fails to have a proper mechanism for rewarding, it may lead to several problems among them include, low employee morale, the unproductive performance of the employees or it can lead to high rate of employee turnover (Surbhi, 2015).

In developed countries such as USA, JAPAN, UK and Germany most of organizations prioritize on effective human capacity strategies to enhance their productivity (Saqib, Abrar, Sabir, Bashir&Baig2015). This is due to the fact that employees' productivity has positive significant with organization performance (Sajuyigbe, Olaoye&Adeyemi, 2013). There are several sectors such as banking industry, hotel, education and so forth are technically known as human resources in modern organization, and are considered as the most important assets to the organization. Thus, organization recognize all employees in the organization as the most important assets that needs high consideration in promotion in order to improve their productivity, in turn impact organization performance positively (Anitha, 2014).

Developing countries especially in Sub-Saharan Africa, for instance countries like Angola, Burundi, Burkina Faso and Cameroon, reward system continues to be, driven by the contextual factor, complex socio-economic and cultural paradigms. Furthermore, reward management practices in a developing economy, like Tanzania is very complex because of the role of national institutions, culture, socio-economic factors and employee engagement in developing an appropriate framework (Sajuyigbe *et al.*, 2013). In this light, most of organizations in Sub Sahara African region tend to have problems on selecting the right reward systems, consequently,

affect employee performance thereafter organization (Surbhi, 2015). In any organization, employees are not just automatically come to work, continue to work or work hard for the organization without a sense of motivational factor.

Employee performance is direct related to financial factor and other outcomes of the employee that has direct connection with the performance of the organization as well as its achievement. Once an employee realizes that there is a reward waiting at the end of every month or certain period always perform at their best (Ojeleyeet *al.*, 2016). Therefore, reward system has a huge impact on organization performance. For instance, in Nigeria, many scholars (Yehudah, 2012 & Okpara, 2014) have argued that cultural belief, socio-economic climate, national institutions and employment engagement are among the significant factors affecting the structuring of reward systems in most of organizations.

Tanzania is no exception just like any other country in Sub Saharan region as most of public organizations faces challenge in setting up the right structure for reward systems (George, 2015). This is due to various contextual factors which include socio-economic and culture factor. As result organization that fail to implement the right reward system experience several challenges. Among the challenges include employee's turnover and employee poor or low performance (Ozutku & Hatice, 2012). There are scholars such as George (2015) argued that, majority of motivated employees are more like to go the extra mile when needed by their employers based on the job requirement. However, they tend to be more productive, energized and creative when it comes to performance. Thus, there is a need for organization to reward

its employees for creating a successful competitive environment (Ozutku & Hatice, 2012). Some employees are highly motivated by extrinsic rewards such as increase in pay, promotions and bonus, other employees are motivated with intrinsic rewards such as appreciation, praise and recognition.

On another hand, scholars for instance Fagley (2016) have argued that, unmotivated employees are more likely to apply little effort and avoid any other additional work that may require their presence. In this light, majority of organizations whether private or public require mechanism that encourage a consistence level of motivation to ensure employee perform their assigned tasks as planned. However, several researchers have started to focus their study on the reward systems in Tanzania and its implication on employee performance. But there are very few studies and most are outdated in relation to the current context which examines implication of reward system in organization performance George (2015).

1.2 Statement of the Problem

There is a growing adoption of various managerial strategies and style. Include adoption of private management tools within public sector organizations. The adoption aims to increase and improve their efficiency, quality and effectiveness of service delivery to the public (Bari et al., 2013). Quality service and increase market share by public organization, it requires not just efficient but also effective strategies in different areas of operation. This is due to the fact that, employee performance has direct relation with motivation such as reward system (Bardot, 2014). Reward system adopted within an organization is one of the effective management tools for motivating

employees. It pushes low performers to meet target, but also increase job satisfaction for high achievers.

Several studies on the effect of reward system on employee's productivity as well as implication on organization performance has been growing rapidly, for instance in developed countries like Germany, United State of America, Japan, and United Kingdom studies on reward system and employee performance focused on private sector (Porathet *al.*, 2015 & Aneth, 2014), in developing countries like Cameroon, Angola and Burundi studies focused on both public and private sector (Surbhi, 2015, Yehudah, 2012 & Okpara, 2014)). Also, in Tanzania study by George (2015) on Impact of Reward System on Employee Performance focused in private sector banking industry particularly. However, the effectiveness of reward system in public organizations particularly Tanzania Electric Supply Company Limited (TANESCO) has not been conducted and remains very unclear. Besides, not much is known about the effectiveness of proper reward system in public organization.

TANESCO as an institution has a reward policy. The policy describes procedures that determine on how the rewards are provided in the Company. The process based on performance evaluations and rewarding of an employee in a variety of ways, which include promotions, certificate recognitions, provision of money and other reward provided in kind. Reward, not just in TANESCO but also in the majority of other organizations, particularly hierarchical white-collar organizations and firms, appears to be the most important motivation focusing on forms of pay or other incentives for performance. They are the most important tool that employees have at their disposal

to boost their total compensation in the long run (Mutahaba, 2010). Despite the fact that TANESCO has a reward system but not all employees are motivated and influenced to their better work performance. It seems like they don't see the value in the reward system that is in place. This was found to be the case as a result of Company performance. This indicate that the reward systems used are questionable in terms of effectiveness. According to the Herzberg motivation theory, in order to fully motivate workers, it is necessary to address both the factors that motivate workers and the factors that keep them from being motivated. A sense of accomplishment, interest in one's work, and recognition are examples of motivating factors, while working conditions, supervision, and financial compensation are examples of hygiene factors (Kermally, 2005). Nurul et al, (2021) conducted a study titled "the Effects of Reward System on Employees' Performance". This study tested the following independent variables include, salary, bonuses, appreciation and medical benefits. The findings of this study revealed that, all variables have a significant impact on employees' performance. Moreover, the study findings indicated that reward system consists of financial rewards and non-financial rewards which are very important to an organization in managing employees' performance Therefore, this study aimed on assessing the effectiveness of reward systems in public organizations in Tanzania taking Tanzania Electric Supply Company Limited (TANESCO) as its case study.

1.3 Research Objectives

1.3.1 General Objective

The main objective of the study was to assess the effectiveness of reward systems in public organizations in Tanzania.

1.3.2 Specific Objective

The specific objectives of this study were the following;

- i) To identify the types of rewards provided in TANESCO and their effectiveness in motivating employees for better performance
- ii) To assess the extrinsic rewards provided in TANESCO and their effectiveness in motivating employees for better performance
- iii) To assess the intrinsic rewards provided in TANESCO and their effectiveness in motivating employees for better performance.

1.4 Research Questions

1.4.1 General Research Question

What is the impact of reward systems in public organizations in Tanzania?

1.4.2 Specific Question

- i) What kind of rewards does TANESCO offer its employees and their ability to impact employees' performance?
- ii) What are extrinsic rewards TANESCO offer its employees and how do they motivate employees?
- iii) What are intrinsic rewards TANESCO offer its employees and how do they motivate employees?

1.5 Significant of the Study

This study will help the Employers and Human Resources Management practitioners in designing and developing reward systems, which motivates employees, improves

employee's performance and contribute to organizational performance in the public sector institutions. In addition, this study will help academicians in referring to it in developing new studies. Through continuous development of new studies, the improvement of knowledge practices in the field grows. Furthermore, this study will help the government as policy makers in improving the human resources management policies in government organizations in improving their performance. The study intends to provide proper understanding to the government entities and their stakeholders on the importance of developing effective reward systems in public organizations. It aims at discovering the relationship that exists between reward system and performance of the organization. It will provide the best methods of developing effective reward systems that contribute to the performance of the public organizations in Tanzania. This study will cover the gap that exists on how effective reward system has direct relation with performance of the public organizations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter discusses the common concepts that was used in this research as a related to participatory approach and the theoretical and empirical literature reviews, conceptual framework and finally addresses the research gap that exists.

