

**AN INCENTIVE PAY AND WORK PERFORMANCE IN
GOVERNMENT ORGANIZATIONS:
THE CASE STUDY OF TABORA MUNICIPAL COUNCIL,
TANZANIA**

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GOVERNMENT ORGANIZATIONS:
THE CASE STUDY OF TABORA MUNICIPAL COUNCIL,
TANZANIA**

By

Deus Yohana

**A Dissertation Submitted in Fulfillment of the Requirement for the Degree of
Master of Science in Human Resource Management (MSC.HRM) of Mzumbe
University**

2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **An Incentive Pay and Work Performance in Government Organizations: The Case Study of Tabora Municipal Council**, in partial fulfilment of the requirements for award of the degree of Master of Science in Human Resource Management of Mzumbe University.

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Accepted for the School of Public Administration and Management

Signature

DEAN, SOPAM

DECLARATION

AND

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I, Deus Yohana, declare that this dissertation is my own original work and it has not been presented and will not be presented to any other university for any degree award.

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Finally, I would like to appreciate and thank all respondents of this study. Special thanks to Mr. Ngowi the Municipal Human Resource Officer of Tabora Municipal Council; for sure he was an instrumental to my study.

DEDICATION

I dedicate this work to my beloved brothers and sisters of the same womb (Charles, Rachel, Esther, Janet, Martha, Emmanuel, and Margret).

LIST OF ABBREVIATIONS

BCG	-	Boston Consulting Group
CMC	-	Crown Management Consultants
EQUIP	-	Education Quality Improvement Program
HROs	-	Human Resource Officers
MDAs	-	Ministries, independent Departments and Agencies
MED	-	Municipal Executive Director
OPRAS	-	Open Performance Appraisal System
PARC	-	Palo Alto Research Center
TC	-	Transport Canada
TMC	-	Tabora Municipal Council
TSHs	-	Tanzanian Shillings
UNDP	-	United Nation Development Programme
URT	-	United Republic of Tanzania
WW	-	World War

ABSTRACT

Incentive pay play crucial role when it comes to capacity development by motivating individuals and targeting organizational performance. But it does not always contribute to improved public work performance and may even present obstacles to capacity development. The obstacles may be linked to competing disincentives leading to capacity erosion, such as sustained low wage levels, lack of transparency in recruitment or promotion based on political affiliation. The lack of knowledge about efficient use of incentives and human resource management tools and distorting effects of donor presence, are additional reasons for failure.

In this study the researcher was eager to investigate the reasons making incentive pay not increase work performance in TMC. There are incentives of both monetary and non monetary form provided in the organizations of TMC but still rare changes occur. Different studies have been conducted looking for the significances and challenges of incentives in increasing work efficiency. With all these no study conducted to realize the reason for incentive pay fail to improve work performance in government organizations especially in TMC. Hence the researcher was eager to explore the reasons make incentive pay do not increase work performance.

The study conducted by looking on three objectives which were guidelines used in setting incentive pay on work performance, the hindrance of incentive pay to increase work performance and the mechanisms to make incentive pay increase work performance in Tabora Municipal Council. The findings of the study were organized by regarding the specific objectives of the study. Each research objective findings presented separately to each other.

Apart from that, the study employed case study research design to make sure the required data are gathered. This is because the case study design is good for qualitative approach and in search of more detailed information. The study used a sample size of seventy seven (77) respondents who were obtained by using simple random sampling, stratified sampling and judgmental sampling techniques. The data were collected by

using interview, questionnaire and documentation tools. This is because the tools are relevant in case study research design.

Furthermore, the data collected were analyzed by using qualitative method of data analysis. The data were synchronized and organized by transforming findings from the fields into the system of categories and transformation into meaningful information for easily interpretation and understanding. They were then presented in tabular forms, with frequencies and percentages being calculated for drawing up conclusions.

Nevertheless as the study was about an incentive pay and its impact on work performance in TMC, hence the study explored and managed to know the incentive pay provided to increase work performance in TMC. In TMC, money, promotions, appreciation letters, houses, short courses, seminars and health insurance have been provided as incentives pay to workers to increase work performance. Although are provided, these incentives have not taken pace to improve work performance in the organizations.

Notwithstanding, the study explains the factors causing incentive pay not to increase work performance in TMC. The most important factors said to cause incentive pay not increase work performance are such as corruption, inadequate facilities, insufficiency incentive provided, weak policy and government secular, untimely pay of incentives to workers, inadequate skills and education to workers, poor management systems, favoritism and biasness in employment.

All in all, the study looked on the mechanisms to make incentive pay sound more and rise performances in government organizations are discussed in this study. This is to make a way for TMC and government in general to improve work performance through incentive pay effectively and efficiently. It is anticipation of the study that the government organizations country wise will use the findings to improve the incentive pay for work performance.

However, the researcher put forth the conclusion that to make incentive pay increase work performance in the organization there are list of serious issues, considering them in advance of implementation enables organizations to lay the foundation for a successful performance based compensation system. These issues include looking on the ability, willingness, and control tools set for the particular work to be performed. The issue of resources and honesty are also important should be used concurrently with incentives set to be used.

Finally, the following recommendations are put to be considered on the issue of incentive pay related to work performance. First, proper setting of incentive pays with the intention of providing it fairly, equally and appropriately. Second, there must be involvement, participation and engagement of workers when it reaches a time incentive pay want to be provided to workers. Third, heads of department are not supposed to dominate the process of getting the superior work performer but to leave the process to workers themselves for suggestion. Fourth, employers and heads of department have to avoid favoritism and biasness as they erode the spirit and morale in workers. Lastly, all the requirements for workers to perform work need to be available to make incentive pay sound in bringing positive impact in work performance.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Incentive systems are an important part of organizational motivation and are essential for understanding the forces that drive the organization (UNDP, 2006). It is often an integral component of Human Resource practices in entrepreneurial organizations. Cantoni (1997) added that the organizations do this to eliminate weak links and to reward top performers who significantly contribute to the performance of an organization. He supports this notion by contending that true incentive pay occurs in highly competitive, low-margin businesses. The rationale for this contention is that the very survival of incentive system is at stake and that they will do whatever it takes to survive.

In addition to that, a good incentive system encourages employees to be productive and creative, fosters loyalty among those who are most productive, and stimulates innovation. It resides within organizations, their structure, rules, human resource management, opportunities, internal benefits, rewards and sanctions. It has a significant influence on the performance of individuals and thus the organization overall (Mpuya, 2010).

Apart from that, organizations should continually seek ways to keep their employees and work groups engaged in their work, motivated, efficient and productive. To make it happen, the incentive pay is the most option because of its fundamentality in developing capacities and translating developed capacities into better performance. It should be noted that the reason for staff to join an organization, and the way an organization rewards and punishes its staff depend on the incentive pay (UNDP, 2006).

However, in Tanzania various incentives and benefits have been set by the government through the incentive and pay reform policy since 1990s (Mpuya, 2010). Kabaka, (2013) added that the government has changed the pay system from year to year.

For example since 2005, salary has increased from minimum wage of 65,000/= Tanzanian shillings to 265,000/= Tanzanian shillings in 2014. Even though the government expect to increase workers' salary to 315,000/= Tanzanian shillings in the year 2015/2016 as promised by the President of United Republic of Tanzania during Labor Day held on 1st May, 2015 in Mwanza. Employers are directed to provide those incentives to improve attraction and retention of health workers (Mpuya, 2010). This is done to ensure workers are encouraged to work effectively and efficiency in order to increase performance of their work.

Regardless of incentive pay that has been introduced through the incentive and pay reform policy since 1990's, there is no effective noticeable change in work performance in Tanzania (Braathen & Mwambe, 2007). This view is partially true as there are changes of work performance in some departments or sectors although not so high as expected. For example, in TMC there are changes in education sector which led the department not be included in Big Result Now like other district councils in Tabora region.

Therefore, from the views above, the researcher was attracted to conduct a study to see what is wrong with the incentives pay giving to workers in relation to work performance. The study explored the reasons for ineffective work performance although there is pay reform in public sectors. The researcher used the expectancy theory. The theory was applied as it is crucial motivational force for rewarding employees at workplace. The theory provides the guideline on implementation of the incentive system (UNDP, 2006). Also in this study the research approach used is qualitative approach. The research design type used was case study and the research data collection tools were interview (personal interview) and questionnaires.

1.1 Background of the Study

Incentive pay remains one of the ideas that attract managers as they search for the delightful procedure. Somewhere there is a method of linking payment to performance so effectively that their movement will match, enabling the manager to leave the

workers on automatic pilot, as it were, while attending to more important matters such as strategic planning. This conviction has sustained a continuing search for this indefinable formula, which has been hunted with all the fervour of those trying to find the Holy Grail or the crock of gold at the end of a rainbow (Torrington, Hall, and Taylor, 2008).

Also, the existence of inefficiencies in the workplace performance has developed a belief that incentive pay can raise productivity growth and improve profitability. Considering the need to remain competitive, innovative compensation strategies such as incentive plans are often developed in an attempt to align individual motivation and goals with the objectives of the organization (Schraeder & Becton, 2002). It is believed to be the most significant of workplace performance of the working human resources (Bryson et al, 2011).

Furthermore, the use of incentives in behavioral interventions has become more popular as it is believed to inter-motivate their employees. Organizations both in public and private sectors are looking for possibilities to provide incentives to their employees. These applications of incentives have provoked heated debate. Proponents of using incentives in behavioral interventions argue, for example, that monetary incentives can be helpful in getting people to study or exercise more. Some suggest that non-monetary incentives can be much better (Gneezy, Meier, and Rey-Biel, 2011). In my opinion this depends on the way the type of incentive is set or designed.

Notwithstanding, Dessler (2005) argued that to make whether monetary or non-monetary incentive effective one has to adhere to the guidelines for setting incentive pay. He mentioned these to be the clear relationship between employee effort and quantity or quality of work performance, linking the incentive with the strategy, making the plan easy for the employee to understand, setting effective standards, getting employees' support for the plan, use of good measurement systems, emphasis on long-term and short-term success, and adopt a comprehensive, commitment-oriented approach. This is true as I can say nothing can be effective without proper guidelines.

Thus, it is better for government organizations to ensure presence of clear guidelines that can lead to avoid inconveniences and misunderstanding.

Moreover, the incentive plan must be well-designed, well-communicated and well-implemented. You can build an incentive system that is a sleeper and accomplishes nothing or you can design and implement an incentive system that drives improvement, encourages creativity, inspires hard work, captures employee talents and creates a new level of passion and commitment to success (BCG, 2013).

Generally, I can argue that for the organization to find people demonstrating superior performance, a designed incentive pay related to work performance is important. Human resource practitioners should plan properly the system for increasing the organization effectiveness, efficiency and output. The government has to ensure that the system is practiced appropriately by ensuring that incentive is paid to appropriate person. All kind of vices that can make the system inappropriate have to require. The system will have employees with morale and motivation of doing job.

1.2 Statement of the Problem

In 1990s, the government of the United Republic of Tanzania adopted pay reform as an integral component of Public Service Reform Program (PSRP). This was because many of the problems associated with poor performance of the public service were related to lack of an appropriate compensation structure and weaknesses in the incentive regime. The goals of the pay reform were as follows: ensuring evolvement of a rational and transparent compensation structure; ensuring development of appropriate and adequately competitive remuneration levels to allow public service to attract and retain the desired number and quality of human resource with appropriate requisite skills and experience; ensuring evolvement of an incentives regime with appropriate rewards (and sanctions) to adequately motivate public servants towards acceptable standards of performance; and facilitating wage bill determination, planning, and control (URT, 2010).

Moreover, in implementing the 1990s reform, the government of Tanzania in 2000 embarked on a series of eleven (11) years Public Service Reform Program (PSRP). The program had four core areas; a pay reform which was focused to improve salaries, working conditions and other fringe benefits to government employees in order to enhance motivation and reduce corruption; downsizing of the Public Sector through privatization to limit government inefficiencies; rationalization of the government bureaucracy and introduction of performance monitoring systems to reduce the size of bureaucracy and finally; decentralization of powers to local government to increase efficiency and effectiveness in service delivery and developmental planning which reflects the needs of the people for their sustainable development and hence improve the social welfare and the economy of the public (Lufunyo, 2013).

In addition, it is the aim of the government to implement pay and incentive policy for the public service within an affordable wage bill. The pay reform provides a harmonized and unified framework for determining pay while eradicating pay disparities across the entire public service. Harmonization and unification of pay will lead to salary enhancement for the entire public service especially for technical, professional and managerial cadres. In this policy, the government also adopts principles that will address equitable distribution of staff across the country by developing multi-dimensional approaches towards staff motivation. Implementation of the pay and incentive policy initiatives will therefore be phased in a manner that is consistent with the rationalization of the pay system and introduction of performance oriented management culture in the public service (URT, 2010).

Furthermore, the pay reform is hand in hand with medium term reform strategies with three major objectives. First is medium term target salary structure that would systematically enhance pay for all public servants, particularly those who were disadvantaged as the result of exercise that consolidated or eliminated most allowances. Annual salary adjustment plans were proposed for achieving plans the medium term pay. Second is job evaluation and grading. This was expected to result in improved payoff qualified professional and technical positions relative to other

public services, as many of these positions are under graded relative to other positions as well as resulting in improved fairness in the compensation as horizontal and vertical equity are enhanced. Third is selective accelerated salary. This scheme targeted salary enhancement to key professional, technical and managerial personnel whose efforts are critical to the improvement of service delivery, management of the efforts and production of strategic government outputs (CMC, 2009).

