

**ASSESSMENT OF THE EFFECTS OF FINANCIAL INCENTIVES ON  
EMPLOYEES PERFORMANCE: A CASE OF TANZANIA POSTS  
CORPORATION AND NATIONAL INSURANCE CORPORATION OF  
TANZANIA LIMITED MTWARA REGION**

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

**2013**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania titled “assessment of financial incentives on employees performance: a case of Tanzania Posts Corporation and National Insurance Corporation Of Tanzania Limited - Mtwara Region”, in partial fulfillment for the award of Master Degree of Human Resource Management of the Open University of Tanzania.

.....

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Signature.....

Date .....

**DEDICATION**

I dedicate this work to Almighty God, the source of all wisdom and knowledge, my parents, Mr. and Mrs. Nziku of Iringa Region, Mufindi District who are the foundation of my education, also to my Wife Jennifer and our daughter Debora Nziku, and my close friend Mr. and Mrs. Mel Hochhalter of United States of America (USA) – North Carolina.

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**ABSTRACT**

Financial incentives are vital factor towards corporations' achievements in terms of performance, efficiency, productivity and effectiveness. This does not assure corporations existence but also guarantees continual provision of services to the customers so as to meet their vision and mission. This research was conducted to examine the effectiveness of financial incentives towards employees work performance in the Corporations a focus of Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited – Mtwara Region. In the sample of study constituted one hundred (100) respondents, both qualitative and quantitative data were gathered through questionnaires which were personally administered. Independent and dependent variables were used to measure the aspect at which the financial incentives stand as the driving force towards employees' performance. For this case, financial incentive kept as independent variable, whereas employees performance regarded as dependent variable where the performance of the employees depend on the external driving force which is the provision of financial incentives to the staff. On the other hand the study has covered the gap that left by other researchers conducted similar study, which ignored to describe the relationship between financial incentives as the driving force towards employees' performance in the corporations. Most of the studies are diverging to explain the concept of relationship between "financial incentive" as independent variable and "employees' performance" as the dependent. Instead are trying to explore the relationship of other similar variables.

**ABBREVIATIONS**

|           |                                |
|-----------|--------------------------------|
| MHPO      | Mtwara Head Post Office        |
| HPO       | Head Post Office               |
| PO        | Post Office                    |
| RM        | Regional Manager               |
| SMO       | Senior Marketing Officer       |
| SAO       | Senior Administrative officer  |
| RA        | Regional Accountant            |
| SPO       | Senior Postal Officer          |
| H/EMS     | Head Expedited Mails Service   |
| H/COUNTER | Head Counter                   |
| FIs       | Financial Incentives           |
| NIC       | National Insurance Corporation |
| LTD       | Limited                        |



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## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background Information to the Problem

Before recognition of financial incentives, employees were simply treated as other inputs under the production of goods and services. There are some scholars who have undertaken extensive research to recognize how the financial incentives influence the performance of the employees in the corporations to work above their normal ability, Luthan (1998). Financial incentive is being observed as extrinsic driving force to the employees to work hard and efficiently in the organization. It also stimulates performance and attracts the employees to love the organizations, and to be fully engaged.

Koontz, H & Weihrich, H (2004) found that, employees are not motivated solely by money and employees' behavior is linked to their attitudes. For example in Tanzania Posts Corporation since 1994 to 2004 the employees were not given financial incentives for whatever the best he/she performs for the benefits of the corporation. And from 2005 to 2011 the management of the respective corporations recognized that, the employees are doing great annually and are to be provided with financial incentive as recognition for their efficiently performance portrayed in the Corporation. Normally the financial incentives are provided during the Workers Day, May 1<sup>st</sup> each year.

The table below shows the total number of employees provided with financial incentives for the described period of time.

**Table 1.1: Employees Provided with Financial Incentives from 1994 to 2011****Mtwara Region**

| Corporation                             | Tpc         |             | Nic         |             |
|---|-------------|-------------|-------------|-------------|
|   | 1994 – 2004 | 2005 - 2011 | 1994 – 2004 | 2005 - 2011 |
| Number of Employees<br>(Mtwara Region). | 0           | 16          | 0           | 23          |

**Source:** TPC News 2011& NIC News 2012

The period range from the year 2005 to 2011, the employees under TPC and NIC (T) LTD were solely provided with financial incentives. The time range includes eight (8) years; where by the total number of thirty nine (39) employees was provided with financial incentives. *Source: TPC News (2011) & NIC (2012).* Well managed corporations usually see an average worker as a root source of quality and productivity gains. The corporation that looks employees as the fundamental source of improvement in productivity, they tend to balance between capital investment and employees treatment (Mine, Ebrahimi, and Wachtel, 1995).

Provision of financial incentive is all about twisting employees' behavior and making them to adapt the job's habit. This is mainly done by making extensive research to understand what do really employees need in the corporations. The minds of employees can easily be shaped to the job through; learning activity and choice of assignment, flexible working hours and time off, personal praise, increased autonomy and authority in their job and time with their manager (Robbins 2005: 176).

Financial incentives are the direct attracting factors to the employees towards work performance. It is a sort of reward to the employees which influence the efficiency



and effectiveness of the employees in the particular organization. If it is practiced well in the organization automatically will result into the best organization's performance. Managers in managing the development of the corporations are to think much on strengthening manpower and the corporations' management should consider that; the motivation and employees' needs are the basic thing and are to be focused at large so as to encourage the employees to work, (Porter 1975).

Well financially motivated manpower normally will be the solution towards the better progress and performance of the corporations. Financial incentives appear to be an expense in the Short run while worth in the long run; therefore the management should focus much in the long run to harvest better output. This study will be focusing much into the influence of financial incentives on work performance. The today's corporations are in quandary on the way that how to make employees to feel comfortable and encouraged to work for the development of the corporation, because the management itself has not yet recognized for what is to be done in order to encourage their performance in the corporations, (James 1994).

This study will embark on assessing how the financial incentives will influence employees to work efficiently for the growth of the TPC and NIC (T) LTD. The study will also provide the possible methods of financial incentives to be adopted by the two mentioned corporations in running the day to day operations while utilizing the existing staff, eventually to be the best among many Corporations in Tanzania and in the World at large.

## **1.2 Statement of the Problem**

Financial incentives are the most driving factors towards employees' performance. The today's corporations are performing the best in terms of productivity, effectiveness and efficiency resulted from introduction of financial incentives to their employees in the corporations.

TPC and NIC (T) LTD have been providing financial incentives partially to their employees for the extra work done, or efficiently recognized employees performing the best of all with the assumption that performing the best and extra duties are the obligations of the employees, (Postal & NIC News 2012). Partial provision of financial incentives to the employees performing the best in the corporation has made the employees not to engage so much in performing the best because they are not satisfied from what they receive from the corporation.

Robbins, (2005), published an article titled "Organization Behavior" which tried to overstate about the system of providing the monetary incentive to its employees meeting the objectives on time, introducing new skills and creativity. With that reason the researcher has decided to engage much into assessing the effects of financial incentives to the employees' performance in the corporations.

TPC and NIC (T) LTD face the problem of effective provision of financial incentives to their employees and also they are among the corporations in Tanzania which involve direct interaction between employees and the customers, in short they are business oriented corporations. Financial incentives have seen as a major problem within the corporations because for the period ranging from the year 1994

to 2011; TPC has financially motivated 16 (41%) staff whereas NIC (T) LTD has only 23 (59%) staff making a total of 39 staff provided with financial incentives.

The problem has identified by the researcher by comparing the effectiveness of the mentioned corporations from the year 2005 to 2011 where by the corporations had been providing financial incentives to their employees and the impacts on productions was measured greater than that from the year 1994 to 2004 where there was no financial attractions at all. Therefore the study will engage much on assessing the issue of providing financial incentives to the employees in relation to the employees' performance in TPC and NIC (T) LTD.

### **1.3 General Objective**

The general objective of this study is to assess the effects of financial incentives on employees' performance in TPC and NIC (T) LTD (Mtwara Region).

### **1.4 Specific Objectives**

- i. To assess the reasons for the exclusion of financial incentives by TPC and NIC (T) LTD.
- ii. To examine how the financial incentives influence the employees' performance in the TPC and NIC (T) LTD.
- iii. To make recommendations on how the financial incentives have been affecting the employees' performance in the TPC and NIC (T) LTD.

### **1.5 Research Questions**

- i. What are the reasons for TPC and NIC (T) LTD – Mtwara Region to

exclude financial incentives to their employees?

- ii. How do the financial incentives influence employees' performance in the corporations?
- iii. What is to be suggested about financial incentives to the TPC and NIC (T) LTD – Mtwara Region?

### **1.6 Significance of the Study**

According to the framework of the Herzberg (2004), said that factors like corporation's policy, supervision, interpersonal relations, working conditions, and salary are hygiene factors rather than motivators. The findings of this study are useful in different aspects of TPC and NIC (T) LTD, under different cadres as being explained hereunder. Through this study, the managements of TPC and NIC (T) LTD - Mtwara Region have appropriate methods to be undertaken in provision of financial incentives to their employees.