2.2 Definition of Concept

In this part the various concepts and terms that was used in this work was defined and get elaborative meaning to make the readers and users of this work to be well understood on the issues discussed herein. The following terms and concepts were used in this study;

2.2.1 Reward

Reward can be defined as a something valuable given in recognition of service, effort or achievement. It is given to employees after delivering good work or good behavior to the company. Includes all aspects of the 'employee deal'; tangible and intangible elements of what is offered. Total reward is tailored and promoted to attract, engage and retain the right talent as well as providing personal choice and flexibility (Armstrong, 2012). Krietner and Kinicki (2007) concur to these views that reward is compensation for doing work well assigned to an employee which can come in the form of both financial and non-financial incentives. Charles (2012) defined reward as an incentive plan that is provided by an employer to reinforce the desirable behavior of employees and in return for their service to the organization. Charles also pointed

out that in an organization reward can be financial in the form of salary or non-financial materials in the form of awards for some special services to the organization or simply giving an employee a work which he enjoys doing. Thus, this study concurs with all the definition provided by above scholars since all definitions incorporated monetary and non-monetary as part of reward system. However, this study will focus with definition by Charles (2012).

2.2.2 Reward System

Reward system consists of the interrelated processes and practices, which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. It consists of six major elements: base pay management; contingent pay; employee benefits; non-financial rewards; performance management; total rewards (Armstrong, 2012). Daisey, Stephen, and Robert (2013), revealed that reward system that is organized often motivate employees because it tends to recognized achievement of employee. Reward system is one among the strategy employed by employer in order to ensure that employees are attracted and retained, also, to enhance their performance in an organization. Reward system is implemented by organization in order to influence employees' behavior and attitude towards their job if the reward satisfy their needs and help them to succeeding their personal goals. This study is guided by definition of Armstrong (2012), because it comprises of all aspect of reward system.

2.2.3 Organizational Performance

Organizational performance can be defined as an analysis of a company's performance

compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance and in some cases, production capacity performance may be analyzed. It is a comparison between the resources used and the output achieved to meet the organizational goals set. This means the actual output or results of an organization as measured against its intended outputs or goals and objectives (Armstrong, 2004).

John and Randy (2009) defined organizations performance as process to enhance both the effectiveness of an organization and the well-being of its member through planned interventions. One of the three key points of the organizational development will which lead to organizational performance are when many of organization development effort to increasing organizational learning, with the intent of then impacting organizational performance. Organizational performance was referring to the actual output or results of an organization as measured against its intended outputs, goals and objective (Jon & Randy, 2009). There are four types of organizational performance measures, first human resource outcomes, second organizational outcomes, third financial accounting outcome, and lastly capital market outcomes. Furthermore, Khandekar and Sharma (2006) defined organizational performance as the outcome that indicate or reflect the organization efficiencies or inefficiencies in term of corporate image, competencies and financial performance. This study shall focus with the definition of organization performance by Jon and Randy (2009), because the scholars have identified the key elements which relates to this study such as human resource outcome, financial outcome and outputs, as well as objective.

2.2.4 Employee Performance

Employee performance can be defined as how a member of staff fulfils the duties of their role, completes required tasks and behaves in the workplace. It is highlighted that among the measurements of performance of employee within an organization include the quality, quantity and efficiency of work (McNamara, 2008). Herbert, John and Lee (2000) also defined employee performance as the outcome or contribution of employees to make them attain goals while, Afshan, Sobia, Kamran and Nasir (2012) define performance as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed. Employee performance can be manifested in improvement in production, easiness in using the new technology, highly motivated workers. This adopt definition of employee performance by Afshan *et al.* (2012).

2.3 Theoretical Literature Review

Many theories have been advanced to explain the link between factors affecting the employees' performance and motivations. A researcher has grounded this study to Herzberg's two factor theory and is selected as the guiding theory because the two factors relate directly to rewards system include intrinsic and extrinsic factor.

2.3.1 Herzberg's Two Factor Theory

Herzberg's two factor theory was developed by a behavioral scientist Frederick Herzberg in 1959. According to this theory, there are several job factors that result in satisfaction while other job factors that prevent dissatisfaction. These two sets of factors such as motivation and Hygiene factors by Herzberg are used to determine

employees' attitude in working environment and their performance. It was noted that motivation factors are all intrinsic factors that intend to increase employees' job satisfaction while Hygiene factors are all extrinsic factors which intend to prevent any kind of employees' dissatisfaction. Herzberg furthered that in order to increase the performance of employees in a work place an organization must address all motivation factors.

This theory further argued that, if an organization has inadequate reward system and that employee are not well motivated in term of intrinsic and extrinsic factors, automatic employee may feel demotivate. Consequently, reduce employees' production, in turn, affect organization performance since employees failed to exert their effort. According to this theory, Intrinsic factors include the job itself, salary, promotion employee's responsibility and achievement, praise and recognition seem to be related to job satisfaction. Clearly employees who feel good about their work tend to attribute these factors to them.

Relevancy and application of this theory on this study is due to the fact that, TANESCO as one among public organizations may apply this theory in order to meet employees' intrinsic or motivation factors so as to motivate them to become more actively engaged to contribute additional effort toward better performance. Therefore, in this research, reward system which include both intrinsic and extrinsic factor would be expected to have effect on TANESCO's employees and organization itself.

2.4 Empirical Literature Review

In this section, the researcher provides a summary brief of studies in relation to reward system and organization performance that has been conducted in the past on a reward system subject of interest in this research with the focus on public organizations. The purpose of the literature review is to discover the gaps in literature. This section helps the researcher to form the theoretical basis of the research. The following are several literatures in relation to the research topic reviewed by the researcher explain in detail; Nurul *et al.*,(2021) conducted a study titled “the Effects of Reward System on Employees’ Performance”. Main objective of this study was to investigate the effects of a reward system in an organization on employee performance. The study employed quantitative method whereby a total of 132 sample size was used for this study. This study tested the following independent variables include, salary, bonuses, appreciation and medical benefits. The study employed questionnaire as a tool for data collection and the data collected were analyzed using SPSS software, furthermore, the study carried out several tests such as correlations analysis and regression analysis to find the relationship between the two variables. The findings of this study revealed that, all variables have a significant impact on employees' performance.

Moreover, the study findings indicated that reward system consists of financial rewards and non-financial rewards which are very important to an organization in managing employees' performance. The study recommends that, when employees are motivated to work at higher levels of productivity, the organization as a whole will run more efficiently and is more effective at reaching its goals. The strength of this study is based on the fact that it addressed most important intrinsic and motivation

factors as described by Herzberg two factor theory. However, this study failed to show the identified variables can be used by the public organization to make its reward system more effective and ensure it could help in increasing the organization' performance.

Study by Emelianova, (2019) titled "Impact of Reward System on Employee Performance: A Case Study of Normet Ltd". This study main purpose was to investigate the impact of rewards on employee performance on the example of Normet Ltd in Lisalmi, Finland. The study was guided by three specific objectives which were to assess the existing rewards in the company, evaluate the most preferred types of rewards for employees of all levels and make recommendations to the management of Normet on possible improvements for the reward system.

Methodology used in this study include both qualitative and quantitative data collection. The study used questionnaire and interview as the data collection method. A total of 99 sample size used for this study. The gathered data were analyzed through SPSS software while the qualitative data collected were analyzed using thematic and context analysis. The findings of this study revealed that rewards both intrinsic and extrinsic variables and employees' performance were strongly and positively correlated with each other as the statistical result was close to 0.678 which is close to 1.

Moreover, according to the individual interviews it was concluded that only the combination of extrinsic and intrinsic rewards ensures increase and maximization in overall employees' performance. The strength of this study is based on the

methodology used such as combination of both qualitative and quantitative approach which complimented one another. However, the study failed to look on how the identified rewards affect performance of public organization as the study focused only on private sector.

Ojeleye *et al*, (2016) conducted a study titled “Job stress and employees’ productivity in telecommunication sector of Nigeria”. This study main purpose was to examines job stress and its effect on employees' productivity. The study was descriptive in nature and quantitative approach was employed. Questionnaire was used to collect data from 120 respondents and data collected were analyzed using SPSS software. Independent variables such as poor working condition, bullying/harassment, increased workload, hostile working environment and downsizing were analyzed using descriptive data analysis, correlation and regression analysis using SPSS version 22. The findings of this study revealed negative relationship between job stress and employees productivity. This study recommends that employers should make all efforts to ensure that the workplaces are stress-free.

Sajuyigbe, (2013) conducted a study in Nigeria titled “Impact of reward on employees performance in a selected manufacturing Companies”. The purpose of this research was to examine the impact of reward on employees’ performance with special reference to selected manufacturing companies in Ibadan, Oyo State, Nigeria. The study employed mixed method, qualitative and quantitative design explored in this study whereby 100 respondents were engaged through structured questionnaire and interview. Purposive sampling method used to select the respondents of thi study. The

collected data were analyzed through statistical package for social science (SPSS) version 16 and regression analysis was done to obtain the relationship between the variables.