Nevertheless, URT (2010) asserted that implementation of pay reform took place in two phases. The first phase covered the period 1994 to 1999 and its priorities were cost containment, validation of the public service salary and job-grade structure. Much was accomplished during this phase of pay reform in terms of rationalizing the salary and job-grade structure, increasing transparency of the compensation system and improving wage bill management. However, the success did not automatically translate into significant improved performance and service delivery. Experience during the period showed that relying on wage-bill savings from employment reductions, particularly in a period where the wage bill is being reduced in relation to size, did not provide much in the way of salary enhancement. The second phase covered the period 1999 to date, and its major priority was to enhance pay in order to ensure that the public service has the capacity to draw, retain and adequately motivate personnel with essential skills to provide the desired public services and government strategic outputs. This phase of pay reform was implemented in a more comprehensive and systematic approach to pay enhancement. The measures adopted included: (a) Public Service Medium-Term Pay Policy (MTPP), whose goal was to enhance pay levels for qualified technical, professional and managerial cadres; and (b) Medium - Term Pay Reform Strategy (MTPRS), whose objective was to provide a systematic and comprehensive approach to implementing the policy.

Apart from that I agree with Braathen & Mwambe (2007) who asserted that, regardless of incentive pay that has been introduced through the incentive and pay reform policy since 1990's, there is no effective noticeable change in work performance in Tanzania.

Few or no ministries delivering services effectively to people regardless of budget increase. Different ministries, departments and agencies are still with challenges in making sure that there is improvement in delivering services to community members.

Also, my eyewitness gives evidence that workers in government organizations are currently paid huge package of salary with allowances but still performing average. The main reasons for this to happen are stated in these study findings. For example heads of department in Local Government Authorities (LGAs) are paid approximately three millions Tanzanian shillings per month; still there is no sufficient work performance. The service delivery to citizens is low or worse. For instance, in Tabora Municipal Council the situation is too tiresome. There are many lamentations of people to workers that they are not delivering sufficient services to them. Also, some workers inter in conflict with their supervisors because of incentive pay. The situation has led some workers to be rejected by the clients because are not delivering affective services.

Therefore, the study took place in Tabora Municipal Council because the researcher had experienced more lamentations concerning ineffective work performance although there is incentive pay to workers. Service deliveries to client are not taking place as required and usually remain average. The researcher is interested to know the reasons behind for this situation to happen.

1.3 Objectives of the Study

The research objective divided into two categories namely the general objective and the specific objectives as stated here below:

1.3.1 General objective of the study

The general objective of the study was to identify why the incentive pay fail to increase work performance in Tabora Municipal Council.

1.3.2 Specific objectives of the study

The specific objectives of the study were to investigate the following:-

- a) To identify the guidelines which govern in designing incentive pay for work performance in Tabora Municipal Council.
- b) To investigate the reasons making incentive pay not increase work performance in Tabora Municipal Council.
- c) To determine the mechanisms to make incentive pay increase work performance in Tabora Municipal Council.

1.4 Research Questions

The study was guided by the following three research questions:

- 1) What are the guidelines which govern in designing incentive pay for work performance in Tabora Municipal Council?
- 2) Why incentive pay does not increase work performance in Tabora Municipal Council?
- 3) What mechanisms to make incentive pay increase work performance in Tabora Municipal Council?

1.5 Significance of the Study

- 1) The research aimed to help management of government organization in Tabora Municipal Council to improve and increase incentive pay to employees in each department.
- 2) To enable the government to put more effort on implementing the pay and incentive policy.
- 3) The research aimed to help pull out knowledge of researchers particularly those who will develop interest on this topic.

- 4) The research will help the management of Tabora Municipal Council to make good plan, formulate good procedures and set standard for incentive pay.
- 5) The research will help the policy makers to develop policies that can provide set of guidelines for appropriate incentive pay.

1.6 Scope and Delimitation of the Study

The scope of this study is for government organization departments in Tabora Municipal Council. The focus will be on the factors that hinder the incentive pay to increase work performance in Tabora Municipal Council. Employees of the government organization in Tabora Municipal Council will be used as the respondents of the study. The study is limited to government organizational departments in Tabora Municipal Council.

1.7 Limitations of the Study

To every action there is limitation, that is how happened to this study. There are some limitations obscured the researcher in this study. These are stated below:

- a) Confidentiality of some information to be offered by respondents. There was a tough task to convince the respondents to provide some information with the reason that they are confidential information.
- b) Accessibility of respondents. As the study done at the time most of heads of department were in preparation for mini-budget, hence they were so busy for that. This led to frequency postponing of appointment arranged for interview.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter covered both theoretical and empirical literature review. In this chapter a researcher used diverse documents, books and other written materials to see how other authors have been discussing on the key issues, experience and their arguments on the limitation or hindrance of incentive pay to increase efficiency and effectiveness in work performance in Tabora Municipal Council.

2.1 Theoretical Literature Review

This part covered the meaning of incentive, types of incentive, incentive theories, public service pay reform, the significance of incentive pay, the challenges of implementing incentive pay, key determinants of work pay and the determinants of work performance.

2.1.1 Concept of incentive pay

Incentives are now usual and a key part of pay in the public and private sectors. It is through incentives that executives have the opportunity to generate personal wealth (PARC and WW, 2010). They are an important part of organizational motivation and are central to helping diagnosticians understand the forces that drive the organization (UNDP, 2006).

As argued by Aswathappa (2010) and Aswathappa (2013) incentives are variable rewards granted according to variations in the achievement of specific results. They are therefore, monetary and non-monetary benefits paid to workforce in appreciation of their best or excellent performance.

According to Noe et al (2009) incentive pay is the pay specifically designed to energize, direct, or control employees' behavior in the organization. This is to say, incentives are provided to increase the morale of doing work.

They can be paid before work output or after work output. When given before, they intend to increase production and quality of service and output. Also when given after, they intend to change, control and improve the way of doing work. This definition conforms to UNDP (2006) of the view that incentives and incentive systems are fundamental to developing capacities and to translating developed capacities into better performance. Therefore, incentives are provided to increase ability and capacity of service delivery in community from average to extreme level of performance.

From the definitions above, it can be argued that Aswathappa (2010) and Aswathappa (2013) have the same idea with what argued by Noe et al (2009) and UNDP (2006) that incentives are set to increase work performance. They are given to energize, direct and control workers when doing their duties. But the difference is that, Aswathappa (2010) and Aswathappa (2013) view incentive pay to be in monetary form while Noel et al (2009) and UNDP (2006) view incentive pay to be both in monetary and non-monetary form.

Therefore, my position on the definition of incentive pay is that incentives should be both monetary and non-monetary in form by regarding its role in increasing work performance. That is to say I conform to what argued by Noe et al (2009) and UNDP (2006). The type of incentive to be employed depends on the situation of the working environment. This is because; some areas can be in need of monetary incentives while other areas cannot. Likewise, some areas can be in need of non-monetary incentives or both.

2.1.2 Types of incentive pay

Condly, Clark, & Stolovitch (2003) asserted that although there are potentially a very large number of incentives that could be utilized, a useful distinction is between the

material and the non- material. Additionally, material (or tangible) incentives could be broken down further into monetary and non-monetary.

2.1.2.1 Monetary incentives

UNDP (2006) declared that monetary incentives are financial incentives which come in some form of payment or cash transfers. The purpose of monetary incentives is to reward associates for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (for example, Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for associates (Kepner, 2001).

Some of the financial incentives are direct such as salary, pension, insurance, bonuses, etc. Others are indirect such as subsidized meals, clothes or housing. It is important to make a distinction between a proper level of pay and special incentive pay to reward performance (Hicks & Adams, 2000). In the private sector financial incentives are generally associated with better performance although perverse impacts can also be observed (Condly et al, 2003). These monetary incentives (cash awards) are shown to have a higher value where remuneration is low. Monetary incentives have two kinds of effects: the standard direct price effect, which makes the incentivized behavior more attractive and an indirect psychological which makes the incentivized behavior more attractive, and an indirect psychological effect (Gneezy et al, 2011).

Monetary incentives frequently are suggested as a method for motivating and improving the performance of persons who use and are affected by accounting information (Atkinson, Banker, Kaplan, Young, 2001; Horngren, Foster, & Datar, 2000; Zimmerman, 2000), and their use in organizations is increasing (Wall Street Journal, 1999). Most workers do not prefer this kind of incentives. For example, in the study of implementation of the incentive scheme for human health in the public health facilities in Newala district the health workers who were reported to have received

financial incentives were not satisfied with leave allowances hence created job dissatisfaction (Mpuya, 2010).

2.1.2.2 Non-monetary incentives

Ballentine et al (2012) once argued that non-monetary incentives include flexible work hours, training, pleasant work environment, and sabbaticals. They come in many forms such as gifts, rewards, travel (UNDP, 2006). Some are more tangible than others since they are visible and/or can be compared to financial benefits. Less tangible incentives relate for instance to work flexibility, independence of working, recognition of one's work, the possibility of advancement. Also the non-monetary incentives are rewards such as restaurant coupons for meals or vacation trips. This type of incentive pay is sometimes known as the non-financial incentives. Non financial holiday/vacation, flexible working hours, access to/support for training and education, sabbatical, study leave, planned career breaks, occupational health/counseling, and recreational facilities are example of non- monetary incentives (Hicks & Adams 2000). It is mostly needed by workers in the organization. For example, Mpuya (2010) in his study of implementation of the incentive scheme for human health in the public health facilities in Newala District found that majority of health workers who reported to had received non-financial incentives were satisfied with those incentives which also was reported to create job satisfaction. The purpose of non-monetary incentives is to reward associates for excellent job performance through opportunities (Ballentine et al, 2012).

2.1.3 Incentive pay theory

According to Pattanayak (2005) incentive theories state that there is sometimes the goal itself which motivates the behavior. They are individual derive pleasure from attainment of these goals and the examples of these are pay and promotion. The incentive theories are pull theories of motivation because of certain characteristics they have, the goal objects behavior towards them. These goal objects which motivate the behavior are called incentives. Although there are various theories on performance

related pay but this study used expectancy theory. This is because the theory has great implication on work performance.

Expectancy theory was put forward by Victor Vroom in 1964 by proposing that people act to maximize expected satisfaction with outcomes (Lunenburg, 2011). The theory postulates that an individual's motivation in a particular situation is a function of two factors: First the expectancy about the relationship between effort and a particular work performance for example; a certain level of pay for a certain level of performance), referred to as the effort-outcome expectancy and second; the valence (attractiveness) of the outcome. The motivation created by these two factors leads people to choose a level of effort that they believe will lead to the desired performance (Bonner & Sprinkle, 2002).

In predicting work performance, Vroom (1964) proposes that performance is a multiplicative function of ability and motivation. While he spends a considerable amount of time defining ability and its many facets, he does not clearly specify what is meant by motivation in this context. However, at an earlier point, Vroom clearly describes that motivation as the force to choose high effort over low effort. In the context of predicting performance as (ability) times (motivation), this seems to be a reasonable assumption. For example, if a person puts forth a high degree of effort and has high ability, he should be a high performer. Conversely, if an individual puts forth a great deal of effort but has no real ability, he should be a very low performer. As a consequence, most tests of Vroom's model have attempted to account for choices among levels of effort. Even though there is value in understanding the factors which determine individual expenditure of effort, defining motivation as the force to choose high effort creates two important conceptual problems, neither of which has been clearly recognized.

The effect of incentives pay on effort and work performance in an expectancy-theory conceptualization is twofold. First, the outcome of interest is the financial reward. Money can have valence for a variety of reasons. Vroom's initial conception of the valence of money is that money is instrumental in obtaining things people desire such

as material goods. In addition, money has symbolic value due to its perceived relationship to prestige, status, and other factors (Furnham & Argyle, 1998; Zelizer, 1994). Incentives pay clearly have higher valence than no pay (if expected pay is greater than zero) and also may have higher valence than non-contingent incentives, depending on the relative payment schedules. Second, expectancies also should be, and have been found to be, higher under monetary incentives than under no pay or non-contingent incentives due to the stronger links among effort, performance, and pay (Jorgenson, Dunnette, & Pritchard, 1973; Locke & Latham, 1990; Pritchard, Leonard, Von Bergen, & Kirk, 1976). Therefore, according to expectancy theory, an individual's motivation and subsequent effort likely are significantly higher when compensation is based on performance, due to both an increased expectancy about the effort– outcome relationship and an increased (or at least no change in the) valence of the performance.

Therefore, in this study the expectancy theory applied in TMC in three areas namely: recruitment and selection, interview techniques and employees performance. In recruitment and selection the theory reveals that human resource recruiters in government organizations develop strategy to attract the applicants with the qualifications, expertise and interest the organization needs. For the case of interview techniques the theory applied by interviewers to develop a line of questions to determine how potential candidates will react to certain work place situations. They formulate their questions based on the type of response they want to elicit from candidates. Also, in the case of employees' performance the theory applied in explaining that employees base their level of work, output or quality in anticipation of the employers' response.

2.1.4 Designing incentive pay

Employee/ worker incentives are designed to motivate staff to achieve high performance levels, change behaviors and/or change attitudes. Incentives are rewards for achieving certain targets or making a certain effort. Performance-based cash

payouts are most frequently used, but non-monetary incentives are also possible (Holtmann & Grammling, 2005)

2.1. 4.1 Key steps in designing an incentive plan

HORIZON (2013) pointed out the following steps for designing an incentive pay:-

Arrange a meeting with senior managers: Clarify the purpose of the meeting is to agree what the incentive plan should achieve. Make a presentation providing an overview of incentives using the information in these notes. Review the strategic and Human Resource plans with the senior management team. Identify the key objectives for which incentives are to be provided. This is a key issue. Ask, “what behavior are we trying to influence what do we want people to do differently” to help identify the objectives.