The study is helping the managements of TPC and NIC (T) LTD - Mtwara Region to understand whether financial incentives lead into making the employees to be satisfied by the work. The study is helping the Managements of TPC and NIC (T) LTD - Mtwara Region to understand the possible problems which may occur in the corporations as a result of financial incentives. The study is helping the managements of TPC and NIC (T) LTD - Mtwara Region to develop some strategies to be dealing with the problems of financial incentives as one of the major factors that influence employees' performance in the corporations. On the other hand, to the researcher, apart from being a compulsory research paper for fulfillment of Master Degree of Human Resources Management is also vital to extend knowledge

on finding solutions to various social, business, and government problems. Thus the study has definitely contribute much on the corporations' performance and eventually development of stakeholders of the respective corporations.

### **1.7 Limitation of the Study**

For this study, methodology appears to be a very serious problem. The methodology includes procedures of collecting data from the samples through methods like interviews, questionnaires, and observation. It is a problem because the samples lack uniformity in tasks performing and even in education. Therefore the system of collecting data will not be uniform.

### **1.8 Delimitation of the Study**

The researcher has been delimited to TPC and NIC (T) LTD – Mtwara Region and all findings which have been obtained about the assessment of the effects financial incentives on employees' performance can not be used as a sample of other corporations in Tanzania and World at large.

### **1.9 Scope of the Study**

The goal of this research is to describe the impact of financial incentives to the employees' work performance. In general the study covered the theoretical aspects of financial incentives covering both content and process of provision of such incentives. The empirical section focused on Fredrick Herzberg two – factor content theory of motivation to gain insights about the effectiveness of financial incentives on employees' work performance in TPC and NIC (T) LTD a case made to Mtwara

Region. The focus was on financial incentives and strategies to be adopted in provision of such incentives to the employees in any kind of Corporation existing in Tanzania.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Definition of Key Terms**

##### **2.1.1 Financial Incentives**

Senge (1990) defined financial incentive as an external driving force designed by the organization to encourage the creation of high-skill jobs and encourage the growth of corporate headquarters and other targeted industries resulted from the effectiveness and efficiency of the employees. James (1994) defines financial incentives as monetary benefits offered to consumers, employees and organizations to encourage behavior or actions which otherwise would not take place. A financial incentive motivates actions which otherwise might not occur without the monetary benefits.

Financial incentives are the money provided to the employees for something developed by an individual employee and recognized as unique so as to harmonize creativity, effectiveness, and efficiency of the particular employee in the corporations.

##### **2.1.2 Employee**

Robbins, (2005), defined an employee as the one who contributes to labor and expertise to an endeavor of an employer and is usually hired to perform specific duties which are packaged into a job. In most modern economies, the term "employee" refers to a specific defined relationship between an individual and a corporation, which differs from those of customer or client.

### **2.1.3 Employees' Performance**

Bhatti, and Qureshi, (2007) assert that employees' performance is the productivity measure encompassing both efficiency and effectiveness. It is important, therefore, to know who the productive employees are. Productivity is a performance measure encompassing both efficiency and effectiveness. High performing, effective corporations have a culture that encourages employee involvement.

Porter (1975); defined employees' performance as the action portrayed by the employees in the corporation towards the assigned task. The action may be positive or negative to the organization. The positive action results into better productivity of the organization while the negative one leads into poor productivity of the organization. Aligning the corporation's objectives with the employees' agreed measures, skills, competency requirements, development plans and the delivery of results will improve the productivity of the corporations. The emphasis is on improvement, learning and development in order to achieve the overall business strategy and to create a high performance workforce.

### **2.1.4 Employees' Recognition**

Koontz & Wenhrich, (2004) defined Employees Recognition as the most essentially positive feedback that lets employees know they are valued and appreciated by their coworkers and the organization. To have the greatest impact in the workplace, recognition activities should also reinforce and encourage work that advances employee, departmental, and/or institutional goals and values. While the Institute as whole and individual departments is responsible for providing resources and programs for recognition activities, employee recognition is fundamentally about



relationships. Employees want their contributions and efforts to be acknowledged by those they work with on a day-to-day basis, including managers and peers. In fact, employees are most satisfied when recognition comes from a blend of sources.

### **2.1.5 Corporation**

Luthans, (1998); defined a corporation as a separate legal entity that has been incorporated through a legislative or registration process established through legislation. Incorporated entities have legal rights and liabilities that are distinct from their employees and shareholders, and may conduct business as either a profit-seeking business or not for profit business. Most jurisdictions now allow the creation of new corporations through registration. In addition to legal personality, registered corporations tend to have limited liability, have shareholders who own or hold shares of a type of security commonly called stock, and are controlled by a board of directors who are normally elected or appointed by the shareholders.

### **2.1.6 Corporation Performance**

Luthans, (1998); Corporation performance is the area of business intelligence involved with monitoring and managing an organization's performance, according to key performance indicators such as revenue, return on investment, overhead, and operational costs. It is also known as business performance management or enterprise performance management.

## **2.2 Critical Theoretical Review**

Employees bring to a work situation their feelings, beliefs and a repertoire of behaviors which determine their modus operandi on a day to day basis. It is for this

reason that managers constantly seek to understand, explain and if possible to predict the nature of their employees' behavior. Theories of financial incentives going to be reviewed so as to explore the truth about the relationship between financial incentives and the employees' performance as one of the strategic procedure of motivation. The theories will provide a framework to the management of the corporations so as to gain insights about their employees.

### **2.2.1 Cognitive Oriented Theory**

Christ et al. (2008) overstated about the theories of financial incentives that are the central feature of accounting control systems that provide the direction of the organization in terms of performance if they are introduced to the employees. The maintained assumptions of many of these studies are that financial incentives and other Organizational controls increase effort and thereby produce "incentivized" behavior. For example, Bonner and Sprinkle (2002, pg. 307) review four theories social-cognitive, expectancy, agency, goal setting that are "the predominant explanations offered for the effects of monetary incentives on effort direction, duration, and intensity. For inner successful work performance, employees and management need to have common altitudes on communication in both vertically and horizontally and complete trust between individuals, groups and management. Employees see themselves as family with the respective corporation as the parent that looks after their welfare.

### **2.2.2 Psychological Theory**

Deci and Ryan (2008) assert that in thirty years ago, some researches and theories about financial incentives were conducted to provide support for many of its core

principles and demonstrate enhanced monetary motivation and desirable personal and organizational outcomes in business organizational.

The theory postulated psychologically that an individual employee may be given a little dollar as extra amount to finance the general life while at the work place. Its impact was concluded to influence a lot the employees to work efficiently for the betterment of the organization. The theory supports that, financial incentives should be provided to the employees so as to drive their performance in the in the organization. The theories of financial incentives overstate that financial incentives attract and push the employees to perform the best in the organization. Normally financial incentives harmonize the efficiency and effectiveness of individual employee in the respective corporations, because is the only factor that makes the employee to be happy with the job since is an immediate recognition of an individual employee.

#### **2.4 Empirical Studies**

Daly et al (2003); in their study titled “Exploring the effectiveness of monetary benefits to the employees”, which aimed to explore how monetary benefits earned by the employees facilitate the change process within companies in the Northern Ireland context. Daly and the research fellows concluded that the approaches adopted by the management to change varied according to size and type of organization, as well as softer factors such as culture and management style had been facilitating the growth of the companies resulted from effectiveness of the employees in the particular companies.

One manager pointed out, initiatives of the employees will slightly disappear if the management will not introduce financial attractions to the employees as incentives for working hard in the company. Covington, (2001). The consensus that they came up within the study is that provision of financial attractions like money to the employees are the driving engine towards success of any organization. Welch and Jackson (2007); in their research titled “Rethinking About the Organization’s Development: a Stakeholder Approach” they aimed at helping the organizations to improve on its productivity while proposing the concept of providing some attractions to the employees so that all the time can keep thinking about the organization and bringing their creativity so as to increase the organization’s efficiency and effectiveness.

This paper identified the gaps between subordinates and supervisors in such away that most of the organizations are highly considering supervisors by providing with financial attractions to encourage them to supervise well the subordinates and ignoring the doors. Expatriates are also provided with monetary attractions out of monthly earnings as retaining strategies in the organization. To address these gaps, the financial incentives were defined and positioned within the corporate. To conclude their study, Welch and Jackson (2007), explained that members of the management are vital to all aspects of organizations and the strength of the corporation depends on the balanced equality between the employees in the organization. Doers are also to be highly considered in provision of monetary attractions because are the ones whom can facilitate the growth or failure of the organization in terms of its performance.