The findings of this study revealed that, human resource is one of the important assets that organization owns. Reward helps management to retain efficient and experienced workforce in the organization. Furthermore, findings of this study indicated that reward dimensions jointly predict employees' performance, which accounted for 71% variance of performance. Last but not the least, the study recommends that private company should buildup the commitment among employees by rewards and achieve both individual and organizational objectives. The strength of this study is basically on the research design as the study managed to employ different techniques of data collection and analysis as well as it was specific to private sector. However, the study failed to look the difference that exist between industry by focusing only manufacturing company which is normally not labor intensive compared to hotel, banking and education industries.

Another study done by Edirisooriya, (2014), examined the impact of rewards on employee performance. This study objective was to illustrate to what extent does employee rewards have an impact on employee performance in a public sector organization in Sri Lanka. Furthermore, this study also, examined the relationship between extrinsic reward, intrinsic reward and employee performance in ElectriCo. The study employed quantitative research design under deductive approach to collect primary data from 120 respondents through self designed questionnaire. The data was

analyzed using descriptive statistics and inferential statistics. The findings of this study revealed that there is a positive relationship between extrinsic reward, intrinsic reward and employee performance, and also human resource is considered as a strategic asset in any organization because the accomplishment of an organization's objectives largely depends on employees. Therefore, it is important to identify factors which motivate employees for achieving goals. The study recommends that any public sector organizations must have better understanding of significance of reward system on employee performance in order to help to design and implement strategic reward system to bring competitive advantage. The study weakness is on the fact that it has failed to capture the current context where majority of organization operate amidst COVID-19, therefore is restricting the generalisability to the wider population within the current context.

Study done by Kumburu (2020) titled "Rewarding Employees For Organisational Performance: Does Financial Incentives Matter In The 21st Century For Tanzanian Employees". The main objective of this study was to assess if rewarding employees using financial incentives can induce employees to exert their effort and ultimately enhance organizational performance. The study employed simple random sampling method to collect primary data from 160 respondents. The study employed semi-structured interviews, questionnaires and documentary review. While the collected data were analyzed through descriptive statistics and correlation analysis. The findings revealed that there are variety of financial incentives used and the level of financial incentives provided to employees is adequate. In addition, some of the financial incentives provided to staff were found to have positive relationship with

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

Another study done in Tanzania by Muhobuta (2014), titled “Effectiveness Of Reward System as a Motivator of Employees” This study focused on the rewarding system at Tanzania Revenue authority. The main aim of this study was to investigate on what rewarding system do TRA use to its employees, and what does TRA offer to its employees and how reward system is implemented at TRA. The study employed semi-structure interview to collect information from 50 respondents, while other methods such as questionnaires, observations, and documents were used to collect both primary and secondary data. The data were analysed through qualitative and quantitative data have been analyzed by using some devices such as tables, numbers and percentages. Findings revealed that TRA rewarding system constitutes various awards such as retirement benefits; best workers award, leave allowance and salary package .The study revealed that, each reward has its own criteria for the provision and there are some procedures that are involved in awarding employees.

2.5 Research Gap

There are on-going efforts on improving employees' performance through improving organizational reward system, there is still limited literature on human resource

development issues in developing countries (Afshan et al., 2021) and increasing concerns from organizational customers towards low quality employee performance in the public sector. It is further worth noting that while much is known about the important of reward system on organizational performance in the developed world, studies of issues associated with reward system in public sector in less-developed countries are rarely found. The existing studies in this relation (For instance, several studies done in Germany, United State of America, Japan, and United Kingdom on reward system and employee performance focused on private sector (Porath et al., 2015 & Aneth, 2014), in developing countries like Cameroon, Angola and Burundi studies focused on both public and private sector (Surbhi, 2015, Yehudah, 2012 & Okpara, 2014)). Also, in Tanzania study by George (2015) on Impact of Reward System on Employee Performance focused in private sector banking industry particularly) have taken a general human resource management (HRM) focus which creates a gap on issues such as the reward system and employee organizational performance. This study will contribute in minimizing this gap in the literature and thereby establish the basis to understanding of some aspects of reward system especially in public organizations in particular in TANESCO, Tanzania.

2.6 Conceptual Framework

Conceptual Framework is the ‘blueprint’ or guide for a research (Kothari, 2014). A conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied (Kothari, 2014). Mostly, diagrams are created to clearly define the constructs or variables of the research topic and their relationships are shown. Kothari (2014) argues that the entire methodology

must agree with the variables, as well as their relationships and context. The conceptual framework for this study is built on three independent variables and one dependent variables. Independent variables in this study include intrinsic factors such as basic salary, promotion, performance-based bonus and extrinsic factors such as recognition and appreciation while dependent variable is public organizational performance in the area of productivity and profit. The figure below depicts in detail the relation between the two variables.

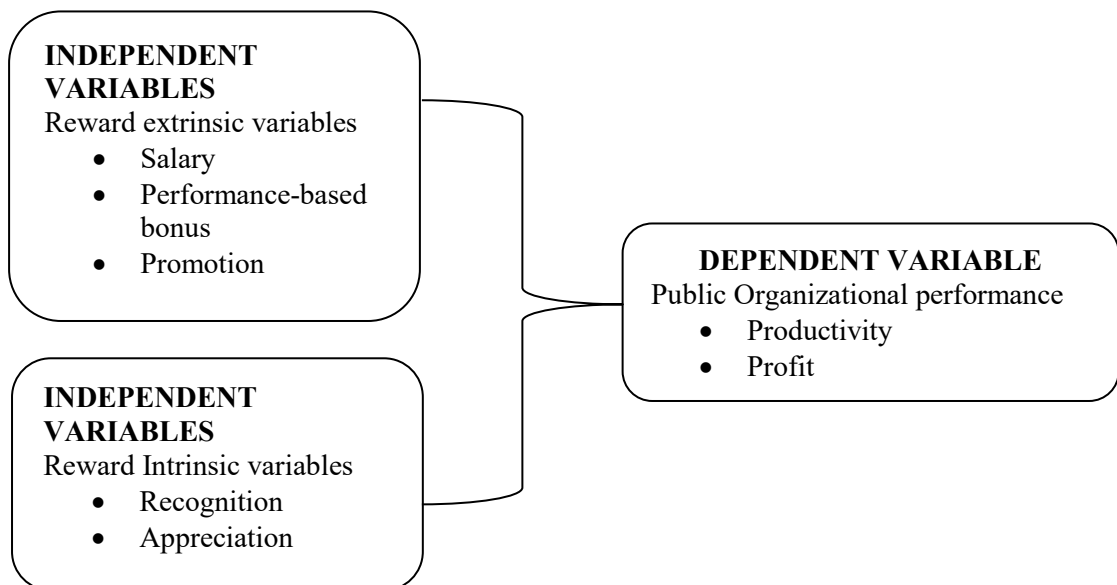


Figure 2.1: Conceptual framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Chapter Overview

This chapter provides an overview on how the study was designed and conducted. Research methodology as a systematic approach through which research is undertaken and it includes the research methods and procedures that was employed in conducting this study. In this section the researcher described research design, study population, sample size and sampling techniques, types and sources of data, data collection methods, reliability and validity issues, data analysis methods, and chapter summary.

3.2 Research Philosophy

The study used interpretive research because it requires the researcher to understand the practice within the society and its subjective meaning of social action and because it lends credibility to both exploratory and quantitative research approaches. According to Saunders and colleagues (2007), interpretive research is a research philosophy that requires the researcher to seek to understand subjective reality and participant meanings. This was chosen because this study looked into a phenomenon known as subjective reality because researcher have existence reality of the situation. According to Proctor (1998), culture, gender, and cultural beliefs are the most important factors that influence reality construction. According to this viewpoint, all social phenomena are dependent on the environmental context in which they occur and can thus only be interpreted for that context using the observer's perceptual framework. The subjective meanings that research participants attach to social phenomena were

highlighted. Ideas were generated through questionnaires and data collected, and each situation was examined in its analytical form.

3.3 Research Design

This study has used the case study research design because the research activity conducted at TANESCO and it allowed easy collection of data, getting to understand the organization more and an access to more information on the topic investigated by the researcher. There are many designs but the researcher used case study design; the design was selected because it is less expensive as compared to other methods and it was appropriate for the specified time allocated for data collection, analysis and presentation of findings, data collected in natural settings, it is intensive in nature aims at studying few units rather than something about several units, data collection is usually flexible because the researcher is free to approach the problem from any angle he/she desires.