Decide on who should be eligible: Identify which employees will be eligible. It is better to start with a few senior jobs when introducing incentives to an organization as any problems can be sorted out more easily dealing with a smaller number.

During the communications phase it may be possible to manage expectations more easily with this group. A participant in the plan must be able to affect the result on which the incentive is based. Use the Incentive Measures Table to help identify the best measure to use.

Decide on level of incentive: From salary survey data, establish the level of incentives paid in the market for similar jobs. Be aware of what percentage of contributors to the survey pay incentives. That is, if less than 50% of companies pay incentives for a job it may not be competitive to do so. Obtain agreement on what level of incentive is willing to be paid for achieving current plans and/or what percentage of over-plan returns will be paid in the form of an incentive. Gain agreement on any threshold levels e.g. at what level of organization profit will payments commence? At what level of personal achievement does payment commence?

Design the incentive plan: It is advisable to only pay an incentive at target or above target level. However, depending on the culture of the organization and how aggressive their targets are, they may wish to start providing some reward when performance reaches 90% or 95% of target. Different rates of incentive can be paid depending on the stage or target achievement is at. It is suggested a cap be placed on earnings to avoid any windfalls and as a defense against any mistakes being made in the planning or calculations. After the above variables have been determined, use the Example Incentive Plan to draft the plan or plans if different groups of employees require different plans.

Cost the plan: Ensure that if targets are met or exceeded that plan provides an overall benefit to the organization and that it can afford to pay the incentives. The incentive pay set should be possible to be paid. Don't set incentives which cannot be implemented at all. Therefore, there is a need to cost the plan if it can be done or not before to putting into implementation.

Obtain agreement: Meet again with senior managers to gain their input and obtain agreement. There should be consensus from senior managers to approve the use of incentives and have common stand on the decided incentives.

There is a need to ensure that, employers and heads of department agree with the decided incentives unless otherwise the incentive won't be implemented.

Communicate: Communicate to eligible employees using a presentation and provide a written, personalized plan to leave with them. Provide a format on which to report progress towards targets on a regular basis e.g. monthly or quarterly. Review details of the plan as required and clearly communicate any changes to participants. In this case the employees should be communicated the way incentive will be provided by putting clear the standard and criteria for determining the superior performer.

2.1.4.2 Determinants of incentive pay in relation to work performance

The determinants of work pay can be factors that governing the employer the amount to pay their employees (Gibbs et al, 2003). The wage policies of different organization vary accordingly. Marginal units pay the minimum necessary to attract the required number of kind of labor. Often, these units pay minimum wage rates required by labor legislation, and recruit marginal labor. At the other extreme, some units pay well about going rates in the labor market. They do so to attract and retain the highest caliber of labor force. Some managers believe in the economy of higher wages. They feel that, by paying high wages, they would attract better workers who will produce more than average worker in the industry (Francis, 2010). According to Fong & Shaffer, (2001) the size of the wage bill is a reflection of monies paid to entry level workers on up to the top executive.

In this part, the researcher discusses the factors that influence the incentive pay designing. This will help the researcher to see if the same factors or there are other factors used in government to determine work pay. There are various postulated pay determinants in organization. Below are some of the most preferred determinants of pay:-

Organization's Ability to Pay: Wage increases should be given by those organizations which can afford them. Companies that have good sales and, therefore, high profits tend to pay higher those which running at a loss or earning low profits because of higher cost of production or low sales. In the short run, the economic influence on the ability to pay is practically not done. All employers, irrespective of their profits or losses, must pay no less than their competitors and need to pay no more if they wish to attract and keep workers. In the long run, the ability to pay is important. During the time of prosperity, pay high wages to carry on profitable operations and because of their increased ability to pay. But during the period of depression, wages are cut because the funds are not available. Marginal firms and nonprofit organization (like

hospitals and educational institutions) pay relatively wages because of low or non profits (Francis, 2010).

Productivity: Productivity refers to a comparison between the quantity of goods or services produced and the quantity of resources employed in turning out these goods or services (Bardaro, 2009). Bardaro viewed productivity as a shorthand term for what the employer gets in return for the salary. It is a result of the application of human and other resources. As such, it is a prime determinant of ability to pay. If production increases in the same proportion as wage costs, labor cost per unit remains unchanged. If, however, an increase in the salary level is not matched with a proportional increase in productivity, labor costs per unit rise. At some point this mismatch runs the risk of exceeding the employer's ability to pay. Although productivity is not widely used as an explicit salary level determinant, it is always present in the form of the effort bargain. If the employer gets more output for each unit of input, the organization's ability to pay is increased (Fong & Shaffer, 2001).

Employer Willingness to Pay: Organizations often say they use wage surveys to evaluate their ability to pay. If by evaluate they mean determine, this would be somewhat surprising, because surveys would logically reflect willingness to pay. Employer willingness to pay may be a more powerful wage determinant than employer ability to pay (Gibbs et al, 2003).

Organizations frequently obtain and use information on what other employers pay. Such information is undoubtedly the most used wage level consideration, sometimes considered along with the cost of living. Another determinant of employer willingness to pay consists of the state of supply of particular skills and the presence of tight or loose labor markets (Fong & Shaffer, 2001).

Therefore, it can be argued that employer has a great role to play in what to pay. If the employer is unwilling to pay, even if there is good economic situation in the organization the salary level for labour will not increase.

Labor Supplies: The labour market conditions or supply and demand forces operate at the national, regional and local levels, and determine organizational wage structure and level. If the demand for certain skills is high and supply is low, the result is a rise in the price to be paid to these skills. Fong & Shaffer (2001) put forward that when prolonged and acuter, these labour market pressures probably force most organizations to reclassify hard to fill jobs at a higher level” that suggested by the job evaluation. The other alternative is to pay higher wages if the labour supply is scarce; and lower wages when it is excessive. Similarly, if there is a great demand for labour expertise, wages rise; but if the demand for manpower skill is minimal, the wages will be relatively low. The supply and demand compensation criterion is very closely related to the prevailing pay, comparable wage and ongoing wage concepts since; in essence, all of these remuneration standards are determined by immediate market forces and factors (Doving & Nordhaug, 2013).

Skill and Education: Bardaro (2009) pointed out that recent emphasis in compensation upon competency and skill based pay makes skill and education an important wage level determinant. At the level of the economy this focus has been playing out for some time in the problem of wage inequality in many countries like United States. With the rapid growth of industries business trade, there is shortage of skilled resources.

Francis (2010) asserted that the technological development, automation has been affecting the skill levels at faster rates. Thus the wage levels of skilled employees are constantly changing and an organization has to keep its level up to suit the market needs.

Culture: The culture of where the organization is based can also influence these decisions. Different societal customs will affect pay as well. In some societies, women are paid less than men. Other countries favor seniority, such as Japan. Therefore, the local traditions also weigh into how a compensation package is determined (Poppe, 2012).

Employee Acceptance: The considerations employers use in determining wage levels must meet their test of employee, or potential employee, acceptance (Gibbs et al, 2003). If employees are unwilling to accept the wages offered, the employment contract and the effort bargain are not completed. For example, employee expectations, employee definitions of equity, and employee satisfaction or dissatisfaction with pay, become related considerations. So do the demands of unions and society through laws and regulations. These considerations find their way into employers' decisions regarding their ability and willingness to pay.

Cost of Living: Cost of living is emphasized by workers and their unions as a wage level consideration when it is rising rapidly. In such times, they pressure employers to adjust wages to offset the rise. In part, these demands represent a request for increases to offset reductions in real wages (wages divided by the cost of living). The cost of living pay criterion is usually regarded as an automatic minimum equity pay criterion. This criterion calls for pay adjustments based on increases or decreases in an acceptable cost of living index and in recognition of the influence of the cost of living. Escalator clauses are written into labour contracts. When the cost of living increases, workers and trade unions demand adjusted wages to offset the erosion of real wages. However, when living costs are stable or decline, the management does not resort to this argument as a reason for wage reductions (Francis, 2010).

Comparable Wages: The comparisons of public and private pay thus far are crude in that they do not compare workers in the same occupation or with the same skills. There are two basic ways to make such more refined calculations: (1) use occupational wage rates on the pay in detailed occupations; (2) use individual-level data on the pay of workers with similar personal characteristics. The former method contrasts wage rates actually used in wage setting; the latter method contrasts earnings with those of workers having comparable age, education, and the like. Which is “better” depends on the quality of data and purpose of the comparison. Comparable wages constitute, without a doubt, the most widely used wage determinant. They represent the way in which organizations achieve the compensation goal of being competitive. Not only are

the wages and salaries of federal employees keyed directly to comparable wages in labor markets, but also those of most public employees in other authorities (Freeman, 1987).

Comparable wages help in the attraction and retention goals of compensation. To most people, an acceptable definition of fair wages is the wages paid by other employers for the same type of work. Employers find this definition reasonable because it implies that their competitors are paying the same wages. In essence then, labor costs become even across the industry. Another reason for the popularity of the concept is its evident simplicity. At first look, it appears quite simple to pay the market. These false impressions of simplicity disappear once we try to determine the market rate. Precise techniques, carefully employed, are required to find comparable jobs and comparable wage or salary rates. Numerous decisions must be made on which organizations and which jobs should be compared, and how best to compare them. Wage comparisons may involve other organizations in the area or in the industry, wherever located (Doving & Nordhaug, 2013).

The going wage is an idea, the result of numerous decisions on what jobs and organizations to include, what wage information is appropriate, and what statistical methods to employ. According to Gibbs et al, (2003) some employers decide to pay on the high side of the market, others on the low side as indicated in the previous chapter. The result is a range of rates to which various statistical measures may be applied. Various interpretations of the going rate may be made and justified.

According to Fong & Shaffer (2001) comparable wage rates may represent entirely different levels of labor costs in two different organizations. Setting wage levels strictly on the basis of going wages could impose severe hardships on one organization but a much lower labor cost on another. These difficulties are not insurmountable: many employers bend heavily on wage and salary surveys. Employer choices on what surveys to acquire and use, what benchmark jobs to attend to, and how to analyze, interpret, and use the data suggest that reasonable accommodations to the market are

usually possible. Comparable wages probably operate as a conservative force. Because wage decisions involve future costs, employers are understandably unwilling to outdistance competitors. In a tight labor market, changes in going wages may compel an organization to pay more to get and keep a labor force, especially of critical skills. But in more normal periods, where unemployment exceeds job vacancies, employers will more likely focus on equalizing their labor costs with those of product-market competitors. In other words, comparable wages are followed as long as other considerations are not more compelling.

Employment legislation: this is another factor that employers have little or no control over. In the United States, for example, there are several laws that organizations must comply with or face possible consequences such as fines and lawsuits. Some legislation in the United States are the civil rights act, the equal pay act, American with disabilities act, minimum wage laws just to name but few (Poppe, 2012). In Tanzania, there are legislations that govern payment of wage and salary as well as allowances.

2.1.5 Significance of incentive pay on work performance

Businesses use monetary and non-monetary incentives extensively to influence management's behavior. Measuring the performance that governs the award of these incentives is critical to driving management behavior. Misalignment between divisional and business objectives leads many businesses to establish conflicting measures for their managers. Furthermore, even having the right measures does not ensure that all incentives are aligned with these measures. In this article we will identify reasons for the conflicting incentives and outline a few practical considerations when setting up incentive structures (Gupta, 2009).

In this research the significances of incentive pay on work performance are discussed in order to understand if there is any importance of incentive pay that exist or other researchers have realized. There are various significances that realized in implementing the incentive pay system in the organization. Some of the significances of incentive pay in work performance are discussed here below:

Inducement and Motivation of Workers: Incentive pay seems to have encouragement to workers to do work efficiently and great output (Aswathappa, 2010). An employee in the organization where incentive pay is applied is motivated to work hard and results to high output. Increased production and output is expected to be seen when there is incentive pay provided to higher performers.

Enhance Earning of Employees: Incentive pay would enable the employees to improve their standard of living. Employees can be able to acquire the necessary needs in their lives once they get the extra pay from high performance in their jobs. Jobs with incentive pay attract workers of higher ability and induce workers to provide greater effort. We construct an integrated model of effort and sorting that clarifies the distinction between observable and unobservable ability and the relationship between earnings and productivity (Booth & Frank, 1999).

Increased Production: The purpose of incentive structures is to encourage management to exhibit behaviors and take actions that will help meet the corporate objectives (Gupta, 2009). Workers tend to increase effectiveness, efficiency in doing their duties and working hardly when they are given incentives (Bryson et al, 2011). According to Aswathappa, (2010), production may increase resulting in greater number of units produced for given inputs. This would also lead to reduction in the total as well as unit of production. Smoot & Duncan (1997) found a systematic relationship between the incentive programs and worker productivity in all of their experiments. Further, they found that these programs elicited higher productivity than flat pay systems in the experiments. Hence it brings down the total and unit cost of production.

Reduced Supervision: Workers who anticipate of being motivated with incentives after their higher output usually not need too close supervision. They become more controlled by themselves with fear that the higher they perform the higher they will be paid. Therefore supervision is made only in quality (Aswathappa, 2010).

Reduce Absenteeism and Turnover: There is some indication that companies utilize incentive programs for more than just increasing productivity. Incentive programs are

also being used to offset wage stagnation and to avoid layoffs during profitable periods. Workers expecting extra pay from what is paid usually work hard and tries to avoid absenteeism at work. They usually come to work every day for sure they may have excess earning from their salaries (Bencivenga, 1997).

Reduce Lost Time: The incentive pays force workers to work hard and avoid wastage of time for fear of failing to achieve more production per day. This leads to reduce time lost by workers by making stories and other no senses (Aswathappa, 2010).

Better Utilization of Equipments: Working equipments will properly utilize when there is incentive pay (Aswathappa, 2010). Workers may have effective use of them to produce more output in the work for incentive pay. Hence, the equipment will be well utilized to extend that they bringing required use of it.

2.1.6 Challenges of Implementing Incentive Pay

This study discusses the challenges of establishing incentive pay on work performance because of the target or the objective of the research in this study. The challenges are likely to be the reasons for ineffective incentive pay on work performance in Tabora Municipal Council.

Managers, economists, and some people view incentive pay as something not important to be undertaken in the organization while some perceive as important forces in controlling the employees' behavior (UNDP, 2010). Some researchers such as Filipczak (1996) are loyally opposed to using incentive pay. Filipczak views this as an extrinsic tool with minimal long-term value. Instead, he suggests that organizations which tap into employees' intrinsic motivation are much more likely to have staff who desire to do a good job, produce quality products, and take pride in their work. Further, he suggests that organizations achieve this through giving employees and opportunity to have input into their jobs, respecting employees and allowing them to do a good job.

The following are challenges of incentive pay as postulated by different scholars:-

First, seem to be unnecessary as many people have been viewing incentive pay as unjust. Paying extra to the employees when they are already paid their usual wages and salaries is unjust. People draw that if an employee is paid for eight hours a day, he/she is expected to show better performance for the day, to show increased production and hence extra payment is not necessary (Aswathappa, 2010).

Second, it deteriorates the quality of the products. There is the great need to make checks and inspection in performing works in the organization. Individual incentive programs were losing their popularity, in part, because they do not promote teamwork, quality improvement, and other important business issues. He further suggests that these programs can work against these objectives. People may have tendency of doing things quickly for the intention of receiving incentives. This leads the organization to have products and services with low quality but high quantity. So, steps should be taken to ensure maintenance of quality (Anfuso, 1995).

Third, increase danger of accidents to workers. Some workers paid by result may have to disregard safety regulations in order to achieve high output. They may forget to take care of life security and just fight to earn big output and at the end harm themselves the bodies. This situation has been discouraging many employers to implement the system by fearing to injure peoples' lives (Aswathappa, 2010).

Fourth, lead to corruption of public servants. Britton (1997) suggests that incentive programs have a negative impact on motivation when they measure the wrong things. Consequences they can result in destruction of long term motivation, handicapped employee relationships, and an aversion to taking risks. Britton views incentive programs as a carrot and stick approach. He supports this contention by offering Kohl (1993) conclusion that rewards intended to motivate certain behavior are actually bribes. As the issue become of earning more money, some employers, supervisors and workers can join hands, so that false production figures are recorded and wrong time booking are made in order to enable employees earn enhanced incentives.

Fifth, it is the source of conflict among workers and their employers in the organization. Jealousness may arise among workers because some are able to earn more than others. This can generate conflict among workers and workers with managers. Many organizations are not supporting incentive pay for fear of conflict to occur in the organization. They are seen to have lead to division of employees and hence results to selfness (Aswathappa, 2010).

Sixth, cause ineffectiveness of work performance. Incentive programs utilized by businesses in highly regulated industries have been characterized as highly sophisticated, but lacking effectiveness since these organizations are not driven by business necessity (Cantoni, 1997). As argued by Aswathappa, (2010) incentive pay can make workers work for intention of getting something and not for generating something. This can lead to end up producing quantity but no quality.

Seventh, it leads to high labour cost. Incentive pay may leads to higher labour costs in some industries. For example, workers may be increasingly in performance and the industry will be supposed to pay them an incentive which is huge money when calculated. This resulting too many organizations to avoid implementing incentive pay (Aswathappa, 2010).

2.1.7 Public service pay reform in Tanzania

As Tanzania embarked on serious reforms of the public service in the early 1990s which was vital to realizing improvements in capacity and improvements in service delivery it quickly realized that those efforts could not succeed because public service pay levels were too low and uncompetitive in comparison to pay by other employers. Information on real pay trends in Tanzania public services for various categories of personnel for the period 1975 to 2000 paint a plain picture (Mutahaba, 2005; URT, 2010)).

The period 1975-1985 was a period of uninterrupted real wage decline. Although the situation was not very different in most of Sub-Saharan Africa, with most countries

experiencing double-digit real wage declines on an annual basis, Tanzania's decline was more drastic than most other countries apart from those experiencing political instability. Average basic salaries in the public service provided only one fifth of the purchasing power of equivalent salaries in the 1970s. In addition, there were gross distortions and inequities in the compensation structure of public service pay (Lufunyo, 2013).

The second period covers the years 1985 to 1994, when the real pay of most civil servants fluctuated, though showing an increasing tendency. During this period the government of Tanzania embarked on successive Structural Adjustment Programmes which, in the absence of a comprehensive reform programme, met with limited success (Wangwe et al., 1998). Still by 1994, at the onset of the comprehensive civil service reform programme, the real average pay in the civil service was only slightly more than half its 1969 level (URT, 2010).

The third period covers the years from 1994 to 2000. This period saw substantial improvements on the real average pay in the civil service. Nonetheless the trend is misleading because part of the rise in pay is accounted for by the consolidation of allowances into the salary structure, and in spite of that, the resultant salary levels left the government at a competitive disadvantage in its efforts to attract, retain and adequately motivate qualified professional and technical personnel (Lufunyo, 2013).

The consequences of the decline in real pay and weakening of the incentive regime have been disastrous. It has led to depletion of scarce motivational capital in the public service giving rise to: demotivation of civil servants at all levels; reduced work efforts, declining levels in performance; weakening of accountability and control mechanisms; diminished ability to recruit and retain qualified managerial, professional and technical personnel, and reduced commitment to the public service (Mutahaba, 2005).

In addition to the reduced work effort, low and declining pay may reduce good will, increase ill-will and motivation to engage in counter-productive behavior not

supporting increased production, service delivery, good fiscal management and tolerance for deviant behavior including time theft and corruption (URT, 2010).

Over time, public servants began to adopt various income maintenance strategies in their attempts to offset the effects of real pay reductions on their standards of living. They combined the resources that they control internally and externally and obtained the necessary subsidies to their salaries (Lufunyo, 2013). The income maintenance strategies took various forms with some having no direct bearing on work performance, although affecting commitment to employment and motivation. Those with impact on service delivery took the following forms: Work sharing, where public service personnel agreed informally between themselves to share workloads to allow workers to pursue other income maintenance activities during official work time, lowering actual work time and generating personnel rotations at staffing levels for below those formally expected; Cost sharing; where public servants solicited payments directly from customers/clients before providing otherwise free services. Revenue sharing, where revenue from formal user charges were misappropriated, mismanaged for individual gain; and Resource sharing, where public resources, supplies and equipment were misappropriated, pilfered or mismanaged for individual gain (Mutahaba, 2005).

Employing such income maintenance strategies had significant negative implications for service delivery, quality and accessibility, as well as on the government's fiscal situation and on capacity building in the public service, including increasing the cost of providing public goods and services, reducing the quantity of publicly provided goods and services, increasing the incidence of user charges on public services that had hitherto been provided freely (URT, 2010).

To address the foregoing crisis, Tanzania adopted in 1999, as a part of the Civil Service Reform Programme (CSRPF), later to become the Public Service Reform Programme (PSRF), a pay reform policy and strategy (Mutahaba, 2005). Until then, the drivers for addressing pay issues consisted of pressures to consolidate allowances with salaries, to achieve some salary decompression and to increase minimum wage.

The rationale for developing an explicit pay policy was to enable government to make choices in a more rational way, basing them upon a clear long-term agenda rather than short-term pressures.

In adopting an explicit rational pay reform policy, the Tanzania government had a number of long- term primary goals. First, to raise the minimum basic salary of its employees to the minimum living wage; and Second to raise the salaries and other compensation benefits of its top public servants to levels consistent with the requirement to recruit and retain the best qualified and skilled Tanzanians in its service (URT, 2010).

These twin goals were to guide the long term restructuring and decompression of the public service salary structure. The minimum living wage for all categories of employees could not be affordable in the short to medium term under the prevailing budgetary constraints, as well as the fact that the government's minimum basic salary for unskilled workers was already significantly higher than those for most employers in the country. In those circumstances, the overriding objectives in reviewing public service pay in the short- to medium- term was to enhance the prospects for the government to recruit, retain and motivate a critical mass of technical and professional staff (Mutahaba, 2005).

2.1.8 Work performance in the organization

Work performance is the work related activities expected of an employee and how well those activities were executed (Campbell, 1990).

The assessment of the work performance of each employee can be done on an annual or quarterly basis in order to help them identify suggested areas for improvement.

Murphy (1994) proposed and developed taxonomy of performance. He significantly breaks performance into only four dimensions.

First, is task-oriented behaviors are similar to task-specific behaviors in Campbell's model. This dimension includes any major tasks relevant to someone's job.

Second, is interpersonally-oriented behaviors are represented by any interaction the focal employee has with other employees. These can be task related or non-task related. This dimension diverges from Campbell's taxonomy because it included behaviors (small talk, socializing, etc.) that are not targeting an organization's goal.

Third, is down-time behaviors are behaviors that employees engage in during their free time either at work or off-site. Down-time behaviors that occur off-site are only considered job performance when they subsequently affect job performance (for example, outside behaviors that cause absenteeism).

Fourth, is destructive and hazardous behaviors which are unsafe and with great risky to people doing the work. This includes drunkardness, prostitution and theft in the organization.

In my view the work performance can be seen by looking on the two things namely the quality of work done and the quantity of work done. The quantity of work will be regarded not well performed if there is untimely completion, unlimited production, poor prioritizing, timing and scheduling, lost time due to lateness, absenteeism, leaving without permission, excessive visiting, phone use, break time, use of the Internet, misuse of sick leave, slow response to work requests, untimely completion of assignments and preventable accidents. Likewise the quality of work will be considered poorly performed due to failure to meet quality standards, inaccuracies, errors, failure to meet expectations for product quality, cost or service, customer/client dissatisfaction, spoilage and/or waste of materials and inappropriate or poor work methods.

2.1.8.1 Mechanisms for work performance management in Tanzania

There are different approaches to work performance management exist in Tanzania. For example; a Result Based Management (RBM) was introduced using a home grown rubric referred to as Performance Improvement Model (PIM). This is an integrated approach to performance management with interlinked four stage processes and nine

elements. This approach, among other things, requires all public service institutions to plan, implement, monitor, evaluate, and report on performance, and finally carry out performance reviews. From the year 2000 to 2006 PIM was installed in all Ministries, independent Departments, Executive Agencies and Regional Secretariats.

Also, the public service introduced a number of processes, tools and mechanisms in order to facilitate the institutionalization of a performance management system. The specific tools for performance management include strategic and operational planning, client service charters, service delivery surveys, self assessment programmes, performance budgets, the introduction of Open Performance Review and Appraisal System (OPRAS) and comprehensive Monitoring and Evaluation (M&E) system (Bana & Shitindi, 2009).

2.1.8.2 Determinants of work performance

Performance of work is not a one factor cause. It is a combination of many factors. In this research the determinant of work performance are discussed because of one reason that is the importance of knowing the things that influence performance at work place. There are many determinants of the work performance as explained below:

Willingness to Perform: If employee is performing tasks and responsibilities in the organization with willingness level of the performance will be high and will be up to the standards (TC, 2003). This situation depends on the nature of the people the organization have and the environment they are working. People can have a desire of not performing a certain job they are obliged with. The people may be able to perform but they are not willing to do so (UNDP, 2006).

Capacity to Perform: Capacity to perform is a combination of personal skills and motivation of people. If the basic qualifications, abilities and skills required performing specific tasks are possessed by the employees the level of performance will be in accordance with the set standards and vice versa. There are people in the organization who are able to perform but not will and those who are will to perform

but they lack capacity (UNDP, 2006). Therefore capacity to perform has great part to play in work performance. One can be paid incentive but no performance because is lacking capacity to perform.

Opportunity to Perform: Favorable circumstances and opportunities to perform the challenging tasks which are more contributory towards achievement of the organization's mission and objective can be reasons to have more effective performance from employees. Most employees are ready to perform something in the organization but they lack opportunities. The employers do not realize such a thing and they just keep on asking themselves why something not happening (TC, 2003).

Organizational Justice: Organizational justice refers to perceptions of fairness within an organizational setting (Greenberg, 1990), it has become a focus of justice researchers. Organizational justice has been widely accepted that organizational justice contributes to employee performance. An individual can alter his quality and quantity of work to restore justice when he perceives the outcome/input ratio to be unjust. Individuals decrease their performance to reduce input when they are underpaid, and increase their performance to produce more input when they are overpaid (Jankingthong & Rurkkhum, 2012).

Communication: It is important to be aware that in general only 30% of verbal communication is received and understood by either side in a conversation. People normally remember what was said first and last in an exchange; consequently it is important to put the most important part of your message first and then repeat it at the end (TC, 2003). Depending on the complexity of the message it might be more effective to provide some form of written instruction such as a checklist. Therefore lack of effective communication can lead to poor performance of work (UNDP, 2006).