## **2.5 Research Gap**

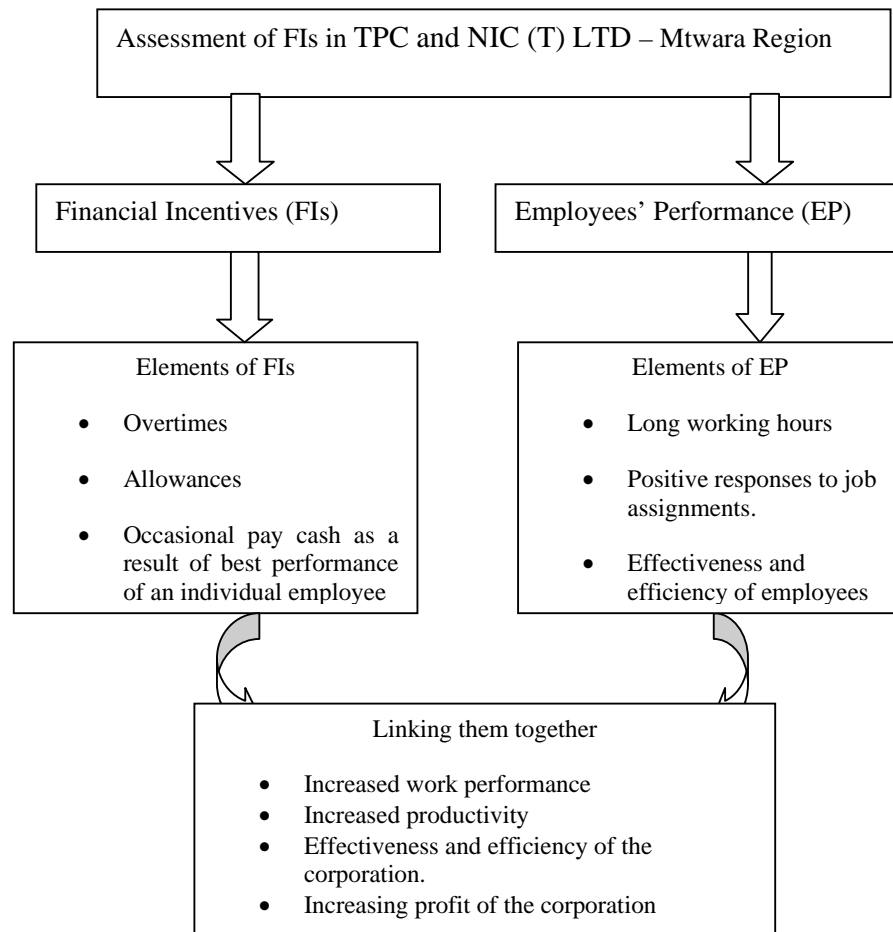
In discussing the gap in the knowledge of financial incentives while suggesting ways to close this gap will explore what is missing from the studies conducted by some of the researchers and then find the solutions so as to cover the gap. Hogan et al (2008:16) in their study about “managerial attractions towards employees’ performance” discussed a lot about both independent and dependent variables. They concluded that, management as independent variable is the only one that makes the employees to work efficiently in the organization provided that there is good relationship between the staff. Further more explained that financial attractions are some minor issues which should not be entertained in the organization because cause losses.

Hermanson et al (2006) in their study about “self engagement towards employment is the determinant of financial incentive”. In this study the researchers aimed at exploring the systems at which the financial incentives are to be provided to the staff. They come up with the conclusion that, the effectiveness and efficiency of individual employees will determine how much the employee should be award with financial incentives. In their exemplifications tried to relate the system with the schools where by the students are awarded according to their performance.

All of the studies ignore to describe the relationship between financial incentives as the driving force towards employees’ performance in the corporation. The studies are diverging to explain about the concept of relationship between “financial incentive” as independent variable and “employees’ performance” as the dependent. Instead are trying to explore the relationship of other similar variables.

In order to ensure that all sides of the relationship between the management, employees engagement to the employment, employees' performance and the financial incentives are well established, the researcher going to complete the missing part (gap) which had been not covered by other researchers. The study on the hand going to be the bridge of concretizing the relationship between the variables.

## 2.6 Conceptual Framework for Financial Incentives (FIs)



**Figure 1.1: Conceptual Framework for Financial Incentives (FIs)**

**Source:** Developed by the researcher from literature review 2013

The researcher will try to examine the weaknesses of the TPC and NIC (T) LTD in provision of financial incentives to the employees in the corporations as the driving force towards their performance. In so doing will also cover the gap that by determining the exactly figures through questionnaires filled by the employees and the approaches used in determination of the best employees.

Financial Incentives (FIs) is an independent variable of the study. It is therefore subjected be provided to the employees so as to influence performance in the corporations under which the researcher has decided to conduct the study. The variable has its elements like Overtimes, allowances and occasional pay cash as a result of best performance of an individual employee Employees' Performance (EP) is a dependent variable of the study. It is therefore depends much on the on the driving force of financial incentives, where if it well provided to the employees leads into better performance of the employees in the corporations under which the researcher has decided to conduct the study. The variable has got its elements like long working hours, positive responses to job assignments and effectiveness and efficiency of employees.

The independent and dependent variables are linked together through the combined and measurable effects like Increased work performance, Increased productivity, Effectiveness and efficiency of the corporation and Increasing profit of the corporation. Independent variable stand as a driving force towards dependent variables where by the outcomes become the better fruits of the corporations. Basing on the above explanation of what different authors have said about the employees

and financial incentives, it is shown that factors of financial incentives have great impact on employees' work performance of any corporation. Thus it is imperative for the researcher to study how the activities get done through financial incentives in TPC and NIC (T) LTD Mtwara Region in achieving high corporations' returns



## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Research Paradigm**

Research methodology involves many different tactics and approaches that are used to conduct the study. The research approaches and techniques help the researcher to achieve the research objectives. One of the most important things in research study is to understand the nature of the study and generalizing it as qualitative or quantitative, (Kothari, 2004). The study is qualitative research as it had been overstated in chapter one for the reason that, the nature of the corporations under which the study going to be conducted and the kind of the information going to be extracted, assessed and described by the researcher.

According to Barnes, 2002, there are two research paradigms, namely; positivist and phenomenology. The positivist claims that the source of knowledge is observable and has measured variable. Phenomenology tends to draw upon the methods that develop meaning from the participants' point of view and generally favor a qualitative approach to data collection and interpretation (Stiles, 2003). The researcher ensured that the information gathered from the staff are first handed and reflecting the title of the study, as have been explained in chapter one. In additional, has ensured that the information support the study as qualitative or descriptive.

#### **3.2 Research Design**

Qualitative research is concerned with qualitative phenomenon that is phenomenon relating to or involving quality or kind. For example when the research is intended at

investigating the reasons for human behavior influenced by financial incentives (Why people think or do not certain things) we quite often talk of motivation research which is an important type of qualitative research (Kothari, 2004).

Quantitative research methods have been adopted primarily by the researcher because it involves low number of respondents. Qualitative research on the other hand is very important for exploring more practical issues and is high entertained by many researchers in findings. For exploring issues in any corporation, qualitative research is more accurate and important than quantitative research approach because cannot make the researcher to gain the total complete picture of what is needed in the study (Kothari, C.R 2004:5). The study has made the researcher to gain the total knowledge, ideas, and demands of the employees in the corporation by gathering information through distributing questionnaires to obtain information.

### **3.2.1 Area of the Study**

The targeted population was the complete group of specific population elements relevant to the research project, (Kothari, 2004). The study is dedicated to Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited - Mtwara Region only, and will be regarded as single research approach.

### **3.2.2 Population of the Study**

The populations interviewed were selected among the staffs of Tanzania Posts Corporation and that of National Insurance Corporation of Tanzania Limited - Mtwara Region. The researcher used one hundred (100) employees as selected samples in collecting data out of total staff from TPC and NIC (T) LTD totaling one

hundred fifty two (152), and used all categories of personnel, like counter officers (doers – both seniors and juniors), supporting Staff as well as top management. The population profile is presented in the table hereunder.

**Table 3.1: The Population Profile of Employees in TPC and NIC (T) LTD.**

**Mtwara Region**

| TPC                                 |            |        | NIC (T) LTD |        |
|-------------------------------------|------------|--------|-------------|--------|
| CAPACITY                            | MALE       | FEMALE | MALE        | FEMALE |
| Senior (Management/<br>Supervisors) | 10         | 2      | 8           | 16     |
| Junior (Operators/ Doers)           | 22         | 6      | 57          | 31     |
| Sub – total                         | 32         | 8      | 65          | 47     |
| <b>Grand Total</b>                  | <b>112</b> |        |             |        |

**Source:** TPC News (2011) and NIC (T) LTD News (2012)

### 3.2.3 Sample and Sampling Techniques

A sample is the sub-set or some part of the larger population. The purpose of the sampling is to enable researcher to estimate some unknown features of a population or organization, (Kothari, 2004). The researcher must decide the way of selecting a sample or what is popularly known in a sample design. In this study, one hundred (100) members of staffs from TPC and NIC (T) LTD - Mtwara Region were interviewed to explore the truth about effects of financial incentives towards employees' performance.

### **3.2.3.1 Random Sampling**

Kothari, (2000); Asserts that probability sampling is applicable in any process of collecting data, and every element in the population has a known non - zero probability of selection. One of the best ways to achieve unbiased results in a study is through random sampling. Random sampling includes choosing subjects from a population through unpredictable means. In its simplest form, all subjects have an equal chance of being selected out of the population being researched. The method used for sampling was random number tables, more recently known as random number generators, tell researchers to select subjects at an interval generated randomly.