3.4 Area of the Research

The study was conducted in Dar es Salaam at TANESCO Head Office located at Ubungo District. The study area was selected purposively. Purposive selection of the area was due to the strong fact that TANESCO Head Office located at Ubungo Dar es Salaam comprises of different sections and units which include employees of all levels as well as majority of management staff are located there. Thus, it was easy for research to gather in-depth information from the TANESCO staff of all levels in regard to the study topic. But also, the selected area made it easy to be accessed by the

researcher hence necessitated this study to develop interests over the area to reveal what other researchers have not revealed from this area of study over recent period.

3.5 Population of the Study

The quality of data depends much on the quality of the population in which the sample is drawn. Population, therefore, is the universe unity from which the sample is to be selected while the sample is the segment that is selected for investigation (McLeod, 2018). It can be only possible to assess how it is virtually a representative sample, only if the identification of the total population is done prior to the sample (Yetts, 2018). The population for this study was compose employees who are Heads of departments at TANESCO Human resource department and operation in particular, Head of working stations and ordinary employees at TANESCO. However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming. This is the reason why researchers rely on sampling techniques. The total population of this study was covered the overall total population of 700 employees obtained from TANESCO head Office departments and Units.

3.6 Sample Size

A sample is a small representation of a whole (McLeod, 2018). A sample should be similar to the population from which it is drawn, on the variables that are relevant to the study. This study engaged 254 respondents of both managers' and other employees whereby 50 managers and 204 employees of selected from TANESCO head Office departments and Units. A sample is a unit which is derived from the population during

the study. A simplified formula of Yamane was used for calculation of the required sample size as it clearly stated (Yamane, 1997).

$$\text{Here is a formula: } n = \frac{N}{1 + N(e)^2}$$

Where; n: is the sample size, N: is the population size, e: is the level of precision, sometimes called sampling error or margin of error.

So far, N=700, e =0.05.

$$\therefore n = \frac{700}{1 + 700(0.05)^2} = 254.254255 \approx 254 \text{ respondents}$$

Therefore, sample of this study consisted of 254 respondents and Table 3.1 indicates the sample distribution

Table 3.1: Sample populations

Sample groups	Sample size	Percentages
Managerial staff	50	20%
Other staff	204	80%
Total	254	100%

Source: Research Data, (2020)

3.7 Data Collection Methods

In this study, the researcher employed questionnaires in collecting data, whereby the research questions distributed to the TANESCO staff of all levels to get their responses on the research topic. The data collected were primary data because came directly from the field where the study carried out.

3.7.1 Primary Data

Primary data are the data which the researcher prepares for a specific study i.e. data collected for the first time. These data were needed because they generated new and original information. The researcher collected these data through questionnaires.

3.7.1.1 Questionnaire

A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. Questionnaires can be thought of as a kind of written interview. They can be carried out face to face, by telephone, computer or post (McLeod, 2018). During data collection for this study, self-administered questionnaires developed by research based on the theoretical and empirical review. The respondents were given questionnaires with a series of both closed and open-ended questions. The research through this method was able to gain more understanding on the relationship between extrinsic and intrinsic rewards towards employees' performance. The questionnaire was developed and distributed to the respondents and thereafter were analyzed by using SPSS.

3.8 Data Analysis Technique

The quantitative data collected through questionnaire. The researcher used Statistical Data Packages for Social Scientists (SPSS) for the analysis of data collected through questionnaires responses. Data was sorted, coded and entered the SPSS software which run to group them in their similarities. After running the SPSS, the researcher was able to condense the data representation and illustrate graphs derive meaningful conclusions as per research questions of this study. The study further, employed

context analysis to in interpreting graphs produced from the SPSS. The research questions were divided into themes and into sub-themes so as to convert all the qualitative data into quantitative data for presentation but also present the qualitative data as it is.

3.9 Ethical Issues and Considerations

The study adhered to all ethical issues. Ethical issues were crucial in research since they guide the researcher on what was permissible. The researcher observed all ethical issues including informed consent, confidentiality of information, privacy and anonymity of respondents. In addition, research clearance will be obtained from the University after following all the requirement as per university guideline.

3.10 Reliability

Reliability refers to whether or not you get the same answer by using an instrument to measure something more than once. In simple terms, research reliability is the degree to which research method produces stable and consistent results. A specific measure is considered to be reliable if its application on the same object of measurement number of times produces the same results (Saunders, et al 2012). To test construct reliability, Cronbach's alpha method used to test the reliability of the data collected from the field through triangulation method which involved the use of more than one data collection method such as interview, questionnaire and secondary. Cronbach's Alpha is the statistical method for testing constructs' reliability in research. Alpha value above 0.7 is the acceptable level in most of the studies Glesne and Peshkin

(1992). Therefore, with the help of SPSS the data that were collected from the study were tested to produce the reliability of the study.

The researcher through Cronbach's alpha for each questionnaire item in the scale, the value of the Cronbach's alpha if that questionnaire item was deleted. These values were examined by the researcher to determine the reliability of the scale as demonstrated below.

Table 3.2: Reliability of the scale

Questionnaire	Corrected item-total correlation	Cronbach's alpha
Q1	0.830	0.820
Q2	0.682	0.839
Q3	0.746	0.831
Q4	0.494	0.893

Reliability Test

Cronbach's alpha
0.865

3.11 Validity

The validity of an instrument is the idea that the instrument measures what it intends to measure. Validity pertains to the connection between the purpose of the research and which data the researcher chooses to quantify that purpose (Yetts, 2018). Moreover, a researcher made sure that the means of measurement are accurate and whether they are actually measuring what they are intended to measure but in a precision way. Data collection tools were administered at to a certain number of people out of the study population before commencement of actual data collection exercise.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Overview

This chapter focuses on the analysis and interpretation of the collected data for the purpose of addressing the research objectives of the study. This study assessed the effectiveness of the reward system in public services in Tanzania (case of TANESCO).

4.2 Demographic Characteristics of Respondents

Social demographic information of the respondents is presented in this section, start with the gender of the respondents, followed by position of respondents within the TANESCO. The main aim was to reveal the relationship and understanding of the respondents in regard to the effectiveness of the reward system in public service. Also, these variables are described because they may directly or indirectly suggest the nature of responses or possible reasons for the responses provided by the respondents.

Table 4.1: Distribution of respondent by gender

Gender	Frequency	Percentage
Male	167	66%
Female	87	34%
total	254	100%

Source: Research Findings, 2022

4.2.1 Gender

The findings in Table 4.1 show that out of 254 respondents 167 were male which equals to 66% of the total number and female were 87 which equals 34%. Therefore,

the information collected has gender mixture which means result have not been affected by gender issues.

Table 4.2: Distribution of respondent by position

Position	Frequency	Percentage
Managerial	50	20%
Officer	167	65%
Operational Staff	37	15%
Total	254	100%

Source: Research Findings, 2022

4.2.2 Distribution of Respondent by Position

From the research conducted the respondents were categorized by the positions they hold in an organization the 20% were the managerial respondents, officers were 167 which equals to the 65% of the entire sample and other operational staffs comprised of 15% of the sample. This showed that result of the study have balance to get responses of all level of staff in the organization which minimizes the biasness because one level may have different compensation package from another.

4.2.3 Awareness of the Performance Development Program Reward System Used by TANESCO

The researcher conducted the survey with the aim of knowing if the respondents had knowledge on the awareness of the PDP reward system used by TANESCO where by the results were as shown at the table below.

Table 4.3: Awareness of the PDP reward system

Awareness of PDP Reward	Frequency	Percentage
Yes	195	77%
No	59	23%
Total	254	100%

Source: Research Findings, 2022

From the table the large number of respondents had knowledge on the PDP reward system 77%, only 59 respondents did not understand what it meant by PDP reward system, the results indicate that more education should be provided to the public workers to assist them in knowing their demands and eventually increase in the performance of the institution.

4.3 Presentation and Discussion of Findings Based on the Study Objectives

In this section, the researcher presents the findings obtained from the field and discusses those findings in relation to other literature done by other researchers on the same topic. The results are presented and discussed in terms of the objectives of this study. The first objective of this study was to identify the types of rewards provided in TANESCO for better performance of employees, assess the extrinsic rewards provided in TANESCO for employees' performance, and assess the intrinsic rewards provided in TANESCO for employees' performance.

