



## Influence of Incentive Schemes on Employees' Performance: A Case of Hospitals in Nyamagana District-Tanzania

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### Abstract

The study investigated the influence of incentive schemes on employees' performance in a services sector (hospital setting). The study advanced general objectives, Influence of incentives on employees' performance, and three main specific research objectives which formed the basis for the investigation. The variables were retirement benefits (RB), non-monetary benefits (NMI), and monetary incentives (MI) Three specific research objectives that guided the study were to assess the effect of retirement benefits on employees' performance, to assess the effect of non-monetary benefits on employees' performance and to assess the effect of monetary incentives on employees' performance in public hospitals Tanzania. The study adopted a quantitative research design and data were collected from 112 respondents through the use of a closed-ended questionnaire. Random sampling technique was also used to select the respondents from the three selected hospitals in Nyamagana District. The unit of analysis was doctors, nurses, and other support staff in the selected hospitals. The data was analyzed with the aid of SPSS and results presented in both descriptive and inferential statistics. The findings revealed that retirement benefits, monetary incentives, and also non-monetary benefits were significant predictors of employees' performance. The study recommends for the management of the public hospitals to consider the three variables as shown by the data to be valued by the respondents. The study also found that retirement benefit was the most valued by employees, followed by monetary incentive and non-monetary. a valuable contribution to the existing body of literature in the field of human resources management in the hospital setting, area which had scarce studies.

**Keywords;** Employees' performance, incentive schemes, monetary and non-monetary, public hospitals in Tanzania.

### 1. Introduction

Employees are assets of organizations that influence its sustainability, every person has his/her own wants and desire, for that purpose, he/she works to get fulfil them, it is insufficient for an employee to solely derive satisfaction from material gains, as there are other crucial factors beyond material features that contribute to an employee's overall well-being. Employees need aspects to be fulfilled monetary and non-monetary incentives means, his/her salary, bonuses, allowances and job security, promotion, career advancement, and recognition (Liu, & Yooping, 2021).

Studies conducted in the Global perspective have shown the need and importance of employee motivation for the organization's performance in a competitive World of business. In recent times, healthcare professionals employed in public hospitals in Tanzania have engaged in strikes with

the objective of advocating for enhancements in their overall remuneration framework, (Binyaruka & Anselin, 2020). The situation has been further complicated by the existing public outcry regarding the questionable quality and nature of healthcare services provided at public health facilities Renggli, (2019)

In Tanzania, incentive schemes are used by various organizations being private or public for the performance of their employee as informal payments (Kok *et al*, 2022). However incentives includes, allowances, recognition, retirement benefit and career development, commission, bonuses, suggestion systems, annual bonuses, long-term performances, gain sharing and Scanlon Mbiti, (2019)

### 2. Statement of the Problem

Organizational performance is a complex phenomenon that every organization and companies largely struggle for it by



using various motivation programs including monetary and non-monetary incentives (Nnubia,2020). One of the difficulties employers face worldwide, in both the public and private sectors, is the capacity to encourage their workforce. Sureephoget *et al.* (2020)

In a study conducted by Lovina (2020) in Nigeria, the relationship between monetary incentives and employee performance in manufacturing firms. The findings of the study indicated that the use of monetary incentives is considered a significant strategy in enhancing human productivity and fostering organizational growth, thereby exerting an influence on employee performance. Among public hospitals in Sub-Saharan Africa health workers have been reported to lack motivation to execute their roles Okereke&Baleche,(2022)

little study have been conducted on monetary and non-monetary incentives looking in the variables like allowances, bonuses, retirement benefit, career growth, and recognition.Mathani,(2020).The majority of the completed studies have focused on investigating the effects of one variable on employees' performance, (Lovina,2020; Okereke& Baleche,2022; Mathan,2020) This study will examine the impact of both variables as, non-monetary and monetary incentives on employee's performance looking on the elements of retirement benefit, Allowances, Recognition, and career advancement on how can influence the employee performance of public health care. Other studies focused on the two variables, such as (Nnubia, 2020; Sureephog, et al,2020; Wahn,2020).