This situation is true because every member of Staff have equal chance to figure out the information needed by the researcher. The statement of Kothari, (2000), had assisted the researcher to make decision on how to obtain samples to complete the study. It is also much faster and often less expensive to use random sampling and as a result is a much more efficient way to obtain results. Additionally, random sampling consistently provides results that are valid, making it easy for researchers to draw conclusions about large populations.

In surveying a large population it may not make sense to survey everyone in the population, as this would be very time consuming and often quite expensive, (Kothari, 2004). Random sampling in this case has been proportionate to the size of the population, and the results from surveying the samples used to infer how the population as a whole may have responded and to draw conclusions about the larger group.

### **3.3 Data Collection**

Kothari, (2004); pointed out that for the descriptive study, the survey data method of collecting data will be needed. A survey is a research techniques in which information are gathered from a sample of people using a questionnaire. In this study the questionnaires used to solicit responses from subjects. The questionnaires included both close and open ended questions.

The data collected are classified into primary and secondary. Primary data are the information obtained from the original source while secondary data obtained as second hand data like from books and any others sources which is not original, (Kothari, 2004).The researcher obtained the primary data in this study because all information received directly from the staff themselves. For that reason the information extracted the truth about the problem, and make it to be meaningful and useful.

#### **3.3.1 Types of data**

##### **3.3.1.1 Primary data**

Primary data are those collected from the source and for the first time, and thus happen to be the original in nature, (Kothari, 2004).

In primary data, data collection are done by the researcher himself through conducting interviews, focus group interviews, observations, case studies, diaries, and or questionnaires. The key issue here is that, the data collected are new, unique and are related to the research only under which the researcher is dealing with until is published. For this study the researcher focused much on Primary information.

### **3.3.1.2 Secondary Data**

Sometimes secondary data may be collected from libraries where other researchers have collected without having direct use of the data. The study involved secondary data sometimes to get views from other researcher, particularly for those did the same study, (Kothari, 2004). Secondary data are the ones which are already collected by other researchers for different purposes or use. Usually secondary data are written documents and are used as references. The sources of secondary data are mostly from publications, diaries, journals, researches, surveys, newspapers, project write ups, census and other records like Company or corporation's records.

### **3.3.2 Data Collection Method**

Questionnaires were sent to a large number of people to save the researcher's time and money. People are more truthful while responding to the questionnaires regarding controversial issues in particular due to the fact that their responses are anonymous. But they also have drawbacks. Majority of the people who receive questionnaires do not return them and those who do might not be representative of the originally selected sample, (Leedy and Ormrod, 2001). Interview approach of data collection was also applied by the researcher to obtain some information directly to the employees from TPC and NIC (T) LTD - Mtwara Region. It was orally and direct conversation between the researcher and the respondents.

#### **3.3.2.1 Questionnaire**

The researcher used questionnaires in data collection because it often makes use of checklist and rating scales. These devices helped to simplify and quantify employees' behaviors and attitudes. A checklist is a list of behaviors, characteristics,

or other entities that the researcher is looking for. Either the researcher or survey participant simply checks whether each item on the list is observed, present, true and or vice versa. A rating scale is more useful and the researcher used it at completing the study.

Qualitative data collection methods play an important role in the impact evaluation by providing information useful to understand the processes behind observed results and assess changes in people's perceptions of their well-being. Furthermore qualitative methods can be used to improve the quality of survey-based quantitative evaluations by helping generate evaluation hypothesis; strengthening the design of survey questionnaires and expanding or clarifying quantitative evaluation findings.

Regardless of the kinds of data involved, data collection in a qualitative study takes a great deal of time. The researcher going to record any potentially useful data thoroughly, accurately, and systematically, using field notes, sketches, audiotapes, photographs and other suitable means. The data collection methods observed the ethical principles of research.

### **3.3.2.2 Interview**

Gardner (2001) defined interview as a two-person conversation, initiated by the interviewer for the specific purpose of obtaining research-relevant information and focused by him on the content specified by the research objectives of description and explanation.

The major functions of the interview techniques are description and exploration. Under the description the information received from the respondent provides insight

into the nature of social reality. Since the interviewer spends some time with the respondents, he can understand their feelings and attitudes more clearly, and seek additional information wherever necessary and make information meaningful for him whereas exploration interview provides insight into unexplored dimensions of the problem. The researcher based much on the itemized categories of the interview questions to ensure that the required information to fulfill the research paper is obtained and meaningful.

#### **i. Structured Interview Questions**

Based on the structured interview-guide which is little different from the questionnaire. It was a set of specific points and definite questions prepared by the researcher.

#### **ii. Standardized Interview Questions**

In standardized interviews, answer to each question were standardized as it was determined by a set of response categories given for this purpose. The respondents are expected to choose one of the given options as the required by the researcher. The researcher based much more on the two forms of the interview questions as a tool of obtaining data to ensure that the data needed to complete the study were obtained.

### **3.4 Data Analysis**

Analysis is the application of reasoning to understand and interpret the collected data, (Kothari, 2004). Data analysis implies that the collected data should be condensed to the best manageable level of group for further analysis.



Data analysis is a practice in which raw data are ordered and organized so that useful information can be extracted from it. The process of organizing and thinking about data is a key to understand what the data do and do not contain. There are a variety of ways in which people can approach data analysis, and it is notoriously easy to manipulate data during the analysis phase to push certain conclusions or agendas. For this reason, it is important to pay attention when data analysis is presented, and to think critically about the data and the conclusions which were drawn.

Raw data can take a variety of forms, including measurements, survey responses, and observations. In its raw form, this information can be incredibly useful, but also overwhelming. Over the course of the data analysis process, the raw data was ordered in a way which becomes useful. For example, survey results may be tallied, so that people can see at a glance how many people answered the survey, and how people responded to specific questions.

Charts, graphs, and textual write-ups of data are all forms of data analysis and will be used by the researcher. These methods are designed to refine and distill the data so that readers can glean interesting information without needing to sort through all of the data on their own. Summarizing data is often critical to supporting arguments made with that data, as is presenting the data in a clear and understandable way. The raw data may also be included in the form of an appendix so that people can look up specifics for themselves.

When people encounter summarized data and conclusions, they should view them critically. Asking where the data is from is important, as is asking about the

sampling method used to collect the data, and the size of the sample. If the source of the data appears to have a conflict of interest with the type of data being gathered, this can call the results into question, (Kothari, 2004). Likewise, data gathered from a small sample or a sample which is not truly random may be of questionable utility. Reputable researchers always provide information about the data gathering techniques used, the source of funding, and the point of the data collection in the beginning of the analysis so that readers can think about this information while they review the analysis.

Here the researcher required grouping the raw data and processing them into usable category. Sometimes required statistical computation steps to verify the relationship or differences existing between the variables. For this study the incidences were analyzed according to M-H Theory of Herzberg, which mainly emphasizes the human satisfaction between as a result of financial incentives.

### **3.5 Validity of Data**

Kothari (2004) asserts that, data validity is the correctness and reasonableness of the information extracted from the source. The researcher obtained the valid data, with the reason that found from the primary source. The primary data corrected and meaningful for the completion of the study.

### **3.6 Reliability of Data**

There are many forms or reliability, all of which have effects on the overall reliability of the instrument and therefore the data collected. Reliability is an essential pre-requisite for validity. It is possible to have a reliable measure that is not

valid; however a valid measure must also be reliable (Kothari 2004).

The researcher assessed the degree to which employees agree when measuring the variables through filling questionnaires containing the same phenomenon. The researcher compared results from an initial test which repeated measures later on, the assumption being that, if the instrument is reliable, there is close agreement over repeated tests if the variables being measured remain unchanged.

Individual items in an instrument measuring a single construct will be give highly correlated results which would reflect the homogeneity of the items. This can be

## CHAPTER FOUR

### 4.0 RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

#### 4.1 Introduction

This chapter deals with data analysis and presentation of finding. This is the most important chapter in which the findings of the study are analyzed and discussed in details relating to the objectives of the study. From this chapter the outcomes on the assessment of the effects of financial incentives on employees' performance are revealed and analyzed with evidence, a case of Tanzania Posts Corporation and National Insurance Corporation of Tanzania LTD - Mtwara Region. The presented data come from the respondents having specific information on how the assessment of the effects of financial incentives on employees' performance.

#### 4.2 General Information of the Respondents

A total of one hundred (100) questionnaires were distributed to the employees of both Tanzania Posts Corporation and the National Insurance Corporation of Tanzania Limited. And the following information about Sex, Age, Marital status and Education were obtained as tabulated in Table 4.1.

**Table 4.1: The sex of the Respondents**

|        | SEX       |         |                    |
|--------|-----------|---------|--------------------|
|        | Frequency | Percent | Cumulative Percent |
| Male   | 63        | 63.0    | 63.0               |
| Female | 37        | 37.0    | 100.0              |
| Total  | 100       | 100.0   |                    |

**Source:** Research Data (2013)

The statistical presentation of the information indicating sex of the respondents as tabulated above, 63% of the total respondents are male whereas 37% of them are female. In TPC and NIC (T) LTD appear to have more male employees than female employees.