4.3.1 Types of Rewards Provided in TANESCO

The researcher was interested in knowing what types of rewards are provided in TANESCO for better performance of employees. Therefore, after collecting the data

and analysis, the study findings show that TANESCO offers intrinsic and extrinsic rewards.

4.3.1.1 Financial Rewards

As highlighted in the literature review, the reward system is implemented by an organization to influence employees' behavior and attitude towards their performance. It can be in the form of money/salary or recognition through certificate issuance. Thus, in this study, the results show that the majority of the respondents (98%) reported that salary and allowance as among the financial rewards offered by TANESCO, while the rest of the respondents (2%) reported that salary and bonus to be provided by TANESCO as financial reward. The below figure depicts details about the finding. The findings imply that employees at TANESCO are offered financial rewards to motivate them to increase their performance and, consequently, overall organizational performance.

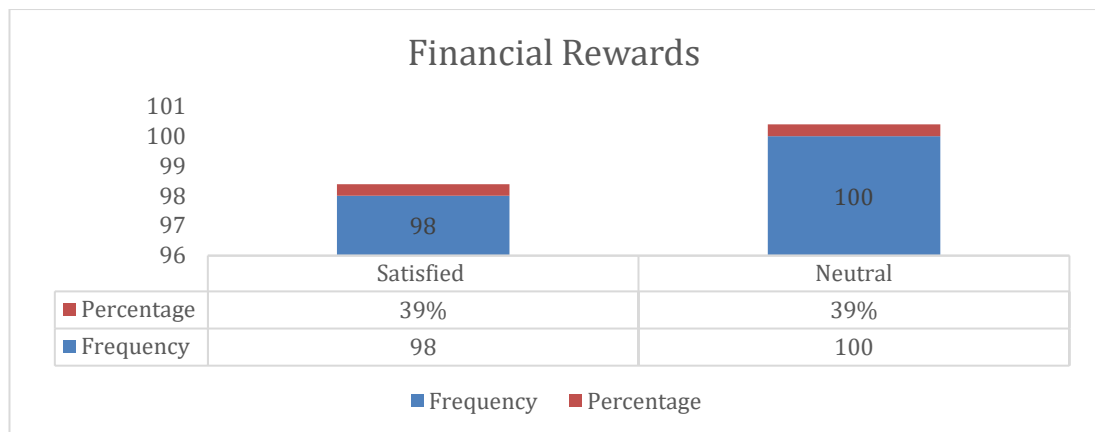


Figure 4.1: Financial rewards

This finding relates to the study done by Muhobuta (2014) which revealed that, salary and bonuses are paramount in every organization mainly for increase of motivation

and performance of the organization. Also, the study pointed out further increase of salary or excellent salary is of great importance in boosting morale for workers. Also (Asch, 2005) suggested that, Incentive power is typically defined in monetary terms as the ratio of performance-contingent pay to fixed pay, with higher ratios of performance-contingent, monetary pay viewed as “higher-powered,” that is, offering stronger incentives, hence in order to improve performance the level of salaries should be increased and allowance.

4.3.1.2 Satisfaction with the Current Financial Reward

Reward can be recognized as one of the key factors related to employee satisfaction. According to the above findings financial reward such as salary and bonus as well as salary and allowance are the benefits that employees receive from their jobs at TANESCO. The study highlighted those rewards related to financial part of job rewards are more significantly related to employee and job satisfaction. Thus, in connection to the above finding, it was noted that the main financial reward provided by TANESCO was salary and allowance.

Therefore, the researcher was interested in knowing whether the employees at TANESCO are satisfied or not satisfied with the available financial reward system within the organization. The respondents were requested to give their independent opinion on reward related issues satisfaction in a five-point Likert scale. These include very satisfied, satisfied, neutral, dissatisfied and very dissatisfied. The findings revealed that majority of the respondents accounting to 48% (123) reported to be neutral neither satisfied nor dissatisfy. While 34% (87) of the total respondents

reported to be satisfied with the current financial reward system provided within the organization. 12% (30) of the total respondents indicated to be strongly dissatisfied with the financial system, and 5% (12) respondents were dissatisfied. However, 1% (2) respondents reported to be very satisfied with the financial reward provided by TANESCO.

The finding implies that majority of employees are aware of the financial reward system within TANESCO and the organization provide the rewards to its employees. However, it's not clear to whether the employees are satisfied with the current financial reward system or not since majority of them were neutral. However, there are several respondents indicated to be strongly dissatisfied therefore, TANESCO need to improve its financial reward system to motivate employees to increase their performance and consequently improve TANESCO performance. The findings corroborate with the study done by Weiss (2012) who argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which affect (emotion), beliefs and behaviors. This implies that satisfaction influence employees' and organization performance.

Table 4.4: Current level of financial rewards

Level of Satisfaction	Frequency	Percentage
Very Satisfied	2	1%
Satisfied	87	34%
Neutral	123	48%
Dissatisfied	12	5%
Very Dissatisfied	30	12%
Total	254	100%

Source: Research Findings, 2022

4.3.1.3 Non-Financial Reward

The present study examines the influence of non-financial rewards towards employee performance at TANESCO. The researcher noted that non-financial incentives are among the types of reward that TANESCO provided which are not a part of an employee's pay. It was noted from the respondents that non-financial rewards are particularly effective for employees who are comfortable with their salary or have been in the work for a long time. The finding highlights that as the organization continue to make cuts to employees' compensation, non-financial rewards are very crucial to employees. According to the findings as shown in the below figure it shows that TANESCO mostly provide employees' recognition as part of non-financial reward as reported by 80% (203) of the total respondent. While 16% (40) respondents reported that TANESCO to offer information recognition such as thank you note and praise from their leaders or manager.

This implies that majority of employees feel motivated by the available of non-financial rewards within the organization. As results, employees' performance is increased and consequently high performance to the organization. Although recognition-based incentives might have quite different motivational mechanisms than monetary compensation, research suggests they may produce comparable, or in some cases, superior results. Recognition may boost an agent's intrinsic motivation or stimulate fewer negative reactions among co-workers than financial awards (Frey & Benz, 2005).

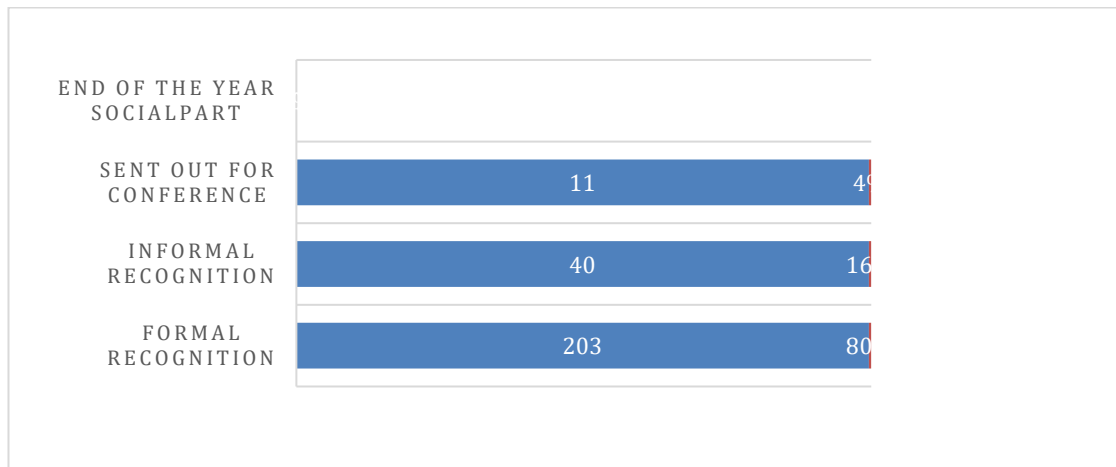


Figure 4.2: Non-financial reward

4.3.1.4 Satisfaction with the Current Level of Non-Financial Rewards

In the light of the above finding concerning non-financial rewards, it was noted that it has impact on employee performance as well in form of satisfaction with their job and in turn improve organization performance. The research suggest that non-financial rewards motivate employees more than traditional financial rewards. Because non-financial rewards boost employees' confidence, help them find self-actualization and make them feel more secure in their job. The study highlighted those rewards related to non-financial part of job rewards are more significantly related to employee and job satisfaction. From figure below, it shows that 100 out of 254 respondents (39%) respondents said that were neutral that is neither satisfied nor dissatisfied with the non-financial rewards. While, 39% (98) were satisfied with the non-financial reward, and 20% (50) were dissatisfied with the non-financial reward system with the organization. Furthermore, the findings from the below figure shows that 2% (6) were very dissatisfied with the non-financial reward. Although from the literature it suggested

that both intrinsic and extrinsic rewards are useful in bringing performance but from the results it shows.

The finding implies that at TANESCO non-financial rewards such as praise, informal and formal recognition has been practice as part of the organization policy to motivate employees’ performance. Thus, the research concludes that recognition and praise at send a stronger message of value to employees at TANESCO as reasons why majority of the respondents were satisfied with the non-financial rewards with the organization. Motivating employees through non-monetary rewards help the organization to retain employees but also influence their performance towards organization performance. According to Gallup (2016) a survey of employees, only one-third of workers strongly agreed that they had received recognition and praise for their work during the past week.

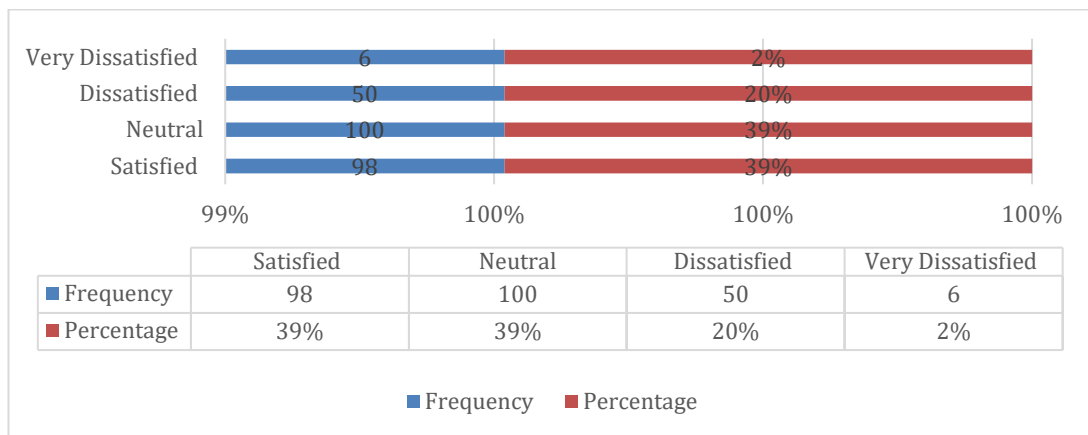


Figure 4.3: Satisfaction with the Current level of non-financial rewards

4.3.2 Extrinsic Rewards Provided in TANESCO For Employees’ Performance

The second objective of this study was to assess the extrinsic rewards provided by TANESCO for employees’ performance. The study finding highlighted those extrinsic

rewards are primarily instruments of motivating employees through appreciation to putting more effort into their work. In the findings the researcher revealed several extrinsic rewards such as pay, promotion, bonus, and other fringe benefits such as NSSF and medical health insurance. Therefore, it can be noted that extrinsic rewards in this regard are external to the employees who motivate employees to give their optimum performance because it is a form of financial remuneration for jobs well done.

In the light of the second objective as highlighted in the above section, the researcher structured different question in relation to the current reward system offered at TANESCO motivates workers to perform diligently for organizational performance. Among the extrinsic rewards identified and assessed by the researcher include salary increase, bonus increase, allowance and certificates among other.

From the table below the findings revealed that 137 out of 254 respondents accounting to 54% disagreed concerning salary excellence, bonus, allowance and recognition being given to good performers. While 69 out of 254 respondents who accounting to 27% revealed that they were neither agree nor disagree with the fact that the salary is excellent, bonus is above competitor, allowance is excellent and certificates given to good performance. However, there 12% (30) respondents who agreed that at TANESCO the salary is excellent, and bonus are above competitors. Table 4.5 depicts the finding in a more details way about the objective two of this study.

The findings corroborate with the study done by Aghwu (2013), accounts that rewards play more role than just motivation; to him rewards are means of controlling, monitoring, and influencing the behavior of employees in the sense that management can use rewards to determine behaviors of employees.

Table 4.5: Extrinsic Rewards and Organization Performance

Variables	Strong Agree	Agree	Neutral	Disagree	Strong Disagree
Salary Is Excellent	0(0%)	30(12%)	69(27%)	137(54%)	18(7%)
Bonuses Are Above Competitors	0(0%)	30(12%)	69(27%)	137(54%)	18(7%)
Allowances Are Excellent	0(0%)	15(6%)	69(27%)	137(54%)	18(7%)
Certificates Provided	0(0%)	30(12%)	88(35%)	137(54%)	11(4%)

Source: Research Findings, 2022

4.3.2.1 Salary Increase

The researcher was interesting in knowing if salary increases influence employee's performance as part of the financial reward system in the organization. The finding of extrinsic rewards revealed that the frequency of salary increases as the money that the employees are paid every month. It is important because of the things it can buy and it symbolizes employee's value. The study implies that at TANESCO if employees are being paid well, they will improve the performance of the organization since they will feel values and recognized through the provision of monetary reward. This finding was reported by respondents during the collection of that such as 62% respondents strongly agreed at salary increase as the one way of improving employees' performance and consequently organization performance.

4.3.2.2 Bonus Increase

The researcher was interesting in knowing if bonus increase influence employee's performance as part of the financial reward system in the organization. The finding of extrinsic rewards revealed that the frequency of bonus increases as the money that the employees are paid as bonus to work performed. It is important because it symbolizes employee's value for the work done. Furthermore, it was highlighted by the respondents that the benefit for work performed above and beyond normal or expected duties should be rewarded by an employer as part of recognition for the work well done. Bonuses increases are often used as incentives for increased productivity of an individual or team in a company environment. From the table 4.6 results show that 65% respondents strongly agreed on increase of bonuses as it will increase the organization performance. When the respondents were asked most of the employees said that the bonus increases should be in practical as the bonuses motivate them a lot and so most of them will work at their best so as to get the bonus every month.

Findings from (Asch, 2005), the contribution from financial rewards could be seen through Performance Improvement About 40.0% respondents mentioned in his study showed that there is performance improvement when employees get rewarded for their work because they feel recognized. Through these areas the researcher discovered that when employees are rewarded, then performance of individuals as well as employees improves. This was also observed through performance appraisal reports of the organization where by the graph of performance has been improved and this show that the reward system has played a great role in organization as well as employees' performance.

4.3.2.3 Promotion

The researcher was interesting in knowing if promotion influence employee's performance as part of the financial reward system in the organization. The finding of extrinsic rewards revealed that the frequency of employee promotion as part of recognition for the work performed by an employee play a crucial role for employee performance and overall organization performance. It is important because it symbolizes employee's value for the work done. The finding of the present study also refers to the advancement of an employee's rank or position in a hierarchical structure. When respondents were asked on the contribution of promotion in motivating employees' performance, 62% respondents strongly agreed on its importance, this is due to applicability at TANESCO as employees normally get promoted each year according to their work performance and hardworking.

Table 4.6: Extrinsic rewards

Variables	Strong Agree	Agree	Neutral	Disagree	Strong Disagree
Salary Increase	158(62%)	80(31%)	4(2%)	12(5%)	0(0%)
Bonus Increase	164(65%)	74(29%)	4(2%)	12(5%)	0(0%)
When Promoted	158(62%)	80(31%)	4(2%)	12(5%)	0(0%)
Overall Financial Rewards	189(74%)	57(22%)	4(2%)	4(2%)	0(0%)

Source: Research Findings, 2022

4.3.3 Extrinsic Rewards Provided in TANESCO For Employees' Performance

The third objective of this study was to assess the intrinsic rewards provided by TANESCO for employees' performance. The study finding highlighted those intrinsic rewards are primarily instruments of motivating employees through appreciation to

putting more effort into their work. In the findings the researcher revealed several intrinsic rewards such as formal and informal recognition, and praise for the job well done. Therefore, it can be noted that intrinsic rewards in this regard are eternal to the employees which motivate employees to give their optimum performance because it is a form of non-financial remuneration for jobs well done.

4.3.3.1 Formal Recognition

Best Worker Award certificate this was also mentioned by the management as reward provided to the employees so as to make them committed to the organization objectives. Best worker award is provided in recognizing individual exemplary performance. Table 4.7 highlighted the finding such as 39% of 254 respondents strongly agreed on the application of the formal recognition such as rewards and certificates. Certificate was revealed to be provided for an employee who proven to provide a good customer care. Such recognition at work well done improve the performance at individual level and hence improve in organization performance.

This formal recognition is by practice as the best workers of each department are obtained through election which is conducted in the annual meeting of each department at the end of the year; and the overall best worker is chosen by the management among the department's best workers. The findings are similar to, (Asch, 2005), when employees get rewarded for their work, then the performance improves due to learning and work experience. This factor was pointed out by various respondents that through reward system customers are satisfied with services provided. This was 16.0% of respondents, from his study some of heads of managerial staffs, they provide

employees with tools, resources, direction and support they need to perform so that to provide the standards services to customers.

4.3.3.2 Praise for A Job Well Done

Table 4.7 show that 39% of total respondents strongly agreed and 39% agreed on the contribution of praise for a job well done from the supervisors as the way of encouraging workers to perform the works better. This finding relates to the study done by Kanu et al, (2019), majority of the respondents indicated that the organization offer non-financial reward to appreciate employees in form of self-esteem and appreciation for work done so that they fell satisfied for their achievement and growth of the institution. Through offering non-financial rewards the study found that the employees will be motivated hence they will be loyal and committed to the institution and hence increasing performance.

4.3.3.3 Informal Recognition

This involves words such as thank you, well done, you are a star, from the finding table 4.7, the results show that 39% of all the respondents strongly agreed on the informal recognition reward system as the means of improving the organization performance, hence where possible the Human resource managers and other supervisors should appreciate the works done by their workers to improve the organization performance.

Table 4.7: Contribution of intrinsic rewards

Variables	Strong Agree	Agree	Neutral	Disagree	Strong Disagree
Praise for Job	98(39%)	89(35%)	63(25%)	4(2%)	0(0%)
Certificate	98(39%)	97(38%)	52(20%)	7(3%)	0(0%)
Informal, Thank You	98(39%)	8(35%)	63(25%)	4(2%)	0(0%)
Overall Non-Financial	98(39%)	89(35%)	63(25%)	4(2%)	0(0%)

Source: Research Findings, 2022

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary on the objectives, the field work undertaken and the findings pertaining the assessment of the effectiveness of the reward system in public services in Tanzania, the researcher presents; conclusions and recommendation, and suggests area for further research.

5.2 Summary of Findings

According to the findings of this study, out of 254 respondents, 167 were male, accounting for 66% of the total number, and 87 were female, accounting for 34%. As a result, the information gathered has a gender mix, indicating that gender issues had no effect on the results. According to the findings of the study, respondents were classified based on their positions in an organization: 50 were managers amounting 20%, 167 were officers amounting 65% of the total sample, and 37 were operational staff amounting 15%. This demonstrated that the study's findings were balanced in order to obtain responses from all levels of staff in the organization, minimizing biasness because one level may have a different compensation package to another. The study found that 77% of respondents knew about the PDP reward system, while only 59 did not know what it meant. This shows the awareness of the staff in the systems used in the company demonstrating the situations existing in the organization. The findings suggest that more education should be provided to public workers to help them understand their demands and, as a result, improve the institution's performance.

According to the findings of this study, the majority of respondents (98%) reported salary and allowance as among the financial rewards provided by TANESCO, while the remaining respondents (2%) reported salary and bonus as financial rewards provided by TANESCO. The findings imply that TANESCO employees are given financial incentives to improve their performance but some do not have enough knowledge on them and, as a result, they impact their performance and the overall organizational performance.

Non-financial incentives are among the types of rewards provided by TANESCO that are not included in an employee's pay, according to the researcher. According to the respondents, non-monetary rewards are especially effective for employees who are satisfied with their salary or have been with the company for a long time. The finding emphasizes that, as the organization continues to improve employee monetary compensations, non-monetary rewards are extremely important to employees. The finding implies that at TANESCO, non-monetary rewards such as praise, informal and formal recognition have been used to motivate employees' performance as part of the organization's policy but they are not effectively practiced. The discovery of extrinsic rewards revealed that the frequency of salary increases as the amount of money that employees are paid every month increases. It is significant because of the items it can purchase and because it represents the employee's worth. According to the study, if employees at TANESCO are well compensated, they will improve the organization's performance because they will feel valued and recognized in the company through the provision of reward. This finding was reported by respondents during data collection,

such as 62% strongly agreeing that salary increases are one way to improve employee performance and thus organizational performance.

5.3 Implications of the Study Findings

This research aimed to fill gap in the area of the effectiveness of reward systems in public organizations in Tanzania, utilizing Tanzania Electric Supply Company Limited (TANESCO) as its case study. The research gathered data and analyzed them, and interpreted the results, which have three major practical implications. The first implication of the study findings is that it provides much needed empirical data on the actual and practical role of effective reward system in public sector, how does it impact employee performance, and what is the best way of rewarding both extrinsic and intrinsic. This information is important because it will allow responsible policymakers in various public institutions to design initiatives, processes, tools, and actions based on what TANESCO does and where they are now in terms of their reward system practice in improving their systems. The second implication is that the researcher of this study believes that this study is relevant because it encourages, directors, managers and human resources management practitioners to scrutinize deeply and challenge the existing systems in relation to the reward system that is used within the organization in improving their organization performances. This is due to the fact that the study uncovered a variety of challenges regarding the existing rewards system, which indicates that it needs some sort of improvement in order to further motivate the employees. A third significant implication stems from the findings of this study regarding the one-of-a-kind nature of the non-financial rewards offered by TANESCO as a component of the rewarding practice. Examples of these types of rewards include

appreciation and promotion. The findings point to a specific set of potential and impact of various kinds of rewards towards the performance of employees and, ultimately, the performance of organizations. Lastly this study has implications also to the academicians in the making references for further studies in the areas of employee's motivations and rewarding systems in public institutions and developing theoretical understanding of public institution functioning and their performance.

5.4 Conclusion

In this study, the researcher intended to assess the effectiveness of reward system as a motivation to employees at TANESCO. The rewards used to motivate employees at TANESCO include, work salary package, allowances, recognition and promotion and trainings and development. However, some of the employees still they seem to be not satisfied with some of reward system so the organization need to do research on how to reward their employees so as to motivate them. Also, the research findings show that reward system as a motivator of employees at TANESCO has got positive contributions the following positive impacts were observed; performance improvement, job satisfaction, improvement in customer satisfaction, effective career planning and development.

Employee motivation is one of the most essential parts in developing of an organization and its success. It is hence important for an employer to understand what motivates the employees and how to maximize their overall job performance. Based on the results of this study and the many theories that were discussed, it showed the two major factors that bring the effectiveness of reward system at TANESCO. One is

intrinsic motivation which comes from inside the employee and is related to his or her feelings. Examples can be formal or informal recognition, workshop and trainings or end of year's social part. The other factor is extrinsic reward system where outside factors such as salary, bonuses and promotion motivate the employees.

Based on the questionnaires that the study conducted it is evident that employees at TANESCO are not satisfied with the reward system that is provided to them. Intrinsic rewards which were paid out as immaterial rewards was considered almost as important as extrinsic motivation and should therefore be used frequently to increase employee motivation. For improving the reward system and work motivation at TANESCO, the researcher suggested that the employees should seriously be rewarded according to their performance so as to increase their morale and recognitions to the employees. In order to keep the employees satisfied and interested with their work tasks the researcher suggested multitasking and job rotation as well as constant development and training.

This study on effectiveness of reward system in public service was conducted in order to help TANESCO analyze the attitudes of their employees towards the reward systems of the organization. Especially it helped the company to explore which of the reward system is most preferred and what other rewards motivate the employees and contribute to the performance of the organization. It can be concluded that TANESCO reward system is not to a large extent motivating, satisfactory and equal, so still efforts are required by the organization to make its reward system active and beneficial to all employees in the organization (TANESCO).

5.5 Recommendation

In the view of these findings presented it is hereby recommended as follows, various measures to be taken in reviewing the organization reward system implementation for both intrinsic and financial rewards system. Thus, will ensure, reward system meets the expectation and entire requirement for equitability, influence and satisfaction to the extent that employees acknowledge to the extent it brings the desired result to the organization performance.

5.5.1 Effective Reward System Needs to Be Instituted to Change in Performance

The amount given in extrinsic system should be flexible. Influence in reward system is important in that some rewards diminish in importance when used overtime. The researcher recommends that, in order to make reward influence in the organization, the organization needs to review its reward system from time to time because he observed that the system was not acceptable to many employees as efficient because the reward system has not changed since for the long period of time.

5.5.2 Increase Satisfaction of Rewards to Employees

There is less competition due to employee's reward is not satisfactory, employer may fail to get the desired motivational effect from employees. The researcher recommends that, to increase satisfaction of reward, the organization must publicize bonus and openly communicate to everyone on the compensation. Things like retirement benefits and leave package should be included in packages and should openly be explained to employees and the objectives of their provision should be made clear.

5.5.3 Reward Policy Implication

The researcher recommends that, the organization (TANESCO) should make effort to lay down policy for rewarding its employees that will take into consideration all employees, regardless of their status in the organization. Allowances should be issued on time so that the employees should be motivated to their works and jobs and also it would increase competition among employees.

5.5.4 Competitive Compensation and Benefit Package

Most employee attraction strategies consist of creating a competitive compensation and benefits package, or instituting an employee appreciation and recognition program as per Public Service Pay and Incentive Policy (2010). So, for TANESCO and other public organization in Tanzania should consider the above factor so that to avoid conflicts and some challenges facing them in rewarding their employees. Also, different public institutions may be functioning under different circumstances that require different conditions of service, as well as degrees of flexibility in setting their compensation structures. Nevertheless, efforts should be made to rationalize and harmonize pay in line with the principle of equal pay for equal value of work to all public services.

5.6 Limitation of the Study

In the course of doing this study the research encountered a number of obstacles particularly as they were concerning with data collection and accessibility of information. Firstly, in some instance, respondents refused to have further conversations with researcher in gathering more information regarding the study. They

were also not ready to be known, fearing like they will be labelled as not loyal to the company regarding the perception against real company practice. Secondly, struggled to have information from the institution staff, the reason for this is that they were always busy and occupied with other duties, but they had detailed data needed by the study. In order to overcome these challenges, the researcher firstly, assured all respondents that all information provided would be handled very carefully, confidentially and anonymously. After such assurance respondents were then able to open and shared the required information. Secondly, the researcher applied several formal techniques like getting approvals of collecting that information from the respective authorities to make sure he met with all required staff from TANESCO.

5.7 Area for Further Research

While this study assessed the effectiveness of reward systems in public organizations in Tanzania, using Tanzania Electric Supply Company Limited (TANESCO) as its case study, further studies could focus on the following related areas;

- i) The contribution of training and development for employees' motivation and performance.
- ii) Non-financial reward motivation factors that influence employee performance
- iii) An organizational culture that affects the effectiveness of reward systems in public organisations in Tanzania.
- iv) The implication of staff promotion in relation to employee motivation and organizational performance.

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APPENDECES

APPENDIX A: Schedule of Activities

ACTIVITY	WEEKS														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Data collection															
Drafting research proposal															
Distribution and collection of questionnaires															
Data analysis and interpretation															
Report writing															
Editing and proof reading															
Documentation and submission															

Source: Researcher (2021)

APPENDIX B: Questionnaire

Dear Respondents,

The researcher is a student of Masters in Human Resources Management at Open University of Tanzania. The purpose of this study is to assess the effectiveness of reward systems in public organizations in Tanzania used at TANESCO as a case study for perusal fulfillment of award of masters at Open University of Tanzania. The responses you will provide will strictly be used for academic purpose and not otherwise. Please you are asked to respond them accordingly.

Particulars of respondent.

Please kindly provide the following information. Write or tick where appropriate

1. Sex: Male () Female ()
2. Highest Academic Qualification; Secondary level () College level () University level ()
3. Position: Managerial () Officer () Operational staff ()
4. Year of your employment at TANESCO.....

Main Questionnaire.

5. Are you aware of PDP reward system used by TANESCO?
 - a) Yes () b) No ()
6. What is reward system currently used in TANESCO?
 - A. Financial (extrinsic) rewards
 - i) Which of the following does your organization reward?
 - a) Salary
 - b) Bonus
 - c) Commission
 - d) Allowance
 - e) Other (Please specify)
 - ii) Are you satisfied with the current level of financial rewards?
 - a) Very satisfied
 - b) Satisfied

- c) Not sure/ neutral
- d) Dissatisfied
- e) Strongly dissatisfied

B. None financial intrinsic rewards

iii) Which of the following non-financial rewards are used at TANESCO?

- a) Praise from your boss
- b) Formal recognition (such as certificate, employee of the month)
Informal recognition (Thank you note)
- c) Job allowance
- d) Sent out for a conference / workshop / seminar Fucity day out
- e) End of the year social part
- f) Other (Please specify)

iv) Are you satisfied with the current level of non -financial rewards?

- a) Very satisfied
- b) Satisfied
- c) Neutral
- d) Dissatisfied
- e) Strongly dissatisfied

7. The current reward system offered at TANESCO motivates you to perform the work diligently?

	Statements	1	2	3	4	5
	Employee views on the rewards system used by TANESCO	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	Financial Rewards					
1	Salary is excellent					
2	Bonus above competitors					
3	Commission is excellent					
	Non-financial Rewards					
1	Recognition is given to good performs					
2	Praise for excellent performance					
3	Formal praise (Certificate)					

8. What is the contribution of extrinsic rewards (Remuneration, bonus, salary and promotion) on organization performance? Please indicate the extent you agree or disagree with each of the following statement using the given scale

No	Statements	1	2	3	4	5
		Agree	Strongly agree	Neutral	Disagree	Strongly disagree
1	Increase in salary level.					
2	When I get a bonus increases my job performance increases					
3	When I'm promoted by my employer it really motivates me to work harder during the year					
4	When I'm better remuneration it increases my job performance					

9. What is the contribution of intrinsic Rewards (Praise and Recognition) on organization performance?

No	Statements	1	2	3	4	5
	Intrinsic Rewards for Organization Performance	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Praise for a job well done from my supervisor encourage me to perform my job better					
2	When I get formal recognition such as certificate of employee after month, certificate of good customer service my job performance increases					
3	TANESCO to employees really motivates us to work harder during the year					
4	Informal recognition (Such as thank you, very done, you are a star) motivates me to improve my performance					
5	Overall non-financial(intrinsic) rewards encourages employees to improve TANESCO performance					

APPENDIX C: Research Clearance Letter**THE OPEN UNIVERSITY OF TANZANIA*****DIRECTORATE OF POSTGRADUATE STUDIES***

P.O. Box 23409
Dar es Salaam, Tanzania
<http://www.out.ac.tz>



Tel: 255-22-2668992/2668445
ext.2101
Fax: 255-22-2668759
E-mail: dps@out.ac.tz

Our Ref: PG201701543

09th December, 2021

Managing Director,
TANESCO,
P.O.Box 453,
DODOMA

RE: RESEARCH CLEARANCE

The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007. In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you **Mr. Agathon Maurus Mapunda, Reg No: PG201701543** pursuing **Master of Human Resource Management**. We here by grant this clearance to conduct a research titled "**Assessment of the Effectiveness of Reward Systems in Public Service in Tanzania: A case of Tanzania Electric Supply Company Limited**". He will collect his data at your office from December 2021 to January 2022.

In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820. We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours,
THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S. Bushesha
DIRECTOR OF POSTGRADUATE STUDIES.

APPENDIX D: A Letter of Permit

**SHIRIKA LA UMEME TANZANIA
TANZANIA ELECTRIC SUPPLY COMPANY LIMITED**

Dodoma Head Office, P.O.Box 453 Dodoma. Tanzania, Tel: + 255 026 2323456/7, Web: www.tanESCO.co.tz

Our Ref: **DMDI/PC/JNHPP/06/144**

13th December, 2021
Date:

The Open University of Tanzania,
Directorate of Postgraduate Studies,
P.O. Box 23409,
DAR ES SALAAM.

Dear Sir/Madam,

RE: RESEARCH CLEARANCE

The above captioned subject refers.

2. Please refer to your letter dated 9th December, 2021 with reference number PG201701543. In the mentioned letter, the Vice Chancellor introduced **Mr Agathon Maurus Mapunda** with registration number **PG201701543** pursuing **Master of Human Resources Management** to conduct a research titled, **Assessment of the Effectiveness of Reward Systems in Public Service in Tanzania: A case of Tanzania Electric Supply Company Limited.**
3. In this regard kindly be notified that, TANESCO has granted a permit for the mentioned student to conduct the research in the specified time.

Yours sincerely,

For: TANZANIA ELECTRIC SUPPLY COMPANY LIMITED

Eng. Dismas W. Mbote

For: MANAGING DIRECTOR