

**THE EFFECTS OF NON-MONETARY REWARDS TOWARD  
EMPLOYEES' PERFORMANCE AT DAR ES SALAAM  
INSTITUTE TECHNOLOGY**

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EMPLOYEES' PERFORMANCE AT DAR ES SALAAM  
INSTITUTE TECHNOLOGY**

**By  
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**A Dissertation Submitted to Mzumbe University Dar es Salaam Campus in  
Partial Fulfillment of the Requirement for the Award of the Degree of Master of  
Science in Human resource management (MSc. HRM) of Mzumbe University.**

**2014**

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation titled “The Effects of Non Monetary Rewards toward Employees’ Performance at Dar es salaam Institute of technology” in partial fulfillment of the requirements for the award of Master of Science in Human resource management (MSc. HRM) of Mzumbe University.

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## **DEDICATION**

I would like to take this opportunity to dedicate this work and express my heartfelt gratitude to my Supervisor who played great role in working out this report. Thank you for being patient with me all the time. Also, to my family for their moral and material support all the time of doing this nice work.

## **LIST OF ABBREVIATIONS**

|      |                                 |
|------|---------------------------------|
| HRM  | Human Resource Management       |
| HRD  | Human Resource Department       |
| PSRP | Public Service Reform Programme |
| MTPP | Medium-Term Pay Policy          |

## **ABSTRACT**

This study intended to assess the effects of non monetary rewards to employees' performance in the public higher learning institutions in Tanzania. The study was conducted with the following objectives: To find out types of non monetary rewards given to employees in the public higher learning institutions in Tanzania; to examine criteria used for rewarding employees using non monetary rewards in the public higher learning institutions in Tanzania and finally explore the perception of employees towards non monetary rewards in the public higher learning institutions in Tanzania.

Data were collected through Questionnaires, Interviews and Documentary Review, the analysis of responses, non-monetary rewards are valued highly by the employees, even in the absence of monetary incentives. Among the non-monetary incentives, job related non-monetary incentives are more preferred as the incentive that would increase the employees' interests in their jobs the most.

It is recommended that the Higher learning institutions in Tanzania should adopt a clearly laid out non-monetary rewarding scheme for the employees in the Higher Learning Institutions. Since non-monetary rewarding scheme existing in the Higher Learning Institutions are ineffective, proper policies should be implemented to enable fair promotions to uplift the employee motivations.

The study also recommends that for the Higher Learning Institutions to realize the best from its employees, proper training must be provided to enhance productivity/performance. Specifically, the Higher Learning Institutions should conduct regular staff training to help them further their knowledge and skills and enable employees to perform better after the training. The study concludes with direction for future research

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## **CHAPTER ONE**

### **PROBLEM SETTING**

#### **1.1 Introduction**

The literally meaning of the word is defined from the Oxford Advanced Learners Dictionary as a thing that you are given because you have done something good worked hard. In the same manner Rewards has been defined as benefits and services that employees receive as part of their total compensation package (Wherther, and Davis, 1993). In relation to this study Rewards also is defined as a monetary or non-monetary recognition that are spontaneous and sincere appreciation of individual or group efforts towards the work done.

According to Rose, (1998) non monetary rewards is a non cash award given in recognition of a high level of accomplishment of performance such as customer care or support to colleagues, which is not dependent on achievement of pre-determined target, these are small and mostly non costly reward given to employees in recognition of job well done. Likewise Michael, (2006) defined non monetary rewards as all of the psychological contract that an organization provides for its employees in exchange for the work they perform instead of payments. This study will adopt the meaning of non monetary rewards as all non financial benefits an employee receives in an appreciation for a given performance attained.

#### **1.2 Background to the Problem**

Motivating employees means empowering them to lead the company into the path of competitiveness and achieving organization goals (Bennett 1994). Employees are the key factors for the organizational success. No organization can succeed without a certain level of commitment and efforts from its employees. Organizations often attempt to satisfy their employees to gain their commitment and loyalty. This influences many organizations to have reasons and efforts to adopt different methods of motivating their employees at work place.

Rewards and recognition can be powerful tools for employee at workplace for motivation and performance improvement. Many types of rewards and recognition have direct costs associated with them, such as cash bonuses and stock awards, and a

wide variety of company-paid perks, like car allowances, paid parking, and gift certificates. Other types of rewards and recognition may be less tangible, but still very effective. These "non-monetary" rewards include formal and informal acknowledgement, growth prospect, job sharing, flexibility, comfortable working conditions, recognition of merits, assignment of more enjoyable job duties, opportunities for training, and an increased role in decision-making (Wherther and Davis, 1993).

Academic institutions like other work organization, having the right employee of the right skills and knowledge have been a challenge as there are various contributing factors which affect the behaviour of employees in any organisation; these include but not limited to job satisfaction and/or motivation. Getting the best out of the people and attempting to improve job satisfaction demand a spirit of teamwork and co-operation (Mullins, 2005).

Job satisfaction is defined as attitude or collection of feeling that people have about their work (Armstrong, 2006 and Robbins, 2005). This can be regarded as one of the important aspects in insuring that potential employees are motivated and committed to the organizational objectives. Employee job satisfaction always means positive or negative attitude of the individual toward the job (Robbins, 2005).

Like all former colonies in the post independence times, many Public Higher Learning Institutions in Tanzania adopted the western style of reward systems as the basic including and influencing factors to attract and retain employees in work organizations (Musoke, 1989 and Mushi, 2002). The government institutions under Public Service Reform Programme (PSRP) established the Medium-Term Pay Policy (MTPP) which aimed to raise the minimum basic salary and rise other incentives benefits of its top public servants to levels consistent with requirements to recruit and retains the best qualified and skills Tanzanians in its service (Mutahaba, 2005).

Basing on the slower progress of the implementation of MTPP strategy and problems of pay levels in the public service, the higher learning institutions designed its strategies. These strategies included benefits and incentive systems realized in terms

of material packages such as a lump sum bonus pay, loan payments, providing staff with utensils, furniture and beddings, and vehicles. Others include non monetary package such as a medical care to parents and children, letters of appreciation as a recognition and provision of education opportunities.

In today's workplace like public higher learning institutions in Tanzania, managements are increasing using non monetary rewards as an incentive to motivate and influence employees in their job. Different types of non monetary rewards have been used in these institutions such as Treats (i.e. Picnic, dinner with their boss, Coffee breaks), Knick Knacks (i.e. Diaries, Calendars, wallets, T-shirts), Awards (i.e. Letters of appreciation, certificates), Office Environment (i.e. Flexible hours, redecoration, piped music), Social Acknowledgement (i.e. Informal recognition, recognition at office get together, friendly greeting, smiles, e-mails), Token (i.e. Vocation trip), On the job (i.e. More responsibility, job rotation, training, special assignments) (Business today report, 1996:267).

Jerry McAdams, co-author of the American Compensation Association's report, Organizational Performance and Rewards, observes that non monetary rewards have four major advantages over cash awards. Memory value, Trophy value, Flexibility, Non monetary rewards cost less.

Management and employees may perceive non-monetary incentives to be more valuable than the retail value of the award in cash. Non-monetary rewards in the workplace can be creative, powerful tools used by leaders to create a motivational environment, in which employees may find to be meaningful, which will help them work at their optimal levels to accomplish company objectives (Casco, 1995)

Researches shows that in many Public higher learning institutions in Tanzania, some employees are primarily motivated by financial rewards while another group of employees is more likely to be motivated in their workplace through the use of non monetary rewards such as being thanked publically at a departmental functions, having lunch with the head of organization, opportunity to learn develop and advances as a employee or receiving an extra day off (Venkatesh, 2010), still these

institutions has been relying on monetary rewards based on cash in hand and little emphasis on the non monetary rewards which practically it can have strong effects to employees in public higher learning institutions in Tanzania by helping them to build feelings of confidence and satisfaction. Non monetary rewards can be also a powerful tool to promote organizational and team goals and objectives.

### **1.3 Statement of the problem**

The overall research problem addressed in this study is that, despite the adoption of different reward systems available and used for many years, employers have been looking for ways to make their employees' effective and happy at their work place especially financial rewards. In Tanzania higher learning institutions, like Dar es Salaam Institute of Technology, little has been done to analyse the effects of non monetary rewards toward employees' performance.

Nevertheless, the effects of non monetary rewards on employee's retention, job satisfaction and performance have hardly been analysed. If the issue of non monetary reward is not well examined, many organisations basically rely on the monetary reward which is a common practice and thus in the long run might ruin the realization of the strategic objectives and mission.

However, the effects of non-monetary rewards to employees in institutions are still not known. Therefore with regards to academic institution performance, employers needs to be aware of the main effects of non monetary rewards to employee in order be in a good position to attract and retain potential employees for competitive performance in the industry.

### **1.4 Research objectives**

The following are general and specific objectives

#### **1.4.1 General Objectives.**

This study intends to investigate the effects of non monetary rewards to employees' performance in the public higher learning institutions in Tanzania.

#### **1.4.2 Specific Objectives.**

The study was guided by the following specific objectives;

- (i) To identify out types of non monetary rewards given to employees in the public higher learning institutions in Tanzania.
- (ii) To examine criteria used for rewarding employees using non monetary rewards in the public higher learning institutions in Tanzania
- (iii) To determine the perception of employees towards non monetary rewards in the public higher learning institutions in Tanzania

#### **1.5 Research questions**

The study was guided by the following research questions:

- (i) What are the types of non monetary rewards given to employees in public higher learning institutions in Tanzania?
- (ii) What are the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions in Tanzania?
- (iii) What is the perception of employees toward non monetary rewards in the public higher learning institutions in Tanzania?

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

Studying the effects of non monetary rewards to employees in Public higher learning institutions in Tanzania will be useful to the management on how to handle and motivate their employees in order to ensure that they are effectively utilized for the benefit of the organizations. The study also provides all stakeholders with the broader knowledge on how individual employees behave in work organizations. The study will be beneficial to the employers, particularly the government as they will be able to understand fundamental intrinsic and extrinsic contributing features which affect positively or negatively the employee job performance in public higher learning institutions.

This draw up the foundation for setting up practical polices and which will enhance the attraction and retention of potential employees. The study is also expected to contribute to the body of knowledge which can be used for academic purposes; this

includes conducting more researches in the issue related to provision of non monetary rewards and employee performance. Also the results from this study are expected to be more useful to Human resource practitioners who engage in consultancy, training and recruitment in the higher learning institutions and the public higher learning institutions at larger.

### **1.7 Scope and Delimitation of the Study**

With regard to the nature of this study, the researcher expected to involve many higher learning institutions for the matter of using a larger and diverse sample study. However, due to financial and time constraints, data was collected from the targeted population sample referred to as DIT. Indeed, such a concentration will have limited the applicability of the expected findings, especially for the institutions that may not share many of the operational environments and characteristics with the Dar es salaam Institute of Technology, even though they share the same public institution context of Tanzania.

As far as there is no social survey that is accomplished without any difficulties. Therefore this study was not smoothly accomplished due to the fact that there was a lot of limitation encounter as follows:

The time allocated to conduct the study was too limited compared to the output required, this situation exerted heavy demands on the part of the researcher in terms of time, energy and mental thinking.

Again on the side of the area of study, The Dar es salaam Institute of Technology, some of the respondents were reluctant to respond heart fully because they were so busy with academic issues and therefore data collection procedure seemed to delay their normal activities, However the researcher posed some counter and pleasing them finally become successfully.

In another hand the Human Resources were not free to provide some crucial information to the researcher for the study, information such as employees appraisal records and files.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents three major parts of the literature review. The first part begins with conceptual framework by defining important terms and concepts used in this study. The second parts comprises of the theoretical framework. In this part the researcher attempt to review some relevant theories on the study and examine their strength and weakness for the purposes of ascertaining the study's theoretical backing. The third part presents discussions on empirical research for the purposes of discerning the gaps to be filled by the study. It winds up with the synthesis of the literature review.

#### **2.2 Theoretical Literature**

##### **2.2.1 Definition of Key Concepts**

###### **Rewards**

The literally meaning of the word is defined from the Oxford Advanced Learners Dictionary as a thing that you are given because you have done something good worked hard. In the same manner Rewards has been defined as benefits and services that employees receive as part of their total compensation package (Wherther, and Davis, 1993). In relation to this study Rewards also is defined as a monetary or non-monetary recognition that are spontaneous and sincere appreciation of individual or group efforts towards the work done.

###### **Non-Monetary Rewards**

According to Rose, (1998) non monetary rewards is a non cash award given in recognition of a high level of accomplishment of performance such as customer care or support to colleagues, which is not dependent on achievement of pre-determined target, these are small and mostly non costly reward given to employees in recognition of job well done. Likewise Michael, (2006) defined non monetary rewards as all of the psychological contract that an organization provides for its employees in exchange for the work they perform instead of payments. This study

will adopt the meaning of non monetary rewards as all non financial benefits an employee receives in an appreciation for a given performance attained.

### **Potential Benefits of Non-Monetary Rewards**

The firm may receive additional benefits from specific rewards; for example vacation travel might pay back in improved productivity for rest of the employees. In the same line Hayes, (2005) pointed out that improving non monetary rewards in an organization is crucial as one of the ways to motivate employees in work place. He said that organizations benefit from work-life balance by increasing engagement of employees retention and productivity. Furthermore, he noted that managers need to promote the culture which supports the achievement of a balance of work and personnel life of employees. For the purpose of this study non monetary rewards was assessed by looking on what effects they have on employees in an organization.

### **Public Higher Learning Institutions**

Public higher learning institutions is to be understood as the academic organizations operating under government system on the basis of specific and discretionary powers under legal framework provision constituted by the National Legislation with the responsibility to public services provision in the area of education (Ngwilizi, 2002) . For the interest of this study, Dar es Salaam Institute of Technology (DIT) will be referred to government institution to be studied. Dar es Salaam Institute of Technology is located in Dar es s Salaam city centre at the junction of Morogoro road and Bibi Titi Mohamed Street. Historically, DIT was established in 1997 by the Act of parliament, Act No 6 of 1997 to replace the Dar es Salaam Technical College,( DTC ) which had a long history technical training in Tanzania. This history dated back to 1957 when its predecessor, the Dar es Salaam Technical Institute was established with the main task of providing vocational training in the country (DIT Prospectus, 2012/2013).

### **Types on Non Monetary Rewards: Non Monetary Rewards and Guidelines to be followed**

According to the University of Adelaide Strategic plan (2008-2012) paper has identified the Informal rewards that are spontaneous, sincere and personal appreciation of an individual, team or group. Informal rewards should be timely that is, they should follow closely behind the achievement being rewarded. They can take various forms and are made at a supervisor's discretion. It is anticipated that a supervisor will have a budget for informal rewards in the Faculty/Division or School/Branch. Examples of non monetary rewards are;

- Praise or “thank you”, either privately or publicly
- Writing a short note or “thank you” card or email
- Acknowledgement at staff meetings or other appropriate functions
- A Certificate and/or letter of appreciation with a copy placed on the staff member's

In addition, the plan has pointed out the guidelines to be followed in implementing these rewards such as; providing small appreciation rewards (e.g. movie tickets, morning tea, area sponsored Luncheons, vouchers, plaques). Setting up a notice board to display thank you (e.g. memos, photos, progress towards goals,), Implementation of a staff idea or proposal, Arranging a personalized gift to celebrate a milestone or service anniversary and Providing flexible working arrangements(when appropriate).

To great extent this study will be very significant to the current study because its findings had some information that related to current study on non monetary rewards to employees; it has portrayed the types of non monetary rewards and guidelines to be followed by all managements. However, the study doesn't portray effects of non monetary rewards to employees at workplace especially in public higher learning institutions. Therefore the current study will proceed as planned.

### **Non-Monetary Incentives**

It is suggested in the literature of human resource management and organizational behavior that nonmonetary incentives act effectively in motivating employees. The

essence of incentives is to establish linkage with desired behavior and the outcome that makes the employee feel appreciated (Whetten and Cameron, 2007). Non-monetary rewards play a significant role in the perception of the employee regarding the reward climate in the workplace (Khan et al., 2013). When organizations pay attention to non-monetary tools such as opportunity of increasing holiday and family benefits, the employee may perceive the organization as a supporting and caring organization. Rewards are important factors that explain certain job aspects that contribute significantly to the organization such as job satisfaction. Rewards, therefore, involve all economic benefits that are being supplied by the organization—pay, promotion, verbal recognition and responsibilities (Deperi, Tortia and Capita, 2010).

Recognition is the most common and powerful tool that is being used in the organization to drive employee engagement (Sun, 2013). Sun (2013) further identifies three conditions that are necessary for the effective use of recognition tool. First, recognition should be used frequently; recognition needs to be provided every one week to employees so that they can feel valued. Second, recognition should be specific, and identifying what is recognized makes it meaningful and critical. Third, rewards should be timely, that is, it should take place shortly after the employee action that deserves recognition occurs. Deeprose (1994) argues that recognition has a significant impact on employees' motivation and productivity. Effective use of recognition results in improved performance of the organizations. Employees take recognition as part of their feelings of value and appreciation and as a result it increases employees' morale, which eventually increases efficiency of organizations.

It is for that reason, Danish and Usman (2010) affirm that when rewards and recognition are properly implemented, a good working atmosphere is provided that motivates employees to achieve high performance. Deeprose (1994, p. 3) mentioned "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible." Alam, Saeed, Sahabuddin and Akter (2013) investigated the impact of employee recognition as a factor that predicts their contribution. The result shows a correlation

between monetary rewards and employee contribution. However, Murphy (2007) used an online survey to study the effects of monetary and non-monetary incentives on labor turnover. The results of the study revealed that no significant difference was found in labor turnover. Zaman (2011) examined the relationship between extrinsic rewards, intrinsic rewards and motivation among employees of three nonprofit organizations in Pakistan. The study used 127 samples and the results show that extrinsic rewards correlate directly with employee motivation while intrinsic reward does not make any significant impact on employee motivation.

### **Job Satisfaction**

Locke (1976, p. 1304) describes job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Job satisfaction entails how people feel about the job they engage in and its different aspects. Spector (1997) contends that job satisfaction explains the extent to which people like (satisfaction) or dislike (dissatisfaction) the job they do. When an employee has a high level of job satisfaction, propensity to look for another job and that of leaving an organization decreases. It is likely that the higher the job satisfaction that employee experience, the more positive the attitude towards the jobs and commitment to the organization (Sarwar and Abugre, 2013). Hulin and Judge (2003) maintain that job satisfaction includes multidimensional mental responses to one’s job. These responses have components in the cognitive (evaluative), affective (or emotional), and behavioral dimensions. Thus, job satisfaction is one the most essential variables as it explains the general attitude of the employee to the job.

Job satisfaction from an assessment perspective is being considered an attitudinal variable. Attitude is defined as “summation of sense, beliefs and thought, which the individual form in direction with his perception about his environment” (Celik, 2011, p.9). In the traditional job satisfaction model, employee feelings about the job that one engages in were the major focus. However, satisfaction and dissatisfaction are not limited to the nature of the job that one does, but also depends on the perceptions, attitude and expectations towards the job (Lu et al., 2005). Moreover, organizations depend on people (employees), and the manner in which its employees behave

depends on the way the managers direct the organizational affairs. Therefore, wise managers give priority to employee job satisfaction due to the relevance. The importance of employees cannot be underestimated as they remain planners, designers and implementers of organizational progress towards achieving its objectives (Senyucel, 2009).

Job satisfaction is perceived as being related to absenteeism, turnover and to some extent performance (Patterson, 2010). Job satisfaction could vary from satisfaction with a specific aspect of or facet of a job.

Therefore, to get a thorough understanding of the employees' needs, attitude and motives, study on job satisfaction in organizations should focus on the various facets of job satisfaction. Patterson (2010) argues that what gives satisfaction differs from one employee to another. Some employees may receive a high degree of satisfaction in their jobs than from the work itself. Some might receive the greatest level of satisfaction from their jobs from relationships with supervisors and coworkers while, pay package might retain some employees in their jobs though they considered the job less meaningful and receive meager satisfaction from the job facets.

Furthermore, the relationship between job satisfaction and employee engagement has been documented in the literature. Indeed, job satisfaction and engagement are essential ingredients for organizational sustainability. Report of the Society for Human Resource Management (SHRM, 2011) shows that 83 percent of US employees reported overall satisfaction with the job they engaged in. The findings further revealed that employees who are 67 years and older were more satisfied when compared to employees in the 31-61 age group. The outcome of employee job satisfaction paves way to obtain moderate engagement among the employees, indicating that job satisfaction and engagement correlates.

### **Job Performance**

McClay, Campbell and Cudeck (1994) define job performance as "behaviors or actions that are relevant to the goals of the organization". Similarly, Campbell (1990) sees performance as behavior demonstrated or something done by the employee for organizational performance and is assessed through operational performance outcome, turnover, sales volume, income and declared shareholders dividend, and

the quality as well as quantity of service. Therefore, job performance is not a single unified concept, but a concept with many viewpoints containing more than one type of behavior. For example, service industries produce intangible goods and quality of services is largely predicted by the immediate performance of the service employees. Thus, it can be concluded that job performance is an output that is obtained due to the efforts of the employees.

Managers can influence cohorts and performance indirectly through creating an environment in which employees can work effectively; developing a suitable philosophy that helps employees shape their commitment to organizational goals, and articulating strategy (Avery, 2004). Moreover, Brown and Leigh (1996) affirm that organizational climate is anticipated to have progressive links with worker satisfaction, customer satisfaction, financial performance and staff turnover. Blanchard and Witts (2009) argue that when corporations fail to take the time to actively recognize and reward good performance, the desire for the job weakens with every unrecognized triumph. Performance feedback motivates the employees' desire to do well. Agarwal (2008) asserts that when employees are involved in making decisions and participate in the execution of transformations that affect them, they implement transformations faster with higher performance compared to employees who are only informed of the transformation. Similarly, Across (2005) contends that employees do not perform well in conditions where autonomy is not guaranteed, particularly when employees have gained adequate skills for working independently.

### **Non-Monetary Incentives and Job Satisfaction**

Incentives such as effort optimisation, employees' autonomy and self-determination enhancement should be made readily available in order to increase job satisfaction of the employees in the organization (Eriksson and Villeval, 2008; Falk and Kosfeld, 2006). Maslow (1998, p. 237) declares that, "many people are influenced more by non-monetary than monetary considerations". He argues that many people cannot be swayed to leave a job except by providing, "higher needs and meta-need satisfactions". Non-monetary incentives are actually regarded as the most important

tools to reward employees. It has been reported that about 70 percent of employers used noncash awards in their organizations (Airoldi, 2006).

Studies involving non-monetary incentives and job satisfaction show positive relationships. Hayati and Caniago (2012) investigated the relationship between intrinsic motivation and job satisfaction and a positive relationship. This means that employees that are intrinsically motivated are more satisfied. Rast and Tourani (2012) studied the factors (job characteristics) that have a significant impact on job satisfaction among three private airlines' employees. The findings show that supervision, relationships, pay, nature of the job and promotion opportunities relate moderately to job satisfaction. Tymon et al. (2010) found that intrinsic rewards and job satisfaction are positively correlated. Intrinsic and hygiene factors contribute greatly to satisfaction with organizations among employees. Tausif (2012) investigated the relationship between non-monetary rewards and job satisfaction among teachers in public schools in Pakistan.

The study used 200 samples that were randomly selected. The findings show that non-financial rewards are the most powerful predictors of job satisfaction. Therefore, Proposition 1: Non-monetary incentives positively influences job satisfaction

### **Non-Monetary Incentives and Job Performance**

The effect of non-monetary incentives on employees' job performance has empirically been proven. Lewis (2013) posits that praise and recognition are effective ways of motivating employee behavior in the organization as they are considered the most important rewards. Aktar et al. (2012) contend that nonmonetary incentives which are represented by recognition, learning opportunities, challenging work and career advancement, have been found to be an effective tool in motivating workers and consequently increase their performance. This incentive is highly appreciated probably due the opportunity it offers in terms of skill development of the workers which in the long run could be translated to higher monetary reward. Similarly, Erbasi and Arat (2012) examined the impact of financial and non-financial incentives for food sectors in the central Anatolian region in Turkey and found that both financial and non-financial rewards are important elements of job performance. Nonetheless, monetary rewards are

considered more important in terms of motivating workers to increase their performance compared to non-monetary rewards.

Agwu (2013) assessed the impact of the fair reward system on employees' job performance among employees of an oil company in Nigeria and conclude that fair implementation of rewards significantly influenced employee job performance. Hence,

Proposition 2: Non-monetary incentives positively influence job performance

### **Job Satisfaction and Job Performance**

Job satisfaction is the product of perception and evaluation of individual jobs, which is influenced by their own unique needs, values and expectations, which employees consider as being important to them (Sempane et al. 2002). The role of job satisfaction in influencing employees' attitudes towards their jobs cannot be underscored. Spector (1997) emphasizes that job satisfaction affects employees' attitude and various aspects of their jobs. The outcome of job satisfaction in the organization comprises of better job performance, withdrawal decline and minimising behavior that negates productivity (Morrison, 2008).

Robbins (2003, p. 206) mentioned that "the way that tasks are combined to create individual jobs has a direct influence on employee performance and satisfaction". The relationship between job satisfaction and emotion is clearly identified. Job satisfaction results in higher productivity, organizational responsibility and physical and mental health.

Hence, a worker tends to have a better mood as well as learn additional skills, thereby promoting job performance (Coomber and Barriball 2007). Job satisfaction among employees serves as a measuring yardstick of organizational effectiveness, as it is being influenced by organizational and personal factors (Rothmann and Coetzer, 2002). It is widely believed that optimal functioning of their organization depends largely on the level of employees' job satisfaction. Empirically, it has been found that job satisfaction relates to job performance.

Additionally, Carette, Anseal and Lievens (2013) investigated the effects of challenging job assignment on job performance. The study involved early and mid career employees in a local branch of an international furniture retailer. The findings show that there is positive relationship between challenging assignment and job performance among early career employees. Similarly, Hayati and Caniago (2012) studied the relationship between job satisfaction and job performance and it was discovered that employees that are satisfied with their jobs perform better in the organization.

### **Job characteristics**

According to the job characteristics model the work motivation will be born as a result of interesting and challenging job content. (Ramlall 2004, 56) As Herzberg found the motivation to be born with the job enrichment the job characteristics model also refers to the job itself to be the main source of one's motivation. (Hackman and Oldham 1980)

According to Hackman and Oldham (1980) the strong internal motivation to work is born once three psychological states are reached; felt meaningfulness of the job, responsibility for the work done and knowledge of the results of one's work. These three states are not enough alone to create motivation; the work itself has to include enough skill variety i.e. the ability to use different skills, task identity i.e. the identification of the whole work and task significance i.e. the felt impact of one's work to others. In addition, the felt autonomy i.e. the freedom to decide how the work can be scheduled and done and the feedback received is important factors influencing one's motivation.

The already mentioned three psychological states are internal to individuals therefore not directly manipulable by the organizations but the work itself can be reorganized and reshaped in the organizations. Hackman and Oldham suggest that the organizations should try to impact the properties of the work and this way shape the internal psychological states producing the positive outcomes of one's work such as increased productivity.

## **Reward management**

Rewards are said to signal the organizational values to the employees as Trevor (2008) describes them “as a means of aligning a company’s most strategic asset – their employees – to the strategic direction of the organization”. Ghoshal and Bartlett (1998) captured the essence of rewarding which is not only attaching value to the employees but also more importantly adding value to the people (Armstrong et al 2010, 35; 3.)

It can be said that people are the only scarce resource companies have which other competitors cannot copy. Based on this point of view investment on employees should be of high importance to the companies which have understood the real gains they can retrain from their unique employees. (Jensen et al 2007, 61) Jensen et al also noted how companies are so hardly trying to distinguish themselves at the markets by their products, service and price but neglecting the possibility to stand out from others with their original employees. (2007, 3)

Markova and Ford (2011, 813) mentioned that the real success of the companies originate from the employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is the organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place. The aim of rewarding employees for the work they have done is to motivate, commit, develop employees and attract new employees. Rewarding practices are not out of context; those are linked to the internal organizational culture, wider culture outside of the organization referring to the pay levels and benefits offered by the other companies, and the emphasis management is putting on reward practices. (Armstrong 2009, 737-739)

There seems to be challenges to determine which are the best practices of rewarding or the most efficient ones: Both Pfeffer & Sutton (1998) and Brown (2008) highlighted the difficulties companies are facing when trying to actually and reliably measure the impacts of rewards have on organizational outcomes such as performance, commitment, motivation and differentiation among the competitors.

Also Armstrong et al (2010) noticed the problems companies are facing today when determining the efficiency of their reward practices.

### **Extrinsic rewards**

Extrinsic rewards are the non-job related rewards such as pay, salary and work conditions. Gupta and Shaw (1998) concluded in their research that financial incentives are indeed effective. They took the point of view that not all the jobs are interesting and challenging in nature, if we would live in an ideal world everyone would be intrinsically motivated and rewarded, but in many work places this is not the reality. They concluded that money matters to most of us and it motivates us because of the symbolic and instrumental value it bears. Symbolic value of money recaps what we ourselves and what others think about it, instrumental value of money means the ends we can get for exchanging it.

When money is used to recognize the employees for the good work done according to Nelson this sends wrong signals to the employees; the emphasis put on monetary rewards drives employees to reach for individual gains and reduces team work. (Nelson 2004, 14) Gupta and Shaw (1998) also acknowledged the signals monetary rewards send to the employees but they appealed humans to be ‘cognitive processors’ who understand the signals management is sending by rewards; rewarding shows employees what kind of behavior is valued.

Armstrong et al. (2010, 5) said that the short-term solutions provided to solve the reward management programs might result in long-term problems referring to the use of extrinsic rewards when trying to motivate employees.

Kohn (1993) stated that monetary rewards are at their best creating temporary compliance meaning that money motivates us as long as we get another pay increase. Temporary compliance refers to the short sighted value it manages to add in individual’s motivation. Once a pay increase is received it motivates for a short period of time until motivation is again declined and employees start to wait for another pay increase. He said that: “promising a reward to someone who appears unmotivated is a bit like offering salt water to someone who is thirsty.” The criticism

he presented against using money as a motivator is that money do motivate employees – to get more money.

### **Intrinsic rewards**

Intrinsic rewards are the job inherent, intangible, non-financial rewards included in the job itself such as job tasks, challenging and interesting job and training possibilities offered to the employees. Nelson (2004, 14) noted that praise and recognition are the most efficient intrinsic rewards an employee wants to hear as employees want to feel that they are making a contribution at their workplaces. He quoted Elisabeth Kanter on his article who said that “Compensation is a right; recognition is a gift.” Nelson also said that recognition, especially if showed in public in front of the other employees sends favorable signals to the other employees of whom kind of behavior is favored and desirable by the management.

According to Jensen et al. (2007) it is the intangible rewards which determine why an employee would choose one company over another when tangible rewards are given the same. This is a way how companies can really stand out of the crowd by the use of the attractive rewards.

The main stream among the researchers believe that intrinsic rewards are more efficient while not neglecting the extrinsic rewards which are usually always present in organizational context. For example, Mottaz (1988, 478) emphasized the importance of intrinsic rewards but captured the significance of extrinsic rewards as follows: “- - few, if any, workers would continue to work on a job for very long if extrinsic rewards were completely inadequate.” Also Buckman (1991) argued that the monetary rewards act on the background but what really make difference in employee’s organizational behavior is the intrinsic rewards.

### **Total rewards**

The current focus among reward literature has moved from the emphasis put on financial rewards to total rewards approach. (Bowey 2005, 19) The presentation of total rewards approach is not actually a new concept. Armstrong et al. (2010, 2) refer

to Adam Smith who already 1776 called for several identifications which result as the total net advantages besides pay which are the agreeableness or disagreeableness of work, the difficulty and expense of learning it, job security, responsibility and the possibility of success or failure.

Total rewards are referring to both extrinsic (financial) and intrinsic (non-financial) rewards as a total an individual receives. (Armstrong 2009, 739) Armstrong continued that “essentially, the notion of total reward says that there is more to rewarding people than throwing money at them.”

Armstrong et al. (2010, 3) admit that reward management cannot never be totally 100 per cent scientific or 100 per cent right. The challenge is to find the best fit practice for your organization. They also emphasized the importance of tailoring the reward programs to suit individual needs at the organization as many of the reward programs fail if the ‘one-size fits all’ approach is used without careful consideration and implementation. Jensen et al. (2007, 3) said that the “best-practice” regarding the reward programs is simply the one which suits your organization.

## **Reward types**

### **Pay for performance**

Pay for performance means rewarding the employees according to their level of performance at the work. This practice is widely used in the organizations and the aim of this type of rewarding is to recognize the high levels of effort employees are contributing in favor of the organization.

Criticism has been presented towards pay for performance practices and why it actually does not work efficiently. Pfeffer (1998, 115) stated that this kind of reward practice has also negative impacts on employee performance: “Despite the evident popularity of this practice, the problems with individual merit pay are numerous. It has been shown to undermine teamwork, encourage employees to focus on the short term, and lead people to link compensation to political skills and ingratiating personalities rather than to performance.”

The Hay group's study indicated that only 40% of the employees believed that increased efforts would result in increased compensation. If employees believe that the extra effort given will not pay off the employees' motivation to exert extra effort will suffer. The reasons why employees are so suspicious of the lack of rewards for the increased efforts is that employees don't believe that they will be rewarded accordingly due to the lack of monetary resources allocated to reward employees, bad financial position of the company or simply the management's inability to recognize exceptional behavior. (Jensen et al. 2007)

Alternative model for pay for performance has been presented to emphasize more the collective rewarding than individual rewarding. As in many organizations, and also in the company x, team work has been emphasized. The supervisors are requesting people to work as a team but are the teams rewarded or is it the individual merits which are rewarded in these teams? Organizations who are able to reward the employees on collective level will have better committed and more productive teams than the teams which are not truly rewarded on a collective basis. (Pfeffer, 1998, 115)

### **Measuring the reward efficiency**

Armstrong et al (2011) found on their research that HR managers in the UK were reluctant to measure the efficiency of their reward practices. The unwillingness to measure the reward efficiency was explained by the lack of analytic skills, lack of common measurement tools of the relationship between rewards and performance, lack of information, senior management indifference or the pure denial of admitting that the measurement results might prove totally different results than the reward practices are so hard trying to reach. They also noticed that recession and costs associated to rewards were highlighting the importance put on the reasoning why certain reward practices took place and whether these were efficient or not. (p. 112) Also the research made by Watson Wyatt in 2008/2009 concluded that at the time of economic downturn reward practices need to be carefully monitored and human resource managers should concentrate on increasing the efficiency of their current reward practices rather than starting to implement the new ones.

In Armstrong et al's research the majority of the survey respondents (79%) used employee attitude surveys as indicator of reward effectiveness followed by analysis of pay market positioning (72%), employee turnover (62%), assessment against reward strategy objectives (42%) financial costs (41%), business financial performance (40%), impact on employee performance/productivity (30%), length of service (29%), absenteeism (29%), other business metrics, e.g. sales; customer service (27%), vacancy rates (26%) and job retention rates (12%) (Armstrong et al. 2010, 113)

Corby et al (2005) stated that many of the research papers made on personnel management has encouraged to evaluate the impact of changed pay systems has on costs, employee attitudes, behavior and business performance but few of the human resource managers in practise seem to evaluate or monitor the impact of the reward changes in the long run. The unwillingness to measure the efficiency among human resource practitioners was explained by the difficulty to measure the change and costs related to it, they had not received any managerial requirement on measurement or they didn't see the need to evaluate it as they hadn't received complaints regarding their pay structure from their employees. Corby et al questioned this kind of "no news is good news" attitude in their research paper.

81 % of "The Most Admired Companies" defined by Fortune magazine 2006 in the United States of America were found to evaluate the financial and non-financial rewards practices in use compared to 49% of the companies not included on Fortune's listing saying they were not evaluating their total reward practices. Scott et al. stated that when measuring the variable pay efficiency the most common criteria to measurement were impact on revenues, on cost savings and productivity, on employee satisfaction and attractiveness to new employees. They also noticed on their research that more needs to be done to develop better quality of measurement and the lack of using the boldest evaluation methods were met in many research organizations (Scott et al 2006, 49-51)

### **2.2.2 Theories guiding the study**

An understanding of reward system in any work organization is founded on the need to achieve personal and organization goals. This is done on the considerations that an

organization can achieve its goals through its employed human resources. The human resources accomplish various tasks of the organization using their energy, time, efforts and skills. In turn they expect to be fairly rewarded by the organization (Robbins, 2005; Ngirwa, 2005; Kinard, 1988). There were a number of theories on motivation through rewards which related to the study, these are:-

### **2.2.2.1 Motivation theories**

Motivation was described by Robbins (2003, 155) as the result of interaction between individual and situation. Robbins acknowledged that people have different needs and the interaction of the situation and individual can be either reinforcing or hindering one's motivation. Mitchell (1982, 82) said that motivation means "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed." People are motivated when they believe that a certain need will be satisfied by achieving a wanted goal or reward which will satisfy their needs (Armstrong 2009, 317) Nelson has criticized managers of forgetting to nourish motivation at workplaces until it is lost and after it harder and more costly to get back on place. (2004, 17)

Arnold et al. (2010, 310) found three components of motivation:

- Direction – what a person is trying to do
- Effort – how hard a person is trying
- Persistence – how long a person keeps on trying

There are two kinds of motivation as Hertzberg et al (1987) described: intrinsic motivation which derives from the individual itself and one feels that he or she does not necessarily need external stimuli to obtain this motivation (e.g money). The second type of motivation is extrinsic which results from the external factors of the individual such as getting money. Individuals who are possessing extrinsic motivation will be motivated by the stimuli coming outside the individual and their motivation will be the sum of efforts made to motivate them in an organizational context in forms of rewards, promotion, pay increases and punishment (Armstrong

2009, 318). Armstrong concluded that the intrinsic motivation is more powerful in the long run and deeper in meaning as it is integrated in the individual and not coming from the outside whereas the extrinsic motivation might have powerful and visible effects fast but these are not lasting long as the stimuli is coming outside the individual.

Osterloh and Frey (2000, 539) defined an individual to be extrinsically motivated when employee needs are indirectly met through the use of monetary rewards. They described pay for performance to be the ideal incentive for the extrinsically driven employees but blamed it to lack the long-term results. They described money to be a goal which provides satisfaction independent of the actual activity itself.

There are many theories explaining how motivation is created and how managers could take the best advantage of the literature they have about motivation. Still one of the hardest issues managers are facing is how to keep the employees motivated. Motivation theories are said to be complementary and the theories can support each other's and if one theory is found to be valid it does not mean that the other would not be valid (Robbins 2003, 176). Due to the amplitude of the motivation theories the presentation of all the motivation theories existing would have been irrelevant for this thesis. The selection of motivation theories is restricted to the most relevant ones to this thesis and the selection criteria is explained in the following sub chapters reviewing motivation theories.

### **2.3 Hierarchy of needs**

According to the theory developed by Abraham Maslow human motivation is born by the emerged unsatisfied needs one tries to satisfy. (1943, 370-395). This theory is presented in this thesis as it is considered to be one of the fundamental motivation theories to which other need theories of motivation have been build on and it is still vividly used and applied in organizational contexts (Robbins 2003, 156).

The theory is based on five human needs; physiological, safety, social, esteem and self-fulfillment. The needs are arranged from the basic human needs to the higher level needs in the shape of a triangle. The basic needs are the ones which can be satisfied externally i.e. physiological and safety needs. On the opposite the higher

level needs including social, ego and self-actualization needs can be satisfied internally. (Robbins 2003, 157)

Ramlall (2004, 54) mentioned in his article that Maslow found that humans have unmet or emerging needs which should be satisfied as soon as possible and in an organizational context managers should try to motivate employees by providing rewards which could satisfy the arisen needs as soon as those emerge. Ramlall continued that Champagne and McAfee (1989) mentioned in their book that those managers who are able to understand the individual employee needs and how to satisfy those needs and arisen unsatisfied needs are the most successful ones and are able to create better work environments and better motivated employees.

Maslow's theory has not avoided criticism. Robbins (2003, 157) referred to Wahba and Bridwell (1976) who claimed that there is lack of evidence that the needs are organized as Maslow presented i.e. in an hierarchical manner and it is unclear whether the unsatisfied needs create any motivation or that once an individual has satisfied a need level does this activate an individual to seek for another, higher level need satisfaction? Hall & Nougaim (1968), Lawler & Suttle (1972) and Rauschenberger et al (1980) were unable to validate Maslow's theory in practice. (see Robbins 2003, 157)

### **2.3.1 McGregor Theory Y**

This theory is based on the human resources models of motivation. This model recognizes that people are motivated by a complex set of variable, including recognition, social needs, money, achievement and a lot of other factors. Kinard, (1988) and Robbins, (2005) have argued that the theory also recognizes individualism as it is centered in the need to let each worker use his or her personal talents to achieve organizational goals.

Thus McGregor theory "Y" came up with these assumptions of human nature: expending physical and mental effort in work is as natural as it is in play or rest, external control and the threat of punishment are not the only ways to make people, work to achieve an organization's objections, people will exercise self-direction and

self control for objectives to which they are committed, commitment to objectives depends on the rewards associated with achieving them.

These assumptions have two implications as Kinard, (1988) stated, first; the management has the responsibility of tapping the reservoir of creativity, hard working and imagination, second; the manager's role is not to manipulate workers; rather it is to create an atmosphere in which workers can use their commitment and involvement to satisfy their personal needs as well as those of the organization. The study acknowledge this second implication of the theory as it contributes to explaining the criteria of fair and balanced on rewarding systems that can achieve the needs of both employee and employer alike.

However, the focus in the current study is based on the effects of non monetary rewards which reflect the use of non cash. The theory covers recognition, social needs, achievements and other variables which have nothing to be reflected in this study.

### **2.3.2 Maslow's Hierarchy of Needs**

This theory is based on a model of human behavior in organizations. It is motivational theory which focuses on the importance of motivation in the workplace. The theory as contended by Maslow which asserts that people are motivated to satisfy the need that is most important (Kinard, 1988; Robbins, 2003; Ngirwa, 2005). It embodies five levels of needs; namely; physiological needs level which include hunger; sex and thirst. Safety and security needs level is the second in the hierarchy of needs.

In this level of needs people want freedom from fear and anxiety and require a sense of stability and order, another level is social needs where people have a concern for love; affection and belongingness. Esteem needs level is the fourth in the hierarchy of needs. It includes both self esteem (self respect) and public respect; want a high self image as well as respect and admiration of others. People need for competency; confidence and independence. They also want prestige, status, recognition and appreciation. The last need is self-actualization needs which are the highly individualized needs that can be satisfied when a person achieves all that he or she is

capable of achieving. The needs differ greatly from person to person but these needs arise only after physiological, safety, social and esteem needs have been satisfied.

This theory is valuable to guide management on decisions regarding employee's needs that have to be met by the use of non monetary rewards. So the employee can attain Esteem needs level as well as other needs in the hierarchy if is adequately rewarded. The current study is adopting esteem needs. The study suggests that esteem needs have to be taken care of by the rewarding system which an individual employee gets from the employer. The better the non monetary rewards the more the other needs will be accommodated. However there some shortfalls, like the fact that the hierarchy is not necessarily a consistent order that its function is not always systematic from the bottom to the top, of course two or three needs may be incorporated at a time. Still this theory adds value to the present study, hence it will be adopted.

### **Expectancy Theory**

Robbins, (2005) explains this theory as “the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and an attractiveness of that outcome to the individual. This practically implies that an employee will be motivated to exert a high level of effort when he or she believes that effort will lead to a good performance appraisal, that a good appraisal will lead to organizational rewards such a as bonus, a salary increase, non monetary rewards or a promotion and that the rewards will satisfy the employee's personal goals.

The theory rests on three relationships: effort- performance, performance-reward, reward-personal goal relationships. Robbins, (2005) and Kinard, (1988) argue that the theory helps to explain why a lot of workers aren't motivated on their jobs and do only the minimum necessary to get by. In that context; the theory attempts to convince the researcher that an employee will do more if he/she expects to get more and attractive benefits or incentives from the employer. Further, employee commitment to his/her work organization may not need attractive reward to illicit

higher performance. Given this ambiguity, study will not uphold this theory.

### **Two-Factor theory**

Theory which is also known as motivator-hygiene theory is developed by Frederick Herzberg et al in 1959. In reference to Maslow's theory Herzberg also emphasizes the importance of the human growth and self-actualization needs and according to him it must be the job characteristics which satisfy the individual growth needs once those emerge in an organizational setting. (Pinder 2008, 209) Herzberg's theory will be reviewed as it includes important aspects regarding motivators and demotivators in an organizational environment.

Hertzberg et al (1959) asked respondents in different countries, jobs, in small and big organizations to specify the factors which led to favorable job attitudes and which led to negative job attitudes. 16 factors which of 69 % were led to dissatisfaction and 81% of which were led to job satisfaction were found. The reason why the total percentage is more than 100 % is that the factors were found to impact not only dissatisfaction but also job satisfaction therefore appearing in both job attitudes. It is important to highlight that for Herzberg there was no absolute job satisfaction which opposite would be absolute job dissatisfaction, he stated that the factors which led to satisfaction or dissatisfaction were distinguishable and distinct from each other's and therefore different factors were leading to job satisfaction and to job dissatisfaction.

As a result of this there would be only extreme satisfaction which opposite would be no satisfaction at all and repetitively there would be job dissatisfaction which opposite would be no job dissatisfaction at all. The factors which lead to job satisfaction are called motivators and these are associated with the work itself. The factors leading to dissatisfaction are called hygiene factors and these are associated with the factors outside the job (Herzberg et al 1967)

Motivator factors:

- achievement
- recognition

- work itself
- responsibility
- growth / advancement

Hygiene factors:

- company policy and administration
- supervision
- interpersonal relationships
- working conditions
- salary
- status
- security

In 1987 Herzberg presented criticism towards the blind use of hygiene factors as motivators as these factors were only moving the employee to wanted direction but not motivating them. Herzberg described movement as a fear of punishment or failure to get extrinsic rewards such as salary. What comes to pay for example he concluded that money is a stimuli which helps employees to satisfy their primary needs such as hunger and therefore resulting as pain avoidance practice but when using salary as a motivator the employees are not actually motivated; employees are motivated only to get more salary, and the one who is actually motivated is the employer who is giving the reward to an employee. He also noted that when talking about salary increase one needs constant reinforcement of this practice and therefore higher expenses are resulted due to the factors which are not even motivating. Hertzberg also concluded that the hygiene factors i.e the environmental factors were at their best resulting no dissatisfaction on the job and the absence of hygiene factors would create dissatisfaction (Herzberg 1987)

Robbins (2003, 160) said that when managers are eliminating the factors which create dissatisfaction such as low salary they achieve “neutral” status but not necessarily employee motivation. Herzberg himself said that “improvement in these factors of hygiene will serve to remove the impediments to positive job attitudes.” (Herzberg et al 1967). Herzberg emphasizes the need for achievement which results in psychological growth and can be gained at the work places through job content. It is the job enrichment which results motivation and brings the effective utilization of personnel to use in companies. He concluded that motivation is a function of growth from getting intrinsic rewards out of interesting and challenging work which is the most important. For Herzberg the solution to create employee motivation is found on vertical job loading which offers employees more challenges and demanding tasks than just proving the dull, repetitive tasks. (Herzberg 1987)

### **Equity Theory**

The equity theory of pay as propounded by Adams, (1965) explains about a person who looks at the relationship between what he or she puts unto work and what he or she gets out of it in comparison with that of other workers. This comparison is the central factor in determining the effectiveness of a pay plan. Kinard, (1988) was of the view that the theory explains the “fairness” of financial incentives plans. Thus employees might compare themselves to friends, neighbors, co-workers or colleagues in other organizations or compare their present job with past jobs they themselves have had. The theory is very strong in explaining the aspect of equality in determining reward system to employees within and outside the work organization. It does not say about how effective non monetary rewards are to such employees. Whether employees are sufficiently rewarded or not to meet their needs; it is not the concern of the theory. Such shortcoming rendered it to be irrelevant for the study.

Equity theory will be reviewed as it is relevant for this study providing explanation to the research questions such as how and why rewards impact motivation. The work of Adams (1965) about the exchange of social relationships is considered to be one of the most grounded work to which equity theory has been developed. (see Arnold et al. 2010, 322)

Equity theory deals strongly with the aspects of organizational justice, whether the individuals feel that they are treated fairly at work or not. The felt equity or inequity will impact their level of effort given in the work environment. (Arnold et al. 2010, 322) Ramlall (2004, 55) said that an individual on employee – employer relationship evaluates not only the benefits and rewards he or she receives and whether the input given to the organization is in balance with the output but also the relevance of inputs given and outputs received by other employees inside or outside the employing organization. Ronen (1986), Scholl et al. (1987), Goodman (1974), and Summers & DeNisi (1990) found four different referents employees are using when determining their state of experienced equity or inequity.

Individual inputs can be education, effort, experience, and competence in comparison to outputs such as salary, recognition and salary increases. If an individual notices an imbalance on the input - outcome ratio according to his or her own experiences and in comparison to the others, tension is accumulated.

The imbalance of equity is called equity tension and being under rewarded results feelings of anger and being over rewarded creates feelings of guilt. The tension resulted of these negative feelings make individuals to seek for fairness and equity. According to Adams (1965) the attempt to correct the equity tensions is the source of one's motivation according to this theory (Robbins 2003, 171)

In relation to equity theory what is important to note is that the individuals who feel under rewarded will have stronger, negative feelings than the ones who are over rewarded. (Arnold et al. 2010, 322) If inequity is met in the employee-employer relationship Walster et al. (1987) and Greenberg (1989) found that individuals are likely to change their inputs to correspond the outcomes i.e lower the work effort to equal the outcomes, change the referent to which they are comparing the felt inequity or distort perceptions of self or others. In order to battle the inequity individuals may also see quitting as an exit to the situation ( Robbins 2003, 171)

Equity theory has been further developed to theories including different aspects of organizational justice. As distributive justice refers much to the equity theory i.e.

whether the reward allocation is fair, procedural justice refers to the felt fairness of decision making process concerning the resource allocation. (Arnold et al 2010, 323.) It can be said that even though the outcome of a decision would be considered as unfavorable but the process how the outcome has been reached is fair, this can be seen as moderating factor reducing the dissatisfaction towards the negative outcome of the decision.

### **Reinforcement Theory**

This theory has origin in the work of Skinner in 1971 and is referred as the E.L. Thorndike's Law of effect in Robbins, (2005). It states that "a response followed by a reward is more likely to persist in the future. The implications for rewarding practices followed by monetary reward will make future high performance more likely. In the same accord, high performance not followed by a reward will likely affect performance in the future". The theory emphasizes the importance of a person's actual experience of a reward as one of the factor for the improvement of performance. However there are other factors to observe in reinforcement such factors as respect to employee, work environment, employee's health and security. Furthermore, employee's performance also depends on the types of facilities or technology used as well as layout of the place of production providing service. Basing on these observations the theory can be appropriate to guide this study.

### **Goal Theory**

Latham & Locke (1979) propounded a goal theory which states that "motivation and performance are higher when individual set specific goals, when goals are difficult but accepted, and when there is a feedback on performance." The theory emphasizes goal setting and performance evaluation feedback on the employee. These practices motivate the employee. In fact the theory intends to explain goal setting related to tasks and duties assigned to an employee. This implies that when an employee sets challenging goals and successfully achieves them, she/he feels better off, particularly when she/he is evaluated and informed of such performance. In the other way, goal theory may reflect monetary goals.

Apparently, sound motivation to employee should be associated with financial reward, otherwise motivation will be short-lived.

Since the theory bases on motivation with respect to performance whereby motivators are not directly financial the study doesn't hastate to say that the theory cannot explain issues related to effects of non monetary rewards. Therefore, this theory has nothing to contribute to the current study.

### **Expectancy theory**

Mainly two theories by Vroom (1964) and Porter & Lawler (1968) will be presented. According to Robbins (2003) Vroom's expectancy theory refers to the strength and attractiveness of individual's expectation of the outcome produced by performance. The attractiveness of expected reward for given input will determine one's motivational soundness according to this theory and whether that reward responds to individual's personal goals (Robbins 2003). According to Vroom (1964) there are three factors directing human behavior which are valence, instrumentality and expectancy. Robbins (2003, 173) explained that there are three relationships; effort – performance, performance – reward and rewards – personal goals which will direct one's behavior.

Robbins (2003, 174) said that the expectancy theory gives good explanation why employees are not motivated; they might feel that the excellent performance is not acknowledged in the organization due to several reasons. If the organization's performance appraisal system is created to evaluate non-performance related factors such as tenure, an individual may feel that no matter how much they work they will not be rewarded. Employees may also feel that the supervisor don't like them and therefore they are not given fair appraisals. Employees may think that they don't have the needed competencies to gain high performance levels which will be rewarded. The most pessimistic view is that the great performance will never be acknowledged in the organizational context.

Porter and Lawler (1968) found that the past and current rewards will direct one's behavior also in the future. They expanded Vroom's theory by presenting the note of employee's ability, traits and role perceptions affecting the level of performance.

According to Porter and Lawler individuals who possess high employee abilities outperform those who lack these abilities (Ramlall 2004, 56)

In conclusion according to the expectancy theory what motivates employees is the relatedness of the expected outcome. One's motivation can be influenced by providing rewards which are in accordance with individual's personal goals so that they will create valence. In condition to the aforementioned is that an effective evaluation system where the effort-performance relationship is well evaluated, visible and measurable is created.

### **Hertzberg's Motivation "The Hygiene Theory"**

This theory is commonly called motivation hygiene or two factor theory. It was developed by Hertzberg in 1959 to explain about feelings on job satisfaction or dissatisfaction. The founder of the theory conducted a research and found that the factors that were relational as leading to job satisfactory (satisfiers) included responsibility, achievement, work itself, recognition and advancement were found to be unrelated to those resulting in job dissatisfaction (dissatisfiers) which were identified as company policy, technical supervision, salary and working condition, The result suggests that correcting a source of dissatisfaction will not produce feelings of satisfaction. It implies that job dissatisfaction is not caused by the absence of a source of job satisfaction (Kinard, 1988; Robbins, 2005).

The findings suggest that reward packages do not determine job satisfaction; only one of the aspects of "dissatisfies," salary can lead an employee to be dissatisfied with the job. Our knowledge on rewarding practices indicates that there are more components of dissatisfies related to an employee reward such as benefits and variable payments which are not reflected in the theory. Furthermore, it is important to note that satisfaction is psychological. Another weakness of this theory is that Hertzberg's dissatisfier are not related to job dissatisfaction and that agreed factor that lead to satisfaction for one person and dissatisfaction for another. Thus the theory fails to understand individual differences in rewarding practices. Due to such weaknesses the theory cannot be adopted for this study.

### **Achievement Motive Theory**

This theory is generally recognized as a trait theory. It was propounded by a Harvard psychologist David McClelland in 1940s in the course of undertaking research. In his study he used the Thematic Apperception Test (TAT) to pinpoint people who spend their idle time thinking about their family and friends (affiliation oriented) and those who spend it thinking about doing something constructive (achievement oriented people are a kind of people who want economic rewards). Rutashobya, (2002) and Kinard, (2005) argued that real satisfaction comes in the form of a more intrinsic reward achievement. The theory points out characteristics of people who aspire for higher achievement. This aspect of the theory was noted as regards to the variables of the study. The theory might be used to account for those employees who opt to work in their own businesses rendering it to be sound in explaining issues related to entrepreneurial discourses. Since it fails to explain in any aspect of the non monetary practices in public higher learning institutions in Tanzania hence cannot be adopted by this study.

### **Scientific Management Theory**

This theory is attributed to Fredrick Taylor who believed that work could be systematically studied and analyzed by using the same scientific methods and procedures used by researchers in a laboratory. He thus maintained that accurate performance standards based upon objective data should provide a basis for making financial and non financial rewards to superior employees and for eliminating unproductive employees. As far as reward is concerned, Taylor's scientific management approach contributed on the belief that increasing employees' salaries would increase their motivation and make them more productive. The theory laid down the foundation of employee motivation as a function of higher performance. However, the theory differs sharply with the today's motivational and behavioral theories, which maintain that employees seek from their work not only financial but psychological rewards (Ngirwa, 2003). It suffices to assert that the theory could not explain the employee feelings on effectiveness of non monetary reward practices. For that matter this study cannot be guided by this theory.

## **2.4 Empirical Evidence of the Study**

There are a number of previous studies related reward systems in public services. The task is to review analyze them so that to come up with clear conclusion of the research gap.

### **2.4.1 Work Load and Compensation**

“Implications of faculty work load and compensation for improving academic quality” Comm and Mathiasel (2003) conducted a case study of the implications of faculty work load and compensation for improving academic quality. The researchers had the views that job satisfaction of employees through rewards was just as important as customer satisfaction in terms of organization performance. They evaluated employee attitude in a unique service environment of higher education with a focus on how information regarding to the faculty workload, salary, and benefits that can be used to improve academic quality. This study used preliminary research by using questionnaires which were distributed to 182 faculty members at a small private college. Its response rate was 67%. The research findings revealed that most of the faculty surveyed did not believe that they were fairly rewarded nor they feel was getting institutional recognition for their contributions. This study is significant because its findings had some information that related to current study on rewards to employees.

However that study differ with the current study, first the current study focus on effects of non monetary rewards which was not focused in that study, rather it focused on evaluation of employee satisfaction. Secondly, the study was conducted in foreign academic institution, thirdly that study focused private colleges which again differed greatly with the current study which reflect on public academic institution. For these reasons the current study will aim to conduct findings on effect of non monetary rewards to employees in public higher learning institution Tanzania environment.

#### **2.4.2 Incentives Systems: Influence of Incentives Systems to Employees' Performance**

Mushi (2002) made a study on incentives systems in Tanzania Public Services Organization. The researcher focus was to cover the ability of the existing incentive schemes in order to induce the Tanzania public servants to work hard for achieving good organization goals. The researcher found that workers are moderately satisfied by the schemes. The point of departure between that study and the current study is the approach and objectives which focused on the influence of incentives to employees' performance, while the current study aims to assess the effects of non monetary rewards to employees in public higher learning institutions in Tanzania.

#### **2.4.3 Roles of Performance Appraisal and Compensation to Academic Staff**

Another study was conducted by Turk (2008) on performance appraisal and the compensation of academic staff in the University of Tartu. The objective of the study was to show the role of performance appraisal in the motivating and compensating of academic staff. One of its aims was to find out the level of satisfaction of the academic staff with the appraisal and compensation systems in two faculties of the University of Tartu. The study used quantitative and qualitative methods of analysis. It also carried out document analysis with questionnaires where 85 lectures were questioned. Only 46% returned their filled questionnaires. In addition, data from the interviewed senior management were analyzed. The result in this study shows that performance appraisal and compensation system (pay-for-performance system) had guaranteed a highly motivated core staff.

They suggested that faculties need to establish performance appraisal and compensation systems in order to show clearly defined causality between compensation and performance of academic staff. This study lacked enough data and sample set was too small to support the results and making conclusive generalization. Moreover, the system (compensation) which was adopted might then be out of date thus giving invalid results. Like the previous study the point of departure of his study and this study is in terms of objectives where by his study focused on the role of performance appraisal and compensation systems in motivating academic staff while

the current study will focus only the effects of non monetary rewards to employees in higher learning institutions.

#### **2.4.4 Types of Non-monetary Rewards: use of Non-Monetary Reward to Reward Employees.**

Chartered Institute of Personnel development -CIPD (2009) reported a survey carried out in the United State in 2005 in which its objectives was to assess types of non monetary rewards used by managers in different organizations. The methodology based on survey approach. The samples of 235 managers were surveyed. Out of the number of manager's survey only 83.8% responded. The study revealed the following information; manager's preference in use non monetary rewards vary basing on the nature of organization and employees' behaviors that gift certificates (65.5%), special events (63.4%), merchandise awards (57%) and email/print communications (50.6%). This study is very useful since it identifies some basic elements of non monetary rewards to be adopted in different organizations, However, that study differ with the current study in the area of focus (objectives) where it has concentrated on managers preferences on non monetary rewards to employees while the current study will focus on the effects of non monetary rewards on employees in public higher learning institutions. In addition, that study relied on one method i.e. survey which is likely to be in effective to portray the sufficient data for valid conclusion, for this matter the current study will employ a variety of methods to come up with concrete findings.

Sims and Schrader (2005) conducted the study on expatriate compensation: An exploratory review of salient contextual factors and common practices. The objective of this study was to examine important situational factors impacting expatriate compensation and common practices utilized in compensating expatriates. It used a synthesis of literature which was reviewed leading to the identification of numerous situational on contextual factors impacting expatriate compensation. The research found that a variety of factors can directly affect expatriate compensation with three primary approaches an organization should consider.

These factors included: host-country cost of living, housing, dependent education, tax implications and health care-factors most incorporated as a component of one of

the primary approach to compensation discussion and the international head quarters approach. It was the view of the current study that such findings were humbly irrelevant to the current study for these reasons: first; the subject of study was utterly different from the current study. Second the study focused only expatriate compensation and leaving non expatriate out of the study. These reasons rendered the current researcher with less attention on the previous study hence does not limit the current study.

#### **2.4.5 Motivation and Job Satisfaction: Effects of Public Service Motivation on Job Satisfaction**

Another experience was the study conducted in China by Liu, Tang and Zhu (2008) on public service motivation and job satisfaction: The researchers had the purpose of investigating on how general Public Service Motivation (PSM) observed in Western Society and China to examine the effect of public service motivation on job satisfaction. The study used exploratory factor and confirmatory factor analysis techniques to survey data of 191 public servants in China and to investigate the generalizability of Western public service motivation. The results showed that public service motivation observed in the west exists in China; but the venerability of the construct was limited.

Three of the four dimensions of PSM (attraction to public policy, making commitment to the public interest self sacrifice) existed in China but the fourth dimension (compassion) was unconfirmed. The current study appreciate the previous study since it puts attention on variables related to motivation and job satisfaction in which compensation ( non monetary rewards) might be one of them. However, the surveyed data of 191 public servants was too small to be a good representative of the country for comparative study. Also the area of coverage where the previous study took place in developed societies which reflect different economic systems being capitalist and communist where these work organizations exist. The results will have little contribution to this current study; therefore the current study will proceed to strengthen the consistency of data accordingly.

#### **2.4.6 Compensation Systems: Assessment of the Compensation System in Tanzania**

Shukrani (2005), conducted a study on assessment of the Compensation System in Tanzania: A case study of Private Secondary School in Dar es salaam had three key objectives:-To examine the process of total compensation in private secondary school in Tanzania with special reference to private schools in Dar es salaam region, to examine the difficulties involved in implementing the system and to make recommendations on how best to apply the system in Tanzania. The researcher used questionnaires, secondary data and interview as methods of collecting data. The study generally found that private school management had good relationship with workers and suggested that owner of the private secondary schools should consider using total compensation as an alternative form of compensation. It is therefore suggested that this study has different objectives from the current study. The same research simply concluded basing on the reflection of private secondary school workforce which departure with the current study. Thus, results might not fit to public service work organizations especially higher learning institutions.

#### **2.4.7 Employees Perception on Non-Monetary Rewards**

Vroom (1964) made a study in most Western Europe countries on the assessment of employees on non monetary reward; he used secondary sources especially through library study. The study revealed the fact that many employees anticipate enjoyment of an item that carries utility, thus anything that might increase the predicted utility of award will tend to increase efforts expended pursuit of that award. Several principle of social and cognitive psychology provides reasons to believe that employee receive non monetary incentives to be more valuable than the retail value of that award in cash.

This finding of his study has some related information and useful to the current study because it portrays the feelings that employees has towards non monetary rewards which can be used as tool to motivate employees hence job satisfaction. However, that study differ with the current study because it focused on one variable of employees feelings about non monetary rewards while, the current study will focus on the effects of non monetary rewards on employees in public higher learning

institutions. In addition, the sample of his study is not shown and the methods used to gather these findings based only in one source. These reasons make the study to be less significance to fulfill the desire for the current study. Therefore, the current study will hold water for proceeding accordingly.

#### **2.4.8 Applicability of Monetary and Non Monetary Rewards**

CIPD (2009) reported that a number of studies using different strategies together data that has shown to both employers and employees have learned that non monetary benefits as the sole rewards system primary means to hire and retain a professionals. It may be even said that its salary, wages or cash flow among other monetary incentive is central to the employment system in general, however non monetary rewards stand and act as substitute. This alone however, would not be though to motivate employees and in fact, non monetary methods such as bigger job scope, devised roles and responsibilities, training and development opportunities will make employees become more happy and devoted to work that would in turn translate itself to optimize productivity which will be beneficial to the firm to realize their goals.

The report revealed the information that; In Canada and Australia study revealed that the non-cash plans bring used by over 40% of Canadian and Australian firms. In both countries non-cash plans are also used as implements and substitutes for both cash incentive and other performance management. The findings from report is seemed to be useful to current study by showing methods and plans of non monetary rewards as well as the way has been adopted in different countries. However, that study departure from the current study because doesn't show clearly effects on non monetary rewards to employees. The sample used is not shown to justify the validity of the report, conclusion of the findings based in developed countries which may not applicable in developing countries like Tanzania. For this matter the current study will proceed accordingly with appropriate sample and with varieties of methods to come up with reliable and validated findings.

#### **2.4.9 Predictors of Satisfaction with Pay Level, Benefits and Raises**

Gibson and Buckey (2008) conducted a study on compensation satisfaction in the Baltics and the rest of USA. Its purpose was to examine the extent to which the demographic and work related variables of education level organizational tenure and union membership were useful predictors of satisfaction with pay level, benefits, raises and the structure/administration of compensation system. The study used multiple regression analysis and sample of 423 of employees in the USA. It had 63 percent response rate and 519 employees in the Baltic with 73 percent respectively rater.

This study came up with these findings: that not all of the variables are equally useful predictors of each of the four dimensions of compensation satisfaction and that differential prediction was occurring among the four dimensions across the two world regions. Also it was surprisingly found that in seven of the eight analysis the strongest predictors of satisfaction was job tenure while actual compensation level which was expected to be the strongest predictor was found to be quite weak. It is clear that, this study was conducted in Western work organizations. The results cannot be generalized to developing countries like Tanzanian work organizations. The base pay of the employees as the determinant of their living standard is different. Thus there will be a need to pursue the current study on another perspective.

#### **2.4.10 Increasing Employees' Satisfaction and Rewards Participation**

Another research report conducted by Wells Fargo Internet Service Group (WFISG) in (2008) created a peer recognition programs which was administered through the Company's intranet. This program revealed the following aspects; **E-Cards**-Employees can send "thank you" e-cards to peers for helping them; the cards go directly to the recipients and Managers receive carbon copies, **E-wards**-E-awards are given to employees who go above-and beyond expectations and exemplify a behavior that the company wants to encourage. Employees can nominate peers through an online recognition form and the nominee's manager can approve or deny the nomination.

Recipients of these rewards receive gift certificates worth \$50 to \$200, and the reward is often presented at a meeting by the individual's manager, Rewards Trip-At the end of each year, the top 5% of e-ward recipients and their guests are given a three-night trip to a resort where the senior management team serves as hosts. Results-A year after introducing the new rewards program, a company survey found that the number of employees reporting satisfaction with the amount of recognition they receive rose from 44% to 66%. Additionally, the number of e-cards given in a year increased by 67.5%, while e-wards also increased by 77%. This report is appreciated for useful and relevant information to the current study since revealed the types of non monetary reward to be administered and employees' participation. However, this study differs from the current study because it doesn't show clearly effects on non monetary rewards to employees. The sample used is not clearly indicated to justify the validity of the report; the methods used together the information is questionable. Therefore, the current study will not be inhibited.

## **2.5 Research Gap**

This is the synthesis of reviewed studies which attempts to put together those empirical studies seem to relate each other so as to create study gaps and to suggest how the gaps should be filled in the current study. Studies by Comm and Mathiasel (2003) and Turk (2008) revealed existence of the relationship between performance and compensation systems and resulted to some employees who felt were not fairly compensated. Thus they found additional income outside the organization, however they did not reveal the forms of compensations system were common in the organizations and the effects of compensation practices to employees' at work place. Therefore, with these gaps, the current study will be undertaken.

Liu, Tang and Zhu (2008) revealed that public service motivation on job satisfaction in the west was the same in China with respect to three dimensions of attraction to public policy, commitment to public interest and self sacrifice. In their study compassion dimension was uncovered in China. The current study expected not to dwell into comparative study like that; rather it focused in Tanzania work organization with different objectives which included types of non monetary

rewards, criteria for determining provision of these rewards and its effects to employees.

The study on motivation and satisfaction in Baltics and USA by Canaher, Gibson and Burkey (2006) revealed that variables of education level, organization tenure and union membership were useful predictors of satisfaction with pay level, benefits, raises and structure/administration of compensation system. The study did not cover employees in the developing country like Tanzania and what effects that non monetary has to employees who work in public sector. The current study expected to do it.

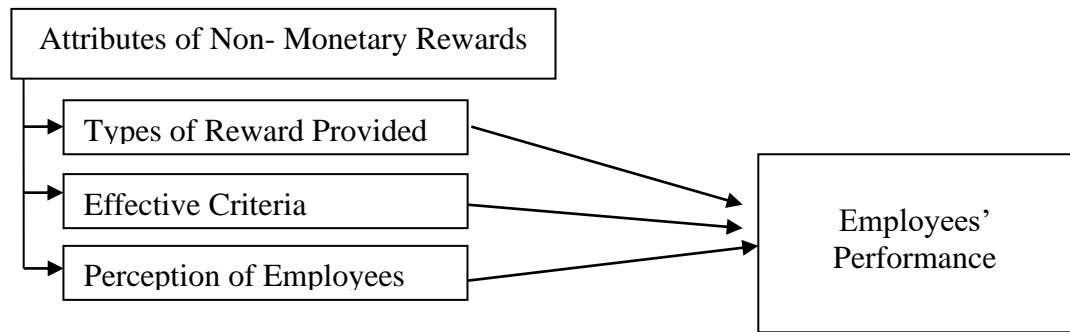
Shukrani (2005) studied on assessment of the compensation system in Tanzania with a case study of Dar es Salaam private schools. The current study revealed study gaps of a objectives, variables and area of the study .The current study expected to fill the gap by focusing to its theme, objectives and area of study; specifically public higher learning institutions in Tanzania with clear reference to Dar es Salaam Institute of Technology

Lastly, study done by Sims and Schrader (2005) and Philips and Fox (2003) on expatriate compensation and compensation strategy in transnational corporations respectively. The former study uncovered that a variety of factors can directly affect expatriate compensation including host country cost of living, housing, dependent education ,tax implications and health care- factors, while the later study revealed no clear findings. These studies focused on transnational work organizations; however; they left behind public work organizations and its effects on non monetary rewards to employees. Therefore there is a need for current study to fill this gap.

## **2.6 Conceptual Framework**

The following is the conceptual framework for the study as shown in figure 2.1 below which shows the relationship between the effects of non monetary rewards toward employees' performance in the public higher learning institutions in Tanzania.

**Figure 2.1 Conceptual Framework of the Study**



**Source: Author, 2014.**

Figure 2.1 depicts the cause-effect relationship between the strength of the three fundamental variables in implementing non-monetary rewards to employees. Basically it depends on the type of the reward being provided to employee with respect to his/her job title, position and the nature of work itself. On the other hand the rewarding systems to be effective and enhance employees' performance effective criteria are inevitable. Further to that, employees' perception should be positive to, so that to provide them with a piece of mind focusing to the strategic mission and vision of the organization.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter consists of three subparts: The first subpart highlights on research design, area of study and sampling techniques. The second subpart deals with data collection procedures and instruments. The last subpart is all about data analysis techniques.

#### **3.2 Research Design**

Aaker et al (2002) defined research design as the detailed blue print used to guide a research study towards its objectives. According to this defines a research design is a detailed plan of work to be done to achieve the research objectives. It is conceptual structure within which research is conducted; it constitutes the blueprint for the collections, measurement and analysis of data (Kothari 2004).

In this study, case study design was used because it involves in depth contextual analysis of similar situations in other organizations, where the nature and definition of the problem happen to be the same as experienced in the current situation. They are useful particularly when one intends to gain a rich understanding of the context of the study. This is typified by Robson (2002) in Saunders (2004) who defined a case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

#### **3.3 Area of Study**

The area of study was conducted at Dar es Salaam Institute of Technology. It is located in Ilala Municipal in Dar es Salaam region. The reasons behind the selection of this area include; the researcher is conversant with the study area and for that reason it is easy to collect data for the study. The area is within Dar es Salaam region and this exempts a researcher from incurring a lot of costs and time during data collection and validation. Further to that the Institute has long term practice in the management of employees which brings no doubt to the assessment of this study.

### 3.4 Population of the Study

All items in any field, the unit of inquiry constitute a “universe” or “population” (Kothari 2004). The population of this study included: Management, Deans, Head of departments, Lecturers (both professors, senior and junior lectures), and non academic staff (i.e. secretaries, drivers and security guards) from Dar es Salaam Institute of technology.

### 3.5 The Sample Size Distribution

Willinton, (2000) defines sample size as a small part of anything which is intended to stand for, or represent the whole. The reliability and validity of any research results generally depend on the availability of the relevant data. Table 3.1 indicates the true picture of the classification of respondents.

**Table 3.1 Sample Size**

|          | Category           | Sample Size | Percentages |
|----------|--------------------|-------------|-------------|
| <b>1</b> | Senior lecturers   | 04          | 04          |
| <b>2</b> | Other Lecturers    | 30          | 27          |
| <b>3</b> | Non academic staff | 76          | 69          |
| <b>4</b> | <b>Total staff</b> | <b>110</b>  | <b>100</b>  |

*Source: Observer data, 2014.*

As shown in table 3.1 a total number of 110 respondents are focused to respond to the interviews and questionnaires drawn from a population sample of 335 employees. This number is a good representative in a large sample population since it is above thirty, the minimum requirements for a large sample. The selection of the sample considered the size of the population, financial and time constraints.

### **3.5.1 Sample Size and Sampling Techniques**

The sampling unit included both employees and management. The employees selected using stratified random sampling for the reason of covering the most affected cadres. In order to fulfill this, the employees were grouped into 3 cadres namely: Senior Lecturers, other lecturers and non academic staff. In addition to that, the management respondents were also included in the sample size through deliberate sampling provided the facts on the effects of non monetary rewards to their employees. From 335 employees each unit was given equal representation to respond to the subject matter. The reason for opting to this sampling technique is because it is believed that respondents delivered the best result and unique information to satisfy the objectives of the research.

The sample was selected according to age and sex distribution. The rationale for age and sex selection was to avoid bias on one sex and age. In this study, the sex distinction was selected through purposive sampling for the reasons of obtaining exactly 50 percent of women respondents and 50 percent of male respondents, while for age pattern the young employed staff because they are mostly influenced by this rewards.

### **3.6 Data Collection methods**

The task of data collection begins after a research program has been defined and research design plan chalked out. In this the data collection method used were; Interview method, Documentary analysis method and Questionnaire method.

#### **3.6.1 Interview method**

In face to face contact the researcher met with representatives of Dar es Salaam Institute of Technology employees from different cadres, this involves Senior lectures, lectures and non academic staff so as to obtain the required data for the study. This method enhanced flexibility due to the researcher was able to clear up misunderstandings occurred immediately, also high response rate through direct contact between interviewer and interviewee hence direct response from the

interviewee, not less than that but also interview encourages wide coverage range as it allows to collect data from both literate and illiterate people.

### **3.6.2 Documentary analysis**

The researcher reviewed past written sources of data and information particularly performance appraisal, payrolls, some personal and subject files and control sheets. Also government's compensation circular, laws and regulation were reviewed. Others were reviewed from websites, relevant books, journals, pamphlets, magazines, research reports, conference presentations, workshop reports and news papers, journals, pamphlets, magazines, research reports, conference presentations, workshop reports and news papers so that to shape the study at hand.

### **3.7 Data Collection Instruments**

Different kinds of data were required for analysis and presentation of the findings; that being the case, the secondary and primary methods of data collection methods was inevitable from being applied. Therefore, primary and secondary data were used under the essence of the un-structured interview, questionnaires, observations and documentary reviews.

#### **3.7.1 Questionnaires**

The questionnaires were administered to employees and management. Closed –ended questions, were distributed to the respondents so as to illicit the required data and information. Questionnaires were opted for gathering data because they are capable of covering a large number of respondents of the sample size for a short time and at minimum cost.

#### **3.7.2 Interview questions**

The study also used unstructured interview to get detailed information that could enrich and supplement data to be gathered using questionnaires. The researcher interviewed (personal interview) to 5-10 selected respondents. It was done to seek their views from the word of mouth on the effects of non monetary rewards on employees and in that observation was applied to draw out their intrinsic insights on how they perceive the non monetary rewards.

### **3.7.3 Documentary Analysis Schedule**

The researcher reviewed past written sources of data and information particularly performance appraisal, payrolls, some personal and subject files and control sheets. Also government's compensation circular, laws and regulation were reviewed. Others were reviewed from websites, relevant books, journals, pamphlets, magazines, research reports, conference presentations, workshop reports and news papers, journals, pamphlets, magazines, research reports, conference presentations, workshop reports and news papers so that to shape the study at hand.

### **3.8 Data Analysis Procedure**

Data collected from interview, questionnaire, and documentary sources were presented using various statistical tools such as tables, graphs and charts. The reason of using these approaches is to simplify the interpretation and understanding of the findings which is an important quality of any good research work.

Then the results were presented qualitatively through conceptualization and in descriptive forms where information obtained from interviews and matched with the secondary sources. The descriptive forms included frequent counts, percentage distribution, cross tabulation and graphical forms. The rationale to employ these techniques were used interpret, describe and explain findings related to individual opinions, view points, and their attitude towards non monetary rewards.

## CHAPTER FOUR

### PRESENTATION OF THE DATA AND DISCUSSIONS OF THE FINDINGS

#### 4.1 Introduction

In this chapter the analysis and discussion of the findings are presented. The analysis and discussion in this chapter is based on the responses from research questionnaires, interview questions and secondary data information. The research intended to assess the effects of non monetary rewards to employees' performance in the public higher learning institutions in Tanzania at Dar es salaam Institute of Technology. Main areas of concern in the research were to find out types of non monetary rewards given to employees in the public higher learning institutions in Tanzania; examine criteria used for rewarding employees using non monetary rewards in the public higher learning institutions in Tanzania and finally explore the perception of employees towards non monetary rewards in the public higher learning institutions in Tanzania and this was according to the research objectives.

#### 4.2 Respondent Demographic Data

This section analyses the demographical details of the respondents using appropriate baseline computations.

**Table 4.1 Respondent Demographic Data**

| Age           | Total |      |
|---------------|-------|------|
|               | Count | %    |
| 18 - 25 years | 10    | 9.0  |
| 26 - 35 years | 31    | 28.2 |
| 36 - 45 years | 29    | 26.4 |
| 46 - 55 years | 21    | 19.1 |
| 56 and above  | 19    | 17.3 |
| Total         | 110   | 100  |

*Source: Observer data, 2014*

As illustrated in Table 4.1 above, a total of 10 which was 9% of the respondents who participated in this study were between the age of 18-25 years old, while 31 which was 28.2% of respondents were between the age of 26-35 years old. A total of 29 which was 26.4% respondents between the age of 36-45 years old. Again 21 which was 19.1% of respondents were between the age of 46-55 years old and only 19 which was 17.3% of respondents were between the age of 56 and above.

**Table 4.2 Gender of Respondents**

| Age           | Gender |      |        |      |
|---------------|--------|------|--------|------|
|               | Male   |      | Female |      |
|               | Count  | %    | Count  | %    |
| 18 - 25 years | 5      | 9.3  | 7      | 12.5 |
| 26 - 35 years | 13     | 24.0 | 16     | 28.6 |
| 36 - 45 years | 18     | 33.3 | 11     | 19.6 |
| 46 - 55 years | 7      | 13.0 | 14     | 25.0 |
| 56 and above  | 11     | 20.4 | 8      | 14.3 |
| Total         | 54     | 49.1 | 56     | 50.9 |

*Source: Observer data, 2014.*

Table 4.2 above illustrates the gender of respondents. A total of 54 which was 49.1% of respondents participated in this study were male employees while 56 which was 50.9% of respondents were female employees whereby 9.3% male and 12.5% female where between the age 18-25 years, 24.0% male and 28.6% female where between the age of 26-35 years while 33.3% male and 19.6% female where between the age of 36-45 years, again 13.0% male and 25.0% female where between the age of 46-55 years while 20.4% male and 14.3% female

**Table 4.3 Length of Service of Respondents**

| Years of Service | No. of respondents | Total percentage (%) |
|------------------|--------------------|----------------------|
| 1 - 5            | 32                 | 29.1                 |
| 6 - 10           | 41                 | 37.3                 |
| 11 - 15          | 18                 | 16.4                 |
| 16 - 20          | 12                 | 10.9                 |
| 21 and above     | 07                 | 6.4                  |
| <b>TOTAL</b>     | <b>110</b>         | <b>100</b>           |

*Source: Observer data, 2014.*

As illustrated in Table 4.3 above, a group of respondents' years of service 1-5 were 32 which was 29.1% who participated in this study. While 41 respondents which was 37.2% fall in a sample of 6-10 work experience. A group of 18 respondents which was 16.4% fall in a sample of 11-15 years of service. A group of 12 respondents which was 10.9% fall in a sample of 16-20 years of service, while only a group of 7 respondents which was 6.4% had 21 above years of work experience.

#### **4.3 Types of Non Monetary Rewards given to Employees in the Public Higher Learning Institutions in Tanzania**

According to primary and secondary data the following are some of Non Monetary Rewards given to Employees in the Public Higher Learning Institutions in Tanzania:-

**Table 4.4 Types of Non-monetary reward systems**

| <b>Non-monetary reward systems</b>                                   | No. of respondents | Total percentage (%) |
|--|--------------------|----------------------|
| Job promotion  | 4                  | 3.6                  |
| Job delegation   | 3                  | 2.8                  |
| Public recognition award   | 1                  | 0.9                  |
| Training and development   | 48                 | 43.6                 |
| Holidays   | 0                  | 0                    |
| Consultation for actions   | 54                 | 49.1                 |
| Fringe benefits e.g. house, car, paid up school fees, paid up trips. | 0                  | 0                    |
| <b>TOTAL</b>   | <b>110</b>         | <b>100%</b>          |

*Source: Observer data, 2014.*

As illustrated from Table 4.4, the majority which was 49.1% of the respondents said that consultation for actions was the most non monetary rewards given to the public higher learning institutions. And 43.6% of the respondents said that training and development was the main non monetary reward given to the higher learning institution in Tanzania, while 3.6% of the respondents said job promotion, 2.8% of the respondents said job delegation and only 0.9% of the respondents said public recognition award is the one of the non monetary reward given to the higher training institution. None of the respondents said holidays and Fringe benefits was among the non monetary rewards given to higher learning institutions in Tanzania.

The study also sought to assess the effects of non monetary rewards to employees' performance in the public higher learning institutions in Tanzania. From the findings, majority of the respondents indicated that team work, job delegation, job promotion, , quality cycles to improve performance and fringe benefits e.g. house, car, paid up school

fees, paid up trips as Non Monetary Rewards given to Employees in the Public Higher Learning Institutions in Tanzania.

#### 4.4 Effects of Non monetary Rewards to Employees' Performance in the Public Higher Learning Institutions in Tanzania

**Table 4.5 Effects of Non monetary Rewards to Employees' Performance**

| Non-monetary reward systems  | No. of respondents | Total percentage (%) |
|--|--------------------|----------------------|
| Fringe benefits e.g. house, car, paid up school fees, paid up trips. | 22                 | 20.0%                |
| Status/use of titles   | 32                 | 29.0%                |
| career development   | 28                 | 25.5%                |
| Satisfying work conditions   | 10                 | 9.1%                 |
| Socialization at work place  | 18                 | 16.4%                |
| TOTAL  | 110                | 100%                 |

*Source: Observer data, 2014.*

On effects of the non financial reward system used at the firms to motive employees, majority of the respondents indicated that status/use of titles/recognition was very effective as shown by 29% of the respondents. They also indicated that the nonfinancial rewards that were effective include career development as shown by 25.5%, again fringe benefit responded by 20% of the participants to be one of the non monetary incentive that improve work performance, a group of 16% of respondents said that socialization at work place improves work performance and only 9.1% said that satisfying work condition improves work performance in the public higher learning institution in Tanzania.

The importance of non-monetary incentives in motivating the employees is supported by various studies and mentioned in writings of many authors. Janet Wiscombe (2002) argued that what people really want is to be recognized for making contribution to the job, thus, recognition and praise are among strong motivators. In her opinion, non-cash incentives can not only be cost effective, but also can contribute a lot to raising morale, increasing productivity, improving quality, safety standards and customer service. Non-monetary incentive is the answer that Wiscombe gives to the question of how to maintain and improve worker morale while retaining the costs.

Bob Nelson (2001) also supports the view that there is a strong link between non-cash incentives and improved job motivation. He thinks that noncash incentives lower stress, absenteeism, and turnover and raise morale, productivity, competitiveness, revenue and profit. According to his study, which was conducted from 1999 to 2000, in 34 organizations of U.S. ranging from Universal Studios to the U.S. Postal Service, 90% of the managers agreed on the idea that recognizing employees helps them better motivate their employees and 80% of the managers responded that providing non-monetary recognition to the employees when they do good work helps to increase their motivation and performance.

On the employees' side, the research revealed the fact that for the 70% of the employees, it was very or extremely important to be recognized by their managers when they do good work. These findings have further confirmed the importance and effectiveness of non-monetary incentives in the motivation of personnel. In addition to these, Nelson pointed out that cash incentives may have some definite drawbacks. The money employees paid for the job is compensation. He argues that in time, monetary incentives as well are begun to be regarded as rights rather than incentives and the increasing demand for material rewards rapidly is destroying their usefulness as incentives and managerial tools. Another drawback is considered to be related with the decrease in teamwork as employees concentrated primarily on individual cash gains.

According to a March 1998 survey by The Gallup Organization Inc. and Carlson Marketing Group Inc., of the 2000 employees surveyed in United States, overall 82% said recognition and praise motivate them to improve their performance compared to the 17% that said they did not find them motivational (PFI, 2002). The study also revealed that for almost 70% of the employees polled, non-monetary incentives provide the best motivation to improve their job performance, followed by 16% monetary recognition.

According to Sarah Gale (2002), non-monetary incentives evaluated as more valuable incentives than monetary incentives. In her article, she emphasizes that when you pay people for doing a good job, it becomes part of their salary expectations; a non-monetary incentive, however -whether it's a trip or a coffee mug- is a luxury separate from compensation that shows respect and commends accomplishment. In comparing the cash incentives with non-monetary incentives, Dean R. Spitzer (1998) notes that the correlation between the monetary value of rewards and motivation is not very high and in most jobs the best performers are not necessarily the highest-paid ones.

He emphasizes that money as an incentive tends to create “money motivation” rather than “good-work motivation” in the sense that when people struggle for monetary incentives, they may sacrifice quality to take the shortest and fastest way to maximize their monetary gain. Moreover, it is likely that the employees will soon become “habituated” to monetary rewards and start to see them as entitlements. Spitzer also draws attention to a study showing that a pay rise, on average, has a motivational impact of less than two weeks.

A survey conducted by AEIS in year 2000 supported a similar argument. 17% of the American employees polled said they had received a year-end cash bonus and 32% of these respondents stated that the cash incentive did not improve their work performance (American Express Incentive Services, 2003). Another study which revealed the importance of non-monetary incentives for employees was published by Kenneth Kovach in 1999. In a survey of 1000 employees, he compared the

associates' rankings of what they wanted from their jobs with what their bosses thought was important to the associates. According to the findings, associates listed an interesting work at the top, followed by appreciation of work, a feeling of being "in on things", job security and good wages. According to these rankings, Kovach's survey provides support for the effectiveness of non-monetary incentives in the motivation of employees.

#### **4.5 Criteria used for Rewarding Employees using Non Monetary Rewards in the Public Higher Learning Institutions in Tanzania**

According to primary and secondary data the following are some of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions in Tanzania.

**Table 4.6 Outstanding performance**

| <b>Responses</b>    | <b>No. of respondents</b> | <b>Total percentage (%)</b> |
|---------------------|---------------------------|-----------------------------|
| Extremely Important | 0                         | 0                           |
| Important           | 38                        | 34.5                        |
| Neutral             | 32                        | 29.1                        |
| Not important       | 29                        | 26.4                        |
| Less Important      | 11                        | 10.0                        |
| <b>TOTAL</b>        | <b>110</b>                | <b>100</b>                  |

*Source: Observer data, 2014.*

Table 4.6 above illustrates that a total of 34.5% of the respondents agreed that outstanding performance was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions while 29.1% of the respondents were neutral, while the rest of the respondents disagreed.

**Table 4.7 Focus on innovation**

| Responses           | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely Important | 0                  | 0                    |
| Important           | 47                 | 43                   |
| Neutral             | 33                 | 30                   |
| Not important       | 19                 | 17                   |
| Less Important      | 11                 | 10                   |
| TOTAL               | 110                | 100                  |

*Source: Observer data, 2014.*

Table 4.7 above illustrates that a total of 43% of the respondents agreed that focus on motivation was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions, while 33% of the respondents were neutral, while the rest of the respondents disagreed.

**Table 4.8 consistently doing a good job**

| Responses           | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely important | 15                 | 13.6                 |
| Important           | 43                 | 39.1                 |
| Neutral             | 19                 | 17.3                 |
| Not important       | 23                 | 20.9                 |
| Less Important      | 10                 | 9.1                  |
| TOTAL               | 110                | 100                  |

*Source: Observer data, 2014.*

Table 4.8 above illustrates that two groups of 13.6% and 39.1% of the respondents agreed that consistently doing a good job was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 19% of the respondents were neutral while the rest of the respondents disagreed.

**Table 4.9 Exceeding performance objectives**

| <b>Responses</b>    | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely Important | 8                  | 7.3                  |
| Important           | 51                 | 46.4                 |
| Neutral             | 31                 | 28.2                 |
| Not important       | 14                 | 12.7                 |
| Less Important      | 6                  | 5.4                  |
| <b>TOTAL</b>        | <b>110</b>         | <b>100.0</b>         |

*Source: Observer data, 2014.*

Table 4.9 above illustrates that two groups of 7.3% and 46.4% of the respondents agreed that exceeding performance objectives was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 28.2% of the respondents were neutral while the rest of the respondents disagreed.

**Table 4.10 Cost savings to the Institute**

| <b>Responses</b>    | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely Important | 29                 | 26.4                 |
| Important           | 32                 | 29.1                 |
| Neutral             | 13                 | 11.8                 |
| Not important       | 16                 | 14.5                 |
| Less Important      | 20                 | 18.2                 |
| TOTAL               | 110                | 100.0                |

*Source: Observed data, 2014.*

Table 4.10 above illustrates that two groups of 26.4% and 29.1% of the respondents agreed that cost savings to the Institute was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 11.8% of the respondents were neutral while the rest of the respondents disagreed.

**Table 4.11 Exceeding service expectations**

| <b>Responses</b>    | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely Important | 24                 | 21.8                 |
| Important           | 37                 | 33.6                 |
| Neutral             | 18                 | 16.4                 |
| Not important       | 8                  | 7.3                  |
| Less Important      | 23                 | 20.9                 |
| TOTAL               | 110                | 100.0                |

*Source: Observer data, 2014*

Table 4.11 above illustrates that two groups of 33.6% and 21.8% of the respondents agreed that exceeding service expectations to the Institute was one of the criteria

used for rewarding employees using non monetary rewards in the public higher learning institutions while 16,4% of the respondents were neutral and the rest of the respondents disagreed.

**Table 4.12 Demonstrated team work**

| <b>Responses</b>    | No. of respondents | Total percentage (%) |
|---------------------|--------------------|----------------------|
| Extremely Important | 20                 | 18.2                 |
| Important           | 42                 | 38.2                 |
| Neutral             | 12                 | 10.9                 |
| Not important       | 14                 | 12.7                 |
| Less Important      | 22                 | 20.0                 |
| <b>TOTAL</b>        | <b>110</b>         | <b>100.0</b>         |

*Source: Observer data, 2014.*

Table 4.12 above illustrates that two groups of 18.2% and 38.2% of the respondents agreed that demonstrated team work to the Institute was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 10.9% of the respondents were neutral while the rest of the respondents disagreed.

#### 4.6 Employees perception towards non monetary rewards in public higher learning institution in Tanzania.

**Table 4.13 Employees perceptions on non monetary rewards provided by the institute**

| <b>Responses</b> | <b>No of Respondents</b> | <b>Percentage (%)</b> |
|------------------|--------------------------|-----------------------|
| Awful            | 35                       | 31.8                  |
| Poor             | 32                       | 29.1                  |
| Reasonable       | 25                       | 22.7                  |
| Good             | 14                       | 12.7                  |
| Excellent        | 4                        | 3.7                   |
| <b>TOTAL</b>     | <b>110</b>               | <b>100.0</b>          |

**Source Observer data 2014**

Table 4.13 above Illustrate that 31.8% of the respondents said non monetary reward system provided in the institute is awful while 29.1% said the system provided was poor again 22.7% said the system is reasonable and 12.7% said the system was good only 3.7% of the respondents said the system provided was excellent.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND POLICY IMPLICATIONS**

#### **5.1 Introduction**

This chapter comprises, summary of the study, conclusion and policy implications.

#### **5.2 Summary**

This study on assessment of the effects of Non Monetary Rewards toward employee's performance at Dar-es-salaam Institute of Technology whereby 101 representatives participated. The general objectives was to investigate the effects of non monetary rewards to employees performance in the public higher learning institutions in Tanzania.

The specific objectives were firstly to identify out types of non monetary rewards given to employees in the public higher learning institutions in Tanzania, secondly to examine criteria used for forwarding employees using non monetary towards non monetary rewards in the public higher learning institutions in Tanzania.

Both theoretical and empirical literature was reviewed. The case study research design was used.

Data collection methods used were interview, Documentary and Questionnaire were used, and Data collection instruments used were interview question, Documentary analysis schedule and research questionnaire.

Analysis of data was done based on general objectives. Findings indicated that; majority of the respondents agreed that status/use of titles/recognition was very effective as 29% responded to be used in Public higher learning institute in Tanzania in motivating employees performance, also indicated that fringe benefits, career development, satisfying work condition and socialization at work places were also effective in motivating employee's performance.

The specific objectives the study wanted to identify types of non monetary rewards given to the employees in Public higher learning institution in Tanzania. Findings indicated that, majority 49.1% of the respondents said that consultation for actions

was one of non monetary rewards given to the public higher learning institutions. And 43.6% of the respondents said that training and development was among of the non monetary reward given to the higher learning institution in Tanzania, Others were job promotion 3.6%, job delegation 2.8% and public recognition award 0.9%. The study also wanted to examine criteria used for rewarding employees using non monetary rewards in Tanzania. findings indicated that a total of 34.5% of the respondents agreed that outstanding performance was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 29.1% of the respondents were neutral, while the rest of the respondents disagreed.

A total of 43% of the respondents agreed that focus on motivation was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions, and 33% of the respondents were neutral, while the rest of the respondents disagreed

Two groups of 13.6% and 39.1% of the respondents agreed that consistently doing a good job was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 19% of the respondents were neutral while the rest of the respondents disagreed.

Two groups of 7.3% and 46.4% of the respondents agreed that exceeding performance objectives was another criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 28.2% of the respondents were neutral while the rest of the respondents disagreed.

Two groups of 26.4% and 29.1% of the respondents agreed that cost savings to the Institute was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 11.8% of the respondents were neutral while the rest of the respondents disagreed.

Two groups of 33.6% and 21.8% of the respondents agreed that exceeding service expectations to the Institute was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 16,4% of the respondents were neutral while the rest of the respondents disagreed.

Two groups of 18.2% and 38.2% of the respondents agreed that demonstrated team work to the Institute was one of the criteria used for rewarding employees using non monetary rewards in the public higher learning institutions and 10.9% of the respondents were neutral while the rest of the respondents disagreed.

Finally the study wanted to determine the perception of employees toward non monetary rewards in the public higher learning institutions in Tanzania. Findings revealed that 31.8% of the respondents said non monetary reward system provided in the institute was awful while 29.1% said the system provided was poor again 22.7% said the system was reasonable and 12.7% said the system was good only 3.7% of the respondents said the system provided was excellent.

### **5.3 Conclusion**

According to the results of the study, it can be argued that the level of utilization of the non-monetary rewards, especially social and job-related types, in the organization are inadequate, based on the perceptions of the public employees. It may be argued that this public organization does not benefit from non-monetary incentives effectively in the motivation of employees. However, if it is explained by expectancy theory of motivation, the employees' incentive preferences is also a concern in determining the motivational potential. Public employees in Tanzania Higher learning Institution are not satisfied with their wage levels in general and this fact is reflected on the employees' first ranking of satisfying wage as the most important factor contributing to their effectiveness in the job. With regard to incentive preferences, monetary incentives seem to take precedence over nonmonetary incentives. However, this does not mean that the employees are not likely to be motivated by the non-monetary incentives. According to the analysis of responses, non-monetary incentives are valued highly by the employees, even in the absence of monetary incentives. Among

the non-monetary incentives, job related non-monetary incentives are more preferred as the incentive that would increase the employees' interests in their jobs the most. This may imply that most of the employees in the organization value meaningful job with more responsibility, variety of tasks and opportunity to use variety of skills, autonomy over job, participation in decision making and promotion.

#### **5.4 Policy Implication**

This study also reviewed the implementation of Tanzania Employer/Employee Policy pertaining the reflection on non-monetary rewards as a motivation to employees in the Higher Learning Institutions in Tanzania. The policy states the right for employees to benefit with non-monetary rewards as per ILO standards. The study revealed that it was not effectively implemented at Dar es Salaam Institute of Technology and the criteria for promotion of employees were not fair provided; therefore due to the findings employees are unique, DIT management must learn its employee's behavior so as to increase motivation and promotion to prevent staff turnover which will lead to insufficient production. Also the government should make more efforts in making sure those employers look on non-monetary as a catalyst for effective production as well as to reduce staff turnover.

##### **5.4.1 Suggested Areas for further studies**

The study was only conducted in Dar es Salaam Institute of Technology because of lack of sufficient resources in terms of finance. A cross-country study in higher learning institutions could be done covering all higher learning institutions in Tanzania could add more value in the findings.

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