**Table 4.2: The Age Ranges of the Respondents**

| SEX             |           |         |                    |
|-----------------|-----------|---------|--------------------|
|                 | Frequency | Percent | Cumulative Percent |
| 25 - 34         | 35        | 35.0    | 35.0               |
| 35 – 44         | 37        | 37.0    | 72.0               |
| 45 – 55         | 19        | 19.0    | 91.0               |
| 56 and or above | 9         | 9.0     | 100.0              |
| Total           | 100       | 100.0   |                    |

**Source: Research Data (2013)**

The statistical presentation of the information indicating ages of the respondents as tabulated above, age ranges from (25 – 34) constitute 35%, (35 – 44) constitute 37%, (45 – 55) constitute 19% while 56 and or above have only 9% of the total respondents. In TPC and NIC (T) LTD appear to have more energetic staff rather than those near to retire, thus the work force is high.

**Table 4.3: The Marital Status of the Respondents**

| MARITAL |          |           |         |                    |
|---------|----------|-----------|---------|--------------------|
|         |          | Frequency | Percent | Cumulative Percent |
|         | Single   | 30        | 30.0    | 30.0               |
|         | Married  | 33        | 33.0    | 63.0               |
|         | Divorced | 21        | 21.0    | 84.0               |
|         | Widow    | 16        | 16.0    | 100.0              |
|         | Total    | 100       | 100.0   |                    |

**Source: Research Data (2013)**

The statistical presentation of the information above portrays the marital status of the respondents. The analysis shows that, 30% single, 33% married, 21% divorced, and 16% of the total respondents are widow. In TPC and NIC (T) LTD appear to have more married staff and less widow as compared to all categories of the respondents.

**Table 4.4: Level of Education of the Respondents**

| <b>EDUCATION</b>      |                  |                |                           |
|-----------------------|------------------|----------------|---------------------------|
|                       | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| Standard VII          | 5                | 5.0            | 5.0                       |
| Form Four             | 33               | 33.0           | 38.0                      |
| Form Six              | 6                | 6.0            | 44.0                      |
| Certificate           | 21               | 21.0           | 65.0                      |
| Diploma               | 12               | 12.0           | 77.0                      |
| Degree                | 17               | 17.0           | 94.0                      |
| Masters/Post Graduate | 6                | 6.0            | 100.0                     |
| Total                 | 100              | 100.0          |                           |

**Source:** Research Data (2013)

The statistical presentation of the information gathered from the respondents as tabulated above describe the total number of the respondents falling into each category of education. The tabulations above comprise a total number of one hundred (100) respondents, where 5% Standard VII, 33% Form Four, 6% Form Six, 21% Certificate, 12% Diploma, 17% Degree, while 6% of the total respondents are Masters/Post Graduate.

The Table 4.5 shows the responses from one hundred (100) respondents. 69% of the respondents argued that, financial incentives are cost to the corporations, 27%

argued that, there is no profit made and therefore the corporations have no extra amount to pay as an incentive, 3% argued that employees' performance is poor and 1% staff are lazy.

#### **4.3 Reasons for the Management of TPC and NIC (T) LTD to Exclude Financial Incentives to the Employees**

**Table 4.5: Reasons for Exclusion of FIS to the Employees**

| <b>Reasons For Exclusion Of Fis To The Employees</b> |           |         |                    |
|--|-----------|---------|--------------------|
|  | Frequency | Percent | Cumulative Percent |
| performance is poor                                  | 3         | 3.0     | 3.0                |
| Cost to the corporation                              | 69        | 69.0    | 72.0               |
| No profit produced                                   | 27        | 27.0    | 99.0               |
| Staff are lazy                                       | 1         | 1.0     | 100.0              |
| Total  | 100       | 100.0   |                    |

**Source:** Research Data (2013)

Here the researcher commended that, the management of the corporations are evading from fluent provision of financial incentives in the respective corporations with the fear that will cause loss to the corporations.

#### **4.4 Methods Developed by the Corporations to Provide Financial Incentives and to Influence Employees' Performance**

The pre-identified approaches of providing financial incentives to the employees are through receiving cash from their employers after attaining targeted goals as per

corporation plan, provision of free lunch, creating party to celebrate for the success obtained, and periodical provision of envelopes with cash.

Here the researcher wanted to explore the common methods that the corporations have been using in providing financial incentives to their employees. The approaches were identified by the respondents and found that Provision of free lunch, Creating party to celebrate for the successes, Money is provided to the employee attained the targets as corporation's plan and Periodical provision of envelope with cash are vigorously practiced by the corporations from the highest to the lowest respectively.

**Table 4.6: Methods of Financial incentives**

| <b>METHODS OF PROVIDING FINANCIAL INCENTIVES IN THE CORPORATION</b>           |           |         |                    |
|---|-----------|---------|--------------------|
|   | Frequency | Percent | Cumulative Percent |
| Money is provided to the employee attained the targets as corporation's plan. | 9         | 9.0     | 9.0                |
| Provision of free lunch.  | 61        | 61.0    | 70.0               |
| Creating party to celebrate for the successes.                                | 29        | 29.0    | 99.0               |
| Periodical provision of envelope with cash.                                   | 1         | 1.0     | 100.0              |
| Total   | 100       | 100.0   |                    |

Source: Research Data (2013)

The findings relate to the study conducted by Welch and Jackson (2007) which was aiming at assisting the organization to improve productivity, where in their recommendation was advising the management of the organization to engage into



providing financial incentives to their staff. Therefore from the findings as tabulated below, the management of the corporation should vote fully attention in providing financial incentives so as to stimulate effectiveness and performance of the employees in the corporations. The table below shows how the respondents have rated according to what is really happening in the corporations.

The corporations included in this study are highly practicing on the issue of the provision of free lunch as the most pressing method of financial attraction to their employees, followed by others like creating party to celebrate for the success made, money provision for the staff attained the goals and very minimal provision of envelopes with cash to the staff. The ratings are identified by using percentages shown against each method of financial incentive.

#### **4.4.1 Types of Financial Incentives Practiced by the Corporations**

The questionnaires distributed to the staff contained a choice at which the respondents are supposed to identify the types of financial incentives that the corporations are highly practicing at ensuring that the staffs are highly motivated and are attracted to engage much to the corporation. The table shows how the respondents have responded.

The response from the respondents appears to be varying from one type of financial incentive to another. As had been rated below, periodical provision of free lunch has seen as the most useful type of financial incentive rated for 45% followed by provision of money to the best performers and money provision during the weekend to the staff rated 19% followed by money provision in the form of capital assets

which is rated at 17%.

The researcher also wanted to explore the types of financial incentives which are commonly used by the corporation in motivating their staff. In the table 4.6; the researcher has tried to analyze what has been obtained from the respondents. The ratings have vigorously rated Periodical provision of free lunch, Money is provided to the employees during the week end, Money is provided to the best performers, and Money is provided to the employees in the form of capital assets.

**Table 4.7: Types of Financial Incentives Practiced by the Corporations**

| <b>Types Of Financial Incentives</b>                             |           |         |                    |
|--|-----------|---------|--------------------|
|  | Frequency | Percent | Cumulative Percent |
| Money Is Provided To The Best Performers                         | 19        | 19.0    | 19.0               |
| Money Is Provided To The Employees During The Week End           | 19        | 19.0    | 38.0               |
| Periodical Provision Of Free Lunch.                              | 45        | 45.0    | 83.0               |
| Money Is Provided To The Employees In The Form Of Capital Assets | 17        | 17.0    | 100.0              |
| Total  | 100       | 100.0   |                    |

**Source:** Research Data (2013)

In relation to the empirical studies of this dissertation as was found by Daly et al (2003), of the research titled “Exploring the effectiveness of monetary benefits of the employees”. The corporations involved in this study should keep providing either of

the types of financial incentives because their short and long term boosts the effectiveness and efficiency of the employees and the corporations at large.

#### **4.4.2 The Influence of Financial Incentives Towards Employees Work**

##### **Performance in the Corporations**

The respondents provided information according to their views as they feel while responding through questionnaires containing questions describing about the effectiveness of the financial incentives on employees performance in the corporation. The tabulation below shows how the respondents have argued about the influence of the financial incentives to the corporation.

The table below indicates the votes of the respondents about the reality on the employees' recognition in the corporations. 13% of the respondents appear to strongly agree about the employees' recognition, 49% of the respondents' normal agreed, where 24% of the respondents disagreed and 14% of them completely disagreed that the corporations do not recognize the value of the employees in the corporation.

The researcher found that, the introduction of financial incentives in the corporations will boost the productivity at large. The findings reveal what have been described in the empirical study of this dissertation especially what have Daly et al (2003) found in their study which were exploring about the effectiveness of financial incentives in the organization. The ability of the financial incentives to influence better performance of the corporation is high, as had been voted by the respondents in this study.

**Table 4.8: Level of Employees' Recognition in the Corporation**

| <b>EMPLOYEES RECOGNITION</b> |           |         |                    |
|------------------------------|-----------|---------|--------------------|
|                              | Frequency | Percent | Cumulative Percent |
| Strong Agree                 | 13        | 13.0    | 13.0               |
| Agree                        | 49        | 49.0    | 62.0               |
| Disagree                     | 24        | 24.0    | 86.0               |
| Strong Disagree              | 14        | 14.0    | 100.0              |
| Total                        | 100       | 100.0   |                    |

Source: Research Data (2013)

The corporations appear to be practicing the issue of employees' recognition, and thus the employees' sense ownership of the respective corporations. The findings encourage and maintain the staff to remain in the corporation working comfortable and in turn will help to yield better output in the corporations.

**Table 4.9: Provision of Financial Incentives**

| <b>PROVISION OF FINANCIAL INCENTIVES</b> |           |         |                    |
|--|-----------|---------|--------------------|
|  | Frequency | Percent | Cumulative Percent |
| Strong Agree                             | 12        | 12.0    | 12.0               |
| Agree                                    | 52        | 52.0    | 64.0               |
| Disagree                                 | 28        | 28.0    | 92.0               |
| Strong Disagree                          | 8         | 8.0     | 100.0              |
| Total                                    | 100       | 100.0   |                    |

Source: Research Data (2013)

The capacities of the corporations to provide financial incentives also were measured by the researcher through the respondents. The respondents rated the situation through agreeing or disagreeing about the given statements elaborating about the

systems of providing financial incentives. The respondents responded on the phenomenon as being tabulated in the Table 4.8.

Above average percent of the total respondents argued that the staffs are provided with financial incentives in the respective corporations. As had been postulated by other researchers as can easily be traced from the empirical studies of this dissertation, Daly et al (2003) emphasizes the effectiveness of the financial incentives in the organization. Under this study, also the researcher found that, financial incentives have great impacts and stimulate the performance at large for the betterment of the respective corporations.

**Table 4.10: Value of the Monthly Earned Income to Finance the General Life**

| <b>SUFFICIENT INCOME EARNED BY STAFF</b> |                 |           |         |                    |
|--|-----------------|-----------|---------|--------------------|
|  |                 | Frequency | Percent | Cumulative Percent |
|  | Strong Agree    | 31        | 31.0    | 31.0               |
|  | Agree           | 55        | 55.0    | 86.0               |
|  | Disagree        | 4         | 4.0     | 90.0               |
|  | Strong Disagree | 10        | 10.0    | 100.0              |
|  | Total           | 100       | 100.0   |                    |

Source: Research Data (2013)

The respondents also were asked about the validity of the salaries that they earn per month whether they meet their day to day expenditure and little of which to be saved so as to finance their daily activities. 31% of the respondents strongly agreed that it is meeting all the conditions, 55% commonly agreed, 4% commonly disagreed and 10% strongly disagreed about the stated situation.

Above 86% of the total respondents have argued that the total monthly income earned finance their general life, while 16% of the total respondents argued that they are earning very low income and does not finance their general life. Thus the study on the hand going to advise the management of the corporation to review current staff salaries so as to initiate better pay that will assist staff to finance their general live because will enable them to vote fully attention towards work for the betterment of the respective corporations.

**Table 4.11: Effectiveness of Training Towards Employees Work Performance**

| <b>TRAINING TO INFLUENCE PERFORMANCE</b> |           |         |                    |
|--|-----------|---------|--------------------|
|  | Frequency | Percent | Cumulative Percent |
| Strong Agree                             | 18        | 18.0    | 18.0               |
| Agree                                    | 43        | 43.0    | 61.0               |
| Disagree                                 | 36        | 36.0    | 97.0               |
| Strong Disagree                          | 3         | 3.0     | 100.0              |
| Total                                    | 100       | 100.0   |                    |

**Source:** Research Data (2013)

The researcher was also interested to measure the effectiveness of corporations' towards employees training. In the questionnaires he suggested the possible questions which will help him to identify the reality about training. The respondents responded accordingly and was explored that 18% of the respondents strongly agreed about the phenomenon, 43% commonly agreed, 36% commonly disagreed and 3% strongly disagreed about the phenomenon.

TPC and NIC (T) LTD are slightly providing training to their staff so as to cope with the on going modern technology. Although on the empirical study of this dissertation

has not overstated about the issue of training but in real sense it is worth to the staff because they earning knowledge and the financial substance allowances which contribute in changing their minds to feel ownership of the respective corporations. In so doing the performance capacities increases and boost up their performance at large for the betterment of the corporations.

#### **4.5 The Applicability of Financial Incentives in the Corporations**

The researcher was also interested to answer the research questions which provide the direction of the researcher to get real measure how much the issue of financial incentives had been useful or not useful in the corporations. The researcher designed the closed ended questions which require the respondents to answer whether the statement is valid or invalid. The results from the respondents is tabulated as show in the tables followed below.

**Table 4.12: Encouragement of the Financial Incentives to the Employees**

| <b>EMPLOYEES' ENCOURAGEMENT BY FINANCIAL INCENTIVES</b> |           |         |                    |
|---|-----------|---------|--------------------|
|   | Frequency | Percent | Cumulative Percent |
| Yes   | 55        | 55.0    | 55.0               |
| No  | 45        | 45.0    | 100.0              |
| Total   | 100       | 100.0   |                    |

Source: Research Data (2013)

In the table 4.11, the respondents responded on the various phenomena which relate to concept of financial incentives. The statement was aiming at exploring whether the corporations involved in the study are providing financial incentives and if YES,

then does it encourage employees to perform the best in the corporation? 55% of the respondents argued that the financial incentives provided by the corporations are encouraging employees to work efficiently while 45% of them commended negatively that the financial incentives provided by the corporations do not make the employees to feel like encouraged.

The researcher also wanted to measure whether the staff are encouraged by the amount of financial incentives that they are given. Staff encouragement by the financial incentives is measured as the vital procedure, because enables to retain the employees in the respective corporations, to make them feel the ownership of the corporation and lets them to engage fully with the activities. The corporations should keep encouraging and retaining their staff because in so doing reduces the costs of hiring and training in the corporations.

**Table 4.13: Employees to Meet their own Goals while Employed in the Corporation**

| <b>EMPLOYEES' MEETING GOALS IN THE CORPORATION</b> |         |                    |
|--|---------|--------------------|
| Frequency  | Percent | Cumulative Percent |
| 69   | 69.0    | 69.0               |
| 31   | 31.0    | 100.0              |
| 100  | 100.0   |                    |

**Source:** Research Data (2013)



Table 4.12 shows the rating capacity of the respondents about the employees to meet their own goals while employed in the corporations. Out of one hundred respondents; 69% argued positively that the pay level provided by the corporation enables them to meet their own goals while they are in the corporation whereas 31% of the respondents were typically against with the statement in such away that they are not attaining their own goals which employed in the respective corporations.

Some of the respondents responded that had been meeting corporation's goals for various purposes as have been assigned by their top bosses in the respective corporations. The issue of meeting organizational goals is the outcomes of introduction of financial incentives, although it appears to be contradicting with the analysis tabulated into table 4.13 below, that there is no fluctuations made in the corporations.

This implies that there is the staff are working hard due to external driving force termed as motivation, but there is no any extra creativity is manipulated into the working capacity which results into some changes in the corporation. This also against the empirical studies of this dissertation which tries to describe the positive effects of financial incentives when they are introduced in the organization.

In short, TPC and NIC (T) LTD have got so many activities which are not proportional to the staff available. This make the staff so busy and can not have extra time for upgrading the status of the corporation.

**Table 4.14: Recent Changed due to the Effects of Financial Incentives**

| <b>RECENT CHANGES DUE TO FINANCIAL INCENTIVES</b> |           |         |                    |
|---|-----------|---------|--------------------|
|   | Frequency | Percent | Cumulative Percent |
| Yes   | 36        | 36.0    | 36.0               |
| No  | 64        | 64.0    | 100.0              |
| Total   | 100       | 100.0   |                    |

**Source:** Research Data (2013)

The researcher also wanted to know, whether there is any fluctuations have made in the corporations due to the effects of financial incentives being introduced in the corporations.

The respondents responded according to their vision in such away that, 36% of them argued that there is visible changes in the respective corporation occurred with the effects of introduction of financial incentives while 64% of the respondents was against the statement meaning that since some years ago there is no visible changes have occurred even though there had been introduction of financial incentives.

Below average of the total respondents argued that there is no fluctuations have done resulted from the introduction of financial incentives in the corporations. Here the respondents are against the empirical study where Daly et al (2003) and Welch and Jackson (2007); in respective studies found that when the financial incentives are introduced into the organization, the possible outcomes is to boost up the productivity, effectiveness, and efficiency.

Therefore the corporations should review how to provide financial incentives in the corporations so as to ensure that there positive changes happening for the development of the corporations.

#### **4.6 Analysis of the Open Ended Questions**

The researcher also provided the ground for the respondents to air out what they have in their minds though open ended questions. The analyses of the information gathered are well analyzed and described as in section 4.2.1 to 4.2.3.

##### **4.6.1 Ways at Which the Staff Receive Financial Incentives from the Respective Corporations**

The respondents mentioned number of ways at which they receive financial incentives from the employer within the corporation. The following here under are the responses from the respondents;-

###### **i. For Extra Work Done**

The respondents argued that financial incentives are provided to them as an additional pay for the extra work done. This system of providing financial incentives to the employees constitutes 56% of total vision of the respondents. The amounts provided are standing as part of encouraging them to work efficiently, and attaining organizational goals.

###### **ii. For Staff Performing the Best**

The staffs performing the best are annually identified. They are specially awarded in the public to recognize their contributions towards corporations' successes. The

awards are provided to the staff during the worker day, commonly known as “*May Mosi*” with a very big gathering of people from various public and private sectors. 21% of the respondents suggested on the same phenomenon.

### **iii. For Some Meetings**

It was highly voted by senior staffs that stand as part of management of the corporations. For whatever they attend to any meetings at the managerial level of the corporations, they earn some amounts as motivation which makes them happier while at work place. The idea of such financial incentive was provided by the respondents constituting 22%.

### **V. Rarely Free Lunch**

Only 1% of the respondents according to their vision argued that they do receive indirect financial incentives from the employer through receiving rarely free lunch. The respondents also argued that, the management of the corporations have been providing with some financial attractions to their staff, which had been driving them to work efficiently and effectively.

This tallies to the empirical studies of this dissertation as have been stipulated by the studies done by the Daly et al (2003), and Welch and Jackson (2007); which tried to explore the effectiveness of financial incentives towards corporation’s performance.

The data analyzed have provided very clear information about the effectiveness of the sort of financial incentives provided to the staff in one way or another contribute much for the employees to vote full attention on daily activities at work place.

#### **4.6.2 Weaknesses of the Corporation's management in practicing FIs**

The respondents mentioned number of weaknesses that face the management of the corporation towards practicing the issue of financial incentives to its employees. The following here under are the ideas from the respondents;-

##### **i. Poor Health and Safety**

The respondents also pin pointed out the weaknesses of the management of the corporations. 46% of the respondents about this phrase argued that there is poor service on the issue of health and safety at work place, therefore the management need to change the system and let the staff become happy with the issue of health and safety.

##### **ii. No Staff Recognition**

The management of the respective corporations does not recognize staff for their great contributions in the corporation. 37% of the respondents argued that the management of the corporation does not recognize the potentiality of them at work place.

##### **iii. Bureaucratic in Decision Making**

The hierarchy of the corporations appear to be very long, thus the issue of decision making appear to take very long process to be completed. 13% of the respondents provided their ideas/vision that the decisions within the corporations take very long time to be completed and thus hinder the effectiveness of the corporations.

##### **iv. Favoritism and Segregation**

Some of the respondents argued that the management of the corporation has got very strong weakness on the issue of favoritism and segregation. This constituted 3% of

the total respondents involved in data collection in all corporations. This seem to be some staff are put very close to the members of management while others are put very far from the members of the management and are not recognized for whatever good they do to contribute in the respective corporations.

#### **4.6.3 Obstacles Making Employees Not to Perform the Best in the Corporations**

The respondents pointed out many different reasons which make the employees not to perform the best in the corporations. The reasons provided are categorized into two major groups, which are poor working capital assets owned by the corporations and the issue of ignoring provision of financial incentives to the employees. The following here under are the constraints for the employees to perform the best.

- i. Poor equipments used as working instruments.
- ii. Low level of skills of the staff.
- iii. No training provided to the staff to update their skills.
- iv. Salaries are very low.
- v. Financial attractions are not so much practiced by the corporations.
- vi. Supervisors do not have good internal customer care to encourage subordinates to work efficiently.
- vii. The management fails to motivate their staff with the fear that financial attractions cause loss in the respective corporations.
- viii. Poor working condition makes staff turnover to be high which cause fall in the corporations' performance.

The employees have recognized that the management of the corporations are not radical on decision matters and treatment of staff. Some staff are well treated in the

corporation in such away that their complains are well handled and maintained while others not. The management is segregative in nature, discriminative, and bureaucratic in decision making. All those have been observed as the factors which weaken the unity amongst the staff in the respective corporations and eventually weakening even cooperation, effectiveness and efficiency of staff in the corporation. The corporations' management do not cope with the empirical studies as postulated by the Daly et al (2003) and Welch and Jackson (2007) that when the financial incentives are injected in the corporations their effects are higher and boost up the status of the corporations.

Here the management of the corporation should vote fully attention on the side of motivating the staff and let all the factors that reduce the capacity of the staff to work efficiently in the corporation totally avoided. In so doing the staff will engage on job, and not thinking else activities which hinder their working capacities.

## CHAPTER FIVE

### 5.0 CONCLUSION AND RECOMMENDATIONS

#### 5.1 Discussion of Results with Literature Review

Chapter four of this dissertation has provided very clear analysis of the findings on the assessment of financial incentives towards employees' performance in the corporation, a case of Tanzania Posts Corporation (TPC) and National Insurance Corporation of Tanzania Limited (NIC (T) LTD). The data analyzed have enabled the researcher to provide the summary of findings, synopsis of the study and eventually recommendation of the whole research work.

Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited have been escaping seldom to provide financial incentives to their staff. Respondents through open ended questions responded according to their vision that the corporations involved under this study have been trying to reduce unnecessary cost, where one of them is not providing financial incentive to their staff. The corporations stand was to ensure that the goals and objectives of the corporations are met at a proper time with the idea that the employees are obligated to complete their responsibilities at a proper time without supervision.

The corporations were not meeting their expected goals at a proper time due to their fear of introducing the applicability of financial incentives as a very basic motivation to let the staff feeling the corporations' ownership and voting fully attention towards daily assigned jobs or day to day responsibilities. Prior to chapter for where the data had been carefully analyzed and obtaining the truth about what the respondents have



responded, the management of the corporation has got some weaknesses that make the employees to be disappointed, such as poor health and safety which constituted 56% of the total respondents, exclusion of staff recognition which constituted 37%, bureaucratic in decision making covering 13% while favoritism and segregation was voted for 3%.

The ranked problems facing the management of the corporation on handling subordinates' matters in the corporations are the major reasons hindering the rapid development of the corporations involved in this dissertation. Rarely, managements of the corporations have been providing financial incentives to their employees in different cadres. The respondents have ranked the capacity of the corporations in providing financial incentive such as 56% paid for the extra work done, 21% for staff performing the best, 22% motivated by cash for attending some meetings, while 1% of the respondents suggested to receive financial incentives through rarely receiving free lunch from the employer. The partial financial motivation practiced by the corporations has brought very slight changes to the corporations which constitute about 36% as voted by the respondents, 69% of the total staff from the corporations meet their own targeted goals and are slightly encourage by the financial incentives for 55%.

Most of the activities are achieved for the benefits of the corporations and for the individual employee. About the average of the total votes from the respondents have been portraying that, the partial financial incentives being introduced by the management of the respective corporations have shown some thing of great paramount and attractive to the existing employees, due to the reason that average

percent of the votes from the respondents shows that, have won to meet own and corporation goals.

## **5.2 Up-Date of the Conceptual Framework Using the Research Finding of the Study**

The findings of the study tallies to the study carried out by Daly et al (2003); titled “exploring the effectiveness of monetary benefits to the employees”. This makes the researcher to continue advising the management of the corporations to keep providing financial incentives to the employees so as to harmonize their effectiveness and performance at large. The findings suggest that, the management in introducing financial incentives in the respective corporation, the outcomes likely to be much better and can easily identified through observing indicators like; Increased work performance, Increased productivity, effectiveness and efficiency of the corporation and increasing profit of the corporation.

The management of the corporations should remove their bad ideologies that, provion of financial incentives in the corporations are expense. The researcher further advises them that can not make profit in any business without incurring some initial costs. Therefore are highly advised to apply psychological theory to their staff so as to motivate them to perform the best for the development of the respective corporations.

## **5.3 Implications of Results**

For the purpose of this study, the concept of financial incentives have been well examined, measure and its impacts on organizational performance have been

analyzed. The findings of the study and its interpretation of data are useful for Tanzania Posts Corporation and National Insurance of Corporation Limited. The respondents of the study mentioned the constraints for the corporation not to perform the best and suggested the possible practices which should be adopted by the management of the corporations so as to boost up productivity, efficiency and effectiveness. In so doing the income and general benefits of the staff will be raised. The introduction of financial incentives in the corporations appears to be very expensive at its short run of operation although the increase on the returns from the operations will compensate all the costs thus the value of financial incentives remain as hot and valuable in both short run and in the long run.

The managements of the corporations' should adopt the findings of this dissertation and those found by Daly et al (2003); titled "exploring the effectiveness of monetary benefits to the employees" which aimed at valuing the effectiveness and efficiency of introduction of financial incentives in the corporations. In turn, the same thing was done by Welch and Jackson (2007); titled "Rethinking about the organizations' development: a stake holder approach", and their conclusion was drawn positively, that when the management of the corporation or any organization is being engaged fully into provision of financial incentives or any sort of motivation to their staff, the individual performance will be higher and the outcomes will be remarkable for the betterment of the corporation or organization.

Prior to chapter four, where the analysis was carefully analyzed, the management of the corporations are supposed to adopt strategies like money is provided to the employees attaining the targets as per corporation's plan, provision of free lunch,

creating party to celebrate for the successes and periodical provision of envelopes with cash as mentioned by the respondents; because are the only factors which make the employees to fill ownership of the corporations and let them well engaged on it. With respect to the empirical studies of this dissertation, the research advises the management of Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited, to inject financial incentives or any sort of motivation strategies, because in both long run and short run will boost the performance of the corporation and increase its productivity at large.

#### **5.4 Recommendations**

In the light of this study, the researcher press forward for the following recommendations to Tanzania Posts Corporation and National Insurance Corporation of Tanzania Limited towards best performances and their sustainability in the country.

##### **5.4.1 Recommendation to Decision Makers**

The corporations are fully owned by the government of Tanzania. The corporations are sinking economically but because the government of Tanzania is the decision maker in most of the aspects of the corporations thus is highly advised to support in terms of capital which enable to keep validating their effectiveness and efficiency in terms of services' provision to their respective customers.

Government should initiate and mobilization continuous training to the TPC and NIC (T) LTD staff in order to increase knowledge to the staff so as to move with existing technology of digital in terms of service provision and many more activates

operated in the respective corporations.

The government should keep motivating corporations' staffs so as to drive their performance which in turn will make the corporations to perform much better. The management of the corporations should use this dissertation and part of making decision on strategic motivation matters to be developed in handling staff matters in it. Also the researcher recommends the managements of the corporations to observe the comments of the researcher which had been described in relation to the comments made by Daly et al (2003); about the effectiveness and efficiency of financial incentives when they are injected in the corporations.

#### **5.4.2 Recommendation to the Members of the Corporations**

TPC and NIC (T) LTD are very old corporations in Tanzania, and have maintained their quality, effectiveness and efficiency in terms of service provision to their customers. The corporations are also running with time in such away that have sourced modern systems of handling transactions, for example; Tanzania Posts Corporation uses post global system which centralizes all the transactions operated daily while NIC (T) LTD uses data capturing system for handling records of their customers as well as transactions.

The researcher recommend to the staff of the corporation to vote full attention to the job because there had been provision of financial incentives to them and enabling to meet their goals. Out of that the staffs are trained so as to boost their effectiveness and efficiency in terms of performance in the corporation, in tern contributes to the sustainability of the corporations at large.

Prior to this dissertation, the staff of the corporations should vote fully attention towards job performance although should never stop on reminding the management of the respective corporations, to let them be motivated in either sort of motivation as their obligations to the staff. Further more, the staff should speak out to the management to avoid the issue of race, segregations, and bureaucratic in decision making while advising the corporation's management on their weaknesses such as lowering performance, effectiveness and longer time of decision making, and lowering prompt responses from the customers as well as from the staff.

### **5.5 Area for Further Research**

Financial incentives are just a part of staff motivation in any organization. It is my advice to other researchers that should focus on assessing other elements of financial incentives in order to determine their effectiveness when they are practiced by the corporations or any other organization.

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## APENDICES

### Appendix i: Time Scale

The study was done within five months, in which the researcher required to visit Mtwara Post Offices and National Insurance Corporation of Tanzania Limited offices, searching for the data and relating with the effects of financial incentives in Mtwara Region. It was scheduled as follows:

**Table 6.1: Research Schedule**

| WEEKS                                     | ACTIVITY  | LOCATION   |
|---|---|--|
| 1 <sup>st</sup> week                      | Visiting Mtwara PO and NIC (T) LTD offices                                    | Mtwara   |
| 2 <sup>nd</sup> to 5 <sup>th</sup> week   | Reviewing different literatures in the library and searching in the Internet. | Mtwara Regional Library.                               |
| 6 <sup>th</sup> to 7 <sup>th</sup> week   | Preparing and administering questionnaires                                    | Mtwara   |
| 8 <sup>th</sup> to 10 <sup>th</sup> week  | Data collection through interviews and questionnaires                         | Mtwara Post Offices and NIC (T) LTD offices            |
| 11 <sup>th</sup> week                     | Preliminary data analysis and work layout                                     | Mtwara   |
| 12 <sup>th</sup> to 13 <sup>th</sup> week | Editing paper, supervisors examination and filling gaps in literature         | Mtwara in electronic communication with My Supervisor. |
| 14 <sup>th</sup> to 15 <sup>th</sup> week | Data evaluation, first draft preparation and presentation                     | Mtwara in electronic communication with My Supervisor. |
| 16 <sup>th</sup> week                     | Submission of research work   | The Open University Of Tanzania (OUT).                 |

Source: Researcher 2013

## Appendix ii: Budget

The study required sufficient financial resources to be undertaken. The source of fund to finance this study was from the researcher himself.

**Table 7.1: Budget schedule to undertake the study**

| S/No       | Cost category             | Units          | Cost break down | Total amounts  |
|------------|---------------------------|----------------|-----------------|----------------|
| 1.         | Flash disk                | 1              | @ Tshs 50,000   | 50,000         |
| 2.         | Paper                     | 5 rims         | @ Tshs 5,000    | 25,000         |
| 3.         | Pens                      | 10             | @ Tshs 500      | 5,000          |
| 4.         | Typing                    | Approx 5 times | @ Tshs 14,000   | 70,000         |
| 5.         | Printing and photocopying | Approx 4 times | @ Tshs 15,000   | 60,000         |
| 6.         | Binding                   | Approx 2 times | @ Tshs 7,500    | 15,000         |
| 7.         | Transport                 | Approx 12 days | @ Tshs 10,000   | 120,000        |
| 8.         | Break fast                | 199 days       | @ Tshs 1,000    | 199,000        |
| 9.         | Lunch                     | 199 days       | @ Tshs 2,000    | 238,000        |
| 10.        | Communication             | 16 weeks       | @ Tshs 3,125    | 50,000         |
| 11.        | Contingencies             | .....          | .....           | 70,000         |
| <b>12.</b> | <b>Grand Total</b>        |                |                 | <b>902,000</b> |

Source: Researcher 2013

**Appendix iii: Interview Questions****PART I***My Declaration;*

Any information you have provided for the purpose of this research will be treated confidentially and will not be attributed to any particular business or individuals.

*Questions;*

1. Write the correct letter which contains the correct phrase of your choice in the box provided in front of each question;

- a) Sex; (a). Male            (b). Female

[.....]

- b) Age: (a) 25 – 34. (b) 35 – 44. (c) 45 – 55. (d) 56 and or above.

[.....]

- c) Marital status: (a) married. (b) Single (c) Divorced (d) Widow.

[.....]

- d) Levels of education: (a). Standard VII (b) Form Four (c) Form Six (d) Certificate (e) Diploma (f) Degree (g) Masters/Post Graduate (h) PhD.

[.....]

## Part II

Below you are provided with table containing list of statements. Put tick (V) in the appropriate box labeled with numbers 1, 2, 3, and 4; and they are defined as following;

1. Strong Agree
2. Agree
3. Disagree
4. Strong Disagree

| S/N | DESCRIPTION  | 1 | 2 | 3 | 4 |
|-----|--|---|---|---|---|
| 1   | The primary aim of being employed by TPC/NIC (T) LTD is to have an income that will finance your general life.             |   |   |   |   |
| 2   | Financial incentives are awarded to the employees performing well as motivational strategies practiced by the corporation. |   |   |   |   |
| 3   | Employees' recognition is practiced in the corporation.  |   |   |   |   |
| 4   | Financial incentives practiced by the corporation facilitate and encourage your performance.                               |   |   |   |   |
| 5   | Training practiced by the corporation is an additional motivator to the employees.   |   |   |   |   |

**PART III**

You are given multiple response statements here below itemized “*a*” to “*d*” circle those which apply to the corporation.

1. Which of the following types of financial incentives are commonly practiced in the corporation?

- a. Money is provided to the best performers.
- b. Money is provided to the employees during the week end
- c. Periodical provision of free lunch.
- d. Money is provided to the employees in the form of capital assets.

2. which of the following are the methods developed by the corporation to provide financial incentives to the employees?

- a. Money is provided to the employee attained the targets as corporation’s plan.
- b. Provision of free lunch.
- c. Creating party to celebrate for the successes.
- d. Periodical provision of envelope with cash.

**Part IV**

Write the correct letter which contains the correct phrase of your choice in the box provided in front of each question;

**Questions;**

- 1. Do the financial incentives encourage your performance and effectiveness in the Corporation? (a) Yes (b) No

[.....]

- 2. Do you believe that TPC/NIC (T) LTD will help you to attain your career goals? (a) Yes (b) No

[.....]

- 3. Are there any recent changes in the corporation resulted from provision of financial incentives? (a) Yes (b) No

[.....]

**Part IV**

Fill in the blanks to the provided questions below.

- 1. How do you get financial incentives from TPC/NIC (T) LTD?
  - a. ....
  - b. ....
  - c. ....
  - d. ....
- 2. What are the weaknesses of the Management over the whole practice of financial incentives at TPC/NIC (T) LTD?
  - a. ....
  - b. ....

c. ....

d. ....

3. According to your vision, what are the possible obstacles making employees not to perform the best?

a. ....

b. ....

c. ....

d. ....

Thanks for your cooperation.

May God Bless You!