Complacency: This is self-satisfaction accompanied by a loss of awareness of the danger. If an activity has become routine and your feeling fat dumb and happy, you may be missing important signals. There is a tendency to see what you expect to see (TC, 2003).

Disturbance: This is anything that draws your attention away from the task at hand. Psychologists say distraction is the number one cause of forgetting things. We are always thinking ahead. Thus, we have a natural tendency, when we are distracted before returning to a job, to think we are further ahead than we actually are (TC, 2003).

Teamwork: An effective team will maintain a clear mission, maintain team expectations, communicate to all team members, maintain trust and pitch in (UNDP, 2006). Performing work individually can yield much as performing work as a team. Therefore, for an individual to perform better cooperation from other fellows is needed.

Work Engagement: Work engagement has become a well-known construct to both researchers and practitioners. An emerging body of research is beginning to converge around a common conceptualization of work engagement as connoting high levels of personal investment in the work tasks performed on a job (Macey and Schneider, 2008; Rich et al., 2010). Engagement, as a motivational variable, should lead to high levels of job performance (Rich et al., 2010; Schaufeli et al., 2002). Work engagement represents a commonality among physical, emotional, and cognitive energies that individuals bring to their work role. In this sense, work engagement is more than just the investment of a single aspect of the self. It represents the investment of multiple dimensions (physical, emotional, and cognitive), leading to the simultaneous and holistic experience (Rich et al., 2010).

Resources: A lack of resources can interfere with one's ability to complete a task because there is a lack of supply and support (TC, 2003). Low quality products also affect one's ability to complete a task. Working facilities, money and people are importance resources to bring work performance in any organization. You can pay much the workers but if they have no/less work resources no any unique work can be done.

Assertiveness: Assertiveness is the ability to express your feelings, opinions, beliefs and needs in a positive, productive manner (TC, 2003). It is not the same as being

aggressive. Lack of assertiveness can lead to get the person's attention and state the problem, give consequences, give solutions, and solicit feedback (UNDP, 2006). It is better to remember to deal with one issue at a time (not multiples), not embellish or exaggerate, stick to the facts, and stay calm.

Pressure: Urgent demands, which influence our performance, include; Company, Client, Peer, Self-Induced interestingly, people put the most pressure on themselves (TC, 2003). Self-induced pressures are those occasions where one takes ownership of a situation, which was not of their doing (UNDP, 2006). The monkey on your back is yours because you accepted it. Being assertive and not accepting the monkey will help.

Stress: There are two types of stress namely acute and chronic stress (TC, 2003). Acute stress relates to the demands placed on the body because of current issues; for example, time constraints for converting the aircraft from passenger to cargo configuration. Chronic stress results from long term demands placed on the body by both negative and positive major life events, such as divorce, or winning the game of chance. Chronic stress can exaggerate the effects of acute stress. To handle acute stress, try to take a five-minute break and relax by deep breathing. Dealing with chronic stress is more difficult and usually involves a lifestyle change.

Norms: Norms are unwritten rules or behaviors, dictated and followed by the majority of a group. Norms can be positive and negative. A positive norm would be scanning the area inside the aircraft you have been working on prior to closing up. A negative norm would be pushing an aircraft into the store by oneself (TC, 2003).

2.2 Empirical Review

In this part, different study findings done by others in this topic of incentive pay and work performance were discussed. Many other studies related to incentive pay have been made by various researchers; this review is essential as it points out areas assessed and the gap which still do exist. These researches are as follows:

One of the study was done by Steven Condly, Richard Clark and Harold Stolovitch in 2013 conducted a study on ‘‘The Effects of Incentives on Workplace Performance’’. They found that overall average effect of all incentive programs in all work settings and on all work tasks was a 22% gain in performance. Team-directed incentives had a markedly superior effect on performance compared to individually-directed incentives. The main result of this study is strong support for the claims that incentives can significantly increase work performance when they are carefully implemented and performance is measured before and during incentive programs.

Sarah Bonner and Geoffrey Sprinkle also conducted a research in 2002. The study was about the ‘the effects of monetary incentives on effort and task performance: theories, evidence, and a framework for research’. They found that there are a number of accounting-related variables that can alter the effects of incentives on performance. For example, they found that, on average, explicit performance targets (assigned goals) have additive positive effects on effort and performance over monetary incentives, thereby suggesting that organizations should employ performance targets in conjunction with monetary incentives to motivate employees. However, they also find evidence of an interaction between the difficulty of the goal and the type of incentive scheme. They also found that features of accounting settings can attenuate the positive effects of monetary incentives on performance by altering either the effect of incentives on effort or altering the effect of incentives-induced effort on performance. For example, we find evidence that lack of skill can attenuate the effort–performance relation because, while monetary incentives may induce higher levels of effort, the performance of individuals who lack requisite skills is not sensitive to these effort increases.

Another study was done in Rwanda by Grant Miller in 2013. It was about ‘Pay-for-Performance Incentives in Low- and Middle-Income Country Health Programs’’. A researcher found that incentive for good performance were most effective in improving outcomes that appear to have the highest marginal return or require the least effort. For example, performance incentives were more effective in increasing institutional

delivery rates among pregnant women already in contact with community health workers. Performance incentives may also influence how providers allocate effort among patients or community members. Pay-for-performance incentives may have unintended consequences for the intrinsic motivation of individual providers and for the institutional culture of health care organizations.

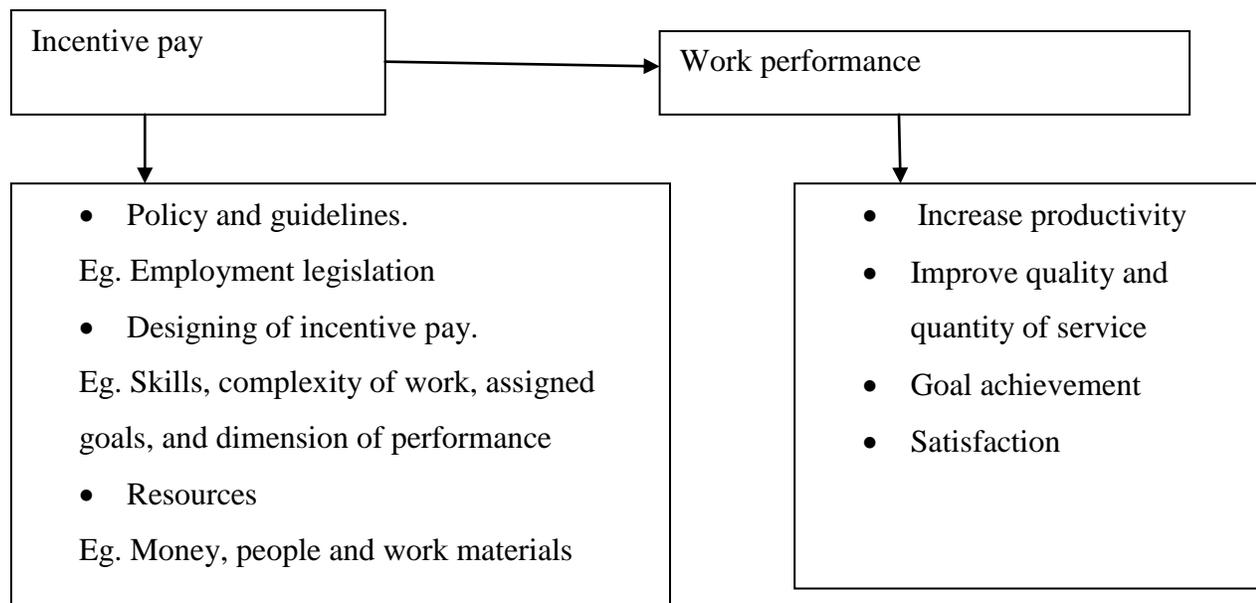
Moreover, Alexander Stajkovic and Fred Luthans in 2003 conducted a study on “The Differential Engagement and Relative Effects of Incentive Motivators on Work Performance”. The purpose of the study was to examine two research questions; the first one was “what effect does money as the most common incentive motivator have on performance when routinely administered as pay for performance versus when systematically applied through the theory-based steps of the behavior modification model?” The second one was “what are the relative performance effects among money, social recognition, and feedback, when all three are commonly implemented through the organization behavior modification model?” The study found that the routine pay for performance increased performance from the baseline level whereas money applied through the systematic procedures of the organization behavior modification model increased performance. The between-group comparison between money applied as a routine pay for performance and the same amount of money systematically implemented through the organization behavior modification model revealed a significant difference in relative performance improvement outperformed the former one with a difference in relative increase of slightly over 20%. In particular, money had the strongest effect on performance, followed by social recognition and feedback.

From the theoretical and empirical reviews above, the researcher observed that no study or literature talking about the reasons for incentive pay to fail to increase work performance was undertaken. The studies above were concentrating much on the contribution of incentive pay on work performance. They overlooked the factors that lead to continuation of poor work performance although the incentive pays is given to workers.

Therefore, from that point the great need of conducting a research on the factors hindering incentive pay to increase work performance. This is because there are many government organizations which are implementing the pay and incentives policy but little work performance. This research explored those factors causing workers not performing superiorly although they receive good incentive pay.

2.3 The Conceptual Framework

Figure 2.1: The conceptual framework on the effect of incentive pays to work performance.



Source: Modified from Bonner & Sprinkle (2002)

From figure 2.1 above it can be viewed that incentive pay result to work performance. That is to say, work performance depends on the incentive pay the workers get. The incentive pay is governed by the guidelines and policy as well as the way incentives designed. It is also seen to be governed by resources availability. To know that there is good work performance, the increase of production (production rise), high quality and quantity of services provided and goal achievement are important to be realized.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter covered a discussion on various methodologies and techniques used in collecting information of this study. It included research design, area of study, target population, population sample size and sampling technique, method of data collection and data analysis.

3.1 Research Design

According to Kirlinger (1965) research design is a plan, structure and strategy of investigation conceived so as to obtain answers to research questions and to control variance. On the other hand Kothari (2009) defined research design as an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure. It is a conceptual structure within which research is conducted. It constitutes the blue print for the collection, measurement and analysis of data. There are three types of research design namely the case study, survey research and experimental research.

This study used a case study research design. According to Ndunguru (2007) case study is a unity under investigation. It may be individual person, particular group of persons, things, organization a set of relationship or a community. Best (1970) added that a case study is concerned everything that is significant in the history or development of the case.

In this study the researcher used case study design because case study allows the application of more than one method of data collection so as to reach a wide range of conclusion. Also the approach is less expensive in terms of time, money and movement. The researcher also used case study as these research design enables to get the more detailed information (Schell, 1992).

3.2 Study Area

According to Kothari (2004) study area is the selected and delineated geographic boundaries. The study was conducted in Tabora Municipal Council. The researcher chose the area because is familiar with it and has experienced a lot of lamentations, complaints and disappointment on the incentive pay related to work performance. There is easy data accessibility in the study area selected. There is no secret that the researcher was so interested with the area to conduct a research. Also, Tabora Municipal Council is one of the areas with the problem under the study.

3.3 Target Population

Enon (1998) defined population as people that a researcher has in the mind from whom he/she can obtain information. According to Ary, Jacobs & Razavieh (1990) population is the large group about which group is made. Target population is the population for whom the findings will be generalized or for which information is desired (Msabila and Nalaila, 2013). The target population of this study was all workers of public organizations in TMC.

3.4 Sample Size

The sample size refers to the number of respondents included the sample and composition (Enon, 1998). It is the subject of measurement selected from the targeted population (Eczel, 1995). A sample size of this study was seventy seven (77) employees of Tabora Municipal Council. Among these respondents twenty seven (27) were interviewed and fifty (50) were given questionnaires. The sample was taken from all departments which are health, finance, economic planning and trade, education, agriculture, livestock and cooperatives, community development, works, town planning and environment, and administration and human resources.

The researcher used this sample size because it was possible to get accurate data from it. Also he used this sample size because the study of whole population was not possible due to limited time and resources.

Moreover, the study used this sample size because of desire to getting more detailed information and that this sample size is reachable within the time located for research. In this study, the sample techniques employed are both probability (simple random sampling and stratified sampling) and non-probability sampling (judgmental sampling) techniques. The simple random sampling employed to give equal chance of been respondents of the research questions. Judgmental sampling employed to people who are conversant and experience with the topic like heads of department and HROs.

To get data from the field, interview and questionnaire tools were employed. Interview guides were used to obtain detailed information about personal feelings, perceptions and opinions. This also employed with expectation of getting high response from respondents. The tool was employed to key people with experience and knowledge of the problem or topic. Questionnaires were also used as it can be employed in collection of large amounts of information collected from a large number of people in a short period of time and in a relatively cost effective way.

Table 3.1: Sample size

Department	Department employees (clients)	Sample taken
Education	1450	26
Administration & human resources	120	06
Health	400	17
Finance	24	06
Economic planning & trade	12	03
Agriculture, livestock & cooperatives	50	10
Community development	12	03
Works	12	03
Town planning & environment	10	03
Total	2040	77

Source: Tabora Municipality Statistics (2015)

3.5 Sampling Techniques

Krishnaswami (2009) describes sampling technique as a procedure the researcher uses to adopt the study. According to Kothari, (2009), sampling is the process of obtaining information about a whole population by examining only a part of it. Sampling is very important in data collection because it save time and money, it reduce number of

people to be studied especially when they are scattered in a wide geographical area and increase accurate data.

The researcher used both probability sampling (simple random sampling and stratified sampling) and non probability sampling (judgmental sampling). This is because they are good techniques for this study. Msabila and Nalaila (2013) and Enon (1998) defined Random Sampling as the technique that sometimes called randomization which provides equal chance to every member in the population to be included in the study to reduce biases or prejudices in its selection while Judgmental/Purposive Sampling is purposely handpicking individuals from the population based on the researcher's knowledge or judgment (Ogula, 1998).

3.5.1 Simple random sampling

Simple random sampling is the sampling technique which gives each element an equal chance and independence chance of being selected (Krishnaswami, 2009). The entire process of sampling is done in a single step with each subject selected independently of the population (Msabila and Nalaila, 2013). The researcher used simple random sampling because all employees in Tabora Municipal Council especially in education and administration and human resources departments have equal chance of being selected. Also researcher used this method because this method avoids bias of response and also efficiency of various sample design. The technique used to get the sample size from education department (teachers).

3.5.2 Stratified sampling

This is a probability sampling technique wherein the researcher divides the entire population into different subgroups then randomly selects the final subjects proportionally from the different strata (Msabila and Nalaila, 2013). In this study the researcher divided workers of TMC into their departments and from each department a researcher selected randomly the respondents of the study.

3.5.3 Judgmental sampling

Judgmental sampling is a technique which involves the selecting of case which we judges as a most appropriate one for given study. It involves purposively handpicking individuals from the population based on the authorities or the researcher's knowledge and judgment (Msabila and Nalaila, 2013 and Ogula, 1998).

In this study researcher used judgmental technique to obtain sample size from heads of department and working station. This was done purposefully because they are very important prominent and crucial figure with very useful and information apart from other employees in the department selected.

3.6 Data Collection Tools

Researcher used interview guides and questionnaires to collect information in the field. This is because the research approach was qualitative and the research design was case study. However, documentation of information was used by the researcher as some information needed to be taken from office files.

3.6.1 Interview guides

Interview is the tool of data collection which involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2009). Kvale (1996) defined interview as a systematic method of data collection which involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses or talking and listening to people. Under this study the researcher used personal interview because of the following reasons: It is useful to obtain detailed information about personal feelings, perceptions and opinions. It allows more detailed questions to be asked. It usually achieves a high response rate. Respondents' own words can be recorded. Ambiguities can be clarified and incomplete answers followed up. Precise wording can be tailored to respondent and precise meaning of questions clarified. Interviewees are not influenced by others in the group. Some interviewees may be less self-conscious in a one-to-one situation. This tool used to collect data from twenty (27)

participants. The researcher used these respondents in interview guides because of great possibility of accessing them and that they have enough knowledge concern the topic on study.

Table 3.2: Respondents interviewed

Respondent's gender	Number of respondents	Percentage of respondents (%)
Male	18	66.67
Female	09	33.33
Total	27	100.00

Source: Researcher's Plan (2015)

3.6.2 Questionnaires

This is tool of data collection in which a number of questions are printed or typed in a definite order on a form or set of forms (Kothari, 2004). The researcher used both close and open ended questions. The closed end questions were used in personal details only. The tool was used because of the following reasons: Questionnaire is practical in nature. Large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way. It can be carried out by the researcher or by any number of people with limited affect to its validity and reliability. The results of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package. It can be analyzed more scientifically and objectively than other forms of research. When data has been quantified, it can be used to compare and contrast other research and may be used to measure change. The researcher used this tool for fifty (50) respondents from sample size.

Table 3.3: Respondents supplied with questionnaire

Type of respondents	Number of respondents	Percentage of respondents (%)
Male	33	66.00
Female	17	34.00
Total	50	100.00

Source: Researcher's Plan (2015)

3.7 Data Analysis

According to Krishnaswami (2009), data analysis means a critical examination of the assembled and grouped data for studying the characteristics of the object under study and for the determining the pattern of relationship among the variables relating to it. The purpose of analyzing the data was to summarize large mass of information to more understandable and meaningful way. In this study the researcher used qualitative method of data analysis. The data were synchronized and organized by transforming findings from the fields into the system of categories and transformation into meaningful information for easily interpretation and understanding. They were then presented in tabular forms, with frequencies and percentages being calculated for drawing up conclusions.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction

This chapter concerns the presentation of findings and data analysis from the research conducted. The data have been collected from self-administered questionnaires and interview on the field to explore why incentive pay does not increase work performance in TMC.

The data collected have been tabulated and analyzed by descriptive statistics. Respondents to this study were identified according to some socio-demographics variables. These are the gender, education level, and work experience, which are synthesized in the tables below.

Table 4.1: Identification of respondents' gender

	Category	Number of respondents	Percentage (%)
Gender	Male	51	66.23
	Female	26	33.77
	Total	77	100.00

Source: Primary data (2015)

From the table 4.1 above majority of informants were males who comprised 66.23% of the sample size. This is because of the employment structure and record in TMC. There are many males gender employed in TMC. Most of female employees in TMC ask for transfer to other areas out of Tabora region.

Table 4.2: Identification of respondents' education

Category	Male	Female	Total	Total percentage (%)
Certificate	14	06	20	25.97
Diploma	09	07	16	20.78
Degree+	28	13	41	53.24
Total	51	26	77	100.00

Source: Primary data (2015)

The informants of the study characterized by all level of education of employees TMC has. As in the table 4.2 above majority of the informants were holders of bachelor degree and above to make 53.24% of them. This means that majority of informants were aware of the questions asked related to the topic.

Table 4.3: Identification of workers' experience

Category	Male	Female	Total	Percentage (%)
Below 1year	02	03	05	6.49
1-3 year	29	14	43	55.84
3 year above	20	09	29	37.66
Total	51	26	77	100.00

Source: Primary data (2015)

From the table 4.3 above one can find that most of the informants were those with more experience with the working environment and system in general. Therefore, it is the expectation of the researcher that the information given by informants is valid and reliable.

4.1 Presentation of Research Findings

TMC is one of the seven districts in the Tabora region of Tanzania. It is the headquarters of Tabora region located in the western part of Tanzania. It is reasonably connected through roads, rail and air services, although the main means of transportation is the roads and railway. Even though the roads cover a fairly large percentage of municipal the condition of roads has been deteriorating due to lack of funds for maintenance and the building of new roads and this adversely impacts access to health care services.

TMC has nine (9) departments; health, finance, economic planning and trade, education, agriculture, livestock and cooperatives, community development, works, town planning and environment, and administration and human resources. The municipality's economic base depends on the service sector provided by both central and local governments. Other economic activities in the municipality are public services, commerce, small enterprises, industry, small scale agriculture, and forestry.

The study investigated the incentive pay and work performance in government organization in TMC. The main objective was to explore why incentive pay does not increase work performance in government organizations of Tabora municipal council. The study had three specific objectives of the study which were; guidelines used in setting incentive pay on work performance, the hindrance of incentive pay to increase work performance and the mechanisms to make incentive pay increase work performance in Tabora municipal council. The findings of the study are organized by regarding the specific objectives of the study. That is to say, each research objective findings are presented on its concern.

The study results show that TMC has been providing incentive pay of both monetary and non monetary form. The incentive pay to workers in TMC includes money, letter of appreciation, promotions, extra duty allowance, transport allowances and houses.

The most incentive pay provided was money and letters of appreciation. These were provided mostly during Labour Day held on 1st May each year. Other incentive pays have been provided rarely and when the situation drives the management to do so.

The incentive pay has been of great importance. The findings shows that the incentive pay has helped to increase the morale of working, increase productivity, develop creativity and innovation, create good work relationship, increase efficiency and effectiveness. These have been the advantages of incentive pay on work performance in TMC. However, the study findings show that incentive pay had brought some negative impact in TMC. These include conflicts between employees and employers and among employees, corruption, cheating examinations, reduce the spirit of doing work, loss of efficiency of work products and low quality of work product.

4.2 Guidelines for Setting Incentive Pay

This was the first objective of the study. The findings of this objective were obtained by both interview and questionnaire tools. The findings of this objective were collected from seventy seven (77) respondents in which twenty seven (27) were interview

respondents and fifty (50) were provided with questionnaires. In response to this subject as it is shown in table 4.4 below, the study found that the guidelines and seculars for designing incentive pay for work performance are nature of responsibilities, working environment, education level, seniority, performance, government budget or municipal budget and government employment seculars and legislations. The guidelines are discussed more after the table below. The frequencies and percentages of respondents on the guidelines for setting incentive pay are summarized in the table below:

Table 4.4: The percentages and frequencies of respondents on guidelines for setting incentive pay

Guidelines	Frequency	Percentage (%)
Nature of responsibilities	51	66.67
Working environment	49	63.33
Education level	54	70.00
Seniority	23	30.00
Performance	72	93.33
Financial budget	64	83.33
Employment legislations	62	80.00

Source: Primary data (2015)

4.2.1 Nature of responsibilities

The incentive pay to workers in TMC includes money, letter of appreciation, promotions, extra duty allowance, transport allowances and houses. Money reported to be dominant incentive provided in the municipality. The findings show that in providing these incentives the municipality has been regarding the nature of responsibility the worker resume. From the table 4.4 above 66.67% of the respondents reported nature of responsibilities as one of the guideline in designing incentive pay for work performance.

In elaborating the issue of nature of responsibilities through interview on 10th March, 2015 in his office the Municipal Human Resource Officer (MHRO) was of views that,

“.....workers in TMC differ in nature of responsibilities. Heads of departments, heads of working station and some workers in their professions have heavy responsibilities compared to others.....”

They therefore need to be paid more than others to enable them perform their work effectively. Giving examples to this, he reported that since October, 2014 the government has realized heavy duties of heads of school, ward education coordinators, head of school inspectorate unit in districts all over the country. So the government has sent a circulars to municipal and district directors to notify that the government will be giving allowance of responsibilities to those employees. This is commenced to start on 1st July, 2015. Another example concerning nature of responsibilities is of the doctor and clinical officer. He said that, these workers perform the same work but what differentiate them is that a clinical officer is not allowed to do some responsibilities like major surgical treatment and postmortem. This leads to make difference incentive pay to these two health department workers.

4.2.2 Working environment

Also, on the working environment as in the table 4.4 the findings show that 63.33% of respondents claimed that, there some activities with difficult working environments. TMC in hand to hand with the government realize those environments and consider in designing incentive pay. Giving example to this, one of the respondents reported that, health department workers are considered to work in hardship environment. The government also pays more the healthy workers regarding the working environment. Workers of health department reported to get short courses and seminar incentives.

4.2.3 Education level

Level of education differs from one worker to another. There are certificate holders, diploma holders, bachelor degree holders, masters' degree holder and doctoral degree holders. In this study 70.00% of respondents as in table 4.4 reported this as the guideline of designing incentive pay for work performance. Clarifying this, the Municipal Secondary Education Officer (MSEO) on 13th March, 2015 said that

workers are paid incentive pay regarding the level of education. Giving example to this, she reported that,

“.....teachers with bachelor degrees are paid night allowance of sixty thousand shillings (TSH. 60,000/=) and the diploma holder teachers are paid forty five thousand shillings (TSH. 45,000/=) for one night allowance.....’

The report above conforms to report of one of the interviewee who claimed that there is high pay of allowance, extra duty and salary to workers with high education compared to those with low education. This justify that the incentive pay to work performance is set by considering education factor.

4.2.4 Seniority

Concerning this, 30.00% of respondents in table 4.4 reported that, the government organizations have being considering seniority in designing incentive pay for work performance. This is for how long an employee have worked with the organization. Workers who worked for long time with the organization are paid more than those worked for short time with the organization. This has been done through putting employees into grades. The employees change the grade at least after three years of work in the same station or district. Conforming to the view above, on 16th March, 2015 during the interview with the researcher Municipal Internal Auditor (MIA) reported that,

“.....workers who have worked for long time even if have low education level but may have high incentive than a person who has worked for a short period of time even if have high level of education....’

Therefore, seniority is more concern in setting incentives for workers in government organizations.

4.2.5 Performance

As indicated in the table 4.4 above, 93.33% of respondents from TMC were of the view that, performance of work by employee has been used as the criteria for incentive

pay. This have been done through OPRAS and inspectorate body although not always. OPRAS has been used rarely as most of workers in TMC do not use it including top managers. OPRAS as a tool was set to measure work performance in government organizations; but to great extend it has been very ineffectively used or not used at all. The organizations have been looking the work done by worker in comparison to others. The accountability, integrity and work accomplishment are factors considered in determining the superior performers.

Work performance has led some workers to get promotion and rewards. Superior work performers have being given even certificate of appreciations and extra duty allowance. Responding to questionnaire respondents reported that, during Labor Day TMC do offer incentives to workers who have shown extreme work performance. The incentives have been always money and letter of appreciation in Labor Day occasion. On the other hand, workers who seem to be lazy especially those with managerial position like heads of sections and working stations are demoted. The normal workers who show incapability are transferred to areas with hardship working environment as the punishment to them.

4.2.6 Financial budget

The financial budget was reported to be the guideline for setting incentive pay by 83.33% of respondents as indicated in table 4.4. They were of the views that, the incentive pay depends much on the government financial budget. They claimed that promotions and transfers for workers depend much on government budget. So the government has been increasing incentive pay to workers every year but removing increments of every year because of budget. In replying to the interview questions on 20th March, 2015, the Municipal Treasurer (MT) had this to say,

‘We are sometimes failing to promote and transfer workers because of financial budget not enough’, reported the respondents of interview.

4.2.7 Employment legislations

The field report shows that 80.00% of respondents in table 4.4 were of the view that employment legislations are one of the guidelines of setting incentive pay. One of the employment legislations are found in Standing Orders for the Public Service of Tanzania 2009 (3rd). These are lawfully issued by the authority of the Government pursuant to Section 35(5) of the Public Service Act, Cap.298 as amended from time to time. It contains the general conditions of service for the Public Service in Tanzania. As it was documented by the researcher, Standing Orders are normally strictly adhered to in order to maintain equity and impartiality in handling human resources matters. Therefore in setting incentive pay to workers TMC has been keen to these legislations.

4.3 Hindrance of Incentive Pay on Work Performance

The table 4.5 below show that, the reasons for incentive pay not paying attention to work performance in TMC are insufficiency incentive pay, favoritism and biasness in employment, provision of incentive pay untimely, corruption, financial embezzlement, shortage of working facilities, shortage of skills and education, environment change and vary, poor management system, weakness of policies and personal behaviors. This is according to field data collected by the researcher.

Table 4.5: Respondents' frequencies and percentages on hindrance of incentive pay to raise work performance

Factors	Frequency	Percentage (%)
Insufficiency incentive pay	72	93.33
Favoritism and biasness	49	63.33
Untimely provision of incentive	39	50.00
Corruption	62	80.00
Financial embezzlement	36	46.67
Shortage of facilities	67	86.67
Shortage of skills and education	54	70.00
Environmental change	56	73.33
Poor management systems	51	66.67
Weakness of policies/seculars	26	33.33
Personal behavior	36	46.67

Source: Primary data (2015)

4.3.1 Insufficient incentive pay

From table 4.5 of this study 93.33% of respondents claimed that the incentive pay is not enough because the living costs have increased too much within ten years. Although the literature shows that the government has been increasing the incentive pay regularly especial during the fourth phase government still the program yet increased work performance. The reason provided in the study is that human needs have increased in these recent years to make the increased pay to be still meager. This has led to keep incentive pay not enough to motivate and make workers perform extremely.

4.3.2 Favoritism and biasness in employment

The table 4.5 results show that 63.33% of respondents were of the view that people become heads of school, heads of unit and heads of department by regarding friendship, nepotism, tribalism and regionalism. Most of departments in government organization are not performing better although there is incentive pay. The reason behind is the nature of people employed in that department. Some have got employment in favor of their relatives on the position and responsibility that are not able to perform. This is especially in potential positions that are of great advantages and chances of getting more incentives. Therefore, because of not considering the ability to perform, those people end on holding position but no work done. This also makes other organization members to be disappointed and morale of doing work gets reduced.

4.3.3 Untimely provision of incentives

Responding to this matter 50.00% of respondents in table 4.5 argued that, TMC do not provide incentive to its employees timely. The municipal do wait Labor Day to provide incentives to performers where by only few are benefited or get the incentive. Likewise allowances delay to reach the people concern. This demotivate instead of motivating the workers.

4.3.4 Corruption

The study results in table 4.5 shows that 80.00% of the respondents reported corruption as the hindrance of incentive pay to work performance. This is another reason incentive pay does not pay attention to work performance. Works in government organization of TMC are affected by corruption. Service provision is done to those giving something to them. In hospitals and some offices of TMC people who provide something behind the scene are served first. This has led to poor and an inefficiency service delivery. The situation has gone farther worthy even for workers to be promoted sometimes are required to provide money or material things as corruption.

4.3.5 Resources and financial embezzlement

Responding to this 46.67% of respondents as in table 4.5 claimed to see financial embezzlement of public goods. The TMC face financial embezzlement where by money are used otherwise instead of what planned to be done. This is the problem to make incentive pay not pay attention to work performance in TMC. Resources like people and money are mostly misallocated.

4.3.6 Shortage of working facilities

The 86.67% of respondents as in table 4.5 replied that TMC face great shortage of working facilities. Many offices like Teachers Service Department office is in great hard situation in performing its activities. The researcher observed no computers for typing and keeping records for clients and office use. They sometimes fail even to get papers for writing.

Responding to this in the interview with the researcher, the Teacher Service Department Secretary (TSDS) reported that

“....the MED have promised their office one computer but they don't have even the place to install as there is no electricity in their offices....”

Likewise in secondary schools, teaching and learning materials like laboratory equipments and chemicals reported to be not enough. In hospitals the same applies, there is one referral hospital and more than ten health centers but all are not having sufficient working facilities and drugs. Not only that, but also the documented office information show that, one of officer in the municipal internal audit unit in 2013/2014 failed to accomplish work because of shortage of working facilities. The document show that this officer was provided transport means and other necessities but some facilities missed and failed to achieve.

4.3.7 Shortage of skills and education

In spite of incentive pay provided in this council, there is shortage of skills to apply in some activities. The study results in table 4.5 shows that 70.00% of respondents reported this to be the reason. Most of workers are computer illiterate something bad in the current world situation whereby most of activities are computer based. Also many workers lack seminars for their work. For example, in education sector only science teachers in secondary schools attend seminar on a program known as inset. In primary schools EQUIP do conduct seminars to some teachers on how to make teaching and learning strategies. In administration and human resource department most of workers are not conversant with the use of Lawson software hence become difficult to monitor information of employees in the municipal. In documenting office information one of filled OPRAS form was recommended for one of the HROs to undertake computer course because is lacking that skill.

4.3.8 Environment changes

This play part in causing incentive pay not increase work performance in TMC. According to study findings, 73.33% of respondents in table 4.5 were of the outlook that there are great changes in working and living environments. The incentive pay provided by the government is not bringing any effect to employees about their lives. That is to say it is not giving them any relief to life difficulties. The inflation of price in the market something makes workers not feel motivated by the government. In

responding the interview, most of the interviewees conformed to this and sighted examples to high transport cost, devaluation of currency, building materials costs and high school fees for their children.

4.3.9 Poor management systems

The management system employed in government organizations reported to hinder work performance. The table 4.5 above show that 66.67% of respondents claimed on the management system of TMC. There is weakness in supervising the development activities and employees in general. The priority is to get money from what is taking place. The activities with no money, which are there just for service, are not considered much. The management of top position and supervisors reported to be dictatorial, forceful and arrogance. The subordinates are voiceless. Decisions are made by few people in all levels.

4.3.10 Weakness of government policies and seculars

The 33.33% of respondents in table 4.5 put forth that the weakness of policies and seculars established by the government are the reason why incentive pay does not pay attention to work performance in government organizations. One of the interviewees reported that, doctors are been paid risk allowance while overlooking the wildlife workers that they also suppose to get risk allowance. This is to prove that the incentive pay policy is not strong to function in the government organizations. That is to say the policy and seculars are still weak and too political perse.

4.3.11 Personal behavior

Responding to this matter 46.67% of respondents in table 4.5 argued that, laziness of some workers is the behavior which lead to poor work performance. These kinds of worker depend much of time wandering instead of serving clients. Some workers have the behavior which can make them not perform well their work. For example, this can be the unwillingness of workers to perform. Another personal behavior mentioned is

alcoholism in which some workers spend more time drinking bears. Because of drunkardness most of these workers fail to deliver service in the required way.

4.4 Mechanisms to Make Incentive Pay Increase Work Performance

In response to the above hindrance of incentive pay on work performance, the field study report came up with mechanisms recommended by respondents to deal with the issue. The following are suggestions put forth by respondents in the field; establish effective control systems, setting objectives to achieve, improve working environments, availability of resources, increase incentive pay, punishments, and setting standard of work done (see table 4.6).

Table 4.6: Respondents’ frequencies and percentages on mechanisms to make incentive pay increase work performance

Mechanisms to control	Frequency	Percentage (%)
Effective control systems	64	83.33
Set objectives and goals	36	46.67
Improve working environment	46	60.00
Resources availability	69	90.00
Improvement of incentive pay	77	100.00
Punishments	23	30.00
Setting performance standards	59	76.67

Source: Primary data (2015)

4.4.1 Effective control system

The field results in table 4.6 shows that 83.33% of respondents declared this to be way to make incentive pay increase work performance. Giving examples to the effective control system, they suggested the effective use of OPRAS, establishing active inspectorate body, use of client charter, setting deadlines, close supervision, work attendance register, budget control, and use of total quality management tool (TQM). Responding the interview, one of respondents from administrative and human resource department insisted on the use of OPRAS form whereby currently there has been little emphasize of using these forms in TMC. The respondent reported that,

“.....if the director is not filling OPRAS, the MHRO not filling OPRAS, other heads of department not filling OPRAS, then don't anticipate other workers to use it...”

Hence, this study findings put emphasize on the effective use of the control system like OPRAS.

4.4.2 Setting objectives and goals to achieve

This mechanism was suggested by 46.67% of respondents as indicated in table 4.6. The government should set objectives to be achieved by either individual worker, group of workers, or organization. The field results indicated that for the time work have been done without setting clear goals and objectives to be done in TMC. This is like walking without knowing the place you are going.

4.4.3 Improvement of working environment

From table 4.6 the study result shows that 60.00% of respondents inquired improvement of working environments. This can real help workers to be more active, punctual and efficiency in the responsibilities. The working environment of TMC is still not so conducive. Some working stations are far away from town centre and have poor infrastructures. This led workers to incur more cost to access their requirements be of individual or office one. Infrastructure like water, electricity, houses and transports are not good in TMC. Most of schools and hospitals have no houses for workers. Schools and hospitals with houses are few and also lack electricity and water. This situation force workers to live far away from the working station.

4.4.4 Availability of working resources

The researcher observed that, most of government organizations in TMC have shortage of working resources. The result of the study in table 4.6 shows that, 90.00% of respondents were of the views of making working resources available in every office of government organizations. Giving examples to secondary schools, the Municipal School Inspector (MSI) asserted that

“...there are many schools without laboratories and shortage of science teachers....”

This conforms to others who reported shortage of drugs, doctors and nurses in most hospitals, health centers and dispensaries in TMC. There is only few transport means for sick people compared to requirement. The field results showed that some offices in TMC have no computers like TSD office. This is a serious problem and hinders work performance in sensitive department like that. Therefore, the other way to curb the problem is to ensure availability of working resources. The resources should involve manpower, money and working materials of every particular organization.

4.4.5 Improvement of incentive pay

From table 4.6 all respondents (100%) were of the view that, the incentive pay which is provided by the government is not enough and have to be improved. They suggested that, instead of giving money, promotions and letter of appreciation, the government have to give employees houses, transport means, sending the workers children to schools and pay of money related with economic change. The current system of offering incentive is not encouraging workers as it is not relevant with real living costs.

4.4.6 Punishments

For those who practice vices like financial embezzlement, corruption and laziness are to be punished. As shown in the table 4.6 above this mechanism suggested by 30% of respondents of the study. They argued that workers who practice corruption, frauds, laziness or financial embezzlement are to be fired, demoted or transferred. This mechanism is very strong although is suggested by few respondents of the study. A serious punishment can make workers to be accountable with fear of been punished.

4.4.7 Setting standard of performance

This is another mechanisms obtained from field to make incentive pay increase work performance in government organizations particularly in TMC. Under this mechanism 76.67% of respondents as in table 4.6 demanded the need of having criteria of

performance including the quality and quantity of performance. The respondents were of the view that, managers or supervisors of organizations have to sit together with subordinate and set standard of work performance. Currently there is no standard of work set for worker to be realized as superior performer.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.0 Introduction

The use of incentive pay is becoming more pervasive for many departments within government organizations. This reflects the growing importance of human resource in organizations' overall strategies. In compliance to this, Wilson (1990) points out that organizations utilize this strategy in an attempt to increase teamwork and promote flexibility, while also boosting productivity. In thinking about the effect of incentive pay to work performance, Vroom (1964) proposed that work performance is a multiplicative function of ability and motivation. This is conforming to study findings explained in chapter four that make incentive pay increase work performance in TMC.

The results in this study show that the incentive pay has great importance in the organization if is properly implemented. This is because it help to increase the workers' morale of working, increase productivity, develop creativity and innovation, build good employment relationship, increase efficiency and effectiveness, help to attain the intended goals, increase work solidarity and teamwork, as well as attract good workers to join the organization. This result conforms to Mpuya (2010) who argued that a good incentive system encourages employees to be productive and creative, fosters loyalty among those who are most productive, and stimulates innovation and creativity.

Not only that but also the result conforms to Bryson et al (2011) of the view that, motivating individual workers to be more efficient at work and increasing their attachment and identification with the interests of the enterprise, incentive schemes are expected to improve interpersonal relationships, raise job satisfaction, lower absenteeism and waste of intermediate material or capital, and lower turnover rates, all of which should produce lasting effect on company performance.

Furthermore, the importance of incentive pay as per field report conforms to Miller (2013) who commenced that performance incentives were more effective in increasing institutional delivery rates among pregnant women already in contact with community health workers in Rwanda. Performance incentives may also influence how providers allocate effort among patients or community members. This can take place in TMC if the incentive system applied effectively.

On the other hand, the study findings reported that incentive pay have been bringing negative impact in work performance. The study report point out those impacts such as conflicts between employees and employers and among employees, corruption, cheating examinations, reduce the spirit of doing work, loss of efficiency of work products and low quality of work product. This conforms to Filipczak (1996) who viewed this as an extrinsic tool with minimal long-term value. Instead, he suggests that organizations which tap into employees' intrinsic motivation are much more likely to have staff who desire to do a good job, produce quality products, and take pride in their work. This also was suggested by one of the interviewed respondent of this study who claimed to remove incentive pay and remain with salary. The respondent added that incentive system is creating a lot of problem in workplace like corruption and conflicts.

In my observation during the study, the implementation of incentive pay in TMC is not good to make work performance increased extremely. Although is provided, but still not done effectively and efficiently. As the study findings show, this incentive pay is provided untimely, subjectively (with favor and bias), with little supervision and without clear set of performance standards. In most cases, money and letter of appreciation has been used by TMC as the most incentive pay to workers. This has claimed by respondents that money provided as incentive pay is not enough to motivate them and increase work performance. This go with the expectancy theory by Vroom (1964) of the view that incentives pay clearly have higher valence than no pay if expected pay is greater than zero and also may have higher valence than non-contingent incentives, depending on the relative payment schedules. Vroom's initial

idea of the valence of money is that money is helpful in obtaining things people desire such as material goods.

In this study, the researcher focused on three research questions which are; what guidelines which govern in designing incentive pay for work performance in Tabora Municipal Council? Why incentive pay does not increase work performance in Tabora Municipal Council? And what mechanisms to make incentive pay increase work performance in Tabora Municipal Council?

5.1 Guidelines for designing incentive pay for work performance

The study findings show that nature of responsibilities, working environment, education level, seniority, performance, budget and employment legislations are guidelines in designing incentive pay for work performance. These pointed criteria for setting incentives in focus of increasing performance at workplace are accurate.

In using nature of responsibilities, TMC consider the head of departments as the workers with great responsibilities than other workers in the department. It also classifies some departments like health department as having many and hard responsibilities. These workers receive high pay and incentives than others. This can be true to some extent, but in some cases this is not true. This is due to the reason that, these workers are getting big compensation but also receiving allowances in execution of their duties. These workers attend seminars, get sitting allowances, transport allowances, extra duty allowances among many incentives even more than other workers. The government could have abolished either one of them, say allowances or salary. To pay all of them for the reason of responsibility is overpaying the worker.

Looking on the employment legislations, most of them need to be improved. Most of legislations are not stated clearly. They are not specifying how the incentive pay is to be done all over the country especially the rate of the allowance. They lead the system to be implemented differently from one council and another. For instance, the

incentive pay given to workers during Labour Day differs from one government organization to another in the country.

However, the literature review show that, the proper determinants and guidelines for incentive pay are; organization ability to pay, labour supplies, employee acceptance, comparable wages, productivity, skills and educations, culture, cost of living, employment legislation, ability to perform and employee willingness. These conforms the field report data to great extent.

For example, organization ability to pay as suggested by different literature review is conforming to budget. The budget indicate the ability to pay or otherwise. Organizations that have good sales and, therefore, high profits tend to pay higher those which running at a loss or earning low profits because of higher cost of production or low sales. Marginal firms and nonprofit organization like hospitals and educational institutions pay relatively wages because of low or non profits (Francis, 2010). The research findings show that budget is one of the criteria in setting incentive pay for work performance in government organizations and TMC in particular. This is equivalent to Francis (2010) of the view of organization ability to pay. The ability to pay is determined by budget. If the budget is deficit the pay is low and vice versa. This also happen in other organizations and companies whereby budget determine ability of the company or organization ability to pay high or low.

Concerning the issue of skill and education, the study findings shows that 70.00% of respondents reported this to be the guideline of designing incentive pay for work performance. This is of the same opinion with Bardaro (2009) who pointed out that recent emphasis in compensation upon competency and skill based pay makes skill and education an important wage level determinant. The organizations pay the workers regarding their skills and education they hold. This also supported by Francis (2010) by asserting that the technological development, automation has been affecting the skill levels at faster rates. Thus the pay and incentive of skilled employees are constantly changing and an organization has to keep its level up to suit the market

needs. As a researcher, I concur with all above opinions that skill and education to be the criteria in setting incentive pay for work performance.

Apart from that, employee ability to perform and employee willingness as the literature reviews show conforms to the study report. This is reported as performance of work by employee. This also is in my mind to be the guidelines when setting and designing incentive pay for work performance. Employees can have the same level of education and skills but may differ in ability to perform. So when come to this case those who are able to perform superior should be paid incentive or pay related to performance.

5.2 Hindrance of Incentive Pay on Work Performance

The study report shows that, the incentive pay is not increasing work performance in government organizations of TMC because of insufficiency incentive pay, favoritism and biasness in employment, provision of incentive pay untimely, corruption, financial embezzlement, shortage of working facilities, shortage of skills and education, environment change, poor management system, weakness of policies and personal behaviors.

From these research findings, it can be argued that for incentive pay to increase work performance it needs multi-factors like those pointed out by respondents of the study. This means that incentive pay cannot work independently. It should be assisted by other factors to increase performance. That is to say good management system, enough working facilities, regularly and timely payment of incentives, enough skills and education as well as honesty play great role for incentive pay to increase work performance.

This is what happening in government organizations of Tanzania particularly in TMC. Most of respondents of the study reported that among others, money and letter of appreciation are most used as incentive pay in their organizations. But there is low performance because some factors are not supporting the incentive system. For instance, teachers in schools of TMC face shortage of facilities like laboratory

equipments, computers and sport and games items. Also, healthy workers (doctors, clinical officers, nurses) in hospitals and dispensaries of TMC face challenges of inadequate drugs and chambers for patients. Likewise to other departments of TMC, work facilities are stumbling blocks to incentive pay to increase work performance.

Moreover, personal behavior, corruption and financial embezzlement are another factors reported to hinder incentive pay increase work performance. The report shows that there are workers who are lazy, drunkard and unwilling to perform. They don't value the obligation they have in serving community. Some fail to perform accurately as they are corrupted and need to be given extra material or money from clients regardless that they have salary and other fringe benefits. Because of weak management system, financial embezzlement took space in obstructing incentive pay to increase work performance. This is misuse and misallocation of resources for individual benefit. Workers' lust of wealthy accumulation cause this unpleasant action and stop increasing work performance.

Therefore, the government authorities have to put into consideration that whatever kind of incentive pay they set be it high or low, it won't be effective if it lack supporting factors. There is therefore a need of establishing effective control system, improving the working environment and developing workers' spirit of serving people rather than aiming to get profit. Workers and community members have to cooperate in all strategies of bringing development.

5.3 Mechanisms to make incentive pay increase work performance

From the study findings, the reported mechanisms to make incentive pay increase work performance are to establish effective control systems, setting objectives to achieve, improve working environments, availability of resources, increase incentive pay, punishments, and setting standard of work done. This conforms to what Bana & Shitindi (2009) put forth that specific tools for performance management include strategic and operational planning, client service charters, service delivery surveys, self assessment programmes, performance budgets, the introduction of Open Performance

Review and Appraisal System (OPRAS) and comprehensive Monitoring and Evaluation system.

These can be the great help in making the incentive pay work and bring efficiency in work performance. Without mechanisms there is nothing that can happen in the organization.

However, there is a problem observed during the study in which the top management in TMC is not putting forth on the application of control systems. As one of respondent reported that, MED and other heads of department are not filling the OPRAS form, hence even other workers do not do it. This implies that, even other control systems are not implemented to increase work performance in TMC. But the respondents of this study were of the view that there should be those mechanisms to make incentive pay play role in increasing work performance. For that reason, there is a great need to use the suggested mechanisms for those organizations to increase work performance in the organization departments. Frequency monitoring and evaluation of work done will lead the incentive pay bring high performance. We don't have to leave the incentive pay to work along in rising performance in the organization. In use of those mechanisms the organization will be in the position of making incentive pay increase work performance at workplace.

The things to make incentive pay tied to work performance are good management system, enough working facilities, regularly and timely payment of incentives, enough skills and education as well as honesty. Good management system includes control tools like attendance registers, client charter, setting objectives to accomplish, setting standard of performance, inspectorate body among others. Working facilities availability is another thing to tie incentive pay with work performance. Workers should be provided with all working facilities to make them miss objection in their work. Regular and timely pay of incentives will make workers believe that the management is serious with the goals want to attain. Also education and skills for workers on the work they perform is something to make incentive pay tied to work

performance. Education and skills make workers competent in their respective field. Finally is honesty with what a worker is doing.

Most of workers lack honesty as they misuse resource for personal good and ignore the public interest. The reality is that, if every worker put a side personal good and work for public interest honestly work performance rise.

To wind up the discussion, I can say that monetary incentives should not be the prime motivator for most workers in TMC but they can support and reinforce the management of performance across the organization. Incentives need to be dynamic with a continuing need to make adjustments to align with the organization strategy, operational imperative and for reasons of good governance. In volatile environments, organizational departments in TMC may need to make fast changes to their incentives or apply informed judgments to ensure that the plans continue to be perceived as relevant, fair and potentially achievable. If organizations do not do this, the incentive system may become ineffective.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.0 Summary

Incentive pay play crucial role when it comes to capacity development by motivating individuals and targeting organizational performance. Practitioners and academics have recently given more and more attention to incentive issues presented by a number of writers as the missing link in development. Most organizations that use incentive pay systems do not introduce them by themselves but rather as part of changes in work organization such as team work, employee involvement committees, or total quality management that offer employees a greater role in decision making.

In this study there were three objectives to undertake in the field. The first one was the guidelines for designing incentive pay on work performance. The second objective was the hindrance of incentive pay to increase work performance. The third was the mechanisms to make incentive pay increase work performance.

The results of this study is strong support for the claims that incentive pay can significantly increase work performance when they are carefully implemented and performance is measured before and during incentive programs. The respondents reported that, in TMC there is informal institution in which incentive pay provided by negotiation of the supervisor and the employee or worker under nepotism situation. Therefore, it is real true that incentives are not provided by following the proper steps underpinned and this is another reason for ineffectiveness of incentive pay to increase work performance in TMC.

6.1 Conclusion

Although incentive pay requires attention to an extensive list of serious issues, considering them in advance of implementation enables organizations to lay the foundation for a successful performance based compensation system. Since many of the decisions are interrelated, it is critical that they be considered concurrently. While

one best answer may not be readily apparent, organizations must consider the best information that they can gather during the design period.

Upon implementation, an ongoing effort to evaluate results and adjust the system as necessary should be viewed as a reasonable and serious aspect of supporting the system.

Moreover, properly selected and administered incentive pay can dramatically increase work performance. When incentive pays are carefully selected, implemented, and monitored, they increase incentivized work performance to great level. Incentives can significantly increase one's intrinsic interest in incentivized work tasks.

6.3 Recommendation

From the findings, the researcher recommends the following to TMC management; first, proper setting of incentive pay with the intention of providing it fairly, equally and appropriately. Second, there must be involvement, participation and engagement of workers when it reaches a time incentive pay want to be provided to workers. Third, heads of department are not supposed to dominate the process of getting the superior work performer but to leave the process to workers themselves for suggestion. Fourth, employers and heads of department have to avoid favoritism and biasness as they erode the spirit and morale in workers. Lastly, all the requirements for workers to perform work need to be available to make incentive pay sound in bringing positive impact in work performance.

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APPENDICES

APPENDIX I: Questionnaire for Department Staffs

A. Introduction

I, **Deus Yohana**, I'm a student of Mzumbe University pursuing Master of Science in Human Resource Management. I'm currently doing research on “**An Incentive Pay and Work Performance in Government Organization: Case Study of Tabora Municipal Council.**” Below are questionnaires of my research topic in which I kindly ask for your support in filling this questionnaire so that I get the information required. I assure you that information you provide will not be used otherwise. It is for academic purposes and it will remain confidential between me and you only. It is a part of academic requirements for my Masters Degree of Human Resource Management at Mzumbe University.

B. Particulars of Respondents

i) Your Sex/Gender (Please, Tick that applies)

1. Male []

2. Female []

ii) Which department are you working?

.....

iii) For how long have you being in service

1. Below one year []

2. 1 year – 3 years []

3. 3 years and above []

C. Questions

1. Which type of incentive pay your organization is providing? (Tick that applies please)

1. Monetary incentives []

2. Non monetary incentives []

3. Both monetary and non monetary []

4. None above []

In your answer above, give example of incentives you get

.....
.....
.....

2. Why incentive pay is importance to work performance in Tabora Municipal Council?

.....
.....
.....
.....
.....

3. Why the incentive pay does not increase work performance in Tabora Municipal Council?

- a)
- b)
- c)
- d)
- e)

4. What are the factors that ties in designing incentive pay to work performance?

- a)
- b)
- c)
- d)
- e)
- f)

5. How the incentive pay affect work performance?

- a)
- ...
- b)
- ...
- c)
- ...
- d)
- ...
- e)
- ...

6. Suggest at least five means to make incentive pay effective on work performance in Tabora Municipal Council:

- a.
- b.
- c.
- d.
- e.

7. Why there is poor performance in public service provision in Tabora Municipal Council?

- a)
- b)
- c)
- d)
- e)

8. How incentive pay can increase work performance in Tabora Municipal Council?

a)

b)

c)

d)

THANK YOU FOR YOUR TIME AND COMMITMENT

APPENDIX II: Interview Guides to Heads of Department and Working Station

Interview guides

1. What position you hold in your organization?
2. What do you understand about incentive pay?
3. What type of incentive pay does your organization provide to employees?
4. What guidelines and circulars which govern incentive pay in government organization?
5. How does incentive pay affect work performance in Tabora Municipal Council?
6. Why incentive pay does not pay attention to work performance in Tabora Municipal Council?
7. What mechanisms you ought to use to make incentive pay increase work performance in Tabora Municipal Council?

THANK YOU FOR YOUR TIME AND COMMITMENT