Moreover in Tanzania, only few studies have been done on public hospitals on incentives schemes, For example, Francetic *et al.*(2019)conducted a research on supervision and incentives to health workers, find that incentives positively associated with performance and satisfaction focusing on monetary incentives on elements like salary top ups, allowance, housing but not on the career advancement, employee recognition, retirement benefit in public health sector, this study will address this knowledge gap focusing on monetary and non-monetary incentives.

### 3. Specific Objectives

To determine the effect of monetary incentives on employee performance at Hospitals in Nyamagana District

To determine the effect of retirement benefit on employee performance at Hospitals in Nyamagana District.

To examine the influence of non-monetary on employee performance at Hospitals in Nyamagana District.

The regression results exhibited a significant positive relationship between monetary incentives(MI) and employees' performance. In essence, MI had a standardized beta co-efficient of .516 and a t-value of 2.932, which is much higher than 1.96 critical region thresholds for a 95% confidence level, produced a p-value of .000. This finding is important as it confirms the critical role of monetary incentives have an influence on the performance of the

medical employees in Nyamagana District hospitals. This finding means that employees of the selected hospitals 'highly' value monetary incentives and it emphasizes for the management of the selected hospitals to put strategies that will create additional income for their employees(Alkandiet *et al.*, 2023). The regression analysis on Retirement benefits reveled a beta coefficient of 543 which was approximately 54% and t-value of 1.406, as result relationship was significant as p-value was 0.000, these results show that retirement benefit were among the most valuablbe items that employees' in hospitals valued the most.

## 4. LITERATURE REVIEW

### 1) Theory

This study adopts the Two Factors Motivation Theory by Herzberg (1957). That includes Hygiene factors and motivators' factor. The hygiene factors include elements Such as salary, incentives, Extrinsic factors, which encompass firm policy and administration, supervision, interpersonal interactions, working conditions, and status, are sometimes referred to as such when they are present employees will experience satisfaction, in contrast, the aforementioned demands pertain to specific human requirements, specifically psychological needs that can be satisfied through non-monetary and monetary means (Cook, 2015).

Herzberg established two distinct factors: motivation, which is associated with high levels of satisfaction, and hygiene, which is linked to significant unhappiness. Herzeberg (1957), explains that intrinsic motivation is related factors that influence workers at workplace to behave in a certain particular way or to going certain direction this includes recognition career development, work autonomy, responsibilities, interesting, challenging work, and work promotion, this is connected with the quality of individual work- life to have a substantial and longer-term impact because they are not imposed from outside individual, that pushes an individual to great performance (Engidaw,2022)

### 2) Empirical literature review

The assumption is that if the objective is reached, the need will be satisfied and the behavior will be repeated the next time a similar need arises. If the objective is not met, it is less likely that the same action will be repeated Shkoler and Kimura, (2020). The variable was tested both through simple descriptive analysis and also inferential statistics. While the descriptive results revealed a mean high mean value of 3.25, the regression analysis revealed a beta coefficient of .543 which was approximately 54%, and t-value of 1.406. As a result, the relationship was significant as p-value was .000results shows that retirement benefits are among the most valuable incentive that employees' in Nyamagana District hospitals treasure. Landryet *et al.*, (2022). Findings suggest that hospital employees' value to be appreciated, recognized, promoted, and developed as intrinsic motivation so as to gain self-morale to work extra and to improve their performance levels

Therefore, managers should consider whether additional incentives will increase employee motivation. For instance, in

a sales environment, an employer may desire to provide additional compensation or benefits when goals are met. Kanfer and others (2017;Junet al2022)

Motivation in individuals is driven by the identification and fulfillment of their personal wants (Obiedi & Irekefe,2018; Ogohi,2018). That employees are inclined to be motivated when they perceive that the rewards, they receive are equitable in relation to their work efforts, the theory explains the employee behavior change in relation to motivation they get at work, this has some missing attributes on the intrinsic motivations that motivates individuals for long time. Cherry, (2022).Linda *et al.* (2020)

One of the primary objectives of an individual serving as an employee inside an organization is to generate revenue through the receipt of wages or compensation. This cash is essential for fulfilling fundamental necessities, including sustenance, attire, and shelter. In order to ensure the viability of wage payments, it is imperative for every firm to consider the feasibility of the lowest wage provided to employees. This is crucial since the lowest wage should be sufficient to cover their basic needs, hence fostering motivation and promoting employee retention within the organization.(Kanfer and Johnson, 2017).In Canada, as stated by Long (2017), companies commonly implement compensation schemes encompassing both direct and indirect financial pay, along with perks, with the aim of motivating employees and ultimately enhancing their performance. Additionally, it can enhance employees' overall quality of life by offering specialized programs and services within the workplace. According to Elgadri (2015), The aforementioned benefits encompass supplementary health coverage that is not encompassed under the provisional remuneration, such as medical, prescription, vision, and dental plans, as well as group disability, employee assistance programs, and retirement plans, among others. The implementation of diverse pay systems has effectively improved employees' performance, thereby fostering a competitive atmosphere among organizations that fall behind in providing superior compensation plans. Liu Wei and Liu Yooping (2022)

According to Almoman *et al.* (2017), employee incentives pay is the primary expenditure in many enterprises, particularly in industrial organizations, where it constitutes approximately 60% of the overall cost. The correlation between employees' performance and bonuses is crucial in enhancing productivity. (Almoman, *et al.*2017). According to Uzair *et al.* (2017), there exists a complex and intricate association between salary and performance(Quadri 2019), According to Shkoler and Kimura (2020), the pay plan that is most commonly used is based on employees' performance appraisal (Senz, 2020; Malala, 2020)The individuals employed within the public healthcare sectors in Tanzania. Hospitals within Nyamagana District possess the entitlement to paid vacation, which aligns with their rights to utilize annual leave.It is imperative for the management, directors, and administrators of the Public Health Care Institution to recognize the importance of providing employees with adequate time for rest, specifically

in the form of paid leave known as vacation, Goodman and Schneider (2021)

This study aims to investigate the impact of incentive schemes on employee performance, with a specific focus on the variables of monetary incentives, non-monetary incentives, and retirement benefits in the public healthcare industry. As the global population of individuals aged 65 and older continues to rise, the world is confronted with a growing number of age-related issues that remain largely unspoken. This is due to an increase in longevity and a decrease in the infertility rate in the 21st century, which has resulted in demographic alterations to our population. (The 2013 World Ageing Report). Traditionally, researchers have viewed retirement benefits and pensions as a valuable human resource instrument for influencing behavioral outcomes (such as regulating work effort, turnover, retirement, and worker quantity). For example, benefit packages are helpful in retaining talented employees. According to Apeorgis *et al.* (2018) and (Almoman *et al.*,2017), the provision of a pension plan is inversely associated with employee turnover Blackhan(2021).

Governments and businesses have been attempting to develop policies and plans for an ageing society by considering demographic, economic, sociological, and political perspectives. As retirement has become a significant concern in an ageing society, the majority of public and private companies have adopted a seniority-based system that emphasizes employee tenure over work performance (Shkoler and Kimura's,2020). The majority of retirement systems promote mandatory retirement, allowing employers to compel workers to retire at a certain age (Kuhn, 2021; Oakley & Kennaally,2019) insisted that mandatory retirement be a necessary policy for companies to rid themselves of senior employees, regardless of how many there are. If the employees are rewarded, they will perform innovatively Mwakisile& Larsson, (2021).

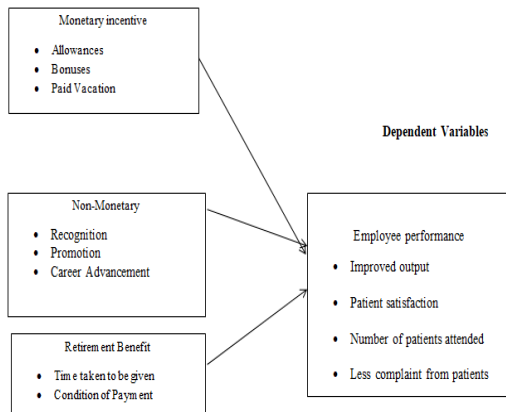
The Tanzania pension system has undergone numerous experiences and changes over time, and this is anticipated to continue into the foreseeable future. In 2008, the government of Tanzania established the Social Security Regulatory Authority, with the purpose of regulating social security activities in the country, as there were competitions among the pension companies, with some paying more than others to entice more people to join, leading to the insolvency of a number of companies.

#### Conceptual Framework

This was the diagrammatical depiction of the relationship between the independent and dependent variable in a given study. The independent variables were the types of incentives, the contribution of incentives, the challenges of providing incentives

#### Figure1. Conceptual framework Impact of incentives Scheme

#### Independent Variables



Source: The researcher (2023)

### 5. RESEARCH METHODOLOGY

This study used positivism philosophy, as this limits the role of the researcher to data collection and interpretation in an objective way. This study used a quantitative research design to collect information's from a larger population which incorporated target number of respondents; The study focused on hospitals in Nyamagana District found in Mwanza City, the sample size of 118 obtained. In this study, the researcher uses probability sampling, a simple random sampling technique. This study collected primary data using structured and closed-ended questionnaires, correlation and inferential analysis of the collected data, as well as the creation of inference statistics and descriptive statistics using the software Statistical Packages for the Social Sciences (SPSS) (Namili, 2022).

### Result and discussion

**Table 4.1 Demographic profile of participated hospital A, B, and C.**

Hospital	Department	Population Size	%
A,	Nurses	15	12.7
	Doctors	7	5.9
	Lab technician	6	5.1
	Non -Medical Staff	6	5.1
B,	Nurses	14	11.9
	Doctors	11	9.3
	Lab technician	5	4.2
	Non -Medical Staff	18	15.3
C,	Nurses	22	18.7
	Doctors	5	4.2
	Lab technician	3	2.5
	Non -Medical Staff	6	5.1

TOTAL	175	100
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Source; Researcher (2023)

It is seen from the field data majority of them were from Hospital A, followed by Hospital B, and Hospital C, combined had the smallest number of respondents. Therefore, these findings would be interpreted to mean that the perception of majority public employees in hospital settings is positive related by the incentives provided

Variable	No. of items	Cronbach Alpha
Retirement Benefits (RB)	4	.818
Non- Monetary Benefits (NMI)	3	.724
Monetary Incentives (MI)	4	.802
Employees performance (EP)	4	.814

The SPSS results present Cronbach alpha of .818 for the variable retirement benefits, Alpha values of .724 for Non-Monetary Incentives, and Alpha value of .802 for Monetary Incentives, while the dependent variable named Employees performance scored Alpha values of .814.

the results are regarded as reliable

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
RB	.136	112	.113	.785	112	.602
NMI	.250	112	.105	.827	112	.493
MI	.221	112	.231	.753	112	.255
EP	.378	112	.114	.687	112	.132

#### Exploratory Factor Analysis (EFA)

	1	2	3	4
RB1	.779			
RB2	.634			
RB3	.879			
RB4	.797			
NMI1		.809		
NMI2		.802		
NMI3		.812		
MI1			.864	
MI2			.804	
MI3			.791	
MI4			.709	

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EP1		.788	
EP2			.760
EP3			.705
EP4			.787

**Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.704 <sup>a</sup>	.628	.605	1.3241	25.220	0.001
a. Predictors: (Constant), RB, NMI, MI						

The findings also revealed that R<sup>2</sup> of 62.8% which is adjusted to form Adjusted R<sup>2</sup> of 60.5%. The adjusted R-square which is the most reliable the three independent variables (RB, NMI, and MI) combined explain 60.5% of the factors influencing employees' performance in the selected hospitals in Nyamagana District.

**Regression coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.091	1.319		4.600	
	RB	.543	.150	.626	1.406	.000
	NMI	.412	.176	.791	1.775	.000
	MI	.516	.147	.220	2.932	.000
Dependent Variable: EP						

Legend: RB=Retirements Benefits, NMI= Non -Monetary Incentive, MI= Monetary Incentives & EP= Employees Performance Nnubia (2020) and (Lovina,2020). Alkandiet *al* (2023)

**Influence of Retirement benefits on employees' performance**

The regression analysis revealed a beta coefficient of .543 which was approximately 54% and t-value of 1.406. As a result, the relationship was significant as p-value was .000. These results show that retirement benefits were among the most valuable benefit that employees' in hospitals valued the most.

**Influence of monetary incentives on employees' performance**

The regression results produced a beta coefficient of .516 and a t-value of 2.932 which is much higher than the 1.96 critical region thresholds for a 95% confidence level, producing a p-value of .000. This finding means that employees of the selected hospitals 'highly' value monetary incentives and it emphasizes for the management of the selected hospitals to put strategies that will create additional income for their employees. For example, cost of life, safety at work, and their future life after work,

**Influence of non-monetary on employee's performance**

The regression result revealed that the variable non-monetary incentives (NMI) had a standardized beta coefficient of 412(42%) and at t-value of 1.775 which produced a p-value of 0.000, this findings confirmed that non-monetary incentive were also valued by medical employees in the selected hospitals.

**Conclusion**

Incentive schemes remain important items for employees as they think of being motivated monetary as well as non-monetary and the future retirement that have great impact on their work life and family life, when they are given by employers can increase employees 'satisfaction and motivation that lead to performance. To lack of proper incentive schemes plans by some of the health facilities in developing countries which made this study to be relevant. The study identified the gap in form of geographical, methodological gap, and empirical gap which resulted into three specific research objectives and research questions that were posited in Chapter one

The findings revealed that hospital employees (doctors, nurses, and support staff) unanimously valued monetary incentives, non-monetary incentives, and also retirement's benefits. Therefore, this study makes important suggestions to the management, government, and other stakeholders of hospitals to plan ahead of time and to consider these incentive schemes so as to enhance work quality and overall employees' performance.

**Recommendations**

The three incentives researched and discussed in this study were considered as form of payments and rewards directly linked to performance of employees. This study recommends that the more incentives the better the performance of individual employee, recommends to the management, and stakeholders plan for providing monetary, non-monetary, and retirement incentives to their employees, this has great influence on the performance of their employees. The study recommends to the government, stakeholders, and other owners of the health facilities in Nyamagana District Hospitals, that incentive schemes play a major role in the rising levels of the performance of both management and employees that(Wei & Yaoping,2021) incentives are linked to employee motivation influencing emerging economies. Therefore management, stakeholders, and the Minister of Health are recommended to improve their incentivization



policy of building incentive plans using a mix of various incentives like MI (monetary incentive), NMI (non-monetary incentive), and RB (retirement benefits), that have revealed to be most likely by the employees in health care industry. This study recommends the policymakers should formulate good policies to create attractive incentives, to public hospitals and institutions to retain and keep them motivated for high performance of hospitals.

### Limitation

The study focused only Nyamagana District in Mwanza City Tanzania did not consider other Districts with only a small sample size of 118 employees. The study used quantitative research design that has objectives that answer the existed questions and objectives by use of pre-existed to test the relationship between variables